

**Joint Stock Commercial Bank for  
Foreign Trade of Vietnam**

Separate financial statements  
31 December 2016



# Joint Stock Commercial Bank for Foreign Trade of Vietnam

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# Joint Stock Commercial Bank for Foreign Trade of Vietnam

## GENERAL INFORMATION

**Banking Licence** Licence No. 138/GP-NHNN dated 23 May 2008 issued by the Governor of the State Bank of Vietnam (“the SBV”), Decision No. 2719/QD-NHNN dated 27 December 2011, Decision No. 523/QD-NHNN dated 22 March 2012, Decision No. 1547/QD-NHNN dated 6 August 2014 and Decision No. 2182/QD-NHNN dated 26 October 2015 promulgated by the State Bank of Vietnam amending and supplementing the Bank’s operations.

**Business Registration Certificate** Business Registration Certificate No. 0103024468 dated 2 June 2008 issued by Hanoi Authority for Planning and Investment, Business Registration Certificate No. 0100112437 renewed for the twelfth time on 16 December 2016.

### Members of the Board of Directors during the year and at the date of this report

Mr. Nghiem Xuan Thanh	Chairman	Appointed on 1 November 2014
Ms. Le Thi Hoa	Member	Reappointed on 25 April 2013
Mr. Nguyen Danh Luong	Member	Reappointed on 25 April 2013
Mr. Yutaka Abe	Member	Reappointed on 25 April 2013
Mr. Pham Quang Dung	Member	Reappointed on 25 April 2013
Ms. Nguyen Thi Dung	Member	Appointed on 25 April 2013
Mr. Nguyen Manh Hung	Member	Appointed on 26 December 2014

### Members of the Board of Management during the year and at the date of this report

Mr. Pham Quang Dung	Chief Executive Officer	Appointed on 1 November 2014
Mr. Dao Minh Tuan	Deputy CEO	Reappointed on 15 June 2012
Mr. Nguyen Danh Luong	Deputy CEO	Reappointed on 2 October 2014
Mr. Dao Hao	Deputy CEO	Reappointed on 1 August 2015
Mr. Pham Thanh Ha	Deputy CEO	Reappointed on 1 August 2015
Mr Yukata Abe	Deputy CEO	Appointed on 30 September 2012
Ms. Truong Thi Thuy Nga	Deputy CEO	Appointed on 1 December 2012
Mr. Pham Manh Thang	Deputy CEO	Appointed on 10 March 2014
Ms. Nguyen Thi Kim Oanh	Deputy CEO	Appointed on 26 December 2014
Ms. Dinh Thi Thai	Deputy CEO	Appointed on 1 June 2015

### Members of the Supervisory Board during the year and at the date of this report

Ms. Truong Le Hien	Head of the Board	Reappointed on 25 April 2013
Ms. La Thi Hong Minh	Member	Reappointed on 25 April 2013
Ms. Do Thi Mai Huong	Member	Reappointed on 25 April 2013
Ms. Vu Thi Bich Van	Member	Reappointed on 25 April 2013

# Joint Stock Commercial Bank for Foreign Trade of Vietnam

## GENERAL INFORMATION (continued)

<b>Chief Accountant</b>	Ms. Phung Nguyen Hai Yen Reappointed on 16 June 2016
<b>Legal Representative</b>	Since 1 November 2014 Mr. Nghiem Xuan Thanh Title: Chairman of the Board of Director
<b>Authorised signature on financial statements</b> <i>(According to Letter of Authorisation No. 528/UQ-VCB-TH&amp;CDKT dated 1 November 2014)</i>	Since 1 November 2014 Mr. Nguyen Danh Luong Title: Deputy CEO
<b>The Bank's Head Office</b>	198 Tran Quang Khai Street Hoan Kiem District, Hanoi, Vietnam
<b>The Bank's auditors</b>	Ernst & Young Vietnam Limited

# Joint Stock Commercial Bank for Foreign Trade of Vietnam

## REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of Joint Stock Commercial Bank for Foreign Trade of Vietnam (“the Bank”) is pleased to present its report and the separate financial statements of the Bank for the year ended 31 December 2016.

### The Board of Management’s responsibility in respect of the separate financial statements

The Board of Management is responsible for the separate financial statements of each financial year which give a true and fair view of the separate financial position of the Bank and of the separate results of its operations and its separate cash flows for the year. In preparing those separate financial statements, the Board of Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the separate financial statements; and
- Prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue its business.

The Board of Management is responsible for ensuring that proper accounting records are kept to disclose, with reasonable accuracy at any time, the separate financial position of the Bank and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Management confirmed that it has complied with the above requirements in preparing the accompanying separate financial statements.

### Statement by the Board of Management

The Board of Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Bank as at 31 December 2016, and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of separate financial statements.



For and on behalf of the Board of Management:

Mr. Nguyễn Danh Luong  
Deputy CEO

Hanoi, Vietnam

29 March 2017

Reference: 61039047/18715793

## **INDEPENDENT AUDITORS' REPORT**

**To:                   The Shareholders of  
                          Joint Stock Commercial Bank for Foreign Trade of Vietnam**

We have audited the accompanying separate financial statements of Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank") as prepared on 29 March 2017 and set out on pages 6 to 73, which comprise the separate balance sheet as at 31 December 2016, the separate income statement and the separate statement of cash flows for the year then ended and the notes thereto.

### ***The Board of Management's responsibility***

The Board of Management of the Bank is responsible for the preparation and fair presentation of the separate financial statements of the Bank in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to the preparation and presentation of separate financial statements, and for such internal control as the Board of Management determines is necessary to enable the preparation and presentation of separate financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express our opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the separate financial statements in order to design appropriate audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Bank as at 31 December 2016, and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of separate financial statements.

**Ernst & Young Vietnam Limited**



Mr. Trinh Hoang Anh  
Deputy General Director  
Audit Practising Registration  
Certificate No. 2071-2013-004-1



Ms. Tran Mai Thao  
Auditor  
Audit Practising Registration  
Certificate No. 2466-2013-004-1

Ho Chi Minh City, Vietnam

29 March 2017

**Joint Stock Commercial Bank for Foreign Trade of Vietnam**
**Form B02/TCTD**
**SEPARATE BALANCE SHEET**  
 as at 31 December 2016

*(Issued in accordance with SBV  
 Circular No. 49/2014/TT-NHNN  
 dated 31 December 2014)*

	Notes	31/12/2016 VND million	31/12/2015 VND million
<b>A ASSETS</b>			
<b>I Cash on hand, gold, silver and gemstones</b>	<b>4</b>	<b>9,691,487</b>	<b>8,518,139</b>
<b>II Balances with the State Bank of Vietnam</b>	<b>5</b>	<b>17,382,097</b>	<b>19,714,714</b>
<b>III Balances with and loans to other credit institutions</b>	<b>6</b>	<b>153,555,262</b>	<b>133,357,003</b>
1 Balances with other credit institutions		102,540,290	92,189,431
2 Loans to other credit institutions		51,014,972	41,167,572
3 Provision for credit losses of balances with and loans to other credit institutions		-	-
<b>IV Trading securities</b>	<b>7</b>	<b>3,249,805</b>	<b>9,061,389</b>
1 Trading securities		3,249,805	9,061,389
2 Provision for trading securities		-	-
<b>V Derivative financial instruments and other financial assets</b>	<b>18</b>	<b>230,658</b>	<b>628</b>
<b>VI Loans to customers</b>		<b>449,070,726</b>	<b>376,079,052</b>
1 Loans to customers	8	457,137,817	384,643,654
2 Provision for credit losses of loans to customers	9	(8,067,091)	(8,564,602)
<b>VIII Investment securities</b>		<b>131,642,317</b>	<b>107,462,284</b>
1 Available-for-sale securities	10(a)	51,923,760	42,468,041
2 Held-to-maturity securities	10(b)	79,898,684	65,661,872
3 Provision for investment securities		(180,127)	(667,629)
<b>IX Long-term investments</b>		<b>5,254,693</b>	<b>5,339,786</b>
1 Investments in subsidiaries	11(a)	1,719,532	1,719,532
2 Investments in joint-ventures	11(b)	815,515	815,515
3 Investments in associates	11(c)	11,110	11,110
4 Other long-term investments	11(d)	2,829,418	2,829,418
5 Provision for long-term investments	11(e)	(120,882)	(35,789)
<b>X Fixed assets</b>		<b>5,403,628</b>	<b>4,771,541</b>
1 Tangible fixed assets	12	3,506,580	3,149,649
<i>a Cost</i>		7,946,645	6,987,554
<i>b Accumulated depreciation</i>		(4,440,065)	(3,837,905)
2 Intangible fixed assets	13	1,897,048	1,621,892
<i>a Cost</i>		2,471,073	2,164,095
<i>b Accumulated amortization</i>		(574,025)	(542,203)
<b>XII Other assets</b>		<b>10,482,028</b>	<b>8,623,946</b>
1 Receivables	14(a)	2,507,696	2,226,236
2 Accrued interest and fee receivables	14(b)	5,746,557	4,815,506
3 Other assets	14(c)	2,227,775	1,582,204
<b>TOTAL ASSETS</b>		<b>785,962,701</b>	<b>672,928,482</b>

*The accompanying notes are an integral part of these separate financial statements*



SEPARATE BALANCE SHEET  
as at 31 December 2016 (continued)

	Notes	31/12/2016 VND million	31/12/2015 VND million
<b>B</b>	<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>I</b>	<b>Amounts due to the Government and the State Bank of Vietnam</b>	<b>15</b>	<b>54,151,413</b>
<b>II</b>	<b>Deposits and borrowings from other credit institutions</b>	<b>16</b>	<b>71,337,732</b>
1	Deposits from other credit institutions	53,491,202	52,011,179
2	Borrowings from other credit institutions	17,846,530	20,183,300
<b>III</b>	<b>Deposits from customers</b>	<b>17</b>	<b>590,910,736</b>
<b>VI</b>	<b>Valuable papers issued</b>	<b>19</b>	<b>10,005,376</b>
<b>VII</b>	<b>Other liabilities</b>		<b>12,549,086</b>
1	Accrued interest and fee payables	20(a)	6,449,922
2	Other liabilities	20(b)	6,099,164
	<b>TOTAL LIABILITIES</b>		<b>738,954,343</b>
<b>VIII</b>	<b>Capital and reserves</b>		
1	Capital	35,977,686	32,375,521
a	Charter capital	35,977,686	26,650,203
b	Share premium	-	5,725,318
2	Reserves	5,730,257	4,749,507
4	Retained profits	5,300,415	7,135,363
a	Previous years' retained profits	870,659	3,665,749
b	Current year's retained profits	4,429,756	3,469,614
	<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>21</b>	<b>47,008,358</b>
	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>785,962,701</b>
			<b>672,928,482</b>

**Joint Stock Commercial Bank for Foreign Trade of Vietnam**

**Form B02/TCTD**

*(Issued in accordance with SBV*

*Circular No. 49/2014/TT-NHNN*

*dated 31 December 2014)*

**SEPARATE BALANCE SHEET**  
as at 31 December 2016 (continued)

No	OFF-BALANCE SHEET ITEMS	Notes	31/12/2016	31/12/2015
			VND million	VND million
1	Credit guarantees		222,549	74,143
2	Foreign exchange commitments		24,605,699	19,757,401
a	Forward buying		9,019,812	8,852,550
b	Forward selling		15,585,887	10,904,851
3	Letters of credit		44,755,947	30,826,079
4	Other guarantees		36,683,048	27,283,715
5	Other commitments		63,624	26,797
		<b>36</b>	<b>106,330,867</b>	<b>77,968,135</b>

Hanoi, 29 March 2017

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Ms. Phung Nguyen Hai Yen

Mr. Nguyen Danh Luong






Deputy Director of  
Accounting Policy Department

Chief Accountant

Deputy CEO

*The accompanying notes are an integral part of these separate financial statements*

**SEPARATE INCOME STATEMENT**  
for the year ended 31 December 2016

	Notes	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
1 Interest and similar income	22	37,417,766	31,194,938
2 Interest and similar expenses	23	(19,145,711)	(15,889,915)
<b>I Net interest income</b>		<b>18,272,055</b>	<b>15,305,023</b>
3 Fee and commission income		4,148,731	3,277,774
4 Fee and commission expenses		(2,156,970)	(1,632,364)
<b>II Net fee and commission income</b>	<b>24</b>	<b>1,991,761</b>	<b>1,645,410</b>
<b>III Net gain from trading foreign currencies</b>	<b>25</b>	<b>1,849,413</b>	<b>1,571,400</b>
<b>IV Net gain from trading securities</b>	<b>26</b>	<b>461,891</b>	<b>175,287</b>
<b>V Net (loss)/ gain from investment securities</b>	<b>27</b>	<b>(89,416)</b>	<b>179,268</b>
5 Other income		2,285,797	2,135,799
6 Other expenses		(370,561)	(230,390)
<b>VI Net other income</b>	<b>28</b>	<b>1,915,236</b>	<b>1,905,409</b>
<b>VII Dividend and net income from investments in associates and joint-ventures</b>	<b>29</b>	<b>111,656</b>	<b>83,479</b>
<b>TOTAL OPERATING INCOME</b>		<b>24,512,596</b>	<b>20,865,276</b>
<b>VIII TOTAL OPERATING EXPENSES</b>	<b>30</b>	<b>(9,888,203)</b>	<b>(8,161,247)</b>
<b>IX Net operating profit before provision for credit losses</b>		<b>14,624,393</b>	<b>12,704,029</b>
<b>X Provision for credit losses</b>	<b>31</b>	<b>(6,387,396)</b>	<b>(6,049,730)</b>
<b>XI PROFIT BEFORE TAX</b>		<b>8,236,997</b>	<b>6,654,299</b>

**Joint Stock Commercial Bank for Foreign Trade of Vietnam**

**Form B03/TCTD**  
*(Issued in accordance with SBV*  
*Circular No. 49/2014/TT-NHNN*  
*dated 31 December 2014)*

**SEPARATE INCOME STATEMENT**  
 for the year ended 31 December 2016 (continued)

	Notes	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
7	Current corporate income tax expenses	(1,625,068)	(1,445,822)
<b>XII</b>	<b>Corporate income tax expenses</b>	<b>(1,625,068)</b>	<b>(1,445,822)</b>
<b>XIII</b>	<b>NET PROFIT AFTER TAX</b>	<b>6,611,929</b>	<b>5,208,477</b>

Hanoi, 29 March 2017

Prepared by:

Ms. Nguyen Thi Thu Huong

Ms. Phung Nguyen Hai Yen

*Deputy Director of  
Accounting Policy Department*

*Chief Accountant*

Approved by:

Nguyen Danh Luong



*Deputy CEO*

*The accompanying notes are an integral part of these separate financial statements*

SEPARATE STATEMENT OF CASH FLOWS  
for the year ended 31 December 2016

	Notes	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1	Interest and similar income received	36,489,977	29,957,328
2	Interest and similar expenses paid	(17,690,344)	(15,696,663)
3	Fee and commission income received	1,991,761	1,645,410
4	Net receipts from foreign currencies, gold and securities trading	2,432,639	2,134,498
5	Other income/(expense) received/paid	(208,888)	71,612
6	Receipts from recovery of bad debts previously written off	2,120,227	1,831,996
7	Payments to employees and for other operating activities	(9,197,581)	(7,019,570)
8	Income tax paid	34 (1,684,851)	(1,618,531)
	<b>Net cash flows from operating activities before changes in operating assets and working capital</b>	<b>14,252,940</b>	<b>11,306,080</b>
	<b>(Increase)/decrease in operating assets</b>		
9	Balances with and loans to other credit institutions	571,521	4,654,648
10	Trading securities	(22,509,208)	(49,009,427)
11	Derivative financial instruments and other financial assets	(230,030)	(628)
12	Loans to customers	(72,494,163)	(63,322,055)
13	Utilization of provision for credit losses of loans to customers	(7,374,917)	(4,028,310)
14	Other operating assets	(663,162)	(516,766)
	<b>Increase/(decrease) in operating liabilities</b>		
15	Amounts due to the Government and the SBV	12,671,860	(12,613,519)
16	Deposits and borrowings from other credit institutions	(856,747)	28,805,402
17	Deposits from customers	89,400,151	78,269,900
18	Valuable papers issued	7,998,306	(1,571)
20	Derivative financial instruments and other financial liabilities	-	(75,278)
21	Other operating liabilities	(808,725)	(478,541)
22	Payments from reserves	(1,175,549)	(480,845)
<b>I</b>	<b>Net cash generated from/(used in) operating activities</b>	<b>18,782,277</b>	<b>(7,490,910)</b>

SEPARATE STATEMENT OF CASH FLOWS  
for the year ended 31 December 2016 (continued)

	Notes	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1	Payments for purchases of fixed assets	(1,270,224)	(1,158,327)
2	Proceeds from disposals of fixed assets	5,646	3,862
3	Payments for disposals of fixed assets	(1,748)	(2,061)
4	Proceeds from investments in other entities	12,540	12,100
5	Payments for investments in other entities	-	(228,584)
6	Dividends and interest received from long-term investments in the period	111,656	75,256
7	Dividends of prior year received in the year	7,123	3,562
<b>II</b>	<b>Net cash used in investing activities</b>	<b>(1,135,007)</b>	<b>(1,294,192)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>			
1	Dividends of prior year paid in cash	(2,665,020)	(2,665,020)
<b>III</b>	<b>Cash used in financing activity</b>	<b>(2,665,020)</b>	<b>(2,665,020)</b>
<b>IV</b>	<b>Net cash flows during the year</b>	<b>14,982,250</b>	<b>(11,450,122)</b>
<b>V</b>	<b>Cash and cash equivalents at the beginning of the year</b>	<b>162,740,479</b>	<b>174,190,601</b>
<b>VII</b>	<b>Cash and cash equivalents at the end of the year</b>	<b>177,722,729</b>	<b>162,740,479</b>

Hanoi, 29 March 2017

Prepared by:

Ms. Nguyen Thi Thu Huong

Ms. Phung Nguyen Hai Yen

  
Deputy Director of  
Accounting Policy Department

  
Chief Accountant

Approved by:

Mr. Nguyen Danh Luong

  
  
Deputy CEO

These notes form an integral part of, and should be read in conjunction with, the accompanying separate financial statements.

## **1. Reporting entity**

### **(a) Establishment and operations**

Joint Stock Commercial Bank for Foreign Trade of Vietnam (“the Bank”) was established upon the transformation from a State-owned commercial bank following the approval of the Prime Minister on the equitization plan of the Bank for Foreign Trade of Vietnam and in accordance with other relevant regulations. The Bank was granted Banking Licence No. 138/GP-NHNN dated 23 May 2008 by the State Bank of Vietnam (“the SBV”) for a period of 99 years, Business Registration Certificate No. 0103024468 dated 2 June 2008 by Hanoi Authority for Planning and Investment and Business Registration Certificate No. 0100112437 renewed for the twelfth time on 16 December 2016.

The principal activities of the Bank in accordance with Decision No. 2719/QD-NHNN dated 27 December 2011 and Decision No. 2182/QD-NHNN dated 26 October 2015 amending and supplementing Banking Licence No. 138/GP-NHNN on the contents of the Bank’s operations are to mobilize and receive short, medium and long-term deposits from organizations and individuals; lend to organizations and individuals up to the nature and capability of the Bank’s capital resources; conduct settlement and cash services; provide other banking services as approved by the SBV; invest in associates, joint-ventures and other companies; invest in stocks and bonds; and trade in foreign exchange and real-estate business in accordance with the relevant regulations; trade in and supply interest rates derivatives in accordance with the relevant regulations.

### **(b) Charter capital**

Under Banking Licence No. 138/GP-NHNN dated 23 May 2008 issued by the SBV and Business Registration Certificate No. 0103024468 dated 2 June 2008 issued by Hanoi Authority for Planning and Investment, the Bank’s charter capital was VND12,100,860,260,000. Under Business Registration Certificate No. 0100112437 renewed for the twelfth time on 16 December 2016, the Bank’s charter capital was VND35,977,685,750,000. The face value per share is VND10,000.

	31/12/2016		31/12/2015	
	Number of shares	%	Number of shares	%
Shares owned by the State of Vietnam	2,774,353,387	77.10%	2,055,076,583	77.10%
Shares owned by foreign strategic shareholder (Mizuho Bank Ltd., Japan)	539,668,502	15.00%	399,754,446	15.00%
Shares owned by other shareholders	283,746,686	7.90%	210,189,305	7.90%
	<b>3,597,768,575</b>	<b>100%</b>	<b>2,665,020,334</b>	<b>100%</b>

### **(c) Location and network**

The Bank’s Head Office is located at 198 Tran Quang Khai Street, Hoan Kiem District, Hanoi. As at 31 December 2016, the Bank had one (1) Head Office, one (1) Training Centre and one hundred and one (101) branches nationwide, three (3) local subsidiaries, two (2) overseas subsidiaries, three (3) joint-ventures, one (1) associate, one (1) overseas representative office located in Singapore and one (1) representative office located in Ho Chi Minh City.

**1. Reporting entity (continued)**

**(d) Subsidiaries, joint-ventures and associates**

*Subsidiaries*

<b>Subsidiaries</b>	<b>Operating Licence</b>	<b>Business sector</b>	<b>% direct shareholding by the Bank</b>
Vietcombank Financial Leasing Company Limited	Operating Licence No. 05/GP-CTCTTC dated 25 May 1998 granted by the SBV	Financial leasing	100%
Vietcombank Securities Company Limited	Operating Licence No. 09/GPHDKD dated 24 April 2002 and Licence No. 12/GPHDLK dated 23 May 2002, last amendment No. 25/GPDC-UBCK dated 11 June 2013 granted by the State Securities Commission (SSC)	Securities	100%
Vietcombank Tower 198 Company Limited	Investment Licence No. 1578/GP dated 30 May 1996 and No. 1578/GPDC1 dated 18 April 2006 granted by the Ministry of Planning and Investment	Office leasing	70%
Vietnam Finance Company Limited	Business Licence No. 0226 issued by Hong Kong Monetary Authority dated March 7, 1978. First amendment dated November 3, 1992, second amendment dated September 19, 1995	Financial services	100%
Vietcombank Money Incorporation	Business Licence No. E0321392009-6 dated 15 June 2009 granted by the Authority of the State of Nevada	Remittance	87.5%



**1. Reporting entity (continued)**

**(d) Subsidiaries, joint-ventures and associates (continued)**

*Joint-ventures*

<b>Joint-ventures</b>	<b>Operating Licence</b>	<b>Business sector</b>	<b>% direct shareholding by the Bank</b>
Vietcombank – Bonday – Ben Thanh Company Limited	Operating Licence No. 2458/GP dated 7 February 2005 granted by the Ministry of Planning and Investment with Amendment No. 2458/GCND1/41/1 dated October 26, 2011 and Amendment No.2458/GCND2/41/1 dated December 28, 2012	Office leasing	52%
Vietcombank Fund Management Company	Operating Licence No. 06/UBCK-GPHDQLQ dated 2 December 2005 granted by the State Securities Commission; last amendment No. 17/GPDC-UBCK dated August 6, 2015	Investment fund management	51%
Vietcombank Cardif Life Insurance Company Limited	Investment Licence No. 55/GP dated 23 October 2008 granted by the Ministry of Finance	Life insurance	45%

*Associates*

<b>Associates</b>	<b>Operating Licence</b>	<b>Business sector</b>	<b>% direct shareholding by the Bank</b>
Vietcombank – Bonday Limited	Operating Licence No. 283/GP dated 5 December 1991 granted by the Department of Planning and Investment, last amendment No. 283/GPDC3 dated October 02, 2000	Office leasing	16%

**(e) Number of employees**

As at 31 December 2016, the Bank has 15,164 employees (as at 31 December 2015: 14,295 employees).

## **2. Summary of significant accounting policies**

The following significant accounting policies have been adopted by the Bank in the preparation and presentation of these separate financial statements.

### **(a) Purpose of preparing the separate financial statements**

The Bank has subsidiaries as disclosed in Note 1 and Note 11(a). The Bank prepared these separate financial statements to meet the prevailing requirements for information disclosure as specifically stipulated by Circular No. 155/2015/TT-BTC regarding information disclosure on securities market. As also required by this regulation, the Bank has prepared the consolidated financial statements of the Bank and its subsidiaries for the year ended 31 December 2016 (“the consolidated financial statements”) dated 29 March 2017.

Users of the separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Bank and its subsidiaries.

### **(b) Basis for the preparation of the separate financial statements**

The separate financial statements, presented in Vietnam Dong (“VND”) and rounded to the nearest million VND (“VND million”), have been prepared in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory regulations relevant to the preparation and presentation of separate financial statements.

The separate financial statements, except for the separate statement of cash flows, are prepared on the accrual basis using the historical cost concept. The separate statement of cash flows is prepared using the direct method.

### **(c) Fiscal year**

The Bank's fiscal year is from 1 January to 31 December.

### **(d) Foreign currency transactions**

According to the Bank's accounting system, the Bank records all transactions in their original currencies. Monetary assets and liabilities denominated in currencies other than VND are converted into VND at the inter-bank exchange rates prevailing on the separate balance sheet date. Non-monetary foreign currency assets and liabilities are reported using the exchange rate effective on the date of the transaction. Income and expenses in foreign currencies are converted into VND in the separate income statement at the exchange rates on the dates of the transactions.

Foreign exchange differences arise from revaluation of foreign currency trading activities at the end of the period are presented in line “Foreign exchange differences”, and are recorded in the separate income statement when preparing financial statements.

### **(e) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with the SBV, Treasury bills and other short-term valuable papers which are eligible for discounting with the SBV, balances with other credit institutions with original terms to maturity not exceeding three months from the original date of placements; securities with original maturity not exceeding three months that are readily convertible into known amounts of cash, and that are subjected to an insignificant risk of change in value.

## 2. Summary of significant accounting policies (continued)

### (f) Loans to customers

#### (i) Loans to customers

Loans to customers are stated in the separate balance sheet at the principal amounts outstanding as at the date of the separate financial statements.

Provision for credit losses of loans to customers is recorded and stated in a separate line.

#### (ii) Specific provision for credit losses

In accordance with Circular No. 02/2013/TT-NHNN (“Circular 02”) dated 21 January 2013 on classification of assets, levels and method of setting up of risk provisions, and use of provisions against credit risks in the banking activity of credit institutions, foreign banks’ branches and Circular No. 09/2014/TT-NHNN (“Circular 09”) dated 18 March 2014 amending and supplementing a number of articles of Circular 02, specific provision for credit losses at the year end is calculated based on the loan classification and corresponding provision rates against principal outstanding as at 30 November less discounted value of collateral as follows:

	<i>Provision rate</i>
Group 1 – Current	0%
Group 2 – Special mentioned	5%
Group 3 – Sub-standard	20%
Group 4 – Doubtful	50%
Group 5 – Loss	100%

Since 1 January 2010, the Bank has applied Article 7, Decision No. 493/2005/QĐ-NHNN to make the loan classification as approved by the SBV. However, according to Circular 02, the Bank is required to classify loans to customers and off-balance sheet commitments in accordance with both the Article 10 and Clause 1 of Article 11, Circular 02 for a period of three years starting from 1 June 2014. In case there is a different classifications of a loan between Article 10 and Clause 1 from Article 11, Circular 02, the loan is to be classified into the group of higher risk.

