

Vietnam Prosperity Joint Stock Commercial Bank

Separate financial statements

30 September 2017

Vietnam Prosperity Joint Stock Commercial Bank

GENERAL INFORMATION

THE BANK

Vietnam Prosperity Joint Stock Commercial Bank ("the Bank" or "VPBank") is a joint stock commercial bank incorporated and registered in the Socialist Republic of Vietnam.

The Bank was established pursuant to Banking License No. 0042/NH-GP dated 12 August 1993 issued by the State Bank of Vietnam ("the SBV") and Business Registration Certificate No.0100233583 dated 8 September 1993 issued by Hanoi Department of Planning and Investment which was amended for the 38th time on 10 July 2017. The Bank started operation on 12 August 1993 with an operation period of 99 years.

The Bank's principal activities are to provide banking services including mobilizing and receiving short, medium and long-term deposits from organizations and individuals; making short, medium and long-term loans and advances to organizations and individuals; conducting foreign exchange transactions; international trade finance services; discounting of commercial papers, bonds and other valuable papers; making investments in stocks and bonds; providing settlement services and other banking services as allowed by the SBV.

Charter capital

As at 30 September 2017, the charter capital of the Bank is VND15,706,230 million (31 December 2016: VND9,181,000 million).

Location

The Bank's Head Office is located at No. 89 Lang Ha, Lang Ha Ward, Dong Da District, Hanoi, Vietnam. As at 30 September 2017, the Bank has one (1) Head Office, fifty one (51) branches, one hundred and sixty three (163) transaction offices nationwide and two (2) subsidiaries.

THE BOARD OF DIRECTORS

The members of the Board of Directors of the Bank during the period and as at the date of the separate financial statements are as follows:

<i>Name</i>	<i>Position</i>
Mr. Ngo Chi Dzung	Chairman
Mr. Bui Hai Quan	Vice Chairman
Mr. Lo Bang Giang	Vice Chairman
Mr. Nguyen Van Hao	Independent member
Mr. Luong Phan Son	Member
	Resigned on 10 April 2017
Mr. Nguyen Duc Vinh	Member

Vietnam Prosperity Joint Stock Commercial Bank

GENERAL INFORMATION (continued)

THE BOARD OF SUPERVISION

The members of the Board of Supervision of the Bank during the period and as at the date of the separate financial statements are as follows:

<i>Name</i>	<i>Position</i>
Mr. Ngo Phuong Chi	Head of Board of Supervision – Non-permanent Appointed on 10 April 2017
Ms. Nguyen Quynh Anh	Head of Board of Supervision Resigned on 10 April 2017
Ms. Nguyen Thi Bich Thuy	Full-time member
Ms. Trinh Thi Thanh Hang	Full-time member
Ms. Nguyen Thi Mai Trinh	Appointed on 10 April 2017 Member Resigned on 10 April 2017

THE BOARD OF MANAGEMENT

The members of the Board of Management of the Bank during the period and as at the date of the separate financial statements are as follows:

<i>Name</i>	<i>Position</i>
Mr. Nguyen Duc Vinh	Chief Executive Officer
Mr. Nguyen Thanh Binh	Deputy Chief Executive Officer
Mr. Phan Ngoc Hoa	Deputy Chief Executive Officer
Ms. Duong Thi Thu Thuy	Deputy Chief Executive Officer
Ms. Luu Thi Thao	Deputy Chief Executive Officer
Mr. Nguyen Thanh Long	Deputy Chief Executive Officer
Mr. Fung Kai Jin	Deputy Chief Executive Officer
Mr. Pham Phu Khoi	Deputy Chief Executive Officer

LEGAL REPRESENTATIVE

The legal representative of the Bank during nine-month period ended 30 September 2017 and as at the date of the separate financial statements is Mr. Ngo Chi Dzung – the Chairman.

Mr. Nguyen Duc Vinh – Chief Executive Officer was authorized by Mr. Ngo Chi Dzung to sign off the accompanying separate financial statements for the nine-month period ended 30 September 2017 according to Authorization Document No. 09/2012/UQ-CT dated 5 July 2012.

Vietnam Prosperity Joint Stock Commercial Bank

B02a/TCTD

SEPARATE BALANCE SHEET as at 30 September 2017

	Notes	30 September 2017 VND million	31 December 2016 VND million
ASSETS			
Cash, gold and gemstones		2,061,835	1,727,361
Balances with the State Bank of Vietnam		5,176,580	2,573,221
Placements with and loans to other credit institutions		5,043,112	11,268,348
Placements with other credit institutions		4,733,112	5,968,619
Loans to other credit institutions		310,731	5,300,460
Provision for credit losses of loans to other credit institutions		(731)	(731)
Securities held for trading	5	2,978,254	2,952,206
Securities held for trading		2,981,776	2,953,769
Provision for securities held for trading		(3,522)	(1,563)
Loans to customers		124,749,565	111,251,690
Loans to customers	7	126,476,951	112,568,314
Provision for credit losses of loans to customers	8	(1,727,386)	(1,316,624)
Investment securities	9	54,271,663	55,339,988
Available-for-sale securities	9.1	50,970,143	51,948,658
Held-to-maturity securities	9.2	4,210,372	4,136,200
Provision for investment securities		(908,852)	(744,870)
Long-term investments	10	5,061,398	3,351,965
Investments in subsidiaries	10.1	4,813,035	3,129,035
Other long-term investments	10.2	299,372	299,372
Provision for long-term investments		(51,009)	(76,442)
Fixed assets		498,694	423,791
<i>Tangible fixed assets</i>		<i>265,901</i>	<i>255,724</i>
Cost		718,421	676,218
Accumulated depreciation		(452,520)	(420,494)
<i>Intangible fixed assets</i>		<i>232,793</i>	<i>168,067</i>
Cost		415,854	308,928
Accumulated amortization		(183,061)	(140,861)
Other assets	11	13,468,678	11,879,212
Receivables		7,368,979	6,032,628
Accrued interest and fees receivable		3,297,704	3,419,871
Other assets		2,802,973	2,653,257
Provision for other assets		(978)	(226,544)
TOTAL ASSETS		213,309,779	200,767,782

Vietnam Prosperity Joint Stock Commercial Bank

B02a/TCTD

SEPARATE BALANCE SHEET (continued)
as at 30 September 2017

	Notes	30 September 2017 VND million	31 December 2016 VND million
LIABILITIES			
Amounts due to the State Bank of Vietnam	12	26,641	1,103,686
Deposits and borrowings from other credit institutions	13	16,365,640	27,459,077
Deposits from other credit institutions	13.1	3,198,876	15,399,419
Borrowings from other credit institutions	13.2	13,166,764	12,059,658
Customer deposits	14	122,194,498	121,788,187
Derivatives and other financial liabilities	6	59,290	104,061
Other borrowed and entrusted funds	15	4,066,470	1,389,786
Valuable papers issued	16	38,511,916	28,844,917
Other liabilities	17	7,204,083	5,023,707
Interest and fees payable		4,038,848	2,562,635
Other liabilities		3,165,235	2,461,072
TOTAL LIABILITIES		188,428,538	185,713,421
OWNERS' EQUITY			
Charter capital		15,706,230	9,181,000
Share premium		5,866,106	1,288,863
Reserves		1,182,547	1,761,847
Foreign exchange differences		(114,613)	-
Retained earnings		2,240,971	2,822,651
TOTAL OWNERS' EQUITY	19	24,881,241	15,054,361
TOTAL LIABILITIES AND OWNERS' EQUITY		213,309,779	200,767,782

SEPARATE BALANCE SHEET (continued)
as at 30 September 2017

OFF-BALANCE SHEET ITEMS

	30 September 2017 VND million	31 December 2016 VND million
Credit guarantees	3,316	12,108
Foreign exchange commitments	71,014,584	34,140,441
- Foreign exchange commitments - buy	2,215,258	3,687,797
- Foreign exchange commitments - sell	2,205,532	3,669,240
- Cross currency swap contracts	66,593,794	26,783,404
Letters of credit	9,408,058	6,356,322
Other guarantees	10,707,677	11,585,463
Other commitments	3,822,482	2,334,851
	94,956,117	54,429,185

Prepared by:


Ms. Nguyen Thi Thu Hang
Chief Accountant

Reviewed by:


Ms. Luu Thi Thao
Deputy Chief Executive Officer
cum Chief Financial Officer

Approved by:

Mr. Nguyen Duc Vinh
Chief Executive Officer

SEPARATE INCOME STATEMENT

for the nine-month period ended 30 September 2017

		For the three-month period ended 30 September 2017 VND million	For the three-month period ended 30 September 2016 VND million	For the nine- month period ended 30 September 2017 VND million	For the nine- month period ended 30 September 2016 VND million
	Notes				
Interest and similar income	20	4,985,859	3,748,486	14,240,507	11,048,787
Interest and similar expenses	20	(2,562,939)	(2,001,809)	(7,644,181)	(6,117,882)
Net interest and similar income	20	2,422,920	1,746,677	6,596,326	4,930,905
Fee and commission income		408,897	262,836	1,044,203	708,504
Fee and commission expenses		(141,594)	(64,830)	(351,912)	(180,395)
Net fee and commission income		267,303	198,006	692,291	528,109
Net gain/(loss) from trading of foreign currencies		17,277	(66,839)	4,563	(151,155)
Net gain/(loss) from securities held for trading	21	84,818	3,401	121,437	(80,801)
Net (loss)/gain from investment securities	22	(16,318)	28,601	328,706	146,400
Other operating income		208,181	160,839	1,203,406	637,238
Other operating expenses		(28,352)	(2,068)	(581,510)	(4,653)
Net gain from other operating activities		179,829	158,771	621,896	632,585
Income from investments in other entities	23	568	-	1,686,364	60,814
TOTAL OPERATING INCOME	24	(1,334,597)	(1,104,399)	(3,743,755)	(2,626,223)
Net profit before provision for credit losses		1,621,800	964,218	6,307,828	3,440,634
Provision expense for credit losses		(850,560)	(125,855)	(1,901,792)	(1,949,448)
PROFIT BEFORE TAX		771,240	838,363	4,406,036	1,491,186
Current corporate income tax expense		(152,691)	(51,983)	(542,491)	(170,451)
Corporate income tax expense		(152,691)	(51,983)	(542,491)	(170,451)
PROFIT AFTER TAX		618,549	786,380	3,863,545	1,320,735

Prepared by:


Ms. Nguyen Thi Thu Hang
Chief Accountant

Reviewed by:


Ms. Luu Thi Thao
Deputy Chief Executive Officer
cum Chief Financial Officer

Approved by:


Mr. Nguyen Duc Vinh
Chief Executive Officer

Vietnam Prosperity Joint Stock Commercial Bank

B04a/TCTD

SEPARATE CASH FLOW STATEMENT

for the nine-month period ended 30 September 2017

	Notes	For the nine-month period ended 30 September 2017 VND million	For the nine-month period ended 30 September 2016 VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		14,347,474	10,870,577
Interest and similar payments		(6,180,912)	(6,349,125)
Net fee and commission receipts		706,456	528,603
Net receipts/(payments) from dealing in foreign currencies, gold and securities trading activities		526,922	(41,253)
Other income		217,013	362,942
Recoveries from bad debts previously written- off		179,708	243,047
Payments for operating and salary expenses		(3,461,926)	(2,656,763)
Corporate income tax paid during the period	18	(617,671)	(313,870)
Net cash flows from operating activities before changes in operating assets and liabilities		5,717,064	2,644,158
Changes in operating assets			
Decrease in placements with and loans to other credit institutions		4,989,730	2,886,775
Decrease/(Increase) in investment securities		649,438	(3,478,875)
Increase in loans to customers		(13,994,961)	(4,095,699)
Utilization of provision to write-off loans to customers, securities and long-term investments		(1,295,669)	(1,865,798)
(Increase)/Decrease in other assets		(1,740,717)	1,979,776
Changes in operating liabilities			
Decrease in amounts due to the State Bank of Vietnam		(1,077,045)	(4,795,206)
Decrease in deposits and borrowings from other credit institutions		(11,093,437)	(687,629)
Increase/(Decrease) in customer deposits (including Vietnam State Treasury)		406,311	(4,652,973)
Increase in valuable papers issued (except for valuable papers issued for financing activities)		9,666,999	8,053,928
Increase/(Decrease) in other borrowed and entrusted funds		2,676,684	(93,113)
Decrease in derivatives and other financial liabilities		(44,771)	(41,456)
Increase in other liabilities		591,778	344,915
Net cash flows used in operating activities		(4,548,596)	(3,801,197)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(74,106)	(147,643)
Proceeds from disposal of fixed assets		244,716	47,671
Payments for investments in other entities		(1,684,000)	(400,000)
Dividends received from investments in other entities		1,686,364	60,814
Net cash flows from/(used in) investing activities		172,974	(439,158)

SEPARATE CASH FLOW STATEMENT (continued)
for the nine-month period ended 30 September 2017

	Notes	For the nine-month period ended 30 September 2017 VND million	For the nine-month period ended 30 September 2016 VND million
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in charter capital from capital contribution and/or share issuance		6,224,387	-
Dividends paid to shareholders		(146,439)	(146,439)
Cash flows from/(used in) financing activities		6,077,948	(146,439)
Net cash flows during the period		1,702,326	(4,386,794)
Cash and cash equivalents at the beginning of the period		10,269,201	13,009,147
Cash and cash equivalents at the end of the period	25	11,971,527	8,622,353

**SIGNIFICANT NON-CASH TRANSACTIONS
DURING THE PERIOD**

Increase in charter capital from retained earnings	19.1	4,298,786	1,066,997
Bonus shares issued using the capital supplementary reserve and investment and development fund	19.1	579,300	57,537

Prepared by:


Ms. Nguyen Thi Thu Hang
Chief Accountant

Reviewed by:


Ms. Luu Thi Thao
Deputy Chief Executive Officer
cum Chief Financial Officer

Approved by:


Mr. Nguyen Duc Vinh
Chief Executive Officer

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS
as at 30 September 2017 and for the nine-month period then ended

1. GENERAL INFORMATION

Vietnam Prosperity Joint Stock Commercial Bank ("the Bank" or "VPBank") is a joint stock commercial bank incorporated and registered in the Socialist Republic of Vietnam.

The Bank was established pursuant to Banking Licence No.0042/NH-GP dated 12 August 1993 issued by the State Bank of Vietnam ("the SBV") and Business Registration Certificate No.0100233583 dated 8 September 1993 issued by Hanoi Department of Planning and Investment which was amended for the 38th time on 10 July 2017. The Bank started operation on 12 August 1993 with an operation period of 99 years.

The Bank's principal activities are to provide banking services including mobilizing and receiving short, medium and long-term deposits from organizations and individuals; making short, medium and long-term loans and advances to organizations and individuals; conducting foreign exchange transactions; international trade finance services; discounting of commercial papers, bonds and other valuable papers; making investments in stocks and bonds; providing settlement services and other banking services as allowed by the SBV.

Charter capital

As at 30 September 2017, the charter capital of the Bank is VND15,706,230 million (31 December 2016: VND9,181,000 million).

Location

The Bank's Head Office is located at No. 89 Lang Ha, Lang Ha Ward, Dong Da District, Hanoi, Vietnam. As at 30 September 2017, the Bank has one (1) Head Office, fifty one (51) branches, one hundred and sixty three (163) transaction offices nationwide and two (2) subsidiaries.

Subsidiaries

As at 30 September 2017, the Bank has two (2) directly owned subsidiaries as follows:

<i>Subsidiaries</i>	<i>Operating License</i>	<i>Nature of Business</i>	<i>Share capital</i>	<i>Ownership</i>
VPBank Asset Management Company Limited (VPB AMC)	Business Registration Certificate No. 010583748 dated 15 April 2013 issued by Hanoi Department of Planning and Investment	Asset and liabilities management	VND115 billion	100%
VPBank Finance Company Limited (VPB FC)	Business Registration Certificate No. 0102180545 amended the 15 th time by Ho Chi Minh City Department of Planning and Investment dated 12 August 2017	Other finance activities	VND4,474 billion	100%

Employees

As at 30 September 2017, total number of permanent employees of the Bank is 10,394 persons (31 December 2016: 8,709 persons).

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

2. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

2.1 *Fiscal year*

The Bank's fiscal year starts on 1 January and ends on 31 December.

2.2 *Accounting currency*

Currency used in preparing financial statements of the Bank is Vietnam dong ("VND").

However, due to the large scale of operations of the Bank, for the purpose of preparing the consolidated financial statements as at 30 September 2017, the figures are rounded to millions and expressed in millions of Vietnamese Dong. This presentation does not affect the views of readers on the consolidated financial position, results of the consolidated business operations as well as consolidated cash flows.

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM

3.1 *Statement of compliance*

The Board of Management of the Bank confirms that the accompanying separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements related to the preparation and presentation of the separate financial statements.

3.2 *Accounting standards and system*

The separate financial statements of the Bank have been prepared in accordance with the Accounting System applicable to Credit Institutions required under Decision No. 479/2004/QĐ-NHNN issued on 29 April 2004 and Circular No. 10/2014/TT-NHNN dated 20 March 2014 amending and supplementing Decision No. 479/2004/QĐ-NHNN; Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 and Circular No. 49/2014/TT-NHNN amending and supplementing a number of articles of Decision No. 16/2007/QĐ-NHNN and the chart of account system for Credit Institutions issued in connection with Decision No. 479/2004/QĐ-NHNN by the Governor of the State Bank of Vietnam and Vietnamese Accounting Standards issued by the Ministry of Finance.

The accompanying separate financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Vietnam. Accordingly, the accompanying separate financial statements and their utilization are not designed for those who are not informed about Vietnamese accounting principles, procedures and practices and furthermore are not intended to present the separate financial position and results of separate operations and separate cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

The Bank has prepared the separate financial statements to reflect operations of the Bank only. It has also prepared the consolidated financial statements to reflect operations of the Bank and its subsidiaries in accordance with Vietnamese Accounting Standard No. 25 - *Consolidated financial statements and accounting for investments in subsidiaries*. The financial statement users should read these separate financial statements together with the consolidated financial statements for the nine-month period ended 30 September 2017 in order to have adequate information about the consolidated financial position, consolidated results of operations and consolidated cash flows of the Bank and its subsidiaries.

Items or balances required by Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 and Circular No. 49/2014/TT-NHNN dated 31 December 2014 issued by the SBV stipulating the financial statements reporting mechanism for credit institutions that are not shown in these separate financial statements indicate nil balance.

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM (continued)

3.3 Basis of assumptions and uses of estimates

The preparation of the separate financial statements requires the Board of Management of the Bank make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income, expenses and the resultant provisions. Such estimates are necessarily based on assumptions involving varying degrees of subjectivity and uncertainty and actual results may differ resulting in future changes in such provision.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Changes in accounting policies and disclosures

The accounting policies adopted by the Bank in preparation of the separate financial statements are consistent with those followed in the preparation of the Bank's separate financial statements for the year ended 31 December 2016 and of the Bank's separate financial statements for the six-month period ended 30 September 2016, except for the following change in the accounting policies.

The Law on Accounting No. 88/2015 / QH13 regulates the content of accounting work, the organization of the accounting apparatus, the accountant, the accounting service business, the State management of accounting and organization Accounting Profession ("New Accounting Law")

On November 20, 2015, the National Assembly passed the Accounting Act No 88/2015/QH13 ("New Accounting Law"). The new Accounting Law adds regulation about e-documents and also provides for the application of fair value principles for certain types of assets and liabilities where their values fluctuate following market price and can be determined reliably. The new Accounting Law takes effect on 1 January 2017, replacing the Accounting Act No. 03/2003/QH11.

Circular No. 39/2016/TT-NHNN on lending activities to customers of credit institutions and foreign bank branches

On 30 December 2016, the SBV issued Circular No. 39/2016/TT-NHNN on lending activities to customers of credit institutions and foreign bank branches, which has taken effect from 15 March 2017.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise current accounts at the SBV, current deposits and placements with banks with an original maturity of three months or less from the transaction date, securities with recovery or maturity of three months or less from date of purchase which can be converted into a known amount of cash and do not bear the liquidity risk as at the date of these separate financial statements.

4.3 Loans to customers

Loans to customers are presented at the principal amounts outstanding at the end of the period.

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Provision for credit losses

The classification of placements with and loans to other credit institutions, direct and entrusted investments in unlisted corporate bonds, loans to customers and entrustments for credit granting (collectively called "debts") is made in compliance with the quantitative method as prescribed in Article 10 of Circular No. 02/2013/TT-NHNN ("Circular 02").

The specific provision for debts as at 30 September is made based on the principal balance less discounted value of collaterals multiplied by provision rates which are determined based on the debt classifications as at 31 August. The specific provision rates for each group are presented as follows:

Group		Description	Provision rate
1	Current	(a) Current debts are assessed as fully and timely recoverable for both principals and interests; or (b) Debts are overdue for a period of less than 10 days and assessed as fully recoverable for both overdue principals and interests, and fully and timely recoverable for both remaining principals and interests.	0%
2	Special mention	(a) Debts are overdue for a period of between 10 days and 90 days; or (b) Debts of which the repayment terms are restructured for the first time.	5%
3	Sub standard	(a) Debts are overdue for a period of between 91 days and 180 days; or (b) Debts of which the repayment terms are extended for the first time; or (c) Debts of which interests are exempted or reduced because customers do not have sufficient capability to repay all interests under credit contracts; or (d) Debts under one of the following cases which have not been recovered in less than 30 days from the date of the recovery decision: <ul style="list-style-type: none"> ▪ Debts made in compliance with Clause 1, 3, 4, 5, 6 under Article 126 of Law on Credit Institutions ; or ▪ Debts made in compliance with Clause 1, 2, 3, 4 under Article 127 of Law on Credit Institutions ; or ▪ Debts made in compliance with Clauses 1, 2 and 5 under Article 128 of Law on Credit Institutions. (e) Debts are required to be recovered according to regulatory inspection conclusions.	20%
4	Doubtful	(a) Debts are overdue for a period of between 181 days and 360 days; or (b) Debts of which the repayment terms are restructured for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or (c) Debts of which the repayment terms are restructured for the second time; or (d) Debts are specified in point (d) of Loan group 3 and overdue for a period of between 30 days and 60 days after decisions of recovery have been issued; or (e) Debts are required to be recovered according to regulatory inspection conclusions but still outstanding with an overdue period up to 60 days since the recovery date as required by regulatory inspection conclusions.	50%

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Provision for credit losses (continued)

Group	Description	Provision rate
5 Loss	(a) Debts are overdue for a period of more than 360 days; or (b) Debts of which the repayment terms are restructured for the first time but still overdue for a period of 90 days or more under that first restructured repayment term; or (c) Debts of which the repayment terms are restructured for the second time but still overdue under that second restructured repayment term; or (d) Debts of which the repayment terms are restructured for the third time or more, regardless of being overdue or not; or (e) Debts are specified in point (d) of Loan group 3 and overdue for a period of more than 60 days after decisions on recovery have been issued; or (f) Debts are required to be recovered under regulatory inspection conclusions but still outstanding with an overdue period of more than 60 days since the recovery date as required by regulatory inspection conclusions; or (g) Debts of credit institutions under special control as announced by the SBV, or debts of foreign bank branches which capital and assets are blocked.	100%

If a customer has more than one debt with the Bank and any of the outstanding debts is classified into a higher risk group, the entire remaining debts of such customer should be classified into the corresponding higher risk group.

When the Bank participates in a syndicated loan as a participant, it should classify loans (including syndicated loans) of the customer into a higher of the risk group assessed by the leading bank and by the Bank.

For loans to customers in agricultural and rural sector, the Bank is allowed to restructure these loans and keep their classification groups as before the restructuring for only one time in accordance with Circular No. 10/2015/TT-NHNN dated 22 July 2015 providing guidance on certain contents of Decree No. 55/2015/NĐ-CP dated 9 June 2015 by the Government on credit policies for agriculture and rural development.

The basis for determination of the value and discounted value for each type of collateral is specified in Circular 02 and Circular No. 09/2014/TT-NHNN which amends and supplements some articles of Circular 02 ("Circular 09").

In accordance with the requirements of Circular 02, as at 30 September the Bank is also required to make a general provision at 0.75% of total outstanding loans excluding loans classified as loss (group 5) and loans to other credit institutions at 31 August.

4.5 Securities held for trading

Securities held for trading include debt securities, equity securities and other securities acquired and held for resale within one year in order to gain profit on price variances.

Securities held for trading are initially recognized at the cost of acquisition and subsequently measured at the lower of the book value and the market value. Gains or losses from sales of trading securities are recognized in the separate income statement.

Interest and dividends derived from holding securities held for trading are recognized on a cash basis in the separate income statement.

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 *Securities held for trading* (continued)

Securities held for trading are subject to impairment review on a periodical basis. Provision for diminution in value of securities is made when the carrying value is higher than the market value in compliance with Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009. In case market prices of securities are not available or cannot be determined reliably, no provision is calculated. Provision is recognized in the "*Net gain/(loss) from securities held for trading*" account of the separate income statement.

Provision for credit losses on corporate bonds which are not listed on the stock market or not registered on the unlisted public companies market is made in accordance with Circular 02 and Circular 09 as described in *Note 4.4*.

4.6 *Available-for-sale securities*

Available-for-sale securities include debt and equity securities that are acquired by the Bank for the investment and available-for-sale purposes, not regularly traded but can be sold when there is a benefit. For equity securities, the Bank is also neither the founding shareholder nor the strategic partner and does not have the ability to make certain influence on establishing and making the financial and operating policies of the investees through a written agreement on assignment of its personnel to the Board of Directors/Management.

Available-for-sale equity securities are initially recognized at cost at the purchase date and continuously presented at cost in subsequent periods.

Available-for-sale debt securities are recognized at par value at the purchase date. Accrued interest (for debt securities with interest payment in arrears) and deferred interest (for debt securities with interest payment in advance) is recognized in a separate account. Discount/premium which is the difference between the cost and the amount being the par value plus (+) accrued interest (if any) or minus (-) deferred interest (if any) is also recognized in a separate account.

In subsequent periods, these securities are continuously recorded at par value, and the discount/premium (if any) is amortized to the separate income statement on a straight-line basis over the remaining term of securities. Interest received in arrears is recorded as follows: Cumulative interest incurred before the purchasing date is recorded as a decrease in the accrued interest; cumulative interest incurred after the purchasing date is recognized as income based on the accumulated method. Interest received in advance is amortized into the securities investment interest income on a straight-line basis over the term of securities investment.

Available-for-sale securities are subject to impairment review on a periodical basis. Provision for diminution in value of securities is made when the carrying value is higher than the market value in compliance with Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009. In case market prices of securities are not available or cannot be determined reliably, no provision is calculated. Provision is recognized in the "*Net gain/(loss) from investment securities*" account of the separate income statement.

Provision for credit losses on corporate bonds which are not listed on the stock market or not registered on the unlisted public companies market is made in accordance with Circular 02 and Circular 09 as described in *Note 4.4*.

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Held-to-maturity investments securities

Held-to-maturity investment securities only include special bonds issued by VAMC.

Special bonds issued by VAMC are fixed-term valuable papers used to purchase bad debts of the Bank. These special bonds are initially recognized at face value at the date of transaction and subsequently carried at the face value during the holding period. Face value of the bonds equals to the outstanding balance of the debts sold less their unused specific allowance.

During the holding period, the Bank annually calculates and makes allowance in accordance with Circular No. 14/2015/TT-NHNN dated 28 August 2015 amending and supplementing some articles of Circular No. 19/2013/TT-NHNN which stimulates the purchase, sale and write-off bad debts of VAMC.

As required by Circular No. 14/2015/TT-NHNN, each year within five consecutive working days prior to the maturity date of special bonds, the Bank is obliged to fully make a specific provision for each special bond using the below formula:

$$X_{(m)} = \frac{Y}{n} \times m - (Z_m + X_{m-1})$$

In which:

- $X_{(m)}$: minimum provision for special bonds in the m^{th} year
- X_{m-1} : accumulated specific provision for special bonds in the $m-1^{\text{th}}$ year
- Y : face value of special bonds
- n : term of special bonds (years)
- m : number of years from the bond issuance date to the provision date
- Z_m : accumulated bad debt recoveries at the provision date (m^{th} year). Credit institutions should co-operate with VAMC to determine the recovery of the bad debts.

If $(Z_m + X_{m-1}) \geq (Y/n \times m)$, the specific provision ($X_{(m)}$) will be zero (0).

Specific provision for each special bond is recognized in the separate income statement in "Provision expense for credit losses". General provision is not required for the special bonds.

On settlement date of special bonds, gains from the debts will be recognized into "Other operating income".

4.8 Investments in subsidiaries

Investments in subsidiaries controlled by the Bank are recognized at cost in the separate financial statements. Distributions of profit received from accumulated profit of subsidiaries subsequent to the control date are recorded in the separate income statement of the Bank.

Provision for impairment of investments in subsidiaries is made for each impaired investment subject to revision at the end of accounting period. Provision for investments in subsidiaries is made when the investments are impaired due to the losses incurred by subsidiaries. Increase or decrease of provision balance is recognized in "Income/(Expenses) from investments in other entities".

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Other long-term investments

Other long-term investments represent investments in other entities in which the Bank holds less than or equal to 11% of voting rights. These investments are initially recorded at cost at the investment date.

For securities which are not listed but are registered for trading on unlisted public company market (UPCoM), provision for diminution in value is made when their registered price for trading is lower than the carrying value of the securities at the end of accounting period.

In other cases, provision for diminution in the value of investment is made when the investee suffers loss, except that such loss had been forecasted in the investee's business plan before the investment was made. Provision for diminution in the value of investment is made using the below formula:

$$\text{Provision for diminution in value of each investment} = \left(\text{Total invested amount of all parties in the entity} - \text{Owners' equity of the entity} \right) \times \frac{\text{Invested amount of each party}}{\text{Total invested amount of all parties in the entity}}$$

Provision is reversed when the recoverable amount of the investment increases after the provision is made. Provision is reversed up to the gross value of the investment before the provision is made.

4.10 Receivables

4.10.1 Receivables classified as credit-risk assets

Receivables classified as credit-risk assets are recognized at cost. Doubtful receivables are classified and provided for allowance by the Bank in accordance with the regulations on recognition and use of provision to resolve the credit risk as presented in *Note 4.4*.

4.10.2 Other receivables

Receivables other than receivables from credit activities in the Bank's operations are recognized at cost.

Provision for receivables is determined based on the overdue status of debts or expected loss of current debts in case the debts are not due for payment yet but the corporate debtors have fallen into bankruptcy or are in the process of dissolution, or of individual debtors are missing, escaped, prosecuted, on trial or deceased. Provision expense incurred is recorded in "Other operating expenses" of the separate income statement during the period.

Provision for overdue debts is made in accordance with Circular No. 228/2009/TT-BTC as follows:

<u>Overdue status</u>	<u>Allowance rate</u>
From over six (06) months up to one (01) year	30%
From one (01) to under two (02) years	50%
From two (02) to under three (03) years	70%
From three (03) years and above	100%

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the separate balance sheet and amortized over the period for which the amount is paid or the period in which economic benefit is generated in relation to these expenses.

4.12 Fixed assets

Fixed assets are stated at cost less accumulated depreciation or amortization.

The cost of a fixed asset comprises its purchase price plus any directly attributable costs of bringing the asset to working condition for its intended use.

Cost related to additions, improvements and renewals are capitalized while expenditures for maintenance and repairs are charged to the separate income statement.

When assets are sold or liquidated, their cost and accumulated depreciation are deducted from the separate balance sheet item and any gains or losses resulting from their disposal are recorded to the separate income statement.

4.13 Depreciation and amortization

Depreciation and amortization of fixed assets is calculated on a straight-line basis over the estimated useful lives of these assets as follows:

Buildings and architectonic models	5 – 40 years
Transportation	6 years
Machines and equipment	3 – 7 years
Computer software	3 – 5 years

4.14 Operating lease

Rentals under operating lease are charged in the "Operating expenses" of the separate income statement on a straight line basis over the term of the lease.

4.15 Recognition of income and expense

Interest income and expenses are recognized in the separate income statement on an accrual basis using the nominal interest rates. The recognition of accrued interest income of a loan is suspended when such debt is classified in groups 2 to 5 in compliance with Circular 02. Suspended interest income is reversed and monitored off-balance sheet and recognized in the separate income statement upon actual receipt.

Fees and commissions are recognized on an accrual basis.

4.16 Foreign currency transactions

All transactions are recorded in original currencies. Monetary assets and liabilities denominated in foreign currencies are translated into VND using exchange rates ruling at the separate balance sheet date. Income and expenses arising in foreign currencies during the period are converted into VND at rates ruling at the transaction dates. Foreign exchange differences arising from the translation of monetary assets and liabilities are recognized and followed in the "Foreign exchange differences" under "Owners' equity" in the separate balance sheet and will be transferred to the separate income statement at the end of the financial year.

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Payables and accruals

Payables and accruals are recognized for amounts to be paid in the future for goods and services received, whether or not billed to the Bank.

4.18 Deposits from banks, customer deposits and valuable paper issued

Deposits from banks, customer deposits and valuable paper issued are disclosed at the principal amounts outstanding at the date of the separate financial statements.

4.19 Corporate income tax

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to (or recovered from) the taxation authorities. The tax rates and tax laws are applied and enacted at the separate balance sheet date.

Current income tax is charged or credited to the separate income statement except when it relates to items recognized directly to equity, in this case the current income tax is also recognized in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Bank to offset current tax assets against current tax liabilities and when the Bank intends to settle its current tax assets and liabilities on a net basis.

The Bank's tax reports are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to various interpretations, amounts reported in the separate financial statements could be changed at a later date upon final determination of the tax authorities.

Deferred tax

Deferred tax is provided on temporary differences at the separate balance sheet date between the tax base of assets and liabilities and their carrying amount for the financial reporting purposes.

Deferred tax payable is recognized for temporary taxable differences.

Deferred corporate income tax assets are recognized for deductible temporary differences, deductible amounts carried over to subsequent periods of taxable losses, and unused tax credits when it is probable that there will be sufficient future taxable profit to use deductible temporary differences, taxable losses and tax credits. Deferred tax asset and deferred tax payable are determined on the basis of expected tax rate applied for the accounting period when assets are recovered or liabilities are settled and on basis of effective and applicable tax rates and tax laws at the end of accounting period.

4.20 Classification for off-balance-sheet commitments

According to Circular 02, credit institutions should classify guarantees, payment acceptances and non-cancelable loan commitments with specific effective date (generally called "off-balance sheet commitments") in compliance with Article 10, Circular 02 for management and monitoring of credit quality. Off-balance sheet commitments are classified into groups such as *Current*, *Special Mention*, *Substandard*, *Doubtful* and *Loss* based on the overdue status and other qualitative factors.

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****4.21 Offsetting**

Financial assets and financial liabilities are offset and the net amount is reported in the separate balance sheet if, and only if, there is a currently enforceable legal right to offset financial assets against financial liabilities or vice-versa, and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.22 Foreign exchange contracts

The Bank involves in currency forward contracts and currency swap contracts to facilitate customers to transfer, modify or minimize foreign exchange risk or other market risks, and also for the business purpose of the Bank.

Currency forward contracts

The currency forward contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates, calculated on the notional amount. The currency forward contracts are recognized at nominal value at the transaction date and are revalued for the reporting purpose at the exchange rate at the reporting date. Gains or losses realized or unrealized are recognized in the "Foreign exchange differences" under "Owners' equity" in the separate balance sheet and will be transferred to the separate income statement at the end of the financial year.

Swap contracts

The swap contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates calculated on the notional principal amount or commitments to settle interest based on a floating rate or a fixed rate calculated on the notional amount and in a given period.

The currency swap contracts are revalued periodically. Gains or losses realized or unrealized are recognized in the "Foreign exchange differences" under "Owners' equity" in the separate balance sheet and will be transferred to the separate income statement at the end of the financial year.

Differences in interest rate swaps are recognized in the separate income statement on an accrual basis.

4.23 Employee benefits**4.23.1 Post-employment benefits**

Post-employment benefits are paid to retired employees of the Bank by the Social Insurance Agency which belongs to the Ministry of Labor and Social Affairs. The Bank is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 18% of an employee's basic salary on a monthly basis. Other than that, the Bank has no further obligation relating to post-employment benefits.

4.23.2 Voluntary resignation benefits

The Bank has the obligation, under Section 48 of the Vietnam Labor Code 10/2012/QH13 effective from 1 May 2013, to pay allowance arising from voluntary resignation of employees, equal to one-half month's salary for each year of employment up to 31 December 2008 plus salary allowances (if any). From 1 January 2009, the average monthly salary used in this calculation is the average monthly salary of the latest six-month period up to the resignation date.

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.23 Employee benefits (continued)

4.23.3 Unemployment insurance

According to Circular No. 32/2010/TT-BLĐTBXH providing guidance for Decree No. 127/2008/ND-CP on unemployment insurance, from 1 January 2009, the Bank is required to contribute to the unemployment insurance at the rate of 1% of salary and wage fund of unemployment insurance joiners and deduct 1% of monthly salary and wage of each employee to contribute to the unemployment insurance.

4.24 Statutory reserves

The Bank creates the following statutory reserves in compliance with Law on Credit Institutions No. 47/2010/QH12, Decree No. 57/2012/ND-CP and its Charter as follows:

	<i>Basis for calculation</i>	<i>Maximum balance</i>
Capital supplementary reserve	5% from profit after tax	100% of charter capital
Financial reserve	10% from profit after tax	25% of charter capital

Other funds are created at discretion of the Board of Directors of the Bank in accordance with stipulated rights and obligations in the Bank's Charter.

These reserves are created annually based on the annual separate financial statements.

5. SECURITIES HELD FOR TRADING

	<i>30 September 2017 VND million</i>	<i>31 December 2016 VND million</i>
Government securities	2,981,776	1,499,929
Securities issued by others credit institutions	-	1,453,840
<i>In which: Bonds guaranteed by the Government</i>	-	1,245,445
	2,981,776	2,953,769
Provision for diminution in value	(3,522)	(1,563)
	2,978,254	2,952,206

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

6. DERIVATIVES AND OTHER FINANCIAL LIABILITIES

	<i>Total contract nominal value (at contractual exchange rate) VND million</i>	<i>Total carrying value (at exchange rate as at reporting date)</i>		<i>Net value VND million</i>
		<i>Assets VND million</i>	<i>Liabilities VND million</i>	
As at 30 September 2017				
<i>Derivative financial instruments</i>	36,082,593	35,767,157	(35,833,184)	(66,027)
Foreign exchange forward contracts	6,666,261	6,656,753	(6,501,213)	155,540
Foreign exchange swap contracts	29,416,332	29,110,404	(29,331,971)	(221,567)
<i>Other derivatives financial instruments</i>	2,611,214	588,914	(582,177)	6,737
	38,693,807	36,356,071	(36,415,361)	(59,290)
As at 31 December 2016				
<i>Derivative financial instruments</i>	26,301,082	25,931,465	(26,039,271)	(107,806)
Foreign exchange forward contracts	12,754,991	12,524,584	(12,662,735)	(138,151)
Foreign exchange swap contracts	13,546,091	13,406,881	(13,376,536)	30,345
<i>Other derivatives financial instruments</i>	107,050	110,795	(107,050)	3,745
	26,408,132	26,042,260	(26,146,321)	(104,061)

7. LOANS TO CUSTOMERS

	<i>30 September 2017</i>		<i>31 December 2016</i>	
	<i>VND million</i>	<i>%</i>	<i>VND million</i>	<i>%</i>
Loans to domestic economic entities and individuals	125,841,042	99.50	111,978,043	99.48
Discounted bills and valuable papers	124,186	0.10	46,621	0.04
Payments on behalf of customers	1,382	0.00	1,382	0.00
Loans financed by entrusted funds	480,317	0.38	537,664	0.48
Loans to foreign economic entities and individuals	30,024	0.02	4,604	0.00
	126,476,951	100	112,568,314	100

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

7. LOANS TO CUSTOMERS (continued)

7.1 Analysis of loan portfolio by quality

	<i>30 September 2017</i> <i>VND million</i>	<i>31 December 2016</i> <i>VND million</i>
Current	116,561,520	106,033,580
Special mention	6,625,491	4,253,062
Substandard	1,334,830	793,284
Doubtful	934,135	622,665
Loss	1,020,975	865,723
	126,476,951	112,568,314

7.2 Analysis of loan portfolio by original maturity

	<i>30 September 2017</i> <i>VND million</i>	<i>31 December 2016</i> <i>VND million</i>
Short term loans	39,759,155	29,875,230
Medium term loans	44,351,867	33,508,417
Long term loans	42,365,929	49,184,667
	126,476,951	112,568,314

8. PROVISION FOR CREDIT LOSSES OF LOANS TO CUSTOMERS

Provision for credit losses of loans to customers as at the end of the period comprised of the following:

	<i>30 September 2017</i> <i>VND million</i>	<i>31 December 2016</i> <i>VND million</i>
General provision	938,300	799,745
Specific provision	789,086	516,879
	1,727,386	1,316,624

Changes in general provision for credit losses of loans to customers in during the nine-month period ended 30 September 2017 are as follows:

	<i>For the nine-month period ended 30 September 2017</i> <i>VND million</i>	<i>For the nine-month period ended 30 September 2016</i> <i>VND million</i>
Opening balance	799,745	672,274
Provision charged	138,555	57,406
Closing balance as at 30 September 2017	938,300	729,680

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

8. PROVISION FOR CREDIT LOSSES OF LOANS TO CUSTOMERS (continued)

Changes in specific provision for credit losses of loans to customers during the nine-month period ended 30 September 2017 are as follows:

	<i>For the nine-month period ended 30 September 2017 VND million</i>	<i>For the nine-month period ended 30 September 2016 VND million</i>
Opening balance	516,879	494,874
Provision charged	1,529,637	1,926,043
Provision decrease for sale of debts to VAMC	(186,071)	(77,066)
Provision used to write-off bad debts	(1,071,359)	(1,865,799)
Closing balance as at 30 September 2017	789,086	478,052

9. INVESTMENT SECURITIES

9.1 Available-for-sale securities

	<i>30 September 2017 VND million</i>	<i>31 December 2016 VND million</i>
Debt securities	50,954,786	51,933,301
Government bonds	19,035,970	21,721,281
Bonds, bills issued by other domestic credit institutions	16,868,247	15,089,376
<i>In which: Bonds guaranteed by the Government</i>	<i>11,661,830</i>	<i>11,555,600</i>
Certificates of deposit issued by other domestic credit institutions	1,499,295	1,100,000
Bonds issued by domestic economic entities	13,551,274	14,022,644
Equity securities	15,357	15,357
Equity securities issued by domestic economic entities	15,357	15,357
	50,970,143	51,948,658
Provision for available-for-sale securities	(177,684)	(248,559)
Provision for diminution in value	(30,910)	(19,829)
General provision	(146,774)	(122,609)
Specific provision	-	(106,121)
	50,792,459	51,700,099

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

9. INVESTMENT SECURITIES (continued)

9.2 Held-to-maturity securities

Held-to-maturity securities include special bonds issued by VAMC.

	30 September 2017 VND million	31 December 2016 VND million
Special bonds issued by VAMC	4,210,372	4,136,200
Provision for held-to-maturity securities	(731,168)	(496,311)
- Specific allowance for special bonds	(731,168)	(496,311)
	3,479,204	3,639,889

10. LONG-TERM INVESTMENTS

10.1 Investments in subsidiaries

Subsidiaries	% owned	30 September 2017 VND million	31 December 2016 VND million
VPBank Asset Management Company Limited	100%	115,000	115,000
VPBank Finance Company Limited	100%	4,698,035	3,014,035
		4,813,035	3,129,035

10.2 Other long-term investments

	30 September 2017		31 December 2016	
	Cost VND million	% owned	Cost VND million	% owned
Investments in economic entities				
ITRACO Transportation Joint Stock Company (ITRACO JSC)	21	0,64%	21	0,64%
Dong Xuan Join Stock Company (Dong Xuan JSC)	5,000	10,00%	5,000	10,00%
Banking Training and Consultancy JSC (BTC)	371	4,30%	371	4,30%
Vietnam Credit Information JSC (PCB)	3,934	3,28%	3,934	3,28%
Sai Gon Port Joint-Stock Company	185,276	7,44%	185,276	7,44%
VPBank Securities JSC (VPBS)	104,770	7,26%	104,770	11,00%
	299,372		299,372	
Provision for other long-term investments	(51,009)		(76,442)	
	248,363		222,930	

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

11. OTHER ASSETS

	30 September 2017 VND million	31 December 2016 VND million
Internal receivables	71,313	24,323
External receivables(*)	7,297,666	6,008,305
Accrued interest and fees receivable	3,297,704	3,419,871
Other assets	2,802,973	2,653,257
Provision for other assets	(978)	(226,544)
	13,468,678	11,879,212

(*) External receivables mainly include receivables related to LC UPAS (VND5,139,060 million) (Note 13.2) following Official Letter No.3333/NHNN-TCKT providing guidance on accounting treatment for letter of credit reimbursing transactions.

