



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

Consolidated Financial Statements  
for the year ended 31 December 2017



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

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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 consolidated 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 consolidated 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 consolidated 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**

*(According to Letter of Authorisation No. 01/UQ-VCB-CSTCKT dated 8 January 2018)*

Since 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 consolidated financial statements of the Bank and its subsidiaries for year ended 31 December 2017.

### **The Board of Management's responsibility in respect of the consolidated financial statements**

The Board of Management is responsible for the consolidated financial statements which give a true and fair view of the consolidated financial position of the Bank and its subsidiaries, and of their consolidated results of operations and consolidated cash flows for the year. In preparing the consolidated 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 consolidated financial statements; and
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Bank and its subsidiaries 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 its subsidiaries 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 its subsidiaries 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 consolidated financial statements.

### **Statement by the Board of Management**

The Board of Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2017, and of their consolidated results of operations and consolidated 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  
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E6 Pham Hung Road, Me Tri Ward  
South Tu Liem District, Hanoi, Vietnam  
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## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying consolidated financial statements of Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank") and its subsidiaries, which comprise the consolidated balance sheet as at 31 December 2017, the consolidated statement of income and the consolidated 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 80.

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

The Bank's Board of Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2017 and of their consolidated results of operations and their consolidated 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 consolidated financial statements of the Bank and its subsidiaries 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.: 16-02-571/4



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**  
**Consolidated balance sheet as at 31 December 2017**

**Form B02/TCTD-HN**  
*(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)
<b>A</b>	<b>ASSETS</b>			
<b>I</b>	<b>Cash on hand, gold, silver and gemstones</b>	<b>4</b>	<b>10,102,861</b>	<b>9,692,053</b>
<b>II</b>	<b>Balances with the State Bank of Vietnam</b>	<b>5</b>	<b>93,615,618</b>	<b>17,382,418</b>
<b>III</b>	<b>Balances with and loans to other credit institutions</b>	<b>6</b>	<b>232,973,403</b>	<b>151,845,570</b>
1	Balances with other credit institutions		159,043,345	103,236,053
2	Loans to other credit institutions		73,930,058	48,609,517
<b>IV</b>	<b>Trading securities</b>	<b>7</b>	<b>9,669,033</b>	<b>4,233,529</b>
1	Trading securities		9,750,244	4,271,362
2	Allowance for trading securities		(81,211)	(37,833)
<b>V</b>	<b>Derivative financial instruments and other financial assets</b>	<b>8</b>	<b>832,354</b>	<b>230,658</b>
<b>VI</b>	<b>Loans to customers</b>		<b>535,321,404</b>	<b>452,721,687</b>
1	Loans to customers	9	543,434,460	460,808,440
2	Allowance for loans to customers	10	(8,113,056)	(8,086,753)
<b>VIII</b>	<b>Investment securities</b>	<b>11</b>	<b>129,952,272</b>	<b>131,771,107</b>
1	Available-for-sale securities		34,688,298	51,931,950
2	Held-to-maturity securities		95,404,021	80,019,284
3	Allowance for investment securities		(140,047)	(180,127)
<b>IX</b>	<b>Long-term investments</b>		<b>3,552,828</b>	<b>3,627,814</b>
2	Investments in joint-ventures	12(a)	861,567	803,098
3	Investments in associates	12(b)	10,434	9,645
4	Other long-term investments	12(c)	2,705,966	2,829,418
5	Allowance for long-term investments		(25,139)	(14,347)
<b>X</b>	<b>Fixed assets</b>		<b>6,162,361</b>	<b>5,729,637</b>
1	Tangible fixed assets	13	4,198,053	3,726,000
a	Cost		9,701,927	8,632,207
b	Accumulated depreciation		(5,503,874)	(4,906,207)
3	Intangible fixed assets	14	1,964,308	2,003,637
a	Cost		2,606,775	2,603,156
b	Accumulated amortisation		(642,467)	(599,519)
<b>XII</b>	<b>Other assets</b>		<b>13,111,149</b>	<b>10,700,615</b>
1	Receivables	15(a)	4,505,735	2,958,093
2	Accrued interest and fee receivables	15(b)	6,025,653	5,791,137
3	Deferred income tax assets		5,548	1,943
4	Other assets	15(c)	2,576,228	1,950,379
5	Allowance for other assets		(2,015)	(937)
	<b>TOTAL ASSETS</b>		<b>1,035,293,283</b>	<b>787,935,088</b>