Sine 1 January 2015, credit institutions, , foreign banks’ branches are required to use the updated information from Credit Information Centre (CIC) about the loan group of customers at the time of loan classification to adjust their classification of loans and off-balance sheet items.

#### (iii) General provision for credit losses

The Bank is required to make and maintain a general provision of 0.75% of total outstanding balance of loans to customers which are classified into Groups 1 to 4 as at 30 November.

## **2. Summary of significant accounting policies (continued)**

### **(f) Loans to customers (continued)**

#### **(iv) Bad-debts written-off**

According to Circular 02, the Bank writes off bad debts in the following cases:

- Borrowers who are dissolved, bankrupted under legal regulations (in case of legal entities); or are deceased or missing (in case of individuals); or
- Debts are classified into Group 5.

#### **(v) Bad debts sold to Vietnam Asset Management Company**

Bad debts sold to Vietnam Asset Management Company (“VAMC”) are recognized at their book values in accordance with Decree No. 53/2013/ND-CP effective from 9 July 2013 on “Establishment, organization and operation of Vietnam Asset Management Company”, Circular No. 19/2013/TT-NHNN effective from 15 September 2013 on “Purchase, sale and handling of bad debts of Vietnam Asset Management Company”, Official Letter No. 8499/NHNN-TCKT on “Guidance on accounting for bad debts purchase and sale between VAMC and credit institutions” and other related adjustments and amendments to this regulation. Accordingly, the selling price is the outstanding balance of a bad debt minus its unused specific provision.

For the sale of bad debts in exchange for VAMC bonds, upon completion of sales of bad debts to VAMC, both the outstanding principal and specific provision of the sold debts are de-recognized and VAMC special bonds are recognized at the face value; which equals to the outstanding balance of the sold debts less the unused specific provision. Upon receiving the sold debts back from VAMC, the Bank will use the provision made annually for VAMC special bonds to write off such bad debts. Difference between the provision made for VAMC bonds and the uncollected outstanding balance of debts/bonds will be recognized as “Other income” in the separate income statement.

### **(g) Investments**

#### **(i) Trading securities**

Trading securities are debt securities, equity securities and other securities acquired and held for the purpose of reselling within one year to gain profit on changes in price.

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

#### **(ii) Investment securities**

Investment securities are classified into two categories: available-for-sale and held-to-maturity securities. The Bank classifies investment securities on their purchase dates. In accordance with Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 by the SBV, the Bank is allowed to reclassify investment securities no more than one time after the purchase date.

## 2. Summary of significant accounting policies (continued)

### (g) Investments (continued)

#### (ii) Investment securities (continued)

##### *Available-for-sale securities*

Available-for-sale securities are debt securities, equity securities or other securities, which are acquired for an indefinite period and may be sold at any time. For equity securities, the Bank is neither a founding shareholder nor a strategic partner; nor has the influence on the entity's process of plan and determination of financial and operating policies under agreements to appoint its personnel to the entity's board of directors/board of management of the investee.

##### *Held-to-maturity securities*

Held-to-maturity securities are debt securities, with fixed or determinable payments and maturities where the Bank has the positive intention and ability to hold until maturity.

Held-to-maturity securities are initially recognized at cost of acquisition, including transaction expenses and other directly attributable expenses. They are subsequently measured at the lower of the book value after amortization of premium/discount and the market value. Premiums/discounts arising from the purchase of debt securities are amortized to the separate income statement using the straight-line method over the period from the acquisition date to the maturity date.

In addition, according to Circular 02 and Circular 09, investment securities which are unlisted corporate bonds must be subject to classification and provision similarly to that for loans to customers presented in Note 2(f).

##### *Special bonds issued by VAMC*

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

## 2. Summary of significant accounting policies (continued)

### (g) Investments (continued)

#### (ii) Investment securities (continued)

Special bonds will be settled in one of the following cases:

- The provision made for special bonds is not less than the book value of relevant bad debts recorded in the accounting books of VAMC, including the following cases:
  - VAMC sells the bad debts to organizations, individuals, including the case of re-selling debts to credit institutions it previously purchased the debts from using special bonds at market price or negotiated price;
  - VAMC converts the debts into the charter capital of the corporate borrowers.
- Special bonds are expired.

In accordance with Circular No. 14/2015/TT-NHNN, during the time holding the special bonds, within 5 working days before the maturity date of special bonds, the Bank shall make a minimum specific provision for each special bond, which is calculated based on the maturity of special bonds, amounts of bad debt collected up to the date of provision calculation and face value of special bonds.

Specific provision for each special bond is recognized in the separate income statement in "Provision for credit losses".

During the year, the Bank settled the whole portfolio of special bonds issued by VAMC to make provision for and write off bad debts.

#### (iii) Long-term investments

*Investments in subsidiaries, joint-ventures and associates*

*Subsidiaries of the Bank are entities that fall in one of the followings:*

- The Bank or the Bank and its related parties hold more than 50% of charter capital or more than 50% of the voting rights in that entity;
- The Bank has the power, directly or indirectly, to appoint most of or all of the members of the Board of Directors, the Board of Management or Chief Executive Officer of the entity;
- The Bank has the power to amend, supplement the entity's Operation Charter;
- The Bank and its related parties control, directly or indirectly, the resolution and decision of the Annual General Shareholders' Meeting, the Board of Directors, and the Board of Management of the entity.

*Joint-ventures* are those entities to which the Bank has joint control, established by contractual agreements and require unanimous consent of all joint-venture investors for the entity's strategic financial and operating decisions.

*Associates* are those entities to which the Bank has significant influence, but not control, over their financial and operating policies.

Investments in subsidiaries, joint-ventures and associates are stated at cost less provision for diminution in value.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
for the year ended 31 December 2016 (continued)

**2. Summary of significant accounting policies (continued)**

**(g) Investments (continued)**

**(iii) Long-term investments (continued)**

*Other long-term investments*

Other long-term investments represent the Bank's capital investments in other entities where it owns less than 11% of voting rights and is either a founding shareholder or a strategic partner; or has influences on the entity's process of planning and determining financial and operating policies under agreements to appoint its personnel to the entity's board of directors/board of management of the investee.

Other long-term investments include equity securities and other long-term capital contributions which the Bank intended to hold for more than one year (other than investments in joint-ventures, associates and subsidiaries).

Other long-term investments are initially recognized at cost and subsequently measured at the lower of the carrying value and the market value.

Provision for long-term investments is made when the economic investee entity suffers a loss (except for cases where losses have been projected in the initial business plans) in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013. The provision amount is the difference between the Bank's capital contribution to the economic entity and the actual owners' equity multiplied (x) by the ratio of capital invested by the Bank to the total actual capital of the economic entity. For an investment in listed shares or shares whose fair value can be determined reliably, provision is made based on the shares' market value (similar to provision for trading securities).

**(h) Repurchase and reverse repurchase agreements**

Securities sold under agreements to repurchase at a specific date in the future (repos) are still recognized in the separate financial statements. The corresponding cash received from these agreements is recognized in the separate balance sheet as a liability. The difference between the sale price and repurchase price is amortized in the separate income statement over the term of the agreement using the straight-line method based on the interest rate stipulated in the contract.

Securities purchased under agreements to resell at a specific date in the future are not recognized in the separate financial statements. The corresponding cash paid under these agreements is recognized in the separate balance sheet in "Loans to customers". The difference between the purchase price and resale price is amortized over the term of the agreement using the straight-line method based on the interest rate stipulated in the contract and recognized in the separate income statement.

## 2. Summary of significant accounting policies (continued)

### (i) Tangible fixed assets

#### (i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, and the cost of dismantling and removing the asset and restoring the site on which it is located.

On 25 April 2013, the Ministry of Finance issued Circular No. 45/2013/TT-BTC guiding the framework of management, use and depreciation of fixed assets. According to this Circular, assets shall be considered as fixed assets if they meet all of the following three criteria:

- It is certain to gain future economic benefits from the use of such assets;
- The useful life of assets is above one year; and
- Historical costs of the assets must be determinable reliably, with a minimum value of VND 30,000,000 (thirty million VND).

Expenditures incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to the separate income statement for the period in which the costs are incurred. In case it can be clearly demonstrated that these expenditures have resulted in an increase in the expected future economic benefits obtained from the use of these tangible fixed assets beyond their originally assessed standard level of performance, the expenditures will be capitalized as an additional cost of tangible fixed assets.

#### (ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

- |  |             |
|--|-------------|
| • Premises                                 | 25 years    |
| • Office furniture, fittings and equipment | 3 - 5 years |
| • Motor vehicles                           | 6 years     |
| • Others                                   | 4 years     |

### (j) Intangible fixed assets

#### (i) Land use rights

According to Circular No. 45/2013/TT-BTC dated 25 April 2013 by the Ministry of Finance, land use rights recognized as intangible fixed assets comprise:

- The land use rights allocated by the State with land use fee or receiving the transfer of legal land use rights (including land use rights with definite and indefinite terms);
- The rights to use the leased land before the effective date of the Land Law 2003 but the rent has been paid for the leasing time or paid in advance for many years and the remaining paid land lease term is at least five years and granted with certificate of land use rights by the competent authority.



## **2. Summary of significant accounting policies (continued)**

### **(j) Intangible fixed assets (continued)**

#### **(i) Land use rights (continued)**

The initial cost of land use rights is determined as the total amount paid to get the land use rights plus (+) costs of site clearance, ground leveling, registration fee (excluding costs of construction on that land) or the value of land use rights used by shareholders to contribute to charter capital.

Land use rights not recognized as intangible assets comprise:

- Land use rights allocated by the State without land use fee ;
- Land leases for which the lease amount was paid one time for the entire lease term (the lease term is after the effective date of the Land Law 2003 and no Certificate of land use rights is granted): the lease amount is amortized in operating expenses during the lease term;
- Land leases for which the lease amounts are paid annually, the lease amount is recorded in operating expenses in the respective year.

According to Circular No. 45/2013/TT-BTC, intangible fixed assets which are long-term land use rights with land use fee or receiving the legal long-term land use rights are not amortized.

For intangible fixed assets which are land use rights with definite terms or leased land use rights, depreciation is calculated on the period permitted for the use of the land.

#### **(ii) Other intangible fixed assets**

Copyrights, patents and other intangible fixed assets are amortized on a straight-line basis over 4 years.

### **(k) Deposits from customers and certificates of deposits**

Deposits from customers and certificates of deposits are stated at cost.

### **(l) Valuable papers issued**

Valuable papers issued are stated at cost, net of amortized premiums and discounts. Cost of valuable papers issued includes the proceeds from the issuance less directly attributable expenses.

### **(m) Severance allowance**

Under the Vietnamese Labor Code, when employees who have worked for the Bank for 12 months or more ("eligible employees") voluntarily terminate their labor contracts, the employer is required to pay the eligible employees severance allowance calculated based on: the number of years of service up to 2008 and employees' compensation within their last 6 working months. In accordance with Circular No. 180/2012/TT-BTC dated 24 October 2012, the Bank makes severance allowance and records as operating expenses in the period.

## **2. Summary of significant accounting policies (continued)**

### **(n) Capital and reserves**

#### **(i) Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognized as a deduction from share premium in equity.

#### **(ii) Share premium**

On receipt of capital from shareholders, the difference between the issuance price and the par value of the shares is recorded as share premium in equity.

#### **(iii) Treasury shares**

When the Bank repurchases its own issued shares, the total paid amount which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity and referred to as treasury shares.

#### **(iv) Reserves**

Reserves are used for specific purposes and appropriated from net profit after tax of the Bank at prescribed rates as below:

- Supplementary charter capital reserve: 5% of net profit after tax and does not exceed the Bank's charter capital.
- Financial reserve: 10% of net profit after tax and does not exceed 25% of the Bank's charter capital.
- Investment and development reserve and other reserves: are to be made upon the resolutions of the Annual General Shareholders' Meeting.

The appropriation to reserves is made in accordance with the resolutions of the Annual General Shareholders' Meeting and relevant statutory requirements.

The remaining net profit after tax, after appropriation to reserves and dividends payment, is recorded as retained profits of the Bank.

### **(o) Income and expenses**

#### **(i) Interest income and interest expenses**

Interest income of outstanding loans classified in Group 1 – Current is recognized on an accrual basis. Interest on loans classified in Group 2 to Group 5 is recognized in the separate income statement upon receipt.

Interest expenses are recorded on an accrual basis.

## 2. Summary of significant accounting policies (continued)

### (o) Income and expenses (continued)

#### (ii) Fee, commissions and dividend income

Fees and commissions are recognized on an accrual basis. Cash dividends from investment activities are recognized in the separate income statement when the Bank's right to receive payment is established.

#### (iii) Stock dividends

In accordance with Circular No. 200/2014/TT-BTC dated 22 December 2014, stock dividends from retained profits after tax, share premium, reserves of joint stock companies are not recorded in the separate financial statements. Instead, only the increase in the number of shares held by the Bank is updated.

#### (iv) Uncollectible income

According to Circular No. 05/2013/TT-BTC dated 9 January 2013, income receivables that were recognized as income but uncollectible at the due date are reversed as a reduction of income if the due date is within the same accounting period, or reversed as an expense if the due date is not within the accounting period, and must be monitored off-balance sheet for collection follow-up. When the income is collected, the Bank will record it as an operating income.

### (p) Operating lease

Payments made under operating leases are recognized in the separate income statement on a straight-line basis over the lease term.

### (q) Taxation

Corporate income tax ("CIT") on the profit or loss for the period comprises of current and deferred tax. Corporate income tax is recognized in the separate income statement except when it relates to items recognized directly to equity, in which case it is recognized in equity.

Current income tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payables in respect of previous periods.

Deferred tax is calculated by using the balance sheet method, providing for the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## **2. Summary of significant accounting policies (continued)**

### **(r) Related parties**

Related parties of the Bank include:

- Parent companies or parent banks of the Bank;
- The Bank's subsidiaries;
- The party that has the same parent company or parent bank with the Bank;
- Members of the Management or Supervisory Board of the parent company/parent bank of the Bank;
- Individuals or organizations which have the authority to appoint members of the Management or Supervisory Board of the parent company/parent bank of the Bank;
- Members of the Management or Supervisory Board of the Bank;
- Companies or organizations which have the authority to appoint members of the Management or Supervisory Board of the Bank;
- Wives, husbands, parents, children (including foster parents, foster children, parents-in-law, son -in-law, daughter-in-law, step parents, step children), siblings (including half siblings), brothers-in-law, sisters-in-law of members of the Bank's Management or Supervisory Board, capital contributors or shareholders who hold at least 5% of charter capital or share capital with voting rights;
- Individuals or organizations that hold at least 5% of charter capital or share capital with voting rights of the Bank;
- Representatives for the Bank's paid-in capital and shares.

The Government of Vietnam, through the State Bank of Vietnam, is a shareholder of the Bank. Therefore, in these separate financial statements, certain Government agencies, including the Ministry of Finance and the State Bank of Vietnam are considered as related parties of the Bank.

### **(s) Segment reporting**

A segment is a distinguishable component of the Bank engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Bank's primary format for segment reporting is based on geographical segments.

### **(t) Derivative contracts**

#### **(i) Foreign exchange contracts**

The Bank enters into foreign exchange forward and swap contracts which enable customers to transfer, modify or reduce their foreign exchange risk or other market risks and are also used for the Bank's business purpose.

Forward contracts are commitments to either purchase or sell a designated currency at a specific future date for a specific exchange rate and are settled in cash. Forward contracts are recorded at nominal values at transaction dates, and are subsequently revaluated at the end of the accounting period. The difference on revaluation is recognized under "Foreign exchange differences" in equity and is recorded in the separate income statement when preparing the separate financial statements (see Note 2(d)).

Currency swap contracts are commitments to settle in cash the notional principal amounts at a future date based on differences between specified exchange rates. Swap contracts are subsequently revaluated at the end of the accounting period and the difference on revaluation is recognized under "Foreign exchange differences" in the equity section and is recorded in the separate income statement at the end of the fiscal year (see Note 2(d)).

**2. Summary of significant accounting policies (continued)**

**(t) Derivative contracts (continued)**

**(ii) Interest rate swap contracts**

Interest rate swap contracts are commitments to settle in cash the notional principal amounts at the interest amount based on floating or fixed interest rates. The value of commitment in interest rate swap contracts is not recognized on the separate balance sheet. The difference of swap interest rates is recognized in the separate income statement on accrual basis.

**(u) Commitments and contingent liabilities**

The Bank has credit commitments arising from its regular lending activities. These commitments are unutilized loans and overdraft facilities which are approved. The Bank also provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Many of the contingent liabilities and commitments will expire without any advanced payment, in whole or in part. Therefore, these commitments and contingent liabilities do not represent expected future cash flows.

According to Circular 02 and Circular 09, the Bank, for management purpose has to classify guarantees, payment acceptances and irrevocable lending commitments with specific effective date into 5 groups, similar to loans to customers (presented in Note 2(f)).

**(v) Other receivables**

Provision for overdue receivables which are not classified as assets bearing credit risk in accordance with Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009 and Circular No. 200/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014. Accordingly, provision for these receivables is based on their overdue ages or estimated loss for debts whose debtors have become bankrupt or are undergoing dissolution procedures, are missing, have fled, are prosecuted, detained or on trial by law enforcement bodies, are serving sentences or have deceased, etc.

<u>Overdue ages</u>	<u>Provision rate</u>
From six (6) months to less than one (1) year	30%
From one (1) year to less than two (2) years	50%
From two (2) years to less than three (3) years	70%
From three (3) years and above	100%

For receivables that are classified as assets with credit risks, the Bank conducts classification and makes provisions similarly to those of loans to customers (see Note 2(f)).

**(w) Offsetting**

Financial assets and liabilities are offset and the net amounts are reported in the separate balance sheet if, and only if, the Bank has currently enforceable legal rights to offset the recognized amounts and the Bank has an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

### **3. Presentation of financial instruments in accordance with Circular No. 210/2009/TT-BTC**

During its business operations, the Bank regularly enters into contracts which give rise to financial assets, financial liabilities and equity instruments.

Financial assets of the Bank mainly include:

- Cash;
- Balances with the State Bank of Vietnam;
- Balances with and loans to other credit institutions;
- Loans to customers;
- Trading securities;
- Investment securities;
- Other long-term investments;
- Financial derivative assets; and
- Other financial assets.

Financial liabilities of the Bank mainly include:

- Amounts due to the Government and the State Bank of Vietnam;
- Deposits and borrowings from other credit institutions;
- Deposits from customers;
- Valuable papers issued;
- Financial derivative liabilities; and
- Other financial liabilities.

#### **(a) Classification of financial assets and liabilities**

For the disclosure purpose in the separate financial statements, the Bank appropriately classifies financial assets and financial liabilities in accordance with Circular No. 210/2009/TT-BTC.

Financial assets are classified as:

- Financial assets held for trading;
- Held-to-maturity investments;
- Loans and receivables; and
- Available-for-sale financial assets.

Financial liabilities are classified as:

- Financial liabilities held for trading; and
- Financial liabilities carried at amortized cost.

**3. Presentation of financial instruments in accordance with Circular No. 210/2009/TT-BTC (continued)**

**(b) Recognition**

Financial assets and financial liabilities are recognized on the separate balance sheet when, and only when, the Bank becomes a party to contractual provisions for the supply of those financial instruments. The Bank recognizes a financial asset or financial liability at the date when the contract is effective (trade date accounting).

**(c) Derecognition**

A financial asset is derecognized when, and only when, the Bank's contractual rights to receive the cash flows from the financial asset are terminated, or the majority of the risks and rewards of ownership of the asset are transferred. A financial liability is derecognized when, and only when, the contractual obligation is settled (i.e. either discharged, cancelled, or expired).

**(d) Measurement and disclosures of fair value**

In accordance with Circular No. 210/2009/TT-BTC, the Bank has to disclose the fair value of financial assets and financial liabilities to compare with the book value of those financial assets and financial liabilities as presented in Note 39(b).

The preparation and presentation of the fair value of the financial instruments are only for the purpose of presenting in Note 39(b). The financial instruments of the Bank are still recognized and recorded in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions, complying with the requirements of the State Bank of Vietnam and with other relevant statutory regulations as described in the notes above.

Fair value is the amount for which an asset could be exchanged, or a liability settled, among knowledgeable, willing parties in an arm's length transaction on the recognition date.

When an active market exists for a financial instrument, the Bank measures the fair value of that instrument using its quoted price in the active market. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions.

When an active market does not exist for a financial instrument, the Bank determines the fair value of that instrument using valuation techniques. The chosen valuation technique would make maximum use of market inputs, rely as little as possible on estimates specific to the Bank, incorporate all factors that market participants would consider when setting prices, and be consistent with accepted economic methodologies for pricing financial instruments. Inputs for valuation techniques reasonably reflect market expectations and measures of the risk-return factors inherent in the financial instrument.

In case there is not enough information to utilize valuation techniques, fair value of the financial instruments without quoted market prices are deemed not to have been reliably measured and therefore, not disclosed.

**4. Cash on hand, gold, silver and gemstones**

	31/12/2016 VND million	31/12/2015 VND million
Cash on hand in VND	7,550,773	7,092,462
Cash on hand in foreign currencies	2,140,269	1,424,886
Valuable papers in foreign currencies	445	791
	<b>9,691,487</b>	<b>8,518,139</b>

**5. Balances with the State Bank of Vietnam**

	31/12/2016 VND million	31/12/2015 VND million
Demand deposits in VND	11,205,486	3,258,269
Demand deposits in USD	6,176,611	16,456,445
	<b>17,382,097</b>	<b>19,714,714</b>

These deposits consist of a compulsory reserve (“CRR”) for liquidity and current account.

The monthly average balance of the demand deposits of the Bank with the SBV must not be less than the monthly balance of CRR. The amount of monthly balance of CRR is calculated by the monthly average balances of deposits multiplied by preceding CRR rates.

The effective CRR rates at the year-end were as follows:

Type of deposits	31/12/2016	31/12/2015
Deposits in VND with terms of less than 12 months	3%	3%
Deposits in VND with terms of 12 months and above	1%	1%
Deposits in foreign currencies with terms of less than 12 months	8%	8%
Deposits in foreign currencies with terms of 12 months and above	6%	6%
Deposits from overseas credit institutions in foreign currencies	1%	1%

Actual interest rates of deposits at the year-end were as follows:

	31/12/2016	31/12/2015
Compulsory reserve in VND	1.2%	1.2%
Compulsory reserve in USD	0%	0%
Demand deposits in VND	0%	0%
Demand deposits in USD	0.05%	0.05%



NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
for the year ended 31 December 2016 (continued)

**6. Balances with and loans to other credit institutions**

	31/12/2016 VND million	31/12/2015 VND million
<b>Balances with other credit institutions</b>		
Demand deposits in VND	2,083	772
Demand deposits in foreign currencies	32,928,350	29,598,488
Term deposits in VND	48,060,802	35,157,103
Term deposits in foreign currencies	21,549,055	27,433,068
	<b>102,540,290</b>	<b>92,189,431</b>
<b>Loans to other credit institutions</b>		
Loans in VND	49,702,307	38,180,075
Loans in foreign currencies	1,312,665	2,987,497
	<b>51,014,972</b>	<b>41,167,572</b>
	<b>153,555,262</b>	<b>133,357,003</b>

Balances with and loans to other credit institutions by loan group were as follows:

	31/12/2016 VND million	31/12/2015 VND million
Current	153,555,262	133,309,503
Special mentioned	-	47,500
<b>Closing balance</b>	<b>153,555,262</b>	<b>133,357,003</b>

Movements in specific provision for credit losses of balances with and loans to other credit institutions were as follows:

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Opening balance	-	22,877
Provision (reversed) during the year (see Note 31)	-	(22,877)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
for the year ended 31 December 2016 (continued)

**7. Trading securities**

	31/12/2016 VND million	31/12/2015 VND million
<b>Debt securities</b>		
Government securities	2,796,283	5,566,843
Securities issued by other credit institutions	453,522	3,494,546
	<b>3,249,805</b>	<b>9,061,389</b>

Trading securities by listing status were as follows:

	31/12/2016 VND million	31/12/2015 VND million
<b>Debt securities</b>		
Listed	3,249,805	9,061,389
	<b>3,249,805</b>	<b>9,061,389</b>

**8. Loans to customers**

	31/12/2016 VND million	31/12/2015 VND million
Loans to local economic entities and individuals	454,568,540	382,489,356
Discounted bills and valuable papers	2,569,000	2,108,083
Loans given to make payments on behalf of customers	277	46,215
	<b>457,137,817</b>	<b>384,643,654</b>

Loan portfolio by loan group was as follows:

	31/12/2016 VND million	31/12/2015 VND million
Current	442,336,991	368,207,282
Special mentioned	7,911,198	9,340,702
Sub-standard	1,359,294	795,481
Doubtful	1,329,517	749,780
Loss	4,200,817	5,550,409
	<b>457,137,817</b>	<b>384,643,654</b>

**8. Loans to customers (continued)**

Loan portfolio by term was as follows:

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>VND million</b>	<b>VND million</b>
Short-term	259,279,448	230,106,409
Medium-term	51,213,800	41,599,239
Long-term	146,644,569	112,938,006
	<b>457,137,817</b>	<b>384,643,654</b>

Loan portfolio by type of borrowers was as follows:

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>VND million</b>	<b>VND million</b>
State-owned enterprises	91,010,370	90,159,335
Limited companies	96,011,521	81,133,664
Foreign invested enterprises	30,451,483	25,944,432
Co-operative and private companies	7,452,950	7,712,731
Individuals	115,813,425	77,827,285
Others	116,398,068	101,866,207
	<b>457,137,817</b>	<b>384,643,654</b>

Loan portfolio by industry sectors was as follows:

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>VND million</b>	<b>VND million</b>
Construction	24,900,269	21,093,479
Electricity, gas, water processing and supplying	28,618,100	27,270,183
Processing and manufacturing	139,144,433	121,052,108
Mining	18,433,775	17,375,028
Agriculture, forestry and aquaculture	12,737,662	10,761,131
Transportation, logistics and communication	26,326,817	23,549,692
Trading and services	117,594,006	105,498,319
Hospitality	8,459,066	8,761,074
Others	80,923,689	49,282,640
	<b>457,137,817</b>	<b>384,643,654</b>

**9. Provision for credit losses of loans to customers**

	<b>31/12/2016</b> <b>VND million</b>	<b>31/12/2015</b> <b>VND million</b>
General provision	3,353,856	2,688,909
Specific provision	4,713,235	5,875,693
	<b>8,067,091</b>	<b>8,564,602</b>

Movements in general provision for credit losses of loans and advances to customers were as follows:

	<b>Year ended</b> <b>31/12/2016</b> <b>VND million</b>	<b>Year ended</b> <b>31/12/2015</b> <b>VND million</b>
Opening balance	2,688,909	2,245,624
Provision made during the year (see Note 31)	664,947	437,663
Foreign exchange difference	-	5,622
<b>Closing balance</b>	<b>3,353,856</b>	<b>2,688,909</b>

Movements in specific provision for credit losses of loans and advances to customers were as follows:

	<b>Year ended</b> <b>31/12/2016</b> <b>VND million</b>	<b>Year ended</b> <b>31/12/2015</b> <b>VND million</b>
Opening balance	5,875,693	4,797,930
Provision made during the year (see Note 31)	3,008,929	5,105,194
Provision utilized for writing-off of bad debts	(4,173,895)	(3,407,735)
Provision utilized for bad debts sold to VAMC	-	(620,575)
Foreign exchange difference	2,508	879
<b>Closing balance</b>	<b>4,713,235</b>	<b>5,875,693</b>