12. AMOUNTS DUE TO THE STATE BANK OF VIETNAM

	30 September 2017 VND million	31 December 2016 VND million
Borrowings from the SBV		
Discount, rediscount of valuable papers	-	1,077,995
Other borrowings	26,641	25,691
	26,641	1,103,686

13. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

13.1 Deposits from other credit institutions

	30 September 2017 VND million	31 December 2016 VND million
Demand deposits	226,381	1,422,062
In VND	213,706	1,375,824
In foreign currencies	12,675	46,238
Term deposits	2,972,495	13,977,357
In VND	534,500	11,683,900
In foreign currencies	2,437,995	2,293,457
	3,198,876	15,399,419

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

13. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS (continued)

13.2 Borrowings from other credit institutions

	30 September 2017 VND million	31 December 2016 VND million
In VND	2,730,116	6,859,121
<i>In which: Discounted valuable papers in VND</i>	952,580	5,085,556
In foreign currencies	10,436,648	5,200,537
	13,166,764	12,059,658

Detail of borrowings from other credit institutions under LC UPAS and original term are as follow:

	30 September 2017 VND million	31 December 2016 VND million
Payables arising from LC UPAS contracts	5,139,060	2,956,761
Up to 6 months	6,609,530	7,498,506
From above 6 months up to 1 year	622,419	1,329,540
From above 1 year months up to 5 years	674,141	169,294
From above 5 years	121,614	105,557
	13,166,764	12,059,658

14. CUSTOMER DEPOSITS

	30 September 2017 VND million	31 December 2016 VND million
Demand deposits	12,997,181	15,310,424
- <i>Demand deposits in VND</i>	11,378,064	12,394,182
- <i>Demand deposits in foreign currencies</i>	1,619,117	2,916,242
Term deposits	108,799,345	105,992,689
- <i>Term deposits in VND</i>	105,019,687	101,491,632
- <i>Term deposits in foreign currencies</i>	3,779,658	4,501,057
Deposits for specific purpose	74,613	69,569
Margin deposits	323,359	415,505
	122,194,498	121,788,187

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

15. OTHER BORROWED AND ENTRUSTED FUNDS

Including a loan from International Finance Company (IFC) amounting to USD172,000,000 equivalent to VND3,909,560 million (31 December 2016: USD50,000,000 equivalent to VND1,107,950 million).

16. VALUABLE PAPERS ISSUED

	30 September 2017 VND million	31 December 2016 VND million
Under 12 months	261,102	270,902
From 12 months up to 5 years	32,334,259	23,192,427
From 5 years and above	5,916,555	5,381,588
	38,511,916	28,844,917

Types of valuable papers issued are as follows:

	30 September 2017 VND million	31 December 2016 VND million
Certificates of deposit to retail customers	28,823,801	19,043,913
Certificates of deposit to corporate customers	109,875	222,604
Bonds (*)	9,578,240	9,578,400
	38,511,916	28,844,917

(*) These comprise of bonds amounting to VND5,376,960 million which are eligible to be included as the Bank's capital.

17. OTHER LIABILITIES

	30 September 2017 VND million	31 December 2016 VND million
Internal payables	528,670	265,175
Interest and fees payable	4,038,848	2,562,635
External payables	2,636,565	2,195,897
	7,204,083	5,023,707

18. TAXES AND OTHER OBLIGATIONS TO THE STATE BUDGET

	Opening balance VND million	Movements during the period		Closing balance VND million
		Payables VND million	Paid VND million	
Value added tax	13,817	76,757	(83,560)	7,014
Corporate income tax	325,180	542,491	(617,671)	250,000
Other tax	15,459	158,301	(152,238)	21,522
	354,456	777,549	(853,469)	278,536

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

19. OWNERS' EQUITY AND RESERVES

19.1 Statement of changes in equity

	Charter capital VND million	Share premium VND million	Capital supplementary reserve VND million	Financial reserve VND million	Investment and development fund VND million	Foreign exchange differences VND million	Retained earnings VND million	Total VND million
Balance at 31 December 2016	9,181,000	1,288,863	170,600	781,929	809,318	-	2,822,651	15,054,361
Net profit for the period	-	-	-	-	-	-	-	-
Issuance of bonus shares	579,300	-	(170,597)	-	(408,703)	-	3,863,545	3,863,545
Stock dividends	-	-	-	-	-	-	(146,439)	(146,439)
Increase capital from retained earnings	4,298,786	-	-	-	-	-	(4,298,786)	-
Issuance of individual shares	1,647,144	4,577,243	-	-	-	-	-	6,224,387
Foreign exchange differences	-	-	-	-	-	(114,613)	-	(114,613)
Balance at 30 September 2017	15,706,230	5,866,106	3	781,929	400,615	(114,613)	2,240,971	24,881,241

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

19. OWNERS' EQUITY AND RESERVES (continued)

19.2 Equity

	30 September 2017		31 December 2016	
	Shares	VND million	Shares	VND million
Number of registered shares	1,570,623,000	15,706,230	918,100,000	9,181,000
Number of shares issued	1,570,623,000	15,706,230	918,100,000	9,181,000
- Ordinary shares(*)	1,497,403,400	14,974,034	844,880,400	8,448,804
- Preference shares(**)	73,219,600	732,196	73,219,600	732,196
Number of outstanding shares	1,570,623,000	15,706,230	918,100,000	9,181,000
- Ordinary shares	1,497,403,400	14,974,034	844,880,400	8,448,804
- Preference shares	73,219,600	732,196	73,219,600	732,196

The face value of each share of the Bank is VND10,000.

(*)During the period, the Bank increased its charter capital through the successful issuance of individual shares to domestic investors in accordance with Official Letter No. 6993/NHNN-TTGSNH dated 31 August 2017 of the State Bank of Vietnam, Official letter No. 6289/UBCK-QLCB dated 19 September 2017 of the State Securities Commission. The total number of shares issued is 164,714,380 shares at the issue price of VND 39,000/share. The Bank is in the process of completing the procedures for changing the Business Registration Certificate of this issuance.

(**)Preferred shares issued by the Bank are dividend preference shares, in which the annual dividend rate is stable and there are no rights related to the Bank's management. It is expected that after three (3) years from the date of issuance, the Bank will buy preferred shares as treasury shares or perform the designation of a third party to buy back the preferred shares.

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

20. INTEREST AND SIMILAR INCOME

	<i>For the nine-month period ended 30 September 2017</i> VND million	<i>For the nine-month period ended 30 September 2016</i> VND million
Interest and similar income		
Interest income from deposits	170,578	111,800
Interest income from loans to customers	10,453,505	7,716,093
Interest income from trading and investment securities	3,295,081	2,745,926
- Interest income from trading securities	142,220	138,966
- Interest income from investment securities	3,152,861	2,606,960
Interest income from guarantee activities	90,358	85,544
Other income from credit activities	230,985	389,424
	14,240,507	11,048,787
Interest and similar expense		
Interest expenses for deposits	5,051,770	4,804,350
Interest expenses for borrowings	424,561	339,427
Interest expenses for valuable papers issued	2,160,316	969,726
Expenses for other credit activities	7,534	4,379
	7,644,181	6,117,882
Net interest and similar income	6,596,326	4,930,905

21. NET GAIN/(LOSS) FROM SECURITIES HELD FOR TRADING

	<i>For the nine-month period ended 30 September 2017</i> VND million	<i>For the nine-month period ended 30 September 2016</i> VND million
Income from trading of securities held for trading	213,524	30,298
Expenses for trading of securities held for trading	(90,128)	(113,554)
Provision (charged)/reversed for securities held for trading	(1,959)	2,455
Net gain/(loss) from securities held for trading	121,437	(80,801)

22. NET GAIN FROM INVESTMENT SECURITIES

	<i>For the nine-month period ended 30 September 2017</i> VND million	<i>For the nine-month period ended 30 September 2016</i> VND million
Income from trading of investment securities	463,918	292,036
Expenses for trading of investment securities	(78,936)	(108,639)
Provision reversed/(charged) for available-for-sale investment securities	(56,276)	(36,997)
Net gain from investment securities	328,706	146,400

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

23. INCOME FROM INVESTMENTS IN OTHER ENTITIES

	<i>For the nine-month period ended 30 September 2017 VND million</i>	<i>For the nine-month period ended 30 September 2016 VND million</i>
Profit transferred from subsidiaries	1,685,796	60,814
- Profit transferred from VPB FC	1,684,040	60,814
- Profit transferred from VPB AMC	1,756	-
Dividend received	568	-
	1,686,364	60,814

24. OPERATING EXPENSES

	<i>For the nine-month period ended 30 September 2017 VND million</i>	<i>For the nine-month period ended 30 September 2016 VND million</i>
Expenses on taxes	1,089	1,063
Personnel expenses	2,148,727	1,190,479
<i>In which:</i>		
Salary and allowances	1,891,283	1,050,798
Expenses related to salary	121,911	95,111
Subsidy	107,371	22,819
Other allowances	28,162	21,751
Fixed asset expenses	593,052	530,775
<i>In which: Depreciation and amortization of fixed assets</i>	119,695	99,026
Administrative expenses	922,657	772,948
<i>In which: Expenses on per diem</i>	25,000	17,365
Other provision (reversed)/charged	(25,434)	47,460
Insurance for customer deposits	103,664	83,498
	3,743,755	2,626,223

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the separate cash flow statement comprise the following amounts on the separate balance sheet:

	<i>30 September 2017 VND million</i>	<i>30 September 2016 VND million</i>
Cash and cash equivalents on hand	2,061,835	1,575,799
Balances with the SBV	5,176,580	3,497,507
Current accounts at other credit institutions	495,112	1,587,647
Placements with other credit institutions with original terms of three months or less	4,238,000	1,961,400
	11,971,527	8,622,353