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



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

**Form B02/TCTD-HN**  
*(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)
<b>B</b>	<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>I</b>	<b>Amounts due to the Government and the SBV</b>	<b>16</b>	<b>171,385,068</b>	<b>54,151,413</b>
<b>II</b>	<b>Deposits and borrowings from other credit institutions</b>	<b>17</b>	<b>66,942,203</b>	<b>72,238,405</b>
1	Deposits from other credit institutions		55,803,878	53,282,230
2	Borrowings from other credit institutions		11,138,325	18,956,175
<b>III</b>	<b>Deposits from customers</b>	<b>18</b>	<b>708,519,717</b>	<b>590,451,344</b>
<b>V</b>	<b>Funds for finance, entrusted investments and entrusted loans</b>	<b>19</b>	<b>23,153</b>	<b>-</b>
<b>VI</b>	<b>Valuable papers issued</b>	<b>20</b>	<b>18,214,504</b>	<b>10,286,376</b>
<b>VII</b>	<b>Other liabilities</b>		<b>17,650,679</b>	<b>12,661,994</b>
1	Accrued interest and fee payables	21(a)	8,467,337	6,454,174
2	Deferred income tax liabilities		20,052	18,461
3	Other liabilities	21(b)	9,163,290	6,189,359
	<b>TOTAL LIABILITIES</b>		<b>982,735,324</b>	<b>739,789,532</b>
<b>VIII</b>	<b>Shareholders' equity</b>			
1	Capital		36,321,931	36,022,846
a	Charter capital		35,977,686	35,977,686
g	Other capital		344,245	45,160
2	Reserves		7,253,682	5,936,667
3	Foreign exchange differences		94,485	84,245
4	Differences upon asset revaluation		83,285	83,285
5	Retained profits		8,715,252	5,874,992
a	Previous year's retained profits		2,476,000	1,204,902
b	Current year's retained profits		6,239,252	4,670,090
6	Non-controlling interest		89,324	143,521
	<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>22(a)</b>	<b>52,557,959</b>	<b>48,145,556</b>
	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,035,293,283</b>	<b>787,935,088</b>

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

No.	Items	Note	31/12/2017 VND million	31/12/2016 VND million (restated)
<b>OFF-BALANCE SHEET ITEMS</b>				
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		284,135	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**  
**Consolidated statement of income for the year ended 31 December 2017**

**Form B03/TCTD-HN**  
*(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	46,158,768	37,718,211
2	Interest and similar expenses	25	(24,221,222)	(19,185,461)
<b>I</b>	<b>Net interest income</b>		<b>21,937,546</b>	<b>18,532,750</b>
3	Fee and commission income		5,378,176	4,326,483
4	Fee and commission expenses		(2,839,967)	(2,219,778)
<b>II</b>	<b>Net fee and commission income</b>	<b>26</b>	<b>2,538,209</b>	<b>2,106,705</b>
<b>III</b>	<b>Net gain from trading of foreign currencies</b>	<b>27</b>	<b>2,042,417</b>	<b>1,850,118</b>
<b>IV</b>	<b>Net gain from trading securities</b>	<b>28</b>	<b>476,400</b>	<b>495,768</b>
<b>V</b>	<b>Net loss from investment securities</b>	<b>29</b>	<b>(19,742)</b>	<b>(89,416)</b>
5	Other income		2,355,831	2,294,727
6	Other expenses		(256,301)	(376,349)
<b>VI</b>	<b>Net other income</b>	<b>30</b>	<b>2,099,530</b>	<b>1,918,378</b>
<b>VII</b>	<b>Income from capital contribution and equity investments</b>	<b>31</b>	<b>331,761</b>	<b>71,556</b>
	<b>TOTAL OPERATING INCOME</b>		<b>29,406,121</b>	<b>24,885,859</b>
<b>VIII</b>	<b>TOTAL OPERATING EXPENSES</b>	<b>32</b>	<b>(11,866,345)</b>	<b>(9,939,012)</b>
<b>IX</b>	<b>Net operating profit before allowance for credit losses</b>		<b>17,539,776</b>	<b>14,946,847</b>
<b>X</b>	<b>Allowance for credit losses</b>	<b>33</b>	<b>(6,198,415)</b>	<b>(6,368,707)</b>
<b>XI</b>	<b>PROFIT BEFORE TAX (CARRIED TO THE NEXT PAGE)</b>		<b>11,341,361</b>	<b>8,578,140</b>

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



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

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

No.	Items	Note	2017 VND million	2016 VND million (restated)
<b>XI</b>	<b>PROFIT BEFORE TAX (BROUGHT FROM THE PREVIOUS PAGE)</b>		<b>11,341,361</b>	<b>8,578,140</b>
7	Current corporate income tax expenses	34	(2,234,378)	(1,683,093)
8	Deferred income tax benefit		3,605	-
<b>XII</b>	<b>Corporate income tax expenses</b>		<b>(2,230,773)</b>	<b>(1,683,093)</b>
<b>XIII</b>	<b>NET PROFIT AFTER TAX</b>		<b>9,110,588</b>	<b>6,895,047</b>
<b>XIV