



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

Separate Financial Statements
for the year ended 31 December 2017



Joint Stock Commercial Bank for Foreign Trade of Vietnam Content

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Joint Stock Commercial Bank for Foreign Trade of Vietnam Bank Information

Establishment and Operation Licence

Establishment and Operation 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, Decision No. 2182/QD-NHNN dated 26 October 2015, Decision No. 95/QD-NHNN dated 18 January 2017, Decision No. 891/QD-NHNN dated 8 May 2017 and Decision No. 2293/QD-NHNN dated 31 October 2017 promulgated by the State Bank of Vietnam amending and supplementing the operations of Joint Stock Commercial Bank for Foreign Trade of Vietnam.

Business Registration Certificate

Business Registration Certificate No. 0103024468 dated 2 June 2008 issued by Hanoi Authority for Planning and Investment, Enterprise Code No. 0100112437 was reissued twelfth on 16 December 2016.

Members of the Board of Directors during the year and until the issuing date of the separate financial statements

Mr. Nghiem Xuan Thanh	Chairman	Appointed on 1 November 2014
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
Mr. Nguyen My Hao	Member	Appointed on 28 April 2017
Mr. Pham Anh Tuan	Member	Appointed on 28 April 2017
Mr. Eiji Sasaki	Member	Appointed on 28 April 2017
Mr. Nguyen Danh Luong	Member	Retired on 1 November 2017
Ms. Le Thi Hoa	Member	Retired on 1 July 2017
Mr. Yutaka Abe	Member	Resigned on 28 April 2017

Members of the Board of Management during the year and until the issuing date of the separate financial statements

Mr. Pham Quang Dung	Chief Executive Officer ("CEO")	Appointed on 1 November 2014
Mr. Dao Minh Tuan	Deputy CEO	Reappointed on 15 June 2017
Mr. Dao Hao	Deputy CEO	Reappointed on 1 August 2015
Ms. Truong Thi Thuy Nga	Deputy CEO	Office term extended from 1 December 2017
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
Mr. Eiji Sasaki	Deputy CEO	Appointed on 15 December 2017
Ms. Phung Nguyen Hai Yen	Deputy CEO	Appointed on 15 December 2017
Mr. Le Quang Vinh	Deputy CEO	Appointed on 15 December 2017
Mr. Nguyen Danh Luong	Deputy CEO	Retired on 1 November 2017
Mr. Pham Thanh Ha	Deputy CEO	Resigned on 21 August 2017
Mr. Yutaka Abe	Deputy CEO	Resigned on 14 April 2017

Joint Stock Commercial Bank for Foreign Trade of Vietnam
Bank Information (continued)

Members of the Supervisory Board during the year and until the issuing date of the separate financial statements

Ms. Truong Le Hien	Chair 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

Chief Accountant Mr. Le Hoang Tung
Appointed on 15 December 2017
Ms. Phung Nguyen Hai Yen
In position until 15 December 2017

Legal Representative Since 1 November 2014
Mr. Nghiem Xuan Thanh
Title: Chairman of the Board of Directors

Authorised signature on financial statements Since 8 January 2018
(According to Letter of Authorisation No. 01/UQ-VCB-CSTCKT dated 8 January 2018)
Ms. Phung Nguyen Hai Yen
Title: Deputy CEO

The Bank's Head Office 198 Tran Quang Khai Street
Hoan Kiem District, Hanoi, Vietnam

The Bank's auditor KPMG Limited
Vietnam

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”) presents this report and the separate financial statements of the Bank for year ended 31 December 2017.

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

The Board of Management is responsible for the separate financial statements which give a true and fair view of the separate financial position of the Bank, and of its separate results of operations and separate cash flows for the year. In preparing the 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 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 2017, and of its separate results of operations and separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

For and on behalf of the Board of Management:



Ms. Phung Nguyen Hai Yen
Deputy CEO

Hanoi, 30 March 2018



KPMG Limited
46th Floor, Keangnam Landmark 72
E6 Pham Hung Road, Me Tri Ward
South Tu Liem District, Hanoi, Vietnam
+84 (24) 3946 1600 | kpmg.com.vn

INDEPENDENT AUDITOR'S REPORT

**To: The Shareholders
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"), which comprise the separate balance sheet as at 31 December 2017, the separate statement of income and the separate statement of cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank's Board of Management on 30 March 2018, as set out on pages 6 to 75.

The Bank's Board of Management's responsibility

The Bank's Board of Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of the separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 financial statements in order to design 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 Bank's Board of Management, as well as evaluating the overall presentation of the financial statements.

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



Auditor's Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the unconsolidated financial position of Joint Stock Commercial Bank for Foreign Trade of Vietnam as at 31 December 2017 and of its unconsolidated results of operations and its unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

Other Matter

The separate financial statements of the Bank for the year ended 31 December 2016 were audited by another firm of auditors whose reports dated 29 March 2017 expressed an unqualified opinion on those statements.

KPMG Limited
Vietnam
Audit Report No.: 16-02-571/3



Truong Vinh Phuc
Practicing Auditor Registration
Certificate No. 1901-2018-007-1
Deputy General Director
Hanoi, 30 March 2018

Tran Dinh Vinh
Practicing Auditor Registration
Certificate No. 0339-2018-007-1

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Separate balance sheet as at 31 December 2017

Form B02/TCTD
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

No.	Items	Note	31/12/2017 VND million	31/12/2016 VND million (restated)
A	ASSETS			
I	Cash on hand, gold, silver and gemstones	4	10,095,135	9,691,487
II	Balances with the State Bank of Vietnam	5	93,615,296	17,382,097
III	Balances with and loans to other credit institutions	6	234,884,068	153,555,262
1	Balances with other credit institutions		158,215,874	102,540,290
2	Loans to other credit institutions		76,668,194	51,014,972
IV	Trading securities	7	8,561,021	3,249,805
1	Trading securities		8,561,021	3,249,805
V	Derivative financial instruments and other financial assets	8	832,354	230,658
VI	Loans to customers		530,821,668	449,108,097
1	Loans to customers	9	538,871,669	457,137,789
2	Allowance for loans to customers	10	(8,050,001)	(8,029,692)
VIII	Investment securities	11	129,884,082	131,642,317
1	Available-for-sale securities		34,680,108	51,923,760
2	Held-to-maturity securities		95,344,021	79,898,684
3	Allowance for investment securities		(140,047)	(180,127)
IX	Long-term investments		5,014,751	5,254,693
1	Investments in subsidiaries	12(a)	1,621,880	1,719,532
2	Investments in joint-ventures	12(b)	815,515	815,515
3	Investments in associates	12(c)	11,110	11,110
4	Other long-term investments	12(d)	2,705,966	2,829,418
5	Allowance for long-term investments	12(e)	(139,720)	(120,882)
X	Fixed assets		5,809,180	5,493,883
1	Tangible fixed assets	13	3,865,271	3,515,534
a	Cost		8,873,876	7,956,856
b	Accumulated depreciation		(5,008,605)	(4,441,322)
3	Intangible fixed assets	14	1,943,909	1,978,349
a	Cost		2,555,367	2,555,452
b	Accumulated amortisation		(611,458)	(577,103)
XII	Other assets		12,795,503	10,382,598
1	Receivables	15(a)	4,273,533	2,515,112
2	Accrued interest and fee receivables	15(b)	5,972,421	5,751,596
4	Other assets	15(c)	2,549,549	2,115,890
	TOTAL ASSETS		1,032,313,058	785,990,897

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

No.	Items	Note	31/12/2017 VND million	31/12/2016 VND million (restated)
B	LIABILITIES AND SHAREHOLDERS' EQUITY			
I	Amounts due to the Government and the SBV	16	171,385,068	54,151,413
II	Deposits and borrowings from other credit institutions	17	65,824,412	71,337,732
1	Deposits from other credit institutions		56,087,787	53,491,202
2	Borrowings from other credit institutions		9,736,625	17,846,530
III	Deposits from customers	18	708,748,578	590,910,736
V	Funds for finance, entrusted investments and entrusted loans	19	23,153	-
VI	Valuable papers issued	20	18,002,017	10,005,376
VII	Other liabilities		17,040,267	12,533,236
1	Accrued interest and fee payables	21(a)	8,461,859	6,449,922
3	Other liabilities	21(b)	8,578,408	6,083,314
	TOTAL LIABILITIES		981,023,495	738,938,493
VIII	Shareholders' equity			
1	Capital		35,977,686	35,977,686
a	Charter capital		35,977,686	35,977,686
2	Reserves		7,048,834	5,730,257
5	Retained profits		8,263,043	5,344,461
a	Previous year's retained profits		2,244,258	870,659
b	Current year's retained profits		6,018,785	4,473,802
	TOTAL SHAREHOLDERS' EQUITY	22(a)	51,289,563	47,052,404
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,032,313,058	785,990,897

No.	Items	Note	31/12/2017 VND million	31/12/2016 VND million (restated)
OFF-BALANCE SHEET ITEMS				
1	Credit guarantees		265,179	222,549
2	Foreign exchange commitments		74,729,089	24,605,699
	<i>Forward buying commitments</i>		8,223,247	9,019,812
	<i>Forward selling commitments</i>		66,505,842	15,585,887
4	Letters of credit		45,239,213	43,914,997
5	Other guarantees		51,953,402	36,670,024
6	Other commitments		131,912	63,624

Hanoi, 30 March 2018

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen

Deputy Director of
Accounting Policy Department

Chief Accountant



Deputy CEO

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Separate statement of income for the year ended 31 December 2017

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

No.	Items	Note	2017 VND million	2016 VND million (restated)
1	Interest and similar income	24	45,794,612	37,422,805
2	Interest and similar expenses	25	(24,176,770)	(19,145,711)
I	Net interest income		21,617,842	18,277,094
3	Fee and commission income		5,115,928	4,148,731
4	Fee and commission expenses		(2,760,482)	(2,156,970)
II	Net fee and commission income	26	2,355,446	1,991,761
III	Net gain from trading of foreign currencies	27	2,040,602	1,849,413
IV	Net gain from trading securities	28	471,229	461,891
V	Net loss from investment securities	29	(19,742)	(89,416)
5	Other income		2,347,078	2,286,985
6	Other expenses		(256,295)	(370,561)
VI	Net other income	30	2,090,783	1,916,424
VII	Income from capital contribution and equity investments	31	302,898	111,656
	TOTAL OPERATING INCOME		28,859,058	24,518,823
VIII	TOTAL OPERATING EXPENSES	32	(11,650,257)	(9,876,772)
IX	Net operating profit before allowance for credit losses		17,208,801	14,642,051
X	Allowance for credit losses	33	(6,187,511)	(6,349,997)
XI	PROFIT BEFORE TAX (CARRIED TO THE NEXT PAGE)		11,021,290	8,292,054

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

No.	Items	Note	2017 VND million	2016 VND million (restated)
XI	PROFIT BEFORE TAX (BROUGHT FROM THE PREVIOUS PAGE)		11,021,290	8,292,054
7	Current corporate income tax expenses		(2,172,126)	(1,636,079)
XII	Corporate income tax expenses	34	(2,172,126)	(1,636,079)
XIII	NET PROFIT AFTER TAX		8,849,164	6,655,975

Hanoi, 30 March 2018

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen

*Deputy Director of
Accounting Policy Department*

Chief Accountant

The stamp is circular with a red border and contains the following text: 'M.S.D.N. 0100112437 - C.T.C.P', 'NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN NGOẠI THƯƠNG VIỆT NAM', and 'Q. HOAN KIEM - TP. HA NOI'.