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

26. RELATED PARTY TRANSACTIONS

<i>Balances</i>	<i>30 September 2017</i> <i>VND million</i>	<i>31 December 2016</i> <i>VND million</i>
VPB AMC - A subsidiary		
Deposits at VPBank	7,237	81,995
Interests payable for deposits	1	134
Investment in VPB AMC	115,000	115,000
VPB FC - A subsidiary		
Deposits at VPBank	875,222	2,212,314
Interests payable for deposits	145	351
Deposits of VPBank at VPB FC	-	2,200,000
Accrued interest from deposits	-	24,406
Receivables from debt trading	-	1,037,893
Interest receivable from debt trading	-	10,051
Receivable from consulting services	19,083	10,767
Commitments to foreign exchange transactions	1,962,174	1,841,431
Interest payables on foreign exchange contracts	2,117	21,406
Investment in VPB FC	4,698,035	3,014,035
	<i>Amount</i>	
	<i>For the nine-month</i> <i>period ended 30</i>	<i>For the nine-month</i> <i>period ended 30</i>
<i>Transactions</i>	<i>September 2017</i> <i>VND million</i>	<i>September 2016</i> <i>VND million</i>
VPB AMC - A subsidiary		
Interest expenses from deposits	1,362	3,482
Debt collection fee	39,994	10,967
Profit and fund transferred to VPBank	1,756	-
VPB FC - A subsidiary		
Interest expenses from deposits	31,637	26,472
Interest revenue from deposits	32,042	30,933
Profit and fund transferred to VPBank	1,684,040	60,814
Revenue from foreign exchange transactions	23,320	16,861
Revenue from debt trading	42,570	270,610
Revenue from payment service	173,643	161,459

27. CONCENTRATION OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY GEOGRAPHICAL REGIONS

	<i>Domestic</i> <i>VND million</i>	<i>Foreign</i> <i>VND million</i>	<i>Total</i> <i>VND million</i>
Loans to customers and other institutions	126,757,658	30,024	126,787,682
Deposits	170,579,590	10,585,575	181,165,165
Credit commitments	9,411,374	-	9,411,374
Derivative instruments	59,290	-	59,290
Trading and investment in securities	58,162,291	-	58,162,291

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

28. FINANCIAL RISK MANAGEMENT POLICIES

The Bank has exposure to the following risks from financial instruments:

- ▶ credit risk;
- ▶ liquidity risk; and
- ▶ market risks.

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

Risk management framework

The Board of Directors ("BOD") has overall responsibility for the establishment and oversight of risk management framework and is ultimately responsible for the quality and effectiveness of the Bank's risk management. To facilitate this oversight function, the Bank's BOD has established an Assets and Liabilities Committee ("ALCO") and a Risk Committee ("RCO") which are responsible for developing and monitoring key risk management policies for specific areas authorized by the BOD and periodically reporting to the BOD on their activities. These committees include both voting and non-voting members.

The Bank's risk management framework is established to form key principles in managing and controlling significant risks arising from the Bank's activities. Based on this, specific policies and regulations for each type of risk are established to assist the Bank in analyzing and determining appropriate risk limits, controlling and monitoring measures and ensuring adherence to the limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

28.1 Credit risks

The Bank is subject to credit risk through its loans to customers, placements with and loans to other banks and investments in corporate bonds and in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees. Credit risk arises when a customer, obligor or partner fails to perform or improperly performs or does not fulfill their obligations under the commitments and agreements entered into with the Bank. The Bank's primary exposure to credit risk arises through its loans and advances to corporates and retail customers and investments in corporate bonds. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the separate balance sheet. In addition, the Bank is exposed to off balance sheet credit risk through guarantees commitments, letters of credit and derivatives issued.

Credit risk management

Credit risk is the one that exerts the largest impact on the Bank's income and capital. The Bank has established a credit risk appetite on the basis of managing credit activities in a prudent manner and pre-determined credit limits including the credit concentration risk limits and adhering to the Bank's risk tolerance. In principle, the Bank identifies and manages credit risk in all activities and products with potential credit risk and ensures that the Bank provides new products only when sufficient regulations and procedures related to new products or operation in new markets in order to identify, measure, evaluate, monitor and control critical exposure risks are in place. To keep credit risks under control, the Bank's policy is to engage in transactions with reliable partners, and request its partners to take guarantee measures as and when required.

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended**28. FINANCIAL RISK MANAGEMENT POLICIES** (continued)**28.1 Credit risks** (continued)***Credit risk management*** (continued)

The credit risk management system is operating based on the principles of independence and centralization. Accordingly, the development of risk management policies, determination of risk limits and risk monitoring, risk reporting and risk control are implemented independently and centrally at the Risk Management Division. The reports from the Risk Management Division are a basis for RCO to issue key credit decisions.

The Bank measures credit risks, makes allowances and complies with safe ratios for loan and advances to customers and to other credit institutions in accordance with relevant regulations of the SBV.

The Bank's overall approach to credit risk is a risk-based approach. Accordingly, credit approval or credit valuation decisions as well as the behavioral methods in monitoring and classifying credits and controlling credit risks are being designed following the risk levels of customers. To this end, key activities being implemented by the Bank include the followings:

- ▶ Focusing on completion of data infrastructure used for developing credit rating and risk classification systems in accordance with international standards;
- ▶ Developing and completing the credit rating system and the scorecard system;
- ▶ Gathering and reviewing credit policies/documents of the whole system to reassess the integrity and responsiveness to the requirements specified in the policies of Risk Management Framework;
- ▶ Completing the credit quality monitoring mechanism for the entire life cycle of a loan;
- ▶ Developing an early credit risk warning system; and
- ▶ Developing a debt recovery and restructuring system.

28.2 Market risk

Market risk is risk of losses due to unexpected and adverse changes in market price factors (including interest rates, exchange rates, equity prices, commodity price, etc.) that will affect the Bank's income and capital.

Market risk management

Market risk management is implemented by the Market and FI Risk Department under the Risk Management Division. The Market and FI Risk Department is responsible for developing of market risk management policies and processes, designing measurement instruments, proposing independent market risks limits to high level of management for approval and monitoring market risks limit on daily/monthly basis according to the Bank's regulations.

In 2017, market risk management policies were revised to introduce a new risk management model. Market risk management functions have been segregated amongst different units and committees, using three lines of defense model. Market Risk Subcommittee (MACO) was established to propose and analyze in-depth market risk, liquidity risk and counterparty risk issues. Also, internal document which requires segregation between Trading Book and Banking Book has been issued in accordance with the SBV's regulation and Basel II standards, accordingly, business strategy, hedging strategy and analysis of potential risks have been clearly regulated for each portfolio.

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

28. FINANCIAL RISK MANAGEMENT POLICIES (continued)

28.2 Market risk (continued)

Market risk management (continued)

All types of market risk of the Bank (include currency risk, interest rate risk, price risk, option risk, volatility risk, credit spread risk and market liquidity risk) are subject to in-depth analysis, identification and quantification with internal limits system. Risk monitoring and controlling that includes regular (normally daily) risk reporting process and escalations process in case of any violations.

The system of limits relating to market risks is established based on 2 methods: top-down method which is based on the Bank's risk appetite, the SBV's regulations and agreements with strategic partners and bottom-up method which is based on specific needs of operation units and risk-profit analysis.

The Bank conducts calculations of market risk capital charge in accordance to Basel II requirements monthly.

Vietnam Prosperity Joint Stock Commercial Bank

B05a/TC TD

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

28. FINANCIAL RISK MANAGEMENT POLICIES (continued)

28.2 Market risk (continued)

(a) Interest rate risk (continued)

The below table shows an analysis of the interest re-pricing period of assets and liabilities of the Bank as at 30 September 2017.

	Interest re-pricing period								Total VND million
	Overdue VND million	Non-interest bearing VND million	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Over 5 years	
			VND million	VND million	VND million	VND million	VND million	VND million	
Assets									
Cash, gold and gemstones	-	2,061,835	-	-	-	-	-	-	2,061,835
Balances with the State Bank of Vietnam	-	-	5,176,580	-	-	-	-	-	5,176,580
Placements with and loans to other credit institutions - gross	731	-	-	584,000	-	-	-	-	-
Securities held for trading - gross	-	-	4,459,112	-	-	-	-	-	5,043,843
Loans to customers - gross	1,501,295	-	2,981,776	-	-	-	-	-	2,981,776
Investment securities - gross	-	4,225,728	66,779,749	25,472,020	15,772,017	10,530,264	6,362,168	59,438	126,476,951
Long-term investments - gross	-	-	4,044,010	10,240,680	1,978,389	6,530,852	21,685,231	6,475,625	55,180,515
Fixed assets	-	5,112,407	-	-	-	-	-	-	5,112,407
	-	498,694	-	-	-	-	-	-	498,694
Other assets - gross	978	8,329,619	603,606	972,190	1,988,647	1,574,616	-	-	13,469,656
Total assets	1,503,004	20,228,283	84,044,833	37,268,890	19,739,053	18,635,732	28,047,399	6,535,063	216,002,257
Liabilities									
Deposits and loans from the SBV	-	-	30	256	7,917	18,438	-	-	26,641
Deposits and loans from other credit institutions	-	-	6,205,672	3,261,931	5,323,420	1,574,617	-	-	16,365,640
Customer deposits	-	-	44,348,501	22,513,081	27,396,932	14,654,271	13,280,646	1,067	122,194,498
Derivatives and other financial liabilities	-	-	122,512	26,924	(37,653)	(52,493)	-	-	59,290
Other borrowed and entrusted funds	-	-	163,226	1,623,775	998,679	1,280,790	-	-	4,066,470
Valuable papers issued	-	-	1,564,613	6,998,889	4,203,855	15,840,240	9,904,319	-	38,511,916
Other liabilities	-	7,204,083	-	-	-	-	-	-	7,204,083
Total liabilities	-	7,204,083	52,404,554	34,424,856	37,893,150	33,315,863	23,184,965	1,067	188,428,538
Interest sensitivity gap (balance sheet)	1,503,004	13,024,200	31,640,279	2,844,034	(18,154,097)	(14,680,131)	4,862,434	6,533,996	27,573,719
Interest sensitivity gap (off-balance sheet)	-	-	-	-	-	-	-	-	-
Interest sensitivity gap (on, off- balance sheet)	1,503,004	13,024,200	31,640,279	2,844,034	(18,154,097)	(14,680,131)	4,862,434	6,533,996	27,573,719

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

28. FINANCIAL RISK MANAGEMENT POLICIES (continued)

28.2 Market risk (continued)

(b) Currency risk

Currency risk (commonly referred to as exchange-rate risk) is the risk of losses due to negative changes in the fair value of positions measured in local currency due to exchange rate fluctuations. Foreign currency positions as well as positions in gold and other precious metals bear exchange rate risk. Exchange rate risk arises in case the portfolio or specific position contains spot or future cash flows denominated or indexed to currency other than local currency. Exchange rate risk originates both in Trading Book and Banking Book. Exchange rate risk directly affects the balance sheet and income statement since assets, liabilities and earnings in foreign currency need to be converted into the reference currency.