## 10. Investment securities

### (a) Available-for-sale securities

	31/12/2016 VND million	31/12/2015 VND million
<b>Debt securities</b>		
Government bonds	39,127,435	32,178,596
Securities issued by other local credit institutions	12,496,325	10,189,445
Securities issued by local economic entities	300,000	100,000
	<b>51,923,760</b>	<b>42,468,041</b>
Provision for available-for-sale securities	(17,250)	(18,150)
	<b>51,906,510</b>	<b>42,449,891</b>

Movements in general provision for unlisted corporate bonds were as follows:

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Opening balance	18,150	18,150
Provision (reversed) during the year (see Note 31)	(900)	-
<b>Closing balance</b>	<b>17,250</b>	<b>18,150</b>

Movements in specific provision for unlisted corporate bonds were as follows:

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Opening balance	-	16,000
Provision (reversed) during the year (see Note 31)	-	(16,000)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

**11. Investment securities (continued)**

**(b) Held-to-maturity securities (excluding special bonds issued by VAMC)**

	31/12/2016 VND million	31/12/2015 VND million
Government bonds	62,660,834	51,564,369
Debt securities issued by other local credit institutions	2,400,099	100,278
Debt securities issued by local economic entities (excluding special bonds issued by VAMC)	14,837,751	10,488,751
	<b>79,898,684</b>	<b>62,153,398</b>
Provision for held-to-maturity securities	(162,877)	(74,466)
	<b>79,735,807</b>	<b>62,078,932</b>

Details of provision for held-to-maturity securities were as follows:

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
General provision for held-to-maturity securities	113,536	74,466
Specific provision for held-to-maturity securities	49,341	-
	<b>162,877</b>	<b>74,466</b>

Movements in general provision for unlisted corporate bonds were as follows:

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Opening balance	74,466	20,466
Provision made during the year (see Note 31)	39,070	54,000
<b>Closing balance</b>	<b>113,536</b>	<b>74,466</b>

**10. Investment securities (continued)**

**(b) Held-to-maturity securities (excluding special bonds issued by VAMC) (continued)**

Movements in specific provision for unlisted corporate bonds were as follows:

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Opening balance	-	-
Provision made during the year (see Note 31)	49,341	-
<b>Closing balance</b>	<b>49,341</b>	<b>-</b>

**(c) Special bonds issued by VAMC**

	31/12/2016 VND million	31/12/2015 VND million
Face value	-	3,508,474
Provision	-	(575,013)
	<b>-</b>	<b>2,933,461</b>

Movements in specific provision for special bonds issued by VAMC were as follows:

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Opening balance	575,013	174,718
Provision made during the year (see Note 31)	2,626,009	491,750
Provision utilized during the year	(3,201,022)	(91,455)
	<b>-</b>	<b>575,013</b>

**(d) Classification of unlisted corporate bonds**

	31/12/2016 VND million	31/12/2015 VND million
Current	18,427,751	12,908,751
Special mentioned	1,010,000	-
	<b>19,437,751</b>	<b>12,908,751</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
for the year ended 31 December 2016 (continued)

**11. Long-term investments**

**(a) Investments in subsidiaries**

*As at 31 December 2016*

	<b>Business sector</b>	<b>% share- holding</b>	<b>At cost VND million</b>
Vietcombank Financial Leasing Company Limited	Finance lease	100%	500,000
Vietcombank Securities Company Limited	Securities	100%	700,000
Vietnam Finance Company Limited	Financial services	100%	116,902
Vietcombank Tower 198 Company Limited	Office leasing	70%	197,652
Vietcombank Money Incorporation	Remittance	87.5%	204,978
			<b>1,719,532</b>

*As at 31 December 2015*

	<b>Business sector</b>	<b>% share- holding</b>	<b>At cost VND million</b>
Vietcombank Financial Leasing Company Limited	Finance lease	100%	500,000
Vietcombank Securities Company Limited	Securities	100%	700,000
Vietnam Finance Company Limited	Financial services	100%	116,902
Vietcombank Tower 198 Company Limited	Office leasing	70%	197,652
Vietcombank Money Incorporation	Remittance	87.5%	204,978
			<b>1,719,532</b>



**11. Long-term investments (continued)**

**(b) Investment in joint-ventures**

*As at 31 December 2016*

	<b>Business sector</b>	<b>% share- holding</b>	<b>At cost VND million</b>
Vietcombank – Bonday – Ben Thanh Company Limited	Office leasing	52%	410,365
Vietcombank Fund Management Company	Investment fund management	51%	135,150
Vietcombank – Cardif Life Insurance Company Limited	Life insurance	45%	270,000
			<b>815,515</b>

*As at 31 December 2015*

	<b>Business sector</b>	<b>% share- holding</b>	<b>At cost VND million</b>
Vietcombank – Bonday – Ben Thanh Company Limited	Office leasing	52%	410,365
Vietcombank Fund Management Company	Investment fund management	51%	135,150
Vietcombank – Cardif Life Insurance Company Limited	Life insurance	45%	270,000
			<b>815,515</b>

The Bank owns 52% and 51% of the total capital of Vietcombank – Bonday – Ben Thanh Company Limited and Vietcombank Fund Management Company respectively; however, these companies' charters require a consensus among related parties on all important decisions on the companies' operational and financial matters. Hence, owning more than half of the companies' capital does not mean that the Bank has control over these companies. The investments in these two companies are classified into "Investment in joint-ventures" rather than "Investment in subsidiaries".

The Bank owns 45% of the total capital of Vietcombank – Cardif Life Insurance Company Limited; however, this company's charter requires a consensus among related parties on all important decisions on the company's operational and financial matters. Therefore, the investment in the company is classified into "Investment in joint-ventures" rather than "Investment in associates".

**11. Long-term investments (continued)**

**(c) Investments in associates**

*As at 31 December 2016*

	<b>Business sector</b>	<b>% share- holding</b>	<b>At cost VND million</b>
Vietcombank – Bonday Limited	Office leasing	16%	11,110
			<b>11,110</b>

*As at 31 December 2015*

	<b>Business sector</b>	<b>% share- holding</b>	<b>At cost VND million</b>
Vietcombank – Bonday Limited	Office leasing	16%	11,110
			<b>11,110</b>

The Bank has significant influence but limited control, through its participation in the Board of Directors, over the financial and operating policies of this company. Therefore, the investment in the above company is classified into “Investment in associates” rather than “Other long-term investments”.

11. Long-term investments (continued)

(d) Other long-term investments

As at 31 December 2016

	Business sector	% share- holding	VND million
Vietnam Export - Import Commercial Joint Stock Bank	Banking	8.19%	582,065
Saigon Bank for Industry and Trade	Banking	4.30%	123,452
Military Commercial Joint Stock Bank	Banking	7.04%	1,242,989
Orient Commercial Joint Stock Bank	Banking	4.72%	144,802
Small & Medium Enterprises Credit Guarantee Fund	Credit services	0.80%	1,864
SWIFT, MASTER and VISA	Card and settlement services	-	2,936
Petrolimex Insurance Corporation	Insurance	10.04%	67,900
Petrovietnam Drilling and Well services corporation	Drilling	0.21%	5,496
Vietnam Credit information Joint Stock Company (PCB)	Credit information services	6.64%	7,962
Cement Finance Company	Financial services	10.91%	70,950
Vietnam Infrastructure development and financial investment JSC.	Highway investment	1.97%	75,000
National Payment Corporation of Vietnam	Card services	1.83%	4,400
Vietnam Airlines JSC.	Aviation	1.83%	499,602
			2,829,418

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
for the year ended 31 December 2016 (continued)

**11. Investment securities (continued)**

**(d) Other long-term investments (continued)**

As at 31 December 2015

	Business sector	% share- holding	VND million
Vietnam Export - Import Commercial Joint Stock Bank	Banking	8.19%	582,065
Saigon Bank for Industry and Trade	Banking	4.30%	123,452
Military Commercial Joint Stock Bank	Banking	7.16%	1,242,989
Orient Commercial Joint Stock Bank	Banking	5.07%	144,802
Small & Medium Enterprises Credit Guarantee Fund	Credit services	0.80%	1,864
	Card and settlement services	-	2,936
SWIFT, MASTER and VISA	Insurance	10.04%	67,900
Petrolimex Insurance Corporation			
Petrovietnam Drilling and Well services corporation	Drilling	0.21%	5,496
Vietnam Credit information Joint Stock Company (PCB)	Credit information services	6.64%	7,962
Cement Finance Company	Financial services	10.91%	70,950
Vietnam Infrastructure development and financial investment JSC.	Highway investment	1.97%	75,000
Vietnam National Financial Switching JSC.	Card services	2.99%	4,400
Vietnam Airlines JSC.	Aviation	2.00%	499,602
			<b>2,829,418</b>

**(e) Provision for long-term investments**

	31/12/2016 VND million	31/12/2015 VND million
Provision for investment in subsidiaries	103,692	-
Provision for investment in joint-ventures	2,842	4,569
Provision for other long-term investments	14,348	31,220
<b>Closing balance</b>	<b>120,882</b>	<b>35,789</b>

Movements in provision for other long-term investments were as follows:

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Opening balance	35,789	25,841
Provision made during the year (see Note 30)	85,093	9,948
<b>Closing balance</b>	<b>120,882</b>	<b>35,789</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
for the year ended 31 December 2016 (continued)

12. Tangible fixed assets

	Premises VND million	Office furniture, fittings and equipment VND million	Motor Vehicles VND million	Others VND million	Total VND million
<b>Cost</b>					
Opening balance	2,564,847	3,076,928	665,503	680,276	6,987,554
Additions	503,158	265,949	70,733	166,366	1,006,206
- Purchases	478,312	265,630	70,733	148,571	963,246
- Others	24,846	319	-	17,795	42,960
Decreases	(7,835)	(17,335)	(10,076)	(11,869)	(47,115)
- Disposal	(5,886)	(16,882)	(10,072)	(10,766)	(43,606)
- Others	(1,949)	(453)	(4)	(1,103)	(3,509)
<b>Closing balance</b>	<b>3,060,170</b>	<b>3,325,542</b>	<b>726,160</b>	<b>834,773</b>	<b>7,946,645</b>
<b>Accumulated depreciation</b>					
Opening balance	377,244	2,653,166	411,752	395,743	3,837,905
Additions	135,806	292,760	70,154	146,825	645,545
- Charges for the year	135,620	292,760	70,154	146,474	645,008
- Others	186	-	-	351	537
Decreases	(5,600)	(17,308)	(10,072)	(10,405)	(43,385)
- Disposal	(4,077)	(16,882)	(10,072)	(10,300)	(41,331)
- Others	(1,523)	(426)	-	(105)	(2,054)
<b>Closing balance</b>	<b>507,450</b>	<b>2,928,618</b>	<b>471,834</b>	<b>532,163</b>	<b>4,440,065</b>
<b>Net book value</b>					
Opening balance	2,187,603	423,762	253,751	284,533	3,149,649
<b>Closing balance</b>	<b>2,552,720</b>	<b>396,924</b>	<b>254,326</b>	<b>302,610</b>	<b>3,506,580</b>

### 13. Intangible fixed assets

	Land use rights VND million	Copyrights & patents VND million	Others VND million	Total VND million
<b>Cost</b>				
Opening balance	1,609,549	477,772	76,774	2,164,095
- Purchases	242,780	64,198	-	306,978
<b>Closing balance</b>	<b>1,852,329</b>	<b>541,970</b>	<b>76,774</b>	<b>2,471,073</b>
<b>Accumulated amortization</b>				
Opening balance	28,171	452,472	61,560	542,203
- Charges for the year	7,233	24,589	-	31,822
<b>Closing balance</b>	<b>35,404</b>	<b>477,061</b>	<b>61,560</b>	<b>574,025</b>
<b>Net book value</b>				
Opening balance	1,581,378	25,300	15,214	1,621,892
<b>Closing balance</b>	<b>1,816,925</b>	<b>64,909</b>	<b>15,214</b>	<b>1,897,048</b>

### 14. Other assets

#### (a) Receivables

	31/12/2016 VND million	31/12/2015 VND million
Internal receivables	861,496	753,239
External receivables (i)	1,646,200	1,472,997
	<b>2,507,696</b>	<b>2,226,236</b>

**14. Other assets (continued)**

**(a) Receivables (continued)**

*(i) External receivables*

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>VND million</b>	<b>VND million</b>
Advances for purchase of fixed assets	109,277	145,888
Receivables from the State Budget in relation to the interest subsidy program	195,883	151,777
Advances for corporate income tax (see Note 34)	67	167
Advances for value added tax (see Note 34)	1,160	5
Advances for other taxes (see Note 34)	2	265
Construction in progress (*)	403,880	767,021
Other receivables	935,931	407,874
	<b>1,646,200</b>	<b>1,472,997</b>

*(\*) Construction in progress*

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>VND million</b>	<b>VND million</b>
<b>Construction in progress</b>	<b>403,880</b>	<b>767,021</b>
<i>In which, large constructions include:</i>	<b>281,995</b>	<b>410,052</b>
-Hung Yen Branch construction	128,871	706
-East Sai Gon Branch construction	45,323	75
-Binh Thuan Branch construction	37,623	31,348
-Vung Tau Branch construction	30,112	30,056
-Binh Duong Branch construction	14,170	583
-Khanh Hoa Branch construction	11,072	11,072
-Thai Binh Branch construction	9,750	6,026
-Dong Nai Branch construction	3,211	132,890
-Ha Noi Branch construction	837	24,566
-Ha Tinh Branch construction	595	10,158
-Thanh Hoa Branch construction	431	162,572

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
for the year ended 31 December 2016 (continued)

**14. Other assets (continued)**

**(b) Accrued interest and fee receivables**

	31/12/2016 VND million	31/12/2015 VND million
From loans to customers	1,827,602	1,221,651
From balances with and loans to other credit institutions	424,368	511,267
From investment securities	3,474,301	3,041,274
From derivative transactions	20,286	41,314
	<u>5,746,557</u>	<u>4,815,506</u>

**(c) Other assets**

	31/12/2016 VND million	31/12/2015 VND million
Prepaid expenses for office and fixed assets rental	1,064,360	986,158
Materials	94,973	88,824
Advance for card payment	461,401	324,090
Advance for rental land	252,750	73,700
Other assets	354,291	109,432
	<u>2,227,775</u>	<u>1,582,204</u>

**15. Amounts due to the Government and the State Bank of Vietnam**

	31/12/2016 VND million	31/12/2015 VND million
<b>Borrowings from the SBV</b>		
Borrowings on the basis of credit profiles	4,630,802	2,861,958
Other borrowings	3,903,811	2,321,634
	726,991	540,324
<b>Demand deposits from the State Treasury</b>	<b>42,752,358</b>	<b>26,049,857</b>
<b>Deposits from the SBV</b>	<b>6,768,253</b>	<b>12,567,738</b>
	<u>54,151,413</u>	<u>41,479,553</u>



**16. Deposits and borrowings from other credit institutions**

	31/12/2016 VND million	31/12/2015 VND million
<b>Deposits from other credit institutions</b>	<b>53,491,202</b>	<b>52,011,179</b>
Demand deposits in VND	3,248,971	6,090,120
Demand deposits in foreign currencies	38,427,322	35,139,569
Term deposits in VND	6,253,000	3,910,000
Term deposits in foreign currencies	5,561,909	6,871,490
<b>Borrowings from other credit institutions</b>	<b>17,846,530</b>	<b>20,183,300</b>
Borrowings in VND	3,000,000	16,462,000
Borrowings in foreign currencies	14,846,530	3,721,300
	<b>71,337,732</b>	<b>72,194,479</b>

**17. Deposits from customers**

	31/12/2016 VND million	31/12/2015 VND million
<b>Demand deposits</b>	<b>159,642,318</b>	<b>141,148,372</b>
Demand deposits in VND	120,440,367	101,384,626
Demand deposits in gold, foreign currencies	39,201,951	39,763,746
<b>Term deposits</b>	<b>423,351,882</b>	<b>354,428,580</b>
Term deposits in VND	353,302,007	283,783,825
Term deposits in gold, foreign currencies	70,049,875	70,644,755
<b>Deposits for specific purposes</b>	<b>6,227,201</b>	<b>4,825,700</b>
<b>Margin deposits</b>	<b>1,689,335</b>	<b>1,107,933</b>
	<b>590,910,736</b>	<b>501,510,585</b>

Deposits from customers by customer types were as follows

	31/12/2016 VND million	31/12/2015 VND million
Economic entities	263,947,033	225,712,802
Individuals	326,963,703	275,797,783
	<b>590,910,736</b>	<b>501,510,585</b>

**18. Derivative financial instruments and other financial assets/ (liabilities)**

	31/12/2016		31/12/2015	
	Notional value VND million	Book value VND million	Notional value VND million	Book value VND million
<b>Derivatives</b>				
Currency swap contracts	21,388,496	207,249	8,944,224	89,199
Forward contracts	2,314,850	23,409	7,784,153	(88,571)
	<b>23,703,346</b>	<b>230,658</b>	<b>16,728,377</b>	<b>628</b>

**19. Valuable papers issued**

	31/12/2016 VND million	31/12/2015 VND million
<b>Certificates of deposits</b>	<b>5,423</b>	<b>6,081</b>
Short-term in foreign currencies	168	210
Medium-term in VND	324	415
Medium-term in foreign currencies	4,931	5,456
<b>Bonds and bills</b>	<b>9,999,953</b>	<b>2,000,989</b>
Short-term in VND	47	47
Short-term in foreign currencies	103	103
Medium-term in VND	3,999,791	2,000,827
Medium-term in foreign currencies	12	12
Long-term in VND	6,000,000	-
	<b>10,005,376</b>	<b>2,007,070</b>

**20. Other liabilities**

**(a) Accrued interest and fee payables**

	31/12/2016 VND million	31/12/2015 VND million
For deposits from customers	6,074,253	4,671,453
For deposits and borrowings from other credit institutions	258,749	263,823
For valuable papers issued	49,768	2,630
For derivative transactions	64,016	58,445
For trusted investment	3,136	-
	<b>6,449,922</b>	<b>4,996,351</b>

**20. Other liabilities (continued)**

**(b) Other liabilities**

	31/12/2016 VND million	31/12/2015 VND million
Internal payables (i)	2,012,642	1,686,030
External payables (ii)	2,865,944	3,595,586
Bonus and welfare fund	1,220,578	1,198,437
	<b>6,099,164</b>	<b>6,480,053</b>

*(i) Internal payables*

	31/12/2016 VND million	31/12/2015 VND million
Payables to employees	1,743,210	1,490,490
Other liabilities	269,432	195,540
	<b>2,012,642</b>	<b>1,686,030</b>

*(ii) External payables*

	31/12/2016 VND million	31/12/2015 VND million
Tax payables (see Note 34)	216,778	231,974
- Corporate income tax payables	103,852	163,624
- Value added tax payables	28,953	24,502
- Other tax payables	83,973	43,848
Unearned interest income	32,966	30,483
Payables for construction and acquisition of fixed assets	128,468	137,828
Deposit in custody relating to pending payments	154,011	182,115
Other payables to customers	525,297	189,171
Other pending items in settlement	346,219	106,740
Other payables to the State relating to interest subsidy program	64,528	64,528
Fund received from other entities	-	1,500,000
Borrowings from the Ministry of Finance	651,693	545,838
Other payables	745,984	606,909
	<b>2,865,944</b>	<b>3,595,586</b>

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**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
 for the year ended 31 December 2016 (continued)

**21. Capital and reserves**

**(a) Statement of changes in equity**

	Charter capital	Share premium	Charter reserve	Financial reserve	Total	Retained profits	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million
<b>Balance as at 1/1/2016</b>	<b>26,650,203</b>	<b>5,725,318</b>	<b>1,588,579</b>	<b>3,160,928</b>	<b>4,749,507</b>	<b>7,135,363</b>	<b>44,260,391</b>
Net profit for the year	-	-	-	-	-	6,611,929	6,611,929
Issuing bonus shares to raise capital according to the resolution of the General Meeting of shareholders	9,327,483	(5,724,125)	-	-	-	(3,603,358)	-
Reserves temporarily appropriated from profit for 2016	-	-	330,596	661,193	991,789	(2,182,172)	(1,190,383)
Utilization during the year	-	-	-	(7,300)	(7,300)	-	(7,300)
Expenses for issuing shares to foreign strategic shareholders	-	(1,193)	-	-	-	-	(1,193)
Adjustment for reserves appropriation for 2015 according to the General Meeting of shareholders	-	-	(1,246)	(2,493)	(3,739)	3,627	(112)
Dividend paid during the year	-	-	-	-	-	(2,665,020)	(2,665,020)
Other decreases	-	-	-	-	-	46	46
<b>Balance as at 31/12/2016</b>	<b>35,977,686</b>	<b>-</b>	<b>1,917,929</b>	<b>3,812,328</b>	<b>5,730,257</b>	<b>5,300,415</b>	<b>47,008,358</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

21. Capital and reserves (continued)

(b) Details of shareholders of the Bank

	31/12/2016 VND million	31/12/2015 VND million
<b>Ordinary shares</b>		
The State of Vietnam	27,743,534	20,550,766
Foreign strategic shareholder (Mizuho Bank Ltd., Japan)	5,396,685	3,997,544
Other shareholders	2,837,467	2,101,893
	<b>35,977,686</b>	<b>26,650,203</b>

The Bank's authorized and issued share capital is as follows:

	31/12/2016		31/12/2015	
	Number of shares	VND million	Number of shares	VND million
<b>Authorized share capital</b>	3,597,768,575	35,977,686	2,665,020,334	26,650,203
<b>Issued share capital</b>				
Ordinary shares	3,597,768,575	35,977,686	2,665,020,334	26,650,203
<b>Outstanding shares</b>				
Ordinary shares	3,597,768,575	35,977,686	2,665,020,334	26,650,203

The par value of each ordinary share is VND10,000.

22. Interest and similar income

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Interest income from loans to customers	29,036,947	24,381,184
Interest income from deposits	1,463,430	1,177,956
Interest income from trading and investment debt securities	6,529,250	5,282,657
- <i>Interest income from investment securities</i>	6,440,331	5,048,235
- <i>Interest income from trading securities</i>	88,919	234,422
Income from guarantee activities	313,387	283,154
Income from debts trading activities	8,000	39,870
Other income from credit activities	66,752	30,117
	<b>37,417,766</b>	<b>31,194,938</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
for the year ended 31 December 2016 (continued)

**23. Interest and similar expenses**

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Interest expenses on deposits	(17,967,478)	(14,985,739)
Interest expenses on borrowings	(835,387)	(587,937)
Interest expenses on valuable papers issued	(287,145)	(240,026)
Others expenses on credit activities	(55,701)	(76,213)
	<b>(19,145,711)</b>	<b>(15,889,915)</b>

**24. Net fee and commission income**

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
<b>Fee and commission income from</b>		
Settlement services	2,744,072	2,130,027
Cash services	215,643	186,393
Trusted and agency activities	3,072	2,636
Other services	1,185,944	958,718
	<b>4,148,731</b>	<b>3,277,774</b>
<b>Fee and commission expenses for</b>		
Settlement services	(1,694,872)	(1,280,848)
Cash services	(58,074)	(50,158)
Telecommunication services	(88,295)	(76,999)
Trusted and agency activities	(442)	(327)
Other services	(315,287)	(224,032)
	<b>(2,156,970)</b>	<b>(1,632,364)</b>
	<b>1,991,761</b>	<b>1,645,410</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
for the year ended 31 December 2016 (continued)

**25. Net gain from dealing in foreign currencies**

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
<b>Gains from dealing in foreign currencies</b>		
From foreign currencies spot trading	2,657,370	2,968,544
From currency derivatives	304,878	265,360
From foreign exchange rate differences	1,868	668,181
From revaluation of derivative contracts	4,929	-
	<hr/> 2,969,045	<hr/> 3,902,085
<b>Losses from dealing in foreign currencies</b>		
From foreign currencies spot trading	(444,741)	(952,813)
From currency derivatives	(457,343)	(1,352,441)
From foreign exchange rate differences	(198,511)	(25,431)
From revaluation of derivative contracts	(19,037)	-
	<hr/> (1,119,632)	<hr/> (2,330,685)
	<hr/> <b>1,849,413</b>	<hr/> <b>1,571,400</b>

**26. Net gain from trading securities**

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Income from trading securities	513,454	295,597
Expenses on trading securities	(51,563)	(120,310)
	<hr/> 461,891	<hr/> 175,287

**27. Net (loss)/gain from investment securities**

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Income from trading investment securities	52,590	192,649
Expenses on trading investment securities	(142,006)	(13,381)
	<b>(89,416)</b>	<b>179,268</b>

**28. Net other income**

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
<b>Other income</b>		
Income from recoveries of loans previously written off	2,120,227	1,831,996
Income from debts trading activities	57,110	212,882
Other income	108,460	90,921
	<b>2,285,797</b>	<b>2,135,799</b>
<b>Other expenses</b>		
Expenses from interest rate swap transactions	(132,417)	(4,310)
Expenses from debts trading activities	(2,026)	(110)
Expenses for social activities	(216,968)	(211,852)
Other expenses	(19,150)	(14,118)
	<b>(370,561)</b>	<b>(230,390)</b>
	<b>1,915,236</b>	<b>1,905,409</b>



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
for the year ended 31 December 2016 (continued)

**29. Dividend and net income from investments in associates and joint-ventures**

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Dividends received from equity investments during the year	111,656	82,379
Income from disposal of equity investments	-	1,100
	<u>111,656</u>	<u>83,479</u>

**30. Operating expenses**

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
Tax, duties and fees	(209,192)	(163,452)
Salaries and related expenses	(5,226,757)	(4,181,970)
<i>Of which:</i>		
- <i>Salary and allowances</i>	(4,836,066)	(3,886,194)
- <i>Additional expenses based on salary</i>	(273,258)	(217,870)
- <i>Other allowances</i>	(827)	(950)
Expenses on assets	(2,033,132)	(1,874,773)
<i>Of which:</i>		
- <i>Depreciation of fixed assets</i>	(676,830)	(615,439)
Administrative expenses	(1,978,283)	(1,639,091)
Insurance expenses on deposit of customers	(355,746)	(292,013)
Provision for long-term investments made (see Note 11(e))	(85,093)	(9,948)
	<u>(9,888,203)</u>	<u>(8,161,247)</u>

**31. Provision for credit losses**

	<b>Year ended 31/12/2016 VND million</b>	<b>Year ended 31/12/2015 VND million</b>
<b>Specific provision for credit losses of loans to other credit institutions</b>		
Reversal) during the year (see Note 6)	-	22,877
<b>General provision for credit losses of loans to customers</b>		
Provision for the year (see Note 9)	(664,947)	(437,663)
<b>Specific provision for credit losses of loans to customers</b>		
Provision for the year (see Note 9)	(3,008,929)	(5,105,194)
<b>General provision for unlisted corporate bonds</b>		
Provision for the year (see Note 10a and 10b)	(38,170)	(54,000)
<b>Specific provision for unlisted corporate bonds and VAMC bonds</b>		
Provision for the year (see Note 10(a) and 10(c))	(2,675,350)	(475,750)
	<b>(6,387,396)</b>	<b>(6,049,730)</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
for the year ended 31 December 2016 (continued)

**32. Current corporate income tax expenses**

	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
<b>Profit before tax</b>	<b>8,236,997</b>	<b>6,654,299</b>
<i>Adjustments:</i>		
Dividend received during the year (see Note 29)	(111,656)	(82,379)
<b>Taxable income</b>	<b>8,125,341</b>	<b>6,571,920</b>
Statutory corporate income tax rate	20%	22%
<b>Corporate income tax - based on applicable corporate income tax rate</b>	<b>1,625,068</b>	<b>1,445,822</b>

**33. Cash and cash equivalents**

	31/12/2016 VND million	31/12/2015 VND million
Cash on hand, gold, silver and gemstones	9,691,487	8,518,139
Balances with the State Bank of Vietnam	17,382,097	19,714,714
Balances with and loans to other credit institutions due within three months	141,873,354	121,103,574
Trading securities	3,249,805	9,061,389
Investment securities due within three months	5,525,986	4,342,663
	<b>177,722,729</b>	<b>162,740,479</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
for the year ended 31 December 2016 (continued)

**34. Obligations to the State Budget**

	Balance as at 1/1/2016 VND million	Occurrence		Balance as at 31/12/2016		
		Payable VND million	Paid VND million	Payable VND million	Advances VND million	Total VND million
Value added tax	24,497	305,506	(302,210)	28,953	(1,160)	27,793
Current corporate income tax	163,457	1,625,179	(1,684,851)	103,852	(67)	103,785
In which:						
- Corporate income tax of Vietcombank	163,624	1,625,068	(1,684,840)	103,852	-	103,852
- Adjustments on tax of previous years	(112)	112	(11)	-	(11)	(11)
- Effects of exchange differences on Vinafico tax obligation in 2008	(55)	(1)	-	-	(56)	(56)
Other taxes	43,583	537,804	(497,416)	83,973	(2)	83,971
	<b>231,537</b>	<b>2,468,489</b>	<b>(2,484,477)</b>	<b>216,778</b>	<b>(1,229)</b>	<b>215,549</b>

**35. Employee benefits**

	Year ended 31/12/2016	Year ended 31/12/2015
Total number of employees (person)	15,164	14,295
<b>Employees' income</b>		
Total salary and allowance (VND million) (see Note 30)	4,836,066	3,886,194
Monthly average income/ person (VND million)	26.58	22.65

### **36. Contingent liabilities and other commitments**

In the normal course of business, the Bank is a party to financial instruments which are recorded as off-balance sheet items. These financial instruments mainly comprise financial guarantees and letters of credit. These instruments involve elements of credit risk in excess of the amounts recognized in the separate balance sheet.

Credit risk for off-balance sheet financial instruments is defined as the possibility of incurring a loss because any other counterparty to a financial instrument fails to discharge its contractual obligations.

Financial guarantees are conditional commitments issued by the Bank to guarantee transactions of its customers with third parties, including loan guarantee, payment guarantee, performance guarantee and bid guarantee. Such guarantees expose the Bank to similar credit risk to loans to customers.

Commercial at-sight letters of credit represent a financing transaction by the Bank to its customers where the customer is usually the buyer/importer of goods and the beneficiary is typically the seller/exporter. Credit risk is limited as the imported merchandise serves as collaterals for the transaction.

Deferred payment letters of credit contain the risk of customers not making payment to their beneficiaries upon contract performance. When deferred payment letters of credit are defaulted by customers, the Bank recognizes a compulsory loan to a customer and at the same time a corresponding liability representing the financial obligation of the Bank to pay the beneficiaries and to fulfill the guarantor obligations.

The Bank normally requires margin deposits to support credit-related financial instruments as necessary. The margin deposit required varies from nil to 100% of the value of a commitment granted depending on the creditworthiness of customers as assessed by the Bank.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
for the year ended 31 December 2016 (continued)

**37. Significant transactions and balances with related parties**

**(a) Significant transactions with related parties**

	Relationship	Year ended 31/12/2016 VND million	Year ended 31/12/2015 VND million
<b>The State Bank of Vietnam (“the SBV”)</b>	Regulator		
Interest income from deposits at the SBV		124,475	107,562
Interest expenses on deposits and borrowings from the SBV		(160,765)	(83,575)
<b>The Ministry of Finance (“the MoF”)</b>	Regulator		
Interest income from loans to the MoF		-	4,908
Interest expenses on deposits from the MoF		(204,319)	(61,536)
Interest expenses on borrowings from the MoF		(26,959)	(20,694)
<b>Vietcombank Financial Leasing Company Limited</b>	Subsidiary		
Interest income from loans to VCB Leasing		86,969	76,572
Interest expenses on deposits from VCB Leasing		(1,921)	(4,423)
Services fees		1,592	1,592
<b>Vietcombank Securities Company Limited</b>	Subsidiary		
Interest expenses on deposits from VCB Securities		(237)	(1,414)
Interest income from deposits with VCB Securities		-	8,585
Fee and commission income from remittance services		2,306	-
<b>Vietcombank Tower 198 Company Limited</b>	Subsidiary		
Interest expenses on deposits from VCB Tower		(22,623)	(25,431)
Office rental expenses		(87,437)	(87,095)
Dividend received from VCB Tower		95,015	-
<b>Vietnam Finance Company Limited</b>	Subsidiary		
Interest income from deposits with Vinafico		5,358	5,298

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
for the year ended 31 December 2016 (continued)

**37. Significant transactions and balances with related parties (continued)**

**(b) Significant balances with related parties**

	<b>Relationship</b>	<b>31/12/2016</b> <b>VND million</b>	<b>31/12/2015</b> <b>VND million</b>
<b>The State Bank of Vietnam (“the SBV”)</b>	Regulator		
Deposits at the SBV		17,382,097	19,714,714
Deposits and borrowings from the SBV		(11,399,055)	(15,429,696)
<b>The Ministry of Finance (“the MoF”)</b>	Regulator		
Deposits from the MoF		42,752,358	26,049,857
Borrowings from the MoF		(651,693)	(545,838)
<b>Vietcombank Financial Leasing Company Limited</b>	Subsidiary		
Loans to VCB Leasing		2,326,645	2,032,163
Deposits from VCB Leasing		(208,972)	(267,497)
<b>Vietcombank Securities Company Limited</b>	Subsidiary		
Deposits from VCB Securities		(12,625)	(652,251)
<b>Vietcombank Tower 198 Company Limited</b>	Subsidiary		
Deposits from VCB Tower		544,797	416,093
Office rental fee paid in advance		234,670	58,063
<b>Vietnam Finance Company Limited</b>	Subsidiary		
Deposits with Vinafico		2,260,374	2,263,589
<b>Vietcombank Money Corporation</b>	Subsidiary		
Deposits from VCB Money		(81)	(1,928)
<b>Vietcombank Fund Management</b>	Joint-venture		
Trusted investment - bonds		1,000,000	-

### 38. Geographical segment

	The North	The Middle and Tay Nguyen	The South	Elimination	Total
	VND million	VND million	VND million	VND million	VND million
1 Interest and similar income	52,993,068	9,149,109	25,273,478	(49,997,889)	37,417,766
2 Interest and similar expenses	(44,585,896)	(6,538,261)	(18,019,443)	49,997,889	(19,145,711)
<b>I Net interest income</b>	<b>8,407,172</b>	<b>2,610,848</b>	<b>7,254,035</b>	-	<b>18,272,055</b>
3 Fee and commission income	2,161,327	384,512	1,602,892	-	4,148,731
4 Fee and commission expenses	(2,066,657)	(20,489)	(69,824)	-	(2,156,970)
<b>II Net fee and commission income</b>	<b>94,670</b>	<b>364,023</b>	<b>1,533,068</b>	-	<b>1,991,761</b>
<b>III Net gain from trading foreign currencies</b>	<b>1,412,167</b>	<b>68,460</b>	<b>368,786</b>	-	<b>1,849,413</b>
<b>IV Net gain from trading securities</b>	<b>461,891</b>	-	-	-	<b>461,891</b>
<b>V Net gain from investment securities</b>	<b>(89,416)</b>	-	-	-	<b>(89,416)</b>
5 Other income	997,113	463,158	825,526	-	2,285,797
6 Other expenses	(216,354)	(94,186)	(60,021)	-	(370,561)
<b>VI Net other income</b>	<b>780,759</b>	<b>368,972</b>	<b>765,505</b>	-	<b>1,915,236</b>
<b>VII Dividend and net income from investments in associates and joint-ventures</b>	<b>111,656</b>	-	-	-	<b>111,656</b>
<b>Total operating income</b>	<b>11,178,899</b>	<b>3,412,303</b>	<b>9,921,394</b>	-	<b>24,512,596</b>
<b>VIII Total operating expenses</b>	<b>(6,238,693)</b>	<b>(983,337)</b>	<b>(2,666,173)</b>	-	<b>(9,888,203)</b>
<b>IX Net operating profit before provision for credit losses</b>	<b>4,940,206</b>	<b>2,428,966</b>	<b>7,255,221</b>	-	<b>14,624,393</b>
<b>X Provision for credit losses</b>	<b>(4,288,739)</b>	<b>(573,976)</b>	<b>(1,524,681)</b>	-	<b>(6,387,396)</b>
<b>XI Profit before tax</b>	<b>651,467</b>	<b>1,854,990</b>	<b>5,730,540</b>	-	<b>8,236,997</b>
7 Current corporate income tax expenses	(107,962)	(370,998)	(1,146,108)	-	(1,625,068)
<b>XII Corporate income tax expenses</b>	<b>(107,962)</b>	<b>(370,998)</b>	<b>(1,146,108)</b>	-	<b>(1,625,068)</b>
<b>XIII Profit after tax</b>	<b>543,505</b>	<b>1,483,992</b>	<b>4,584,432</b>	-	<b>6,611,929</b>



### **39. Disclosure of financial instruments**

#### **(a) Collaterals**

The Bank does not hold collaterals which it is permitted to sell or re-pledge in the absence of default by the owner of the collaterals.

#### **(b) Fair value disclosure**

Circular No. 210/2009/TT-BTC requires the Bank to disclose the measurement method and related information of fair value of financial assets and financial liabilities for the purpose of comparing their book value and fair value.

The following table presents book value and fair value of the Bank's financial assets and liabilities as at 31 December 2016:

Joint Stock Commercial Bank for Foreign Trade of Vietnam

Form B05/TCFD  
(Issued in accordance with SBV  
Circular No. 49/2014/TT-NHNN  
dated 31 December 2014)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
for the year ended 31 December 2016 (continued)

39. Disclosure of financial instruments (continued)

(b) Fair value disclosures (continued)

	Book value				Fair value	
	Held for trading	Held to maturity	Loans and receivables	Available for sale		Recognized at amortized cost
	VND million	VND million	VND million	VND million	VND million	VND million
<b>Financial assets</b>						
I Cash on hand, gold, silver and gemstones	9,691,487	-	-	-	-	9,691,487
II Balances with the State Bank of Vietnam	17,382,097	-	-	-	-	17,382,097
III Balances with and loans to other credit institutions	32,930,433	69,609,857	51,014,972	-	-	153,555,262
IV Trading securities	3,249,805	-	-	-	-	3,249,805
V Derivative financial instruments and other financial assets	230,658	-	-	-	-	230,658
VI Loans to customers	-	79,898,684	457,137,817	-	-	457,137,817
VIII Investment securities	-	-	-	51,923,760	-	131,822,444
IX Other long-term investments	-	-	-	2,829,418	-	2,829,418
XII Other financial assets	-	-	8,202,541	-	-	8,202,541
	<b>63,484,480</b>	<b>149,508,541</b>	<b>516,355,330</b>	<b>54,753,178</b>	<b>-</b>	<b>784,101,529</b>
<b>Financial liabilities</b>						
I, II Deposits and borrowings from the SBV and other credit institutions	-	-	-	-	125,489,145	125,489,145
III Deposits from customers	-	-	-	-	590,910,736	590,910,736
VI Valuable papers issued	-	-	-	-	10,005,376	10,005,376
VII Other financial liabilities	-	-	-	-	7,539,976	7,539,976
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>733,945,233</b>	<b>733,945,233</b>

(\*) Due to insufficient information available for applying valuation techniques, fair values of the financial assets and liabilities that do not have quoted market prices are deemed to be not reliably measured and therefore not disclosed.

**39. Disclosure of financial instruments (continued)**

**(c) Risk management policies for financial instruments**

The Board of Directors has the highest rights and responsibilities for the Bank's financial risk management to facilitate its sustainable growth.

Having taken that responsibilities, the Board of Directors appropriately promulgates risk management policies and strategies for each period, establishes risk limits, directly approves high-value business transactions in accordance with legal and internal requirements for each period, and determines organizational structure and key personnel positions.

Risk management strategies and policies are adhered to the Bank's charter and General Shareholders' Meeting resolution for each period.

The Risk Management Committee was established by the Board of Directors to assist the Board of Directors in managing all risks that may arise from the Bank's day-to-day business operations.

The Asset and Liability Credit and Operational Risk Committee (ALCO) was established and chaired by the Chief Executive Officer. ALCO members are key personnel of the Bank being in-charge of risk management.

ALCO is responsible for comprehensively monitoring and managing assets and liabilities in the consolidated and separate balance sheet of the Bank in order to maximize profit while minimizing losses arising from negative market trends, manage liquidity risk and appropriately direct interest and foreign exchange rate schemes.

Within its authority, ALCO has the rights to make risk management decisions.

**(i) Credit risk**

The Bank is exposed to credit risk, which is the risk of incurring a loss because its customers or counterparties fail to discharge their contractual obligations. Credit exposures arise mainly in lending activities relating to loans and advances to customers, and in investments in debt securities. Off-balance sheet financial instruments, such as loan commitments, also contain credit risk. The Bank controls and manages credit risk by setting up related policies and procedures, including the credit risk management policies and operational risk management policy by the Risk Management Committee and Credit Committee.

The Bank classifies loans to customers and other credit institutions in accordance with Circular 02 and Circular 09 (see Note 2(f)), and regularly assesses credit risks of non-performing loans in order to have appropriate resolutions.

In order to manage credit risks, the Bank has established policies and procedures relating to credit risk management; established credit manuals; performed credit risk assessment; set up internal credit rating systems and loan classification and decentralized authorization in credit activities.

The Bank's maximum exposure amounts to credit risk as at 31 December 2016, excluding collaterals and credit risk mitigations as follows:

39. Disclosure of financial instruments (continued)

(c) Risk management policies for financial instruments (continued)

(i) *Credit risks* (continued)

	Neither past due nor impaired VND million	Past due but not impaired VND million	Impaired and fully made provision VND million	Total VND million
<b>Balances with and loans to other credit institutions – gross</b>	<b>153,555,262</b>	-	-	<b>153,555,262</b>
Balances with other credit institutions	102,540,290	-	-	102,540,290
Loans to other credit institutions	51,014,972	-	-	51,014,972
<b>Loans to customers – gross</b>	<b>440,419,980</b>	<b>1,917,011</b>	<b>14,800,826</b>	<b>457,137,817</b>
<b>Investment securities – gross</b>	<b>130,812,444</b>	-	<b>1,010,000</b>	<b>131,822,444</b>
Available-for-sale securities	51,923,760	-	-	51,923,760
Held-to-maturity securities	78,888,684	-	1,010,000	79,898,684
<b>Other assets</b>	<b>8,202,541</b>	-	-	<b>8,202,541</b>
	<b>732,990,227</b>	<b>1,917,011</b>	<b>15,810,826</b>	<b>750,718,064</b>

Types and book value of collaterals held by the Bank as at 31 December 2016 were as follows:

	VND million
Deposits	53,666,664
Valuable papers	71,392,260
Real estates	339,931,848
Others	389,638,755
	<b>854,629,527</b>

### 39. Disclosure of financial instruments (continued)

#### (c) Risk management policies for financial instruments (continued)

##### (ii) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will unexpectedly fluctuate due to changes in market interest rates.

The actual interest re-pricing term is the remaining term starting from the date of the separate financial statements to the nearest interest re-pricing term of the items in the separate balance sheet.

The following assumptions and conditions have been adopted in the analysis of actual interest rate re-pricing term of assets and liabilities in the separate balance sheet of the Bank:

- Cash, gold, silver and gemstones, long-term investments, and other assets (including fixed assets and other assets) are classified as non-interest bearing items.
- Trading securities are classified as up to 1 month.
- The actual interest re-pricing term of investment securities depends on the interest rate from the issuers for each type of securities.
- The actual interest re-pricing term of balances with and loans to other credit institutions, loans to customers, amounts due to the Government and the State Bank of Vietnam, deposits and borrowings from other credit institutions and deposits from customers are identified as follows:
  - Items with fixed interest rate during the contractual term: the actual interest re-pricing term is based on the contractual maturity date subsequent to the separate financial statement date.
  - Items with floating interest rate: the actual interest re-pricing term is based on the nearest re-pricing term subsequent to the separate financial statement date.
- The actual interest re-pricing term of valuable papers issued is based on valuable papers' maturities and the Bank's interest rate for each issuance.
- The actual interest re-pricing term of other borrowed funds is from one to five years.
- The actual interest re-pricing term for other liabilities is from one to three months. In fact, these items shall have different interest re-pricing terms.

The following table presents the interest rate re-pricing terms of the Bank's assets and liabilities as at 31 December 2016:

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
for the year ended 31 December 2016 (continued)

**39. Disclosure of financial instruments (continued)**

**(c) Risk management policies for financial instruments (continued)**

*(ii) Interest rate risk (continued)*

	Overdue	Free of interest	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	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
<b>Assets</b>									
I	-	9,691,487	-	-	-	-	-	-	9,691,487
II	-	-	17,382,097	-	-	-	-	-	17,382,097
III	-	-	128,121,274	14,427,932	1,836,736	9,169,320	-	-	153,555,262
IV	-	-	3,249,805	-	-	-	-	-	3,249,805
V	-	-	-	230,658	-	-	-	-	230,658
VI	5,370,114	-	106,220,223	166,608,734	119,891,217	41,055,569	16,867,744	1,124,216	457,137,817
VIII	-	-	1,319,863	9,155,123	14,271,092	5,544,427	68,780,936	32,751,003	131,822,444
IX	-	5,375,575	-	-	-	-	-	-	5,375,575
X	-	5,403,628	-	-	-	-	-	-	5,403,628
XII	-	10,482,028	-	-	-	-	-	-	10,482,028
<b>Total assets</b>	<b>5,370,114</b>	<b>30,952,718</b>	<b>256,293,262</b>	<b>190,422,447</b>	<b>135,999,045</b>	<b>55,769,316</b>	<b>85,648,680</b>	<b>33,875,219</b>	<b>794,330,801</b>
<b>Liabilities</b>									
I, II	-	-	99,202,499	13,294,989	8,931,097	4,060,560	-	-	125,489,145
III	-	-	310,612,324	126,960,574	79,619,827	71,232,640	2,485,371	-	590,910,736
VI	-	-	5,376	-	-	2,000,000	8,000,000	-	10,005,376
VII	-	12,549,086	-	-	-	-	-	-	12,549,086
<b>Total liabilities</b>	<b>-</b>	<b>12,549,086</b>	<b>409,820,199</b>	<b>140,255,563</b>	<b>88,550,924</b>	<b>77,293,200</b>	<b>10,485,371</b>	<b>-</b>	<b>738,954,343</b>
<b>Interest sensitivity gap</b>	<b>5,370,114</b>	<b>18,403,632</b>	<b>(153,526,937)</b>	<b>50,166,884</b>	<b>47,448,121</b>	<b>(21,523,884)</b>	<b>75,163,309</b>	<b>33,875,219</b>	<b>55,376,458</b>
<b>Cumulative interest sensitivity gap</b>	<b>5,370,114</b>	<b>23,773,746</b>	<b>(129,753,191)</b>	<b>(79,586,307)</b>	<b>(32,138,186)</b>	<b>(53,662,070)</b>	<b>21,501,239</b>	<b>55,376,458</b>	

**39. Disclosure of financial instruments (continued)**

**(c) Risk management policies for financial instruments (continued)**

*(iii) Currency risk*

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Bank was incorporated and operates in Vietnam, with VND as its reporting currency. The major currency in which the Bank transacts is VND. The Bank's loans and advances to customers are mainly denominated in VND, USD and EUR. Some of the Bank's other assets are in currencies other than VND, USD and EUR. The Bank has set limits on currency positions based on its internal risk management system and relevant statutory requirements stipulated by the SBV. Currency positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

The following table presents the Bank's assets and liabilities denominated in foreign currencies that were translated into VND as at 31 December 2016:

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
for the year ended 31 December 2016 (continued)

**39. Disclosure of financial instruments (continued)**

**(c) Risk management policies for financial instruments (continued)**

*(iii) Currency risk (continued)*

	VND million	USD VND million	EUR VND million	Other currencies VND million	Total VND million
<b>Assets</b>					
I Cash on hand, gold, silver and gemstones	7,550,773	1,593,733	296,978	250,003	9,691,487
II Balances with the State Bank of Vietnam	11,205,486	6,176,611	-	-	17,382,097
III Balances with and loans to other credit institutions – gross	97,765,192	34,187,356	16,418,418	5,184,296	153,555,262
IV Trading securities - gross	3,249,805	-	-	-	3,249,805
V Derivative financial instruments and other financial assets	6,906,789	(10,435,465)	3,489,440	269,894	230,658
VI Loans to customers – gross	376,728,793	79,819,258	183,123	406,643	457,137,817
VIII Investment securities – gross	76,424,944	55,397,500	-	-	131,822,444
IX Long-term investments – gross	5,375,575	-	-	-	5,375,575
X Fixed assets	5,403,628	-	-	-	5,403,628
XII Other assets – gross	9,158,241	910,286	315,342	98,159	10,482,028
<b>Total assets</b>	<b>599,769,226</b>	<b>167,649,279</b>	<b>20,703,301</b>	<b>6,208,995</b>	<b>794,330,801</b>
<b>Liabilities</b>					
I, II Deposits and borrowings from the SBV and other credit institutions	45,624,875	60,098,679	16,029,765	3,735,826	125,489,145
III Deposits from customers	476,999,336	106,897,662	4,651,060	2,362,678	590,910,736
VI Valuable papers issued	10,000,161	5,215	-	-	10,005,376
VII Other liabilities	11,821,948	591,687	20,141	115,310	12,549,086
<b>Total liabilities</b>	<b>544,446,320</b>	<b>167,593,243</b>	<b>20,700,966</b>	<b>6,213,814</b>	<b>738,954,343</b>
<b>FX position on balance sheet</b>	<b>55,322,906</b>	<b>56,036</b>	<b>2,335</b>	<b>(4,819)</b>	<b>55,376,458</b>



### 39. Disclosure of financial instruments (continued)

#### (c) Risk management policies for financial instruments (continued)

##### (iv) Liquidity risk

Liquidity risk occurs when the Bank fails to fulfil its financial commitments with customers or counterparties due to unavailability of funds or liquidity.

The maturity of assets and liabilities represent the remaining terms of these assets and liabilities from the separate financial statements date to the maturity date according to the underlying contractual agreements or terms of issuance.

The following assumptions and conditions have been adopted in the preparation of the Bank's assets and liabilities maturity analysis in the separate balance sheet:

- Balances with the SBV are considered as current accounts including the compulsory deposits;
- The maturity of investment securities is based on redemption dates of each securities established by the issuers of these financial instruments;
- The maturities of balances with and loans to other credit institutions and loans to customers are based on the contractual maturity date. The actual maturity may vary from the original contractual term when the contract is extended;
- The maturity of equity investments is considered to be over 5 years as equity investments have no maturity; and
- Deposits and loans from other credit institutions and deposits from customers are determined based on either the nature of the loans or their contractual maturities. For example, Vostro accounts and current accounts paid upon customers' demand are considered to be demand deposits, the maturity of term deposits and borrowings is based on the contractual maturity date. In practice, such items may be rolled over and maintained for longer period.

The following table analyses the remaining terms to maturity of the Bank's assets and liabilities as at 31 December 2016:

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**Form B05/TCTD**  
(Issued in accordance with SBY  
Circular No. 49/2014/TT-NHNN  
dated 31 December 2014)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
for the year ended 31 December 2016 (continued)

**39. Disclosure of financial instruments (continued)**  
**(c) Risk management policies for financial instruments (continued)**  
**(iv) Liquidity risk (continued)**

	Not overdue					Total VND million	
	Overdue over 3 months VND million	Overdue up to 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
<b>Assets</b>							
I	-	-	9,691,487	-	-	-	9,691,487
II	-	-	17,382,097	-	-	-	17,382,097
III	-	-	127,951,183	14,422,171	9,546,870	1,635,038	153,555,262
IV	-	-	3,249,805	-	-	-	3,249,805
V	-	-	-	230,658	-	-	230,658
VI	4,209,700	1,160,414	41,091,690	105,680,864	145,920,120	99,428,564	457,137,817
VIII	-	-	1,319,863	4,206,123	9,905,519	82,790,936	131,822,444
IX	-	-	-	-	-	-	5,375,575
X	-	-	-	-	-	-	5,403,628
XII	-	-	-	10,482,028	-	-	10,482,028
<b>Total assets</b>	<b>4,209,700</b>	<b>1,160,414</b>	<b>200,686,125</b>	<b>135,021,844</b>	<b>165,377,509</b>	<b>183,854,538</b>	<b>794,330,801</b>
<b>Liabilities</b>							
I, II	-	-	99,192,091	13,147,845	12,448,244	608,814	125,489,145
III	-	-	165,017,003	139,386,454	175,814,475	44,542,133	590,910,736
VI	-	-	5,376	-	-	4,000,000	10,005,376
VII	-	-	-	12,549,086	-	-	12,549,086
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>264,214,470</b>	<b>165,083,385</b>	<b>188,262,719</b>	<b>49,150,947</b>	<b>738,954,343</b>
<b>Net liquidity gap</b>	<b>4,209,700</b>	<b>1,160,414</b>	<b>(63,528,345)</b>	<b>(30,061,541)</b>	<b>(22,890,210)</b>	<b>134,703,591</b>	<b>55,376,458</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
 for the year ended 31 December 2016 (continued)

**40. Notes to changes in profit**

The increase in net profit after tax of the Bank for the year ended 31 December 2016, by VND 1,403 billions (equivalent to 26.9%) in comparison to that for the year ended 31 December 2015, was due to the increase in its profit before tax of VND 1,583 billions (equivalent to 23.8%), driven mainly by the following items:

Items which have significant movements	Impact	
	Absolute value VND billion	Relative value %
Increase in fee and commission income	871	13.09
Increase in net gain from trading securities	287	4.31
Increase in income from loans previously written off (in other income)	288	4.33
	<b>1,446</b>	<b>21.73</b>

**41. Events after the separate financial statement date**

As at the preparation date of the separate financial statements, there have not been any significant events that have arisen since 31 December 2016 that may significantly affect the separate financial position of the Bank as at 31 December 2016, the separate results of its operations and its cash flows for the year then ended which require adjustments or disclosures to be made in the separate financial statements for the year ended 31 December 2016.

**42. Approval of the separate financial statements**

The separate financial statements were approved by the Board of Management on 29 March 2017.

Hanoi, 29 March 2017

Prepared by:

Ms. Nguyen Thi Thu Huong

Ms. Phung Nguyen Hai Yen

  
 Deputy Director of  
 Accounting Policy Department

  
 Chief Accountant

Approved by:

Mr. Nguyen Danh Luong

  
 Deputy CEO