Deputy CEO

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Separate statement of cash flows for the year ended 31 December 2017
(Direct method)

Form B04/TCTD
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

No.	Items	Note	2017 VND million	2016 VND million (restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
01	Interest and similar income received		45,577,590	36,489,977
02	Interest and similar expenses paid		(22,176,453)	(17,690,344)
03	Fee and commission income received		2,355,446	1,991,761
04	Net receipts from trading activities (foreign currencies, gold and securities)		2,495,527	2,432,639
05	Other expenses paid		(92,387)	(208,888)
06	Receipts from recovery of bad debts previously written off		2,180,252	2,120,227
07	Payments to employees and for other operating activities		(10,321,301)	(9,197,581)
08	Income tax paid during the year		(2,028,543)	(1,684,851)
	Net cash flows from operating activities before changes in operating assets and liabilities		17,990,131	14,252,940
	(Increase)/decrease in operating assets			
09	Balances with and loans to other credit institutions		(8,949,034)	(11,955,172)
10	Trading securities		(1,512,901)	(31,284,999)
11	Derivative financial instruments and other financial assets		(601,696)	(230,030)
12	Loans to customers		(81,733,880)	(72,494,163)
13	Utilisation of allowance for credit losses		(6,207,924)	(7,374,917)
14	Other operating assets		(2,154,165)	(663,162)
	Increase/(decrease) in operating liabilities			
15	Amounts due to the Government and the SBV		117,233,655	12,671,860
16	Deposits and borrowings from other credit institutions		(5,513,320)	(856,747)
17	Deposits from customers		117,837,842	89,400,151
18	Valuable papers issued		7,996,641	7,998,306
19	Funds for finance, entrusted investments and entrusted loans		23,153	-
21	Other operating liabilities		1,088,315	(808,725)
22	Payments from reserves		(1,121,435)	(1,175,549)
I	Net cash generated from/(used in) operating activities		154,375,382	(2,520,207)

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

No.	Items	Note	2017 VND million	2016 VND million (restated)
CASH FLOWS FROM INVESTING ACTIVITIES				
01	Payments for purchases of fixed assets		(1,007,468)	(1,270,224)
02	Proceeds from disposals of fixed assets		5,314	5,646
03	Payments for disposals of fixed assets		(2,396)	(1,748)
07	Payments for investments in other entities		(30,000)	-
08	Collections on investments in other entities		393,340	12,540
09	Dividends and interest received from long-term investments and capital contribution		160,662	111,656
10	Dividends of prior year received in the year		-	7,123
II	Net cash used in investing activities		(480,548)	(1,135,007)
CASH FLOWS FROM FINANCING ACTIVITIES				
04	Dividends paid		(2,878,215)	(2,665,020)
III	Net cash used in financing activities		(2,878,215)	(2,665,020)
IV	Net cash flows during the year		151,016,619	(6,320,234)
V	Cash and cash equivalents at the beginning of the year	35	156,420,245	162,740,479
VII	Cash and cash equivalents at the end of the year	35	307,436,864	156,420,245

Hanoi, 30 March 2018

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen



Deputy Director of
Accounting Policy Department

Chief Accountant

Deputy CEO

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

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 equitisation plan of the Bank for Foreign Trade of Vietnam and in accordance with other relevant regulations. The Bank was granted Establishment and Operation 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 Enterprise Code No. 0100112437 was reissued twelfth on 16 December 2016.

The principal activities of the Bank in accordance with Decision No. 2719/QD-NHNN dated 27 December 2011, Decision No. 2182/QD-NHNN dated 26 October 2015, Decision No. 891/QD-NHNN dated 8 May 2017 and Decision No. 2293/QD-NHNN dated 31 October 2017 supplementing Establishment and Operation Licence No. 138/GP-NHNN on the contents of the Bank’s operations are to mobilise and receive short, medium and long-term deposits from organisations and individuals; lend to organisations 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 real-estate business in accordance with the relevant regulations; trade in and supply interest rates derivatives in accordance with the relevant regulations; purchase debts; trade in and provide foreign exchange services in the domestic and international markets in accordance with the relevant regulations of the State Bank of Vietnam.

(b) Charter capital

Under Establishment and Operation 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 with Enterprise Code No. 0100112437 was reissued twelfth on 16 December 2016, the Bank's charter capital was VND35,977,685,750,000. The face value per share is VND10,000.

	31/12/2017		31/12/2016	
	Number of shares	%	Number of shares	%
Shares owned by the Government of Vietnam	2,774,353,387	77.10%	2,774,353,387	77.10%
Shares owned by foreign strategic shareholder (Mizuho Bank Ltd., Japan)	539,668,502	15.00%	539,668,502	15.00%
Shares owned by other owners	283,746,686	7.90%	283,746,686	7.90%
	3,597,768,575	100%	3,597,768,575	100%

(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 2017, the Bank had one (1) Head Office, one (1) Training Centre, one (1) cash processing center, and one hundred and one (101) branches nationwide, four (4) 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 (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).

(d) Subsidiaries, joint-ventures and associates

Subsidiaries

Subsidiaries	Operating Licence	Business sector	Ownership percentage
Vietcombank Finance 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, the most recent amendment No. 25/GPDC-UBCK dated 11 June 2013 granted by the State Securities Commission ("SSC")	Securities	100%
Vietnam Finance Company Limited	Business Registration No. 0226 issued by Hong Kong Monetary Authority dated 7 March 1978. First amendment dated 3 November 1992, second amendment dated 19 September 1995	Financial services	100%
Vietcombank Money Inc.	Business Registration No. E0321392009-6 dated 15 June 2009 granted by the Authority of the State of Nevada, United States	Remittance	87.5%
Vietcombank Tower 198 Ltd	Investment Licences 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%
Vietcombank Remittance Company Limited	Enterprise Registration Certificate No. 0314633162 dated 20 September 2017 granted by Ho Chi Minh City Department of Investment and Planning	Receipt of remittance	100%

Joint-ventures

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

Associates

Associates	Operating Licence	Business sector	Ownership percentage
Vietcombank – Bonday Company Limited	Operating Licence No. 283/GP dated 5 December 1991 granted by the Department of Planning and Investment, most recent amendment No. 283/GPDC3 dated 2 October 2000	Office leasing	16%

(e) Number of employees

As at 31 December 2017, the Bank had 15,766 employees (31 December 2016: 15,164 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(d) and Note 12(a). The Bank prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular No. 155/2015/TT-BTC dated 6 October 2015 of the Ministry of Finance on disclosure of information on the securities market. In addition, as required by the Circular, the Bank has prepared the consolidated financial statements of the Bank and its subsidiaries for the year ended 31 December 2017 (“the consolidated financial statements”) dated 30 March 2018.

For a comprehensive understanding of the consolidated financial position, consolidated results of operations and consolidated cash flows of the Bank and its subsidiaries, these separate financial statements should be read in conjunction with the consolidated financial statements.

(b) Basis of financial statement preparation

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 issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

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 direct method.

(c) Accounting period

The Bank’s annual accounting period is from 1 January to 31 December.

(d) Foreign currency transactions

According to the Bank’s accounting system, all transactions are recorded in their original currencies. Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the exchange rates prevailing at the end of the annual accounting period. Non-monetary foreign currency assets and liabilities are recorded at the exchange rate as at the date of the transaction. Income and expenses in foreign currencies are translated into VND in the separate statement of income at the spot exchange rates as at the date of transaction.

Foreign exchange differences arising from foreign currency trading activities in the year were recorded in the separate statement of income at the end of the annual accounting period.

(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 and loans to other credit institutions with original terms to maturity not exceeding three months from the original date of placements or granting; investments in securities with recoverability or 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, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(f) Deposits with and loans to other credit institutions

Deposits with other credit institutions, except for current deposits, are term deposits at other credit institutions and foreign bank branches with terms of not exceeding three months.

Loans to other credit institutions are loans with original terms to maturity of not exceeding twelve months.

Current deposits at other credit institutions are stated at the amount of the outstanding principal.

Term deposits with and loans to other credit institutions are stated at the amount of the outstanding principal less any specific allowance for credit risks.

Credit risk classification of term deposits with and loans to other credit institutions and allowance for credit risk thereof is made in accordance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 of the State Bank of Vietnam on classification of assets, level and method of allowance making, and use of allowance against credit risks in banking activities of credit institutions and foreign banks' branches ("Circular 02") and Circular No. 09/2014/TT-NHNN dated 18 March 2014 of the SBV on amending and supplementing a number of articles of Circular 02 ("Circular 09"). Accordingly, the Bank has provided specific allowance for term deposits with and loans to other credit institutions in accordance with the method described in Note 2(g).

According to Circular 02, the Bank is not required to provide general allowance for balances with and loans to other credit institutions.

(g) 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.

Allowance for credit risk of loans to customers is recorded and stated in a separate line in the separate balance sheet.

(ii) Specific allowance for credit risk

According to Circular 02 and Circular 09, specific allowance is determined based on the balance and loan classification results of each customer's loans at the last working day of the quarter. For the last quarter, specific allowance is determined based on the balance and loan classification results of each customer's loans at the last working day of November.