Currency risk management

Exchange rate risk is managed by the means of limits on open FX position in every currency as well as total open FX position. The Bank's management has set limits on position for each currency in accordance with the Bank's business strategy and the SBV's regulations.

VND is the major currency of transactions within the Bank; USD is transacted by loans, deposits and derivatives; other currencies are very tiny proportion of the Bank's assets and liabilities. Open currency positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

28. FINANCIAL RISK MANAGEMENT POLICIES (continued)

28.2 Market risk (continued)

(b) Currency risk (continued)

The following table presents assets and liabilities in foreign currencies translated into VND as at 30 September 2017.

	EUR equivalent VND million	USD equivalent VND million	Gold equivalent VND million	Other currencies equivalent VND million	Total VND million
Assets					
Cash, gold and gemstones	114,030	243,661	295,334	132,676	785,701
Balances with the State Bank of Vietnam	-	523,118	-	-	523,118
Placements with and loans to other credit institutions - gross	13,166	153,613	-	102,703	269,482
Loans to customers - gross	-	4,852,421	-	-	4,852,421
Other assets - gross	46,388	5,210,934	-	77,784	5,335,106
Total assets	173,584	10,983,747	295,334	313,163	11,765,828
Liabilities					
Deposits and borrowings from other credit institutions	46,460	12,839,243	-	1,615	12,887,318
Customer deposits	427,105	4,606,664	-	394,395	5,428,164
Derivatives and other financial liabilities	(371,625)	(10,938,880)	-	(100,996)	(11,411,501)
Other borrowed and entrusted funds		3,740,019			3,740,019
Other liabilities	1,647	143,571	-	3,799	149,017
Total liabilities	103,587	10,390,617	-	298,813	10,793,017
FX position on-balance sheet	69,997	593,130	295,334	14,350	972,811
FX position off-balance sheet	3,222	(849,519)	-	37,878	(808,419)
Net on, off-balance sheet FX position	73,219	(256,389)	295,334	52,228	164,392

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

28. FINANCIAL RISK MANAGEMENT POLICIES (continued)

28.2 Market risk (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Bank will not be able to meet its financial obligations as they fall due, or, the risk that the Bank might have to face unacceptable material losses in order to meet those obligations. Liquidity risk may lead to negative effect on the Bank's profit, reputation, equity, even causes the Bank's bankruptcy.

Liquidity risk management

The liquidity risk management of the bank is implemented through the close cooperation between the three divisions: Finance, Risk Management and Financial Market. In particular, the Finance Department is in charge of developing a liquidity risk management strategy and coordinating with the Risk Management Department to develop liquidity risk management methods, models and limits for the financial institution manages the portfolio of assets and balances cash flow to ensure liquidity and compliance with risk limits in line with the Bank's development strategy and business situation and market movements at the different stages. The bank adopts both common approaches to liquidity risk management as a time-based approach and a periodic approach. Accordingly, the Bank monitors daily compliance with liquidity ratios and simultaneously forecasts fluctuations in cash flows to assure the Bank has always complied with regulations of the SBV, external partners and internal regulations of the Bank.

The Bank maintains a specific portfolio and volume of high-liquidation assets, which may include but not limited to cash, gold, interbank deposits, Government bonds and other high-liquidation assets in order to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation. In each period, liquidity risk limits were established based on the Bank's liquidity forecasts in normal circumstances as well as in market stress conditions, and also based on orienting to develop the structure of balance sheets, assessing the domestic and foreign macroeconomics and assessing the level of liquidity of each financial instrument in the market. The bank periodically performs various liquidity stress scenarios to test the Bank's ability to meet liquidity in adverse situations. At the same time, specific regulations on liquidity provision plan (LCP) were issued, which clearly defined the roles and responsibilities of each unit and individual, and the coordination process was implemented as soon as possible when a stressful liquidity event may occur.

The Bank understands the interrelation of credit risk and market risk and how they may have impacts on the Bank's liquidity. The Bank also realizes that liquidity risks come from two sides of its balance sheet. Therefore, the Bank's approach to managing liquidity is to constantly focus on diversification of investment and credit activities and increases of accessibility to capital markets by various fund raising tools and products.

The following table provides an analysis of the assets and liabilities of the Bank into relevant maturity groupings based on the remaining period from the separate balance sheet date to repayment date.

Vietnam Prosperity Joint Stock Commercial Bank

B05a/TCTD

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

28. FINANCIAL RISK MANAGEMENT POLICIES (continued)

28.2 Market risk (continued)

(c) Liquidity risk (continued)

The below table presents the analysis of the remaining maturity of assets and liabilities of the Bank as at 30 September 2017.

	Overdue		Current					Total VND million
	Above 3 months VND million	Within 3 months VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million	
Assets								
Cash, gold and gemstones	-	-	2,061,835	-	-	-	-	2,061,835
Balances with the SBV	-	-	5,176,580	-	-	-	-	5,176,580
Placements with and loans to other credit institutions - gross	731	-	4,459,112	584,000	-	-	-	5,043,843
Securities held for trading - gross	-	-	2,981,776	-	-	-	-	2,981,776
Loans to customers - gross	1,038,186	463,109	11,552,297	14,983,832	32,839,168	44,960,768	20,639,591	126,476,951
Investment securities - gross	-	-	15,356	2,489,937	6,236,643	37,255,450	9,183,129	55,180,515
Long-term investments - gross	-	-	-	-	-	-	5,112,407	5,112,407
Fixed assets	-	-	-	-	-	-	498,694	498,694
Other assets - gross	978	-	8,933,224	972,190	3,563,264	-	-	13,469,656
Total assets	1,039,895	463,109	35,180,180	19,029,959	42,639,075	82,216,218	35,433,821	216,002,257
Liabilities								
Deposits and borrowings from the SBV	-	-	30	256	26,355	-	-	26,641
Deposits and borrowings from other credit institutions	-	-	6,899,142	4,280,388	4,404,572	765,470	16,068	16,365,640
Customer deposits	-	-	44,348,501	22,513,081	42,051,205	13,280,644	1,067	122,194,498
Derivatives and other financial liabilities	-	-	122,513	26,923	(90,146)	-	-	59,290
Other borrowed and entrusted funds	-	-	774	658	11,678	4,046,269	7,091	4,066,470
Valuable papers issued	-	-	1,559,209	3,479,293	16,544,095	14,429,319	2,500,000	38,511,916
Other liabilities	-	-	7,204,083	-	-	-	-	7,204,083
Total liabilities	-	-	60,134,252	30,300,599	62,947,759	32,521,702	2,524,226	188,428,538
Net liquidity gap	1,039,895	463,109	(24,954,072)	(11,270,640)	(20,308,684)	49,694,516	32,909,595	27,573,719

SELECTIVE NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 September 2017 and for the nine-month period then ended

28. FINANCIAL RISK MANAGEMENT POLICIES (continued)

28.2 Market risk (continued)

(d) Other market price risk

Other than the assets and liabilities presented above, the Bank is not exposed to other market price risks with risk levels accounting for 5% of the Bank's net income or with value of relating assets/liabilities accounting for 5% of the Bank's total assets.

29. NOTE OF MOVEMENT IN PROFIT BEFORE TAX:

The separate profit before tax of VPBank for the nine-month period ended 30 September 2017 increased VND2,914,850 million comparing for the nine-month period ended 30 September 2016 (approximate 195%) due to the reasons as follow:

	<i>Profit before tax Million VND</i>
Profit increase from net interest and similar income	1,665,421
Profit increase from net fee and commission income	164,182
Profit increase due to trading of foreign currencies	155,718
Profit increase due to securities held for trading	202,238
Profit increase due to investment securities	182,306
Profit decrease due to other operating activities	(10,689)
Profit increase from investments in other entities	1,625,550
Profit decrease due to increasing in operating expenses	(1,117,532)
Profit increase from decreasing in provision expense for credit losses	47,656
	2,914,850

Prepared by: 

Reviewed by:



Ms. Nguyen Thi Thu Hang
Chief Accountant



Ms. Luu Thi Thao
Deputy Chief Executive Officer
cum Chief Financial Officer



Mr. Nguyen Duc Vinh
General Director