Since 1 January 2010, the Bank has applied Article 7, Decision No. 493/2005/QĐ-NHNN dated 22 April 2005 issued by the SBV to make debt classification based on the qualitative method as approved by the SBV. However, according to Circular 02, the Bank is required to classify debts and off-balance sheet commitments in accordance with both Article 10 and Clause 1 of Article 11, Circular 02. In that case, should classifications of a debt in accordance with Article 10 and Clause 1 of Article 11, Circular 02 differ, the debt is to be classified into the group of higher risk.

Since 1 January 2015, the Bank is required to use the information from Credit Information Centre ("CIC") about the debt group of customers at the time of debt classification to adjust the debt group, off-balance sheet items. If a customer's debts and off-balance sheet commitments are classified in a debt group that has a lower risk than the debt groups provided in CIC's list, the Bank shall adjust its classification of debts and off-balance commitments following the debt groups provided by CIC.

Specific allowance is calculated based on the following allowance rates specified for the debt principal less the discounted value of collateral assets:

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

Bad debts are debts within groups 3, 4 and 5.

(iii) General allowance for credit risk

The Bank is required to make a general allowance of 0.75% of total outstanding debt balance of which are classified into Groups 1 to 4 as at the last working day of a quarter. For the last quarter of the year, a general allowance is made at 0.75% of total outstanding balance of loans which are classified into Groups 1 to 4 as at the last working day of November.

(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);
- Debts are classified into Group 5.

(h) Investments

(i) Trading securities

Trading securities are debt securities, equity securities and other securities which are bought and held for the purpose of reselling within one year to earn capital gains.

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

(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 once, at maximum, after the purchase date.

Available-for-sale investment securities

Available-for-sale investment 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 investee is not a subsidiary, associate or joint-venture of the Bank and the Bank is neither a founding shareholder nor a strategic partner; nor has the impact on the enterprise's planning and determining of financial and operating policies under agreements to appoint personnel to the board of directors/board of management.

Held-to-maturity investment securities

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

Investment securities are initially recognised at cost of acquisition, including transaction costs and other directly attributable costs. They are subsequently measured at the lower of the book value after amortisation and the market value. Premiums and discounts arising from purchases of debt securities are amortised in the separate statement of income using the straight-line method over the period from the acquisition dates to the maturity dates.

In addition, according to Circular 02 and Circular 09, investment securities which are unlisted corporate bonds are subject to classification and allowance in a manner similar to loans to customers described in Note 2(g).

(iii) Long-term investments

Investments in subsidiaries, joint-ventures and associates

Subsidiaries 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 to 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 allowance for diminution in value.

Other long-term investments

Other long-term investments represent the Bank's capital investments in other enterprises where the Bank owns less than 11% of voting rights and is either a founding shareholder or a strategic partner; or has influences on the enterprise's planning and determining of financial and operating policies under agreements to appoint personnel to the board of directors/board of management but the Bank does not have control or significant influence over the investees.

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

Other long-term investments are initially recognised at cost less allowance for diminution in value of the investments.

The allowance for diminution in the value of long-term investments is made if the economic entity in which the Bank invests in suffers a loss (except for cases where losses have been anticipated in the initial business plans) in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 ("Circular 228") and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. The allowance amount is the difference between the parties' actual capital contributions 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 which fair value can be determined reliably, allowance is made based on the shares' market value.

(i) Repurchase and reverse repurchase agreements

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

(j) 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 on the site where it is located.

In accordance with Circular No. 45/2013/TT-BTC dated 25 April 2013 issued by the Ministry of Finance ("Circular 45") guiding the framework of management, use and depreciation of fixed assets, 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;
- Historical costs of the assets must be determinable reliably, with a minimum value of VND30,000,000.

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 statement of income for the year 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 capitalised 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:

- | | |
|--|-------------|
| • Buildings and structures | 25 years |
| • Machinery and equipment | 3 - 5 years |
| • Motor vehicles and means of transmission | 6 years |
| • Other tangible fixed assets | 4 years |

(k) Intangible fixed assets

(i) Land use rights

According to Circular 45, intangible fixed assets recognised as land use rights comprise:

- The land use rights allocated by the State with land use fee or receiving the transfer of legal land use rights (including definite and indefinite land use rights);
- 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.

The initial cost of land use rights is determined as the total amount paid to have the land use rights plus costs of site clearance, ground levelling, registration fee (excluding costs of construction on that land) or the value of land use rights with contributed capital.

Land use rights not recognised as intangible assets comprise:

- Land use rights allocated by the State without land use fee;
- Land lease rent paid one time for the entire lease term (the land lease time after the effective date of the Land Law 2003 without certificate of land use rights granted), the rent is amortised into the business expenses by the number of lease years;
- Land lease rent paid annually, the rent is recorded into the business expenses in the year in proportion to the rent annually paid.

According to Circular 45, 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 amortised.

For the intangible fixed assets which are the value of land use rights with term or the leased land use rights, the time of depreciation is the time permitted for land use of the Bank.

(ii) Copyrights, patents and other intangible fixed assets

Copyrights, patents and other intangible fixed assets are stated at cost less accumulated amortisation. These intangible fixed assets are amortised on a straight-line basis over 4 years.

(l) Other assets

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

<u>Overdue ages</u>	<u>Allowance 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 other assets that are classified as assets with credit risk, the Bank conducts classification and makes allowance similarly to those of loans to customers described in Note 2(g).

(m) Deposits and borrowings from other credit institutions

Deposits and borrowings from other credit institutions are stated at cost.

(n) Deposits from customers

Deposits from customers are stated at cost.

(o) Valuable papers issued

Valuable papers issued are stated at cost and accumulated amortised premiums or discounts. Cost of valuable papers issued includes the proceeds from the issuance less directly attributable costs.

(p) Severance allowance

Under the Vietnamese Labour Code, when an employee who has worked for the Bank for 12 months or more ("the eligible employees") voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service until 31 December 2008 and employee's average monthly salary of the latest six-month period until termination. Before 2012, provision for severance allowance has been provided based on employees' years of service and their current salary level.

On 24 October 2012, the Ministry of Finance issued Circular No. 180/2012/TT-BTC ("Circular 180") guiding the financial treatment for redundancy allowance to employees of enterprises. Circular 180 provides that, in preparation of financial statements for the year 2012, if an enterprise's provision for severance allowance still has the outstanding balance, the enterprise must reverse the balance to other income for the year 2012 and must not carry forward the balance to the following year. Accordingly, the Bank reversed the outstanding balance of provision for severance allowance. This change in accounting policy has been applied prospectively from 2012.

(q) Bonus and welfare funds

Bonus and welfare funds allocated from profit after tax in accordance with the Resolution of the General Meeting of Shareholders. The bonus and welfare funds is used for the purposes specified in Decree No. 93/2017/ND-CP dated 7 August 2017 issued by the Government ("Decree 93"). The funds' appropriation amount for the year is presented in Note 22.

(r) Capital and reserves

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognised 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 ordinary shares, the total paid amount including directly attributable costs, net off any tax effects, is recognised as a deduction from equity and referred to as treasury shares.

(iv) Reserves

Reserves are 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. In accordance with Decree No. 57/2012/ND-CP dated 20 July 2012 issued by the Government ("Decree 57"), the maximum rate of provision for financial reserve is 25% of the charter capital of the Bank. Such maximum rate is not specified in Decree 93 that supersedes Decree 57.
- Investment and development reserve and other reserves: are to be made upon the resolutions of the General Meeting of Shareholders and in accordance with 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.

(s) Income and expenses

(i) Interest income and interest expenses

Interest income of outstanding debts classified in Group 1 – Current debt as defined in Note 2(g) is recognised on an accrual basis. Interest on debts classified in Group 2 to Group 5 is recognised in the separate statement of income upon receipt.

Interest expenses are recorded on an accrual basis.

(ii) Fees and commissions and dividend income

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

(iii) Share dividends

In accordance with Circular 200, dividends and other distribution received in the form of bonus shares and share dividends and amounts distributed in the form of shares coming from retained profit, share premium and reserves in equity of joint stock companies, are not recorded in the separate statement of income. Instead, the additional shares obtained are reflected in the number of shares held by the Bank.

(iv) Uncollectible income

According to Circular No. 05/2013/TT-BTC dated 9 January 2013 issued by the Ministry of Finance, income receivables that are recognised 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 recorded as an expense if the due date is not within the accounting period, and must be monitored on the off-balance sheet for following-up on collection. When the receivable is collected, the Bank will record it as an operating income.

(t) **Operating lease**

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

(u) **Taxation**

Corporate income tax comprises of current and deferred tax. Corporate income tax is recognised in the separate statement of income except that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payables in respect of the previous years.

Deferred income 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 income tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(v) Related parties

Related parties of the Bank include:

- Parent company or the credit institution considered as the parent company of the Bank;
- The Bank's subsidiaries;
- The party that has the same parent company or credit institution with the Bank;
- Managers or members of the Supervisory Board of the parent company or credit institution of the Bank;
- Individuals or organisations which have the authority to appoint managers or members of the Supervisory Board of the parent company of the Bank;
- Managers or members of the Supervisory Board of the Bank;
- Companies or organisations which have the authority to appoint managers, or members of the 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 managers or members of the Supervisory Board, capital contributors or shareholders who hold at least 5% of charter capital or share capital with voting rights of the Bank;
- Individuals or organisations 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, some Government agencies, including the Ministry of Finance and the State Bank of Vietnam are considered as related parties of the Bank.

(w) 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.

(x) Off-balance sheet items

(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 also are 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 cash settlement. 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 recognised under "Foreign exchange differences" in the equity and is recorded in the separate statement of income at the end of the annual accounting period.

Currency swap contracts are commitments to settle in cash at a future date based on differences between specified exchange rates, calculated on the notional principal amount. Swap contracts are subsequently revaluated at the end of the accounting period and the difference on revaluation is recognised under "Foreign exchange differences" in the equity section and is recorded in the separate statement of income at the end of the annual accounting period.

(ii) Interest swap contracts

Interest 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 recognised on the separate balance sheet. The difference of swap interest rates is recognised in the separate statement of income on an accrual basis.

(iii) Commitments and contingent liabilities

The Bank has credit commitments arising from its regular lending activities. These commitments are unutilised 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 (Note 2(g)).

(y) 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 recognised amounts and the Bank has an intention to settle on a net basis, or to realise 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;
- 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

Only for the disclosure purpose in the separate financial statements, the Bank classifies financial assets and financial liabilities in accordance with Circular No. 210/2009/TT-BTC dated 6 November 2009 issued by the Ministry of Finance (“Circular 210”).

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 amortised cost.

(b) Recognition

Financial assets and financial liabilities are recognised 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 recognises a financial asset or financial liability at the date when the contract is effective (trade date accounting).

(c) Derecognition

A financial asset is derecognised 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 derecognised 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 210, 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 42(b).

The preparation and presentation of the fair value of the financial instruments are only for the purpose of presenting in Note 42(b). The financial instruments of the Bank are still recognised and recorded in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting 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.

In case there is not enough information to utilise 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

	31/12/2017 VND million	31/12/2016 VND million
Cash on hand in VND	8,185,128	7,550,773
Cash on hand in foreign currencies	1,909,517	2,140,269
Valuable papers in foreign currencies	490	445
	10,095,135	9,691,487

5. Balances with the State Bank of Vietnam

	31/12/2017 VND million	31/12/2016 VND million
Demand deposits in VND	77,674,690	11,205,486
Demand deposits in USD	15,940,606	6,176,611
	93,615,296	17,382,097

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 which require compulsory reserve of the Bank multiplied by their respective CRR rates applicable to the Bank.

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

Type of deposits	31/12/2017	31/12/2016
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%

The actual interest rates at the year-end were as follows:

Type of deposits	31/12/2017	31/12/2016
Within compulsory reserve in VND	1.2%/year	1.2%/year
Within compulsory reserve in USD	0%/year	0%/year
Over compulsory reserve in VND	0%/year	0%/year
Over compulsory reserve in USD	0.05%/year	0.05%/year

6. Balances with and loans to other credit institutions

	31/12/2017 VND million	31/12/2016 VND million
Balances with other credit institutions		
Demand deposits in VND	778	2,083
Demand deposits in foreign currencies	44,923,772	32,928,350
Term deposits in VND	57,723,507	48,060,802
Term deposits in foreign currencies	55,567,817	21,549,055
	158,215,874	102,540,290
Loans to other credit institutions		
Loans in VND	73,442,839	49,702,307
Loans in foreign currencies	3,225,355	1,312,665
	76,668,194	51,014,972
	234,884,068	153,555,262

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

	31/12/2017 VND million	31/12/2016 VND million
Current debt	189,959,518	120,624,829

7. Trading securities

	31/12/2017 VND million	31/12/2016 VND million
Debt securities		
Government bonds	6,293,212	2,796,283
Bonds issued by other local credit institutions	2,267,809	453,522
	8,561,021	3,249,805

Trading securities by listing status were as follows:

	31/12/2017 VND million	31/12/2016 VND million
Debt securities		
Listed	8,561,021	3,249,805

8. Derivative financial instruments and other financial assets

	31/12/2017		31/12/2016	
	Contract value VND million	Book value VND million	Contract value VND million	Book value VND million
Currency derivatives				
Currency swap contracts	59,934,601	785,882	21,388,496	207,249
Forward contracts	6,863,062	46,472	2,314,850	23,409
	66,797,663	832,354	23,703,346	230,658

9. Loans to customers

	31/12/2017 VND million	31/12/2016 VND million (restated)
Loans to local economic entities and individuals	535,761,610	454,568,512
Discounted bills and valuable papers	3,109,627	2,569,000
Loans given to make payments on behalf of customers	432	277
	538,871,669	457,137,789

Loan portfolio by debt group was as follows:

	31/12/2017 VND million	31/12/2016 VND million (restated)
Current debt	527,929,102	442,854,037
Special mentioned debt	4,772,389	7,408,136
Sub-standard debt	684,223	1,359,507
Doubtful debt	3,583,828	1,346,677
Loss debt	1,902,127	4,169,432
	538,871,669	457,137,789

Loan portfolio by term was as follows:

	31/12/2017 VND million	31/12/2016 VND million (restated)
Short-term debt	302,380,966	259,279,420
Medium-term debt	53,493,187	51,213,800
Long-term debt	182,997,516	146,644,569
	538,871,669	457,137,789

Loan portfolio by type of borrowers was as follows:

	31/12/2017	31/12/2016
	VND million	VND million
		(restated)
State-owned enterprises	83,207,275	91,010,370
Limited companies	108,217,678	96,011,521
Foreign invested enterprises	38,032,148	30,451,483
Co-operative and private companies	5,245,068	7,452,950
Individuals	176,880,162	115,813,397
Others	127,289,338	116,398,068
	538,871,669	457,137,789

Loan portfolio by industry sectors was as follows:

	31/12/2017	31/12/2016
	VND million	VND million
		(restated)
Construction	31,830,003	24,900,269
Electricity, gas, water processing and supplying	26,547,170	28,618,100
Processing and manufacturing	145,538,258	139,144,433
Mining	16,275,547	18,433,775
Agriculture, forestry and aquaculture	11,291,317	12,737,662
Transportation, logistics and communication	22,440,387	26,326,817
Trading and services	118,498,977	117,594,006
Hospitality	9,438,419	8,459,066
Others	157,011,591	80,923,661
	538,871,669	457,137,789

10. Allowance for loans to customers

	31/12/2017 VND million	31/12/2016 VND million (restated)
General allowance	4,090,790	3,353,840
Specific allowance	3,959,211	4,675,852
	8,050,001	8,029,692

Movements in general allowance for loans to customers were as follows:

	2017 VND million	2016 VND million (restated)
Opening balance	3,353,840	2,688,909
Allowance made during the year (Note 33)	736,950	664,931
Closing balance	4,090,790	3,353,840

Movements in specific allowance for loans to customers were as follows:

	2017 VND million	2016 VND million (restated)
Opening balance	4,675,852	5,875,693
Allowance made during the year (Note 33)	5,490,641	2,971,546
Allowance utilised for writing-off bad debts	(6,207,924)	(4,173,895)
Foreign exchange difference	642	2,508
Closing balance	3,959,211	4,675,852

11. Investment securities

	31/12/2017 VND million	31/12/2016 VND million
Available-for-sale securities (a)	34,663,608	51,906,510
Held-to-maturity securities (b)	95,220,474	79,735,807
	129,884,082	131,642,317

(a) Available-for-sale securities

	31/12/2017 VND million	31/12/2016 VND million
Government bonds	25,153,866	39,127,435
Treasury bills and the SBV bills	2,000,000	-
Debt securities issued by other local credit institutions	7,426,242	12,496,325
Debt securities issued by local economic entities	100,000	300,000
	34,680,108	51,923,760
Allowance for available-for-sale securities (i)	(16,500)	(17,250)
Total available-for-sale securities	34,663,608	51,906,510

(i) Details of allowance for available-for-sale securities:

	31/12/2017 VND million	31/12/2016 VND million
General allowance for unlisted corporate bonds	16,500	17,250

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

	2017 VND million	2016 VND million
Opening balance	17,250	18,150
Allowance reversed during the year (Note 33)	(750)	(900)
Closing balance	16,500	17,250

(b) Held-to-maturity securities

	31/12/2017 VND million	31/12/2016 VND million
Government bonds	73,423,370	62,660,834
Debt securities issued by other local credit institutions	7,647,900	2,400,099
Debt securities issued by local economic entities	14,272,751	14,837,751
	95,344,021	79,898,684
Allowance for held-to-maturity securities (ii)	(123,547)	(162,877)
Total held-to-maturity securities	95,220,474	79,735,807

(ii) Details of allowance for held-to-maturity securities:

	31/12/2017 VND million	31/12/2016 VND million
General allowance for unlisted corporate bonds	123,547	113,536
Specific allowance for unlisted corporate bonds	-	49,341
	123,547	162,877

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

	2017 VND million	2016 VND million
Opening balance	113,536	74,466
Allowance made during the year (Note 33)	10,011	39,070
Closing balance	123,547	113,536

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

	2017 VND million	2016 VND million
Opening balance	49,341	-
Allowance (reversed)/made during the year	(49,341)	49,341
Closing balance	-	49,341

Classification of unlisted securities as assets with credit risk:

	31/12/2017 VND million	31/12/2016 VND million
Current debt	22,372,752	18,427,751
Special mentioned debt	-	1,010,000
	22,372,752	19,437,751

12. Long-term investments

(a) Investments in subsidiaries

As at 31 December 2017:

	Business sector	Ownership percentage (%)	Cost VND million
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 Money Inc.	Remittance	87.5%	204,978
Vietcombank Tower 198 Ltd.	Office leasing	70%	70,000
Vietcombank Remittance Company Limited	Receipt of remittance	100%	30,000
			1,621,880

As at 31 December 2016:

	Business sector	Ownership percentage (%)	Cost VND million
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 Money Inc.	Remittance	87.5%	204,978
Vietcombank Tower 198 Ltd.	Office leasing	70%	197,652
			1,719,532

(b) Investments in joint ventures

	Business sector	31/12/2017 and 31/12/2016	
		Ownership percentage (%)	Cost VND million
Vietcombank – Bonday – Ben Thanh Company Limited (i)	Office leasing	52%	410,365
Vietcombank Fund Management (i)	Investment fund management	51%	135,150
Vietcombank – Cardif Life Insurance Company Limited (ii)	Life insurance	45%	270,000
			815,515

- (i) The Bank owns 52% of the total contributed capital of Vietcombank – Bonday – Ben Thanh Company Limited and 51% of the total contributed capital of Vietcombank Fund Management. 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' contributed 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".
- (ii) The Bank owns 45% of the total contributed capital of Vietcombank – Cardif Life Insurance Company Limited. This company's charter requires a consensus among related parties on all important decisions on this company's operational and financial matters. Therefore, the investment in the company is classified into "Investment in joint-ventures" rather than "Investment in associates".

(c) Investments in associates

	Business sector	31/12/2017 and 31/12/2016	
		Ownership percentage (%)	Cost VND million
Vietcombank – Bonday Company Limited	Office leasing	16%	11,110

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".

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

As at 31 December 2017:

	Business sector	Ownership percentage (%)	Cost VND million
Vietnam Export – Import Commercial Joint Stock Bank	Banking	8.19%	582,065
Military Commercial Joint Stock Bank	Banking	6.97%	1,242,989
Orient Commercial Joint Stock Bank	Banking	3.97%	144,802
Small and Medium Enterprises Credit Guarantee Fund	Credit guarantee services	0.80%	1,864
Petrolimex Insurance Corporation	Insurance	8.03%	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
SWIFT, MASTER and VISA	Card and settlement services	-	2,936
			2,705,966

As at 31 December 2016:

	Business sector	Ownership percentage (%)	Cost 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 and Medium Enterprises Credit Guarantee Fund	Credit guarantee services	0.80%	1,864
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
Vietnam National Financial Switching JSC.	Card services	1.83%	4,400
Vietnam Airlines JSC.	Aviation	1.83%	499,602
SWIFT, MASTER and VISA	Card and settlement services	-	2,936
			2,829,418

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

	31/12/2017 VND million	31/12/2016 VND million
Allowance for long-term investments in subsidiaries	114,581	103,692
Allowance for long-term investments in joint ventures	-	2,842
Allowance for other long-term investments	25,139	14,348
	139,720	120,882

Movements in allowance for long-term investments were as follows:

	2017 VND million	2016 VND million
Opening balance	120,882	35,789
Allowance made during the year (Note 32)	18,838	85,093
Closing balance	139,720	120,882

13. Tangible fixed assets

Year ended 31 December 2017:

	Buildings and structures	Machinery and equipment	Motor vehicles and means of transmission	Others	Total
	VND million	VND million	VND million	VND million	VND million
Cost					
Opening balance (restated)	3,070,381	3,325,542	726,160	834,773	7,956,856
Additions	341,021	351,368	104,446	184,073	980,908
- Purchases	323,785	351,340	104,446	143,603	923,174
- Others	17,236	28	-	40,470	57,734
Decreases	(3,473)	(31,414)	(18,088)	(10,913)	(63,888)
- Disposals	(2,582)	(31,211)	(18,088)	(10,848)	(62,729)
- Others	(891)	(203)	-	(65)	(1,159)
Closing balance	3,407,929	3,645,496	812,518	1,007,933	8,873,876
Accumulated depreciation					
Opening balance (restated)	508,707	2,928,618	471,834	532,163	4,441,322
Additions	147,837	250,555	77,675	154,292	630,359
- Charges for the year	147,139	250,555	77,675	153,794	629,163
- Others	698	-	-	498	1,196
Decreases	(2,894)	(31,396)	(18,088)	(10,698)	(63,076)
- Disposals	(1,636)	(31,193)	(18,088)	(10,695)	(61,612)
- Others	(1,258)	(203)	-	(3)	(1,464)
Closing balance	653,650	3,147,777	531,421	675,757	5,008,605
Net book value					
Opening balance (restated)	2,561,674	396,924	254,326	302,610	3,515,534
Closing balance	2,754,279	497,719	281,097	332,176	3,865,271

Included in tangible fixed assets were assets costing VND3,581,874 million which were fully depreciated as of 31 December 2017, but still in use.

14. Intangible fixed assets

Year ended 31 December 2017:

	Land use rights VND million	Copyrights and patents VND million	Others VND million	Total VND million
Cost				
Opening balance (restated)	1,936,708	541,970	76,774	2,555,452
Purchases	35,801	48,493	-	84,294
Other decreases	(84,379)	-	-	(84,379)
Closing balance	1,888,130	590,463	76,774	2,555,367
Accumulated amortisation				
Opening balance (restated)	38,482	477,060	61,561	577,103
Charges for the year	8,311	29,122	-	37,433
Other decreases	(3,078)	-	-	(3,078)
Closing balance	43,715	506,182	61,561	611,458
Net book value				
Opening balance (restated)	1,898,226	64,910	15,213	1,978,349
Closing balance	1,844,415	84,281	15,213	1,943,909

Included in intangible fixed assets were assets costing VND537,131 million which were fully depreciated as of 31 December 2017, but still in use.

15. Other assets

(a) Receivables

	31/12/2017 VND million	31/12/2016 VND million (restated)
Internal receivables	942,850	862,333
External receivables (i)	3,330,683	1,652,779
	4,273,533	2,515,112

(i) External receivables

	31/12/2017 VND million	31/12/2016 VND million (restated)
Advances for purchase of fixed assets	436,817	109,277
Receivables from the State Budget in relation to the interest subsidy program	252,797	195,883
Income tax overpaid	134	67
Deductible value added tax	7,943	1,160
Advances for other taxes	2	2
Construction in progress (*)	428,340	403,880
Other receivables	2,204,650	942,510
	3,330,683	1,652,779

(*) Construction in progress

	31/12/2017 VND million	31/12/2016 VND million
Construction in progress	428,340	403,880
<i>In which, large constructions include:</i>	353,210	290,262
Nam Dinh Branch's office construction	133,500	-
Ninh Binh Branch's office construction	60,000	-
Hung Yen Branch's office construction	-	128,871
East Sai Gon Branch's office construction	58,321	45,323
Binh Thuan Branch's office construction	57,643	37,623
Tra Vinh Branch's office construction	22,906	12,014
Kon Tum Branch's office construction	20,785	1,327
Vung Tau Branch's office construction	55	30,112
Binh Duong Branch's office construction	-	14,170
Khanh Hoa Branch's office construction	-	11,072
Thai Binh Branch's office construction	-	9,750

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

	31/12/2017 VND million	31/12/2016 VND million (restated)
From loans to customers	2,331,248	1,828,155
From balances with and loans to other credit institutions	471,565	424,408
From investment securities	3,151,916	3,474,301
From derivative transactions	15,969	20,286
Fees receivable	1,723	4,446
	5,972,421	5,751,596

(c) **Other assets**

	31/12/2017 VND million	31/12/2016 VND million (restated)
Prepaid expenses for office and fixed assets rental	845,414	1,064,360
Materials	107,908	94,973
Advance for card payment	954,952	461,401
Advance for rental land	383,423	252,750
Other assets	257,852	242,406
	2,549,549	2,115,890

16. Amounts due to the Government and the SBV

	31/12/2017 VND million	31/12/2016 VND million
Borrowings from the SBV	4,158,664	4,630,802
Borrowings on the basis of credit profiles	3,400,693	3,903,811
Other borrowings	757,971	726,991
Demand deposits from the State Treasury	165,081,565	42,752,358
Deposits in VND	155,836,670	28,492,101
Deposits in foreign currencies	9,244,895	14,260,257
Deposits from the SBV	2,144,839	6,768,253
	171,385,068	54,151,413

17. Deposits and borrowings from other credit institutions

	31/12/2017 VND million	31/12/2016 VND million
Deposits from other credit institutions	56,087,787	53,491,202
Demand deposits in VND	12,301,250	3,248,971
Demand deposits in foreign currencies	39,890,862	38,427,322
Term deposits in VND	61,000	6,253,000
Term deposits in foreign currencies	3,834,675	5,561,909
Borrowings from other credit institutions	9,736,625	17,846,530
Borrowings in VND	2,000,000	3,000,000
Borrowings in foreign currencies	7,736,625	14,846,530
	65,824,412	71,337,732

18. Deposits from customers

	31/12/2017 VND million	31/12/2016 VND million
Demand deposits	201,035,736	159,642,318
Demand deposits in VND	149,826,891	120,440,367
Demand deposits in gold, foreign currencies	51,208,845	39,201,951
Term deposits	495,750,958	423,351,882
Term deposits in VND	418,070,492	353,302,007
Term deposits in gold, foreign currencies	77,680,466	70,049,875
Deposits for specific purposes	10,951,390	6,227,201
Margin deposits	1,010,494	1,689,335
	708,748,578	590,910,736

Deposits from customers by customer types were as follows:

	31/12/2017 VND million	31/12/2016 VND million
Economic entities	316,717,401	263,947,033
Individuals	392,031,177	326,963,703
	708,748,578	590,910,736

19. Funds for finance, entrusted investments and entrusted loans

	31/12/2017 VND million	31/12/2016 VND million
Funds for finance, entrusted investments and entrusted loans in gold and foreign currency	23,153	-

20. Valuable papers issued

	31/12/2017 VND million	31/12/2016 VND million
Certificates of deposits		
Short-term in foreign currencies	170	168
Medium-term in VND	325	324
Medium-term in foreign currencies	2,298	4,931
Bonds and bills		
Short-term in VND	47	47
Short-term in foreign currencies	30	103
Medium-term in VND	6,999,135	3,999,791
Medium-term in foreign currencies	12	12
Long-term in VND	11,000,000	6,000,000
	18,002,017	10,005,376

21. Other liabilities

(a) Accrued interest and fee payables

	31/12/2017 VND million	31/12/2016 VND million
For deposits from customers	7,859,978	6,074,253
For deposits and borrowings from other credit institutions	293,066	258,749
For valuable papers issued	268,081	49,768
For derivative transactions	34,403	64,016
For trusted investment	6,331	3,136
	8,461,859	6,449,922

(b) Other liabilities

	31/12/2017 VND million	31/12/2016 VND million (restated)
Internal payables (i)	2,740,119	1,966,159
External payables (ii)	4,010,522	2,896,577
Bonus and welfare funds	1,827,767	1,220,578
	8,578,408	6,083,314

(i) Internal payables

	31/12/2017 VND million	31/12/2016 VND million (restated)
Payables to employees	2,376,381	1,732,859
Other liabilities	363,738	233,300
	2,740,119	1,966,159

(ii) External payables

	31/12/2017 VND million	31/12/2016 VND million (restated)
Tax payables	460,064	235,893
- Corporate income tax payables	258,524	114,863
- Value added tax payables	37,094	36,219
- Other tax payables	164,446	84,811
Unearned interest income	36,021	32,966
Payables for construction and acquisition of fixed assets	357,244	128,468
Deposit in custody relating to pending payments	161,561	154,011
Other payables to customers	532,487	525,297
Other pending items in settlement	355,780	346,219
Other payables to the State relating to interest subsidy program	64,528	64,528
Borrowings from the Ministry of Finance	702,162	651,693
Other payables	1,340,675	757,502
	4,010,522	2,896,577

22. Capital and reserves

(a) Statement of changes in equity

	Charter capital	Supplementary charter capital reserve	Reserves	Total	Retained profits	Total
	VND million		VND million		Financial reserve	VND million
Balance as at 1/1/2017 (restated)	35,977,686	1,917,929	3,812,328	5,730,257	5,344,461	47,052,404
Net profit for the year	-	-	-	-	8,849,164	8,849,164
Reserves temporarily appropriated from profit for 2017	-	442,458	884,916	1,327,374	(1,327,374)	-
Bonus and welfare funds temporarily appropriated for 2017	-	-	-	-	(1,501,302)	(1,501,302)
Utilisation during the year	-	-	(8,803)	(8,803)	-	(8,803)
Adjustment for reserves appropriation for 2016 according to the Resolution of General Meeting of shareholders	-	2	4	6	(224,072)	(224,066)
Dividends paid during the year	-	-	-	-	(2,878,215)	(2,878,215)
Other movements	-	-	-	-	381	381
Balance as at 31/12/2017	35,977,686	2,360,389	4,688,445	7,048,834	8,263,043	51,289,563

(b) Details of shareholders of the Bank

	31/12/2017	31/12/2016
	VND million	VND million
Ordinary shares		
The Government of Vietnam	27,743,534	27,743,534
Foreign strategic shareholder (Mizuho Bank Ltd., Japan)	5,396,685	5,396,685
Other shareholders	2,837,467	2,837,467
	35,977,686	35,977,686

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

	31/12/2017		31/12/2016	
	Number of shares	VND million	Number of shares	VND million
Authorised share capital	3,597,768,575	35,977,686	3,597,768,575	35,977,686
Issued share capital				
Ordinary shares	3,597,768,575	35,977,686	3,597,768,575	35,977,686
Outstanding shares				
Ordinary shares	3,597,768,575	35,977,686	3,597,768,575	35,977,686

All ordinary shares of the Bank have a par value of VND10,000.

23. Dividends

In accordance with Resolution No. 10/TN2017/NQ-DHDCD dated 28 April 2017, the Bank's General Meeting of Shareholders decided to pay cash dividend for 2016 at 8% of par value, equivalent to VND2,878,215 million. The Bank paid these dividends to its shareholders on 16 October 2017 in accordance with Resolution No. 258/NQ-VCB-HDQT dated 5 September 2017 by the Board of Directors.

24. Interest and similar income

	2017 VND million	2016 VND million (restated)
Interest income from loans to customers	36,166,735	29,037,499
Interest income from deposits	1,916,701	1,463,471
Interest income from trading and investing in debt securities	7,144,146	6,529,250
- from investment securities	6,930,617	6,440,331
- from trading securities	213,529	88,919
Income from guarantee activities	390,347	313,407
Income from debts trading activities	-	8,000
Other income from credit activities	176,683	71,178
	45,794,612	37,422,805

25. Interest and similar expenses

	2017 VND million	2016 VND million
Interest expenses on deposits	22,395,874	17,967,478
Interest expenses on borrowings	704,240	835,387
Interest expenses on valuable papers issued	1,046,072	287,145
Other expenses on credit activities	30,584	55,701
	24,176,770	19,145,711

26. Net fee and commission income

	2017 VND million	2016 VND million
Fee and commission income from		
Settlement services	3,423,398	2,744,072
Cash services	243,295	215,643
Trusted and agency activities	1,026	3,072
Other services	1,448,209	1,185,944
	5,115,928	4,148,731
Fee and commission expenses for		
Settlement services	(2,190,939)	(1,694,872)
Cash services	(59,688)	(58,074)
Telecommunication services	(94,812)	(88,295)
Trusted and agency activities	(435)	(442)
Other services	(414,608)	(315,287)
	(2,760,482)	(2,156,970)
	2,355,446	1,991,761

27. Net gain from trading of foreign currencies

	2017 VND million	2016 VND million
Gains from trading of foreign currencies		
From foreign currencies spot trading	3,032,158	2,657,370
From currency derivatives	333,649	304,878
From foreign exchange rate differences	81	1,868
From revaluation of derivative contracts	86,975	4,929
	3,452,863	2,969,045
Losses from trading of foreign currencies		
From foreign currencies spot trading	(681,035)	(444,741)
From currency derivatives	(573,197)	(457,343)
From foreign exchange rate differences	(37,286)	(198,511)
From revaluation of derivative contracts	(120,743)	(19,037)
	(1,412,261)	(1,119,632)
	2,040,602	1,849,413

28. Net gain from trading securities

	2017 VND million	2016 VND million
Income from trading securities	516,187	513,454
Expenses for trading securities	(44,958)	(51,563)
	<u>471,229</u>	<u>461,891</u>

29. Net loss from investment securities

	2017 VND million	2016 VND million
Income from trading investment securities	338	52,590
Expenses on trading investment securities	(20,080)	(142,006)
	<u>(19,742)</u>	<u>(89,416)</u>

30. Net other income

	2017 VND million	2016 VND million (restated)
Other income		
Income from recoveries of loans previously written off	2,180,252	2,121,384
Income from debts trading activities	-	57,110
Other income	166,826	108,491
	<u>2,347,078</u>	<u>2,286,985</u>
Other expenses		
Expenses from interest rate swap transactions	(85,028)	(132,417)
Expenses from debts trading activities	-	(2,026)
Expenses for social activities	(106,832)	(216,968)
Other expenses	(64,435)	(19,150)
	<u>(256,295)</u>	<u>(370,561)</u>
	<u>2,090,783</u>	<u>1,916,424</u>

31. Income from capital contribution and equity investments

	2017 VND million	2016 VND million
Dividends received from equity investments (Note 34)	160,662	111,656
Income from disposals of equity investments	142,236	-
	302,898	111,656

32. Operating expenses

	2017 VND million	2016 VND million (restated)
Tax, duties and fees	226,557	210,119
Salaries and related expenses	6,550,579	5,216,406
<i>Of which:</i>		
- <i>Salary and allowances (Note 36)</i>	6,114,670	4,825,715
- <i>Additional expenses based on salary</i>	303,099	273,258
- <i>Other allowances</i>	1,397	827
Expenses on assets	2,122,592	2,033,152
<i>Of which:</i>		
- <i>Depreciation of fixed assets</i>	666,596	678,075
Administrative expenses	2,286,802	1,978,283
Insurance expenses on deposits of customers	444,889	355,746
Allowance expenses for long-term investments (Note 12(e))	18,838	85,093
Other expenses	-	(2,027)
	11,650,257	9,876,772

33. Allowance for credit losses

	2017 VND million	2016 VND million (restated)
General allowance for loans to customers		
Allowance made for the year (Note 10)	736,950	664,931
Specific allowance for loans to customers		
Allowance made for the year (Note 10)	5,490,641	2,971,546
General allowance for unlisted corporate bonds		
Allowance made for the year (Note 11)	9,261	38,170
Specific allowance for unlisted corporate bonds		
Allowance (reversed)/made for the year	(49,341)	2,675,350
	6,187,511	6,349,997

34. Corporate income tax

(a) Reconciliation of effective tax rate

	2017 VND million	2016 VND million (restated)
Profit before tax	11,021,290	8,292,054
<i>Adjustments:</i>		
Dividend received during the year (Note 31)	(160,662)	(111,656)
Taxable income	10,860,628	8,180,398
Statutory corporate income tax rate	20%	20%
Corporate income tax expenses for the year	2,172,126	1,636,079

(b) Applicable tax rates

The Bank has an obligation to pay the Government income tax at the rate of 20% of taxable profits. Corporate income tax computation is subject to review and approval by local tax authorities.

35. Cash and cash equivalents

	31/12/2017 VND million	31/12/2016 VND million (restated)
Cash on hand, gold, silver and gemstones	10,095,135	9,691,487
Balances with the State Bank of Vietnam	93,615,296	17,382,097
Balances with and loans to other credit institutions with original term not exceeding 3 months	201,726,433	129,346,661
Securities recoverable or due within three months from the acquisition date	2,000,000	-
	<u>307,436,864</u>	<u>156,420,245</u>

36. Employees' benefits

	2017	2016 (restated)
Total number of employees (person)	<u>15,766</u>	<u>15,164</u>
Employees' income		
Total salary and allowance (VND million) (Note 32)	<u>6,114,670</u>	<u>4,825,715</u>
Monthly average income/person (VND million)	<u>32.32</u>	<u>26.52</u>

37. Obligations to the State Budget

	Balance as at 1/1/2017 VND million (restated)	Occurrence during the year		Balance as at 31/12/2017		
		Incurred VND million	Paid VND million	Payable VND million	Advances VND million	Total VND million
Value added tax	35,059	368,780	(374,688)	37,094	(7,943)	29,151
Corporate income tax	114,796	2,172,137	(2,028,543)	258,524	(134)	258,390
<i>In which:</i>						
- Corporate income tax of the Bank	114,863	2,172,126	(2,028,465)	258,524	-	258,524
- Adjustments on tax of previous years	(11)	11	(78)	-	(78)	(78)
- Vinafico's tax obligation in 2008	(56)	-	-	-	(56)	(56)
Other taxes	84,809	831,073	(751,438)	164,446	(2)	164,444
Closing balance	234,664	3,371,990	(3,154,669)	460,064	(8,079)	451,985

38. Assets and valuable papers for pledging, mortgaging and discount, re-discount

Assets and valuable papers received for pledging, mortgaging and discount, re-discount

	31/12/2017 VND million	31/12/2016 VND million
Deposits	68,674,401	53,666,664
Valuable papers	108,914,574	71,392,260
Real estate	453,798,437	339,931,848
Other collaterals	208,494,777	389,638,755
	839,882,189	854,629,527

39. 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 recognised 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 recognises 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 fulfil 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.

40. Significant transactions and balances with related parties

(a) Significant transactions with related parties

	Relationship	2017 VND million Income/(expense)	2016 VND million Income/(expense)
The State Bank of Vietnam	Representative of owner		
Interest income from deposits		134,601	124,475
Interest expenses on deposits and borrowings		(173,156)	(160,765)
The Ministry of Finance	Related party of owner		
Interest expenses on deposits		(565,023)	(204,319)
Interest expenses on borrowings		(28,991)	(26,959)
Vietcombank Financial Leasing Company Limited	Subsidiary		
Interest income from borrowings		102,180	86,969
Interest expenses on deposits		(5,894)	(1,921)
Income from fee and commission		2,179	1,592
Vietcombank Securities Company Limited	Subsidiary		
Interest expenses on deposits		(113)	(237)
Fee and commission expenses		(3,474)	(2,306)
Vietcombank Tower 198 Ltd.	Subsidiary		
Interest expenses on deposits		(29,726)	(22,623)
Office rental expenses		(88,190)	(87,437)
Dividend received from VCBT		43,696	95,015
Vietnam Finance Company Limited	Subsidiary		
Interest income from deposits		12,603	5,358

Remuneration for the Board of Directors and the Supervisory Board did not exceed 0.35% profit after tax for the year ended 31 December 2017 according to Resolution No. 10/TN2017/NQ-DHDCD dated 28 April 2017 of General Meeting of Shareholders.

Remuneration for the Board of Management complied with Salary Regulation of the Bank.

(b) Significant balances with related parties

	Relationship	31/12/2017 VND million	31/12/2016 VND million
		Receivable/(payable)	
The State Bank of Vietnam	Representative of owner		
Deposits at the SBV		93,615,296	17,382,097
Deposits and borrowings from the SBV		(6,303,503)	(11,399,055)
The Ministry of Finance (“the MoF”)	Related party of owner		
Deposits at the Bank		(165,081,565)	(42,752,358)
Borrowings from the MoF		(702,162)	(651,693)
Mizuho Bank Ltd., Japan	Strategic shareholder		
Deposits at Mizuho Bank Ltd.		5,994,987	625,946
Deposits from Mizuho Bank Ltd.		(3,190,241)	(2,287,708)
Loan to Mizuho Bank Ltd.		448,500	-
Vietcombank Financial Leasing Company Limited	Subsidiary		
Loans to VCBL		2,887,769	2,326,645
Deposits from VCBL		(283,897)	(208,972)
Vietcombank Securities Company Limited	Subsidiary		
Deposits from VCBS		(25,956)	(12,625)
Capital increase bonds issued by Vietcombank		(139,613)	-
Vietcombank Tower 198 Ltd.	Subsidiary		
Deposits from VCBT		(293,206)	(544,797)
Office rental fee paid in advance		146,682	234,670
Vietnam Finance Company Limited	Subsidiary		
Deposits with Vinafico		2,541,012	2,260,374
Vietcombank Money Inc.	Subsidiary		
Deposits from VCBM		(12)	(81)
Vietcombank Remittance Company Limited	Subsidiary		
Deposits at the Bank		(28,942)	-
Vietcombank Fund Management	Joint-venture		
Trusted investment - bonds		1,000,000	1,000,000

41. Segment reporting

Year ended 31 December 2017:		The North (*)	The Middle and Central Highland	The South	Elimination	Total
		VND million	VND million	VND million	VND million	VND million
1	Interest and similar income	64,786,371	11,444,290	31,155,777	(61,591,826)	45,794,612
2	Interest and similar expenses	(55,539,813)	(8,274,306)	(21,954,477)	61,591,826	(24,176,770)
I	Net interest income	9,246,558	3,169,984	9,201,300	-	21,617,842
3	Fee and commission income	2,675,295	491,677	1,950,460	(1,504)	5,115,928
4	Fee and commission expenses	(2,663,333)	(21,157)	(77,496)	1,504	(2,760,482)
II	Net fee and commission income	11,962	470,520	1,872,964	-	2,355,446
III	Net gain from trading of foreign currencies	1,541,396	74,641	424,565	-	2,040,602
IV	Net gain from trading securities	471,229	-	-	-	471,229
V	Net loss from investment securities	(19,742)	-	-	-	(19,742)
5	Other income	911,563	304,469	1,131,046	-	2,347,078
6	Other expenses	(200,273)	(24,889)	(31,133)	-	(256,295)
VI	Net other income	711,290	279,580	1,099,913	-	2,090,783
VII	Income from capital contribution and equity investments	302,898	-	-	-	302,898
	Total operating income	12,265,591	3,994,725	12,598,742	-	28,859,058
VIII	Total operating expenses	(7,620,233)	(1,091,651)	(2,938,373)	-	(11,650,257)
IX	Net profit before allowances for credit losses	4,645,358	2,903,074	9,660,369	-	17,208,801
X	Allowances for credit losses	(1,551,795)	(760,192)	(3,875,524)	-	(6,187,511)
XI	Profit before tax	3,093,563	2,142,882	5,784,845	-	11,021,290
7	Current corporate income tax expenses	(586,581)	(428,576)	(1,156,969)	-	(2,172,126)
XII	Corporate income tax expenses	(586,581)	(428,576)	(1,156,969)	-	(2,172,126)
XIII	Profit after tax	2,506,982	1,714,306	4,627,876	-	8,849,164

(*) As at 31 December 2017, the Head Office, located in the North, incurred some operating expenses for the whole system which were not allocated to other components within the Bank.

The main business activity of the Bank is within the finance/banking services.

42. Disclosure of financial instruments

(a) Collateral disclosure

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 210 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 2017:

42 Disclosure of financial instruments (continued)

(b) Fair value disclosures (continued)

		Carrying amount - gross				Recognised	Total of	Fair value
		Held for trading	Held to maturity	Loans and receivables	Available for sale	at amortised cost	book value	
		VND million	VND million	VND million	VND million	VND million	VND million	VND million
Financial assets								
I	Cash on hand, gold, silver and gemstones	-	-	10,095,135	-	-	10,095,135	10,095,135
II	Balances with the State Bank of Vietnam	-	-	93,615,296	-	-	93,615,296	93,615,296
III	Balances with and loans to other credit institutions	-	-	234,884,068	-	-	234,884,068	(*)
IV	Trading securities	8,561,021	-	-	-	-	8,561,021	(*)
V	Derivative financial instruments and other financial assets	832,354	-	-	-	-	832,354	(*)
VI	Loans to customers	-	-	538,871,669	-	-	538,871,669	(*)
VIII	Investment securities	-	95,344,021	-	34,680,108	-	130,024,129	(*)
IX	Long-term investments	-	-	-	2,705,966	-	2,705,966	(*)
XII	Other financial assets	-	-	10,331,199	-	-	10,331,199	(*)
		9,393,375	95,344,021	887,797,367	37,386,074	-	1,029,920,837	
Financial liabilities								
I	Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	-	-	-	-	237,209,480	237,209,480	(*)
II	Deposits from customers	-	-	-	-	708,748,578	708,748,578	(*)
IV	Funds for finance, entrusted investments and entrusted loans	-	-	-	-	23,153	23,153	(*)
V	Valuable papers issued	-	-	-	-	18,002,017	18,002,017	(*)
VI	Other financial liabilities	-	-	-	-	9,576,215	9,576,215	(*)
		-	-	-	-	973,559,443	973,559,443	

(*) Due to insufficient information for valuation techniques, fair value of these financial assets and liabilities without an active market is not reliably estimated, and therefore is not disclosed.

42 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 those 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 organisational 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 maximise profit while minimising 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 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 (Note 2(g)), 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 decentralised authorisation in credit activities.

42 Disclosure of financial instruments (continued)

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

(i) *Credit risks (continued)*

The Bank's maximum exposure amounts to credit risk as at 31 December 2017, excluding collaterals and credit risk mitigations as follows:

	Neither past due nor impaired VND million	Past due but not impaired VND million	Impaired and allowance made VND million	Total VND million
Balances with the SBV	93,615,296	-	-	93,615,296
Balances with and loans to other credit institutions – gross	234,884,068	-	-	234,884,068
Balances with other credit institutions	158,215,874	-	-	158,215,874
Loans to other credit institutions	76,668,194	-	-	76,668,194
Trading securities	8,561,021	-	-	8,561,021
Loans to customers – gross	526,010,313	1,918,788	10,942,568	538,871,669
Investment securities – gross	130,024,129	-	-	130,024,129
Available-for-sale investment securities	34,680,108	-	-	34,680,108
Held-to-maturity investment securities	95,344,021	-	-	95,344,021
Other assets	10,331,199	-	-	10,331,199
	1,003,426,026	1,918,788	10,942,568	1,016,287,382

Types and book value of collaterals held by the Bank as at the reporting date are described in Note 38.

42 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 end of the accounting period 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 re-pricing term of asset and liabilities items 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 free of interest items;
- Trading securities are classified as “Up to 1 month” items;
- The actual interest re-pricing terms of investment securities are subject to issuers’ terms and conditions on interest rate of issuing institution for each security type;
- 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, deposits from customers and other liabilities 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 end of the accounting period;
 - Items with floating interest rate: the actual interest re-pricing term is based on the nearest re-pricing term subsequent to the end of the accounting period.
- 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 following table presents the interest rate re-pricing terms of the Bank’s assets and liabilities as at 31 December 2017:

42 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 over 3 months to 6 months	From over 6 months to 12 months	From over 1 year 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
Assets									
I	Cash on hand, gold, silver and gemstones	-	10,095,135	-	-	-	-	-	10,095,135
II	Balances with the State Bank of Vietnam	-	-	93,615,296	-	-	-	-	93,615,296
III	Balances with and loans to other credit institutions – gross	-	-	196,383,002	24,191,210	3,455,884	1,166,465	9,687,507	234,884,068
IV	Trading securities – gross	-	-	8,561,021	-	-	-	-	8,561,021
V	Derivative financial instruments and other financial assets	-	-	-	832,354	-	-	-	832,354
VI	Loans to customers – gross	4,556,890	-	134,363,659	189,561,687	133,206,635	50,742,801	25,880,118	538,871,669
VII	Investment securities – gross	-	-	2,865,431	3,754,383	7,413,312	7,361,237	76,189,267	130,024,129
VIII	Other long-term investments – gross	-	5,154,471	-	-	-	-	-	5,154,471
IX	Fixed assets	-	5,809,180	-	-	-	-	-	5,809,180
X	Other assets – gross	-	12,795,503	-	-	-	-	-	12,795,503
	Total assets	4,556,890	33,854,289	435,788,409	218,339,634	144,075,831	59,270,503	111,756,892	1,040,642,826
Liabilities									
I	Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	-	-	224,453,932	8,748,458	2,708,327	1,298,763	-	237,209,480
II	Deposits from customers	-	-	392,700,017	116,796,948	104,488,435	90,548,366	4,214,812	708,748,578
IV	Funds for finance, entrusted investments and entrusted loans	-	-	153	-	-	1,640	21,360	23,153
V	Valuable papers issued	-	-	2,017	-	-	3,360,000	13,900,000	18,002,017
VI	Other liabilities	-	17,040,267	-	-	-	-	-	17,040,267
	Total liabilities	-	17,040,267	617,156,119	125,545,406	107,196,762	95,207,129	18,116,452	981,023,495
	Interest sensitivity gap – on balance sheet	4,556,890	16,814,022	(181,367,710)	92,794,228	36,879,069	(35,936,626)	93,640,440	59,619,331

42 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 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 followings are the major exchange rates applied by the Bank at the reporting date:

	Exchange rate as at	
	31/12/2017	31/12/2016
USD/VND	22,425	22,159
EUR/VND	26,696	23,573

The following table presents the Bank's assets and liabilities denominated in foreign currencies that were translated into VND as at 31 December 2017:

42 Disclosure of financial instruments (continued)

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

(iii) Currency risk (continued)

	VND	USD	EUR	Other	Total	
	VND million	VND million	VND million	currencies VND million	VND million	
Assets						
I	Cash on hand, gold, silver and gemstones	8,185,128	1,345,517	281,095	283,395	10,095,135
II	Balances with the State Bank of Vietnam	77,674,690	15,940,606	-	-	93,615,296
III	Balances with and loans to other credit institutions – gross	131,167,124	76,011,785	21,827,430	5,877,729	234,884,068
IV	Trading securities – gross	8,561,021	-	-	-	8,561,021
V	Derivative financial instruments and other financial assets	61,595,944	(60,522,893)	(171,207)	(69,490)	832,354
VI	Loans to customers – gross	452,835,783	84,734,916	141,579	1,159,391	538,871,669
VII	Investment securities – gross	73,961,629	56,062,500	-	-	130,024,129
VIII	Long-term investments – gross	5,154,471	-	-	-	5,154,471
IX	Fixed assets	5,809,180	-	-	-	5,809,180
X	Other assets – gross	10,923,302	1,781,388	50,640	40,173	12,795,503
Total assets		835,868,272	175,353,819	22,129,537	7,291,198	1,040,642,826
Liabilities						
I	Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	174,357,585	40,611,363	17,597,016	4,643,516	237,209,480
II	Deposits from customers	573,184,215	128,600,960	4,382,048	2,581,355	708,748,578
IV	Funds for finance, entrusted investments and entrusted loans	23,153	-	-	-	23,153
V	Valuable papers issued	17,999,508	2,509	-	-	18,002,017
VI	Other liabilities	14,966,758	2,021,213	26,742	25,554	17,040,267
Total liabilities		780,531,219	171,236,045	22,005,806	7,250,425	981,023,495
FX position on balance sheet		55,337,053	4,117,774	123,731	40,773	59,619,331

42 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 represents the remaining terms of these assets and liabilities from the reporting date to the maturity date according to the underlying contractual agreements or term 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 trading securities is considered as below one month because they are held in the short term for profit taking due to price differences;
- The maturity of investment securities is based on maturity 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 five years as equity investments have no stated maturity; and
- Deposits and borrowings from other credit institutions, deposits from customers; funds for finance, entrusted investments and entrusted loans and valuable papers issued are determined based on either the nature of the loans, deposits and valuable papers issued or their contractual maturities. For example, current accounts of other credit institutions at the Bank and current accounts of the Bank at other credit institutions 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 2017:

42 Disclosure of financial instruments (continued)

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

(iv) Liquidity risk (continued)

	Overdue		Not overdue					Total	
	Over 3 months	Up to 3 months	Up to 1 month	From over 1 month to 3 months	From over 3 months to 12 month	From over 1 year to 5 years	Over 5 years		
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	
Assets									
I	Cash on hand, gold, silver and gemstones	-	-	10,095,135	-	-	-	-	10,095,135
II	Balances with the State Bank of Vietnam	-	-	93,615,296	-	-	-	-	93,615,296
III	Balances with and loans to other credit institutions – gross	-	-	196,072,082	24,134,184	2,680,525	11,997,277	-	234,884,068
IV	Trading securities – gross	-	-	8,561,021	-	-	-	-	8,561,021
V	Derivative financial instruments and other financial assets	-	-	-	832,354	-	-	-	832,354
VI	Loans to customers – gross	2,667,803	1,889,087	44,359,205	119,742,236	165,270,870	107,153,330	97,789,138	538,871,669
VII	Investment securities – gross	-	-	2,573,430	988,383	8,875,820	81,200,997	36,385,499	130,024,129
VIII	Long-term investments – gross	-	-	-	-	-	-	5,154,471	5,154,471
IX	Fixed assets	-	-	-	-	-	-	5,809,180	5,809,180
X	Other assets – gross	-	-	-	12,795,503	-	-	-	12,795,503
	Total assets	2,667,803	1,889,087	355,276,169	158,492,660	176,827,215	200,351,604	145,138,288	1,040,642,826
Liabilities									
I	Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	-	-	223,696,576	8,751,684	4,031,038	564,886	165,296	237,209,480
II	Deposits from customers	-	-	204,828,557	124,410,930	210,502,337	33,274,700	135,732,054	708,748,578
IV	Funds for finance, entrusted investments and entrusted loans	-	-	153	-	-	1,640	21,360	23,153
V	Valuable papers issued	-	-	2,017	-	-	7,000,000	11,000,000	18,002,017
VI	Other liabilities	-	-	-	17,040,267	-	-	-	17,040,267
	Total liabilities	-	-	428,527,303	150,202,881	214,533,375	40,841,226	146,918,710	981,023,495
	Net liquidity gap	2,667,803	1,889,087	(73,251,134)	8,289,779	(37,706,160)	159,510,378	(1,780,422)	59,619,331

43. Corresponding figures

(a) Restatement by the State Audit of Vietnam

The opening balances in the separate balance sheet and separate statement of income were restated according to the report of the State Audit of Vietnam as follows:

(i) Impact on total assets

	31/12/2016 VND million (restated)	31/12/2016 VND million (as previously reported)	Difference VND million
Loans to customers	449,108,097	449,070,726	37,371
Loans to customers	457,137,789	457,137,817	(28)
Allowance for loans to customers	(8,029,692)	(8,067,091)	37,399
Fixed assets	5,493,883	5,403,628	90,255
Tangible fixed assets	3,515,534	3,506,580	8,954
Cost	7,956,856	7,946,645	10,211
Accumulated depreciation	(4,441,322)	(4,440,065)	(1,257)
Intangible fixed assets	1,978,349	1,897,048	81,301
Cost	2,555,452	2,471,073	84,379
Accumulated amortisation	(577,103)	(574,025)	(3,078)
Other assets	10,382,598	10,482,028	(99,430)
Receivables	2,515,112	2,507,696	7,416
Accrued interest and fee receivables	5,751,596	5,746,557	5,039
Other assets	2,115,890	2,227,775	(111,885)
Total impact			28,196

(ii) Impact on total liabilities and shareholders' equity:

	31/12/2016 VND million (restated)	31/12/2016 VND million (as previously reported)	Difference VND million
Other liabilities	12,533,236	12,549,086	(15,850)
Accrued interest and fee payables	6,449,922	6,449,922	-
Other liabilities	6,083,314	6,099,164	(15,850)
Retained profits	5,344,461	5,300,415	44,046
Previous year's retained profits	870,659	870,659	-
Current year's retained profits	4,473,802	4,429,756	44,046
Total impact			28,196

(iii) Impact on off-balance sheet commitments:

	31/12/2016 VND million (restated)	31/12/2016 VND million (as previously reported)	Difference VND million
Letters of credit	43,914,997	44,755,947	(840,950)
Other guarantees	36,670,024	36,683,048	(13,024)

(iv) Impact on separate statement of income:

	31/12/2016 VND million (restated)	31/12/2016 VND million (as previously reported)	Difference VND million
Interest and similar income	37,422,805	37,417,766	5,039
Net interest income	18,277,094	18,272,055	5,039
Other income	2,286,985	2,285,797	1,188
Net other income	1,916,424	1,915,236	1,188
Operating expenses	(9,876,772)	(9,888,203)	11,431
Net operating profit before allowance for credit losses	14,642,051	14,624,393	17,658
Allowance for credit losses	(6,349,997)	(6,387,396)	37,399
PROFIT BEFORE TAX	8,292,054	8,236,997	55,057
Current corporate income tax expenses	(1,636,079)	(1,625,068)	(11,011)
Corporate income tax expenses	(1,636,079)	(1,625,068)	(11,011)
PROFIT AFTER TAX	6,655,975	6,611,929	44,046

(b) **Restatement of opening balances of statement of cash flows**

In accordance with Circular No. 49/2014/TT-NHNN dated 31 December 2014 on the financial reporting system applicable to credit institutions, the Bank has restated the amounts of the items with original term exceeding 3 months but remaining term less than 3 months from 31 December 2016 and excluded them from cash and cash equivalents as at 31 December 2016 for the purpose of restating the statement of cash flows. A comparison of the amounts previously reported and as restated is as follows:

	31/12/2016 VND million (restated)	31/12/2016 VND million (as previously reported)	Difference VND million
Balances with and loans to other credit institutions	(11,955,172)	571,521	(12,526,693)
Trading securities	(31,284,999)	(22,509,208)	(8,775,791)
Net cash flows from operating activities	(2,520,207)	18,782,277	(21,302,484)
Net cash flows during the year	(6,320,234)	14,982,250	(21,302,484)
Cash and cash equivalents at the end of the year	156,420,245	177,722,729	(21,302,484)

44. Disclosure on changes in profit

The increase in net profit after tax of the Bank for the year ended 31 December 2017 by VND2,193 billion (equivalent to 32.95%), compared to the year ended 31 December 2016 was mainly due to the increase of profit before tax amounting to approximately VND2,729 billion (equivalent to 32.91%) which resulted from the significant changes in the following items:

	Amount VND billion	Impact Percentage on profit before tax %
Items with significant movements		
Increase in fee and commission income	967	11.66%
Increase in income from disposals of equity investments	142	1.71%
Increase in interest income from deposits	453	5.46%
Increase in interest income from trading and investing in debt securities	615	7.42%
Increase in net other income	174	2.10%
Decrease in allowance for credit losses	162	1.95%
	2,513	30.30%

45. Events after the separate financial statements date

As at the issuing date of the separate financial statements, there are no significant events occurring subsequent to 31 December 2017 that may significantly affect the separate financial position of the Bank and require adjustments or disclosures to be made in the separate financial statements as at 31 December 2017 and for the year then ended.

46. Approval of the separate financial statements

The separate financial statements were approved by the Board of Management of the Bank on 30 March 2018.

Hanoi, 30 March 2018

Prepared by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Prepared by:

Ms. Phung Nguyen Hai Yen


*Deputy Director of
Accounting Policy Department*


Chief Accountant


Deputy CEO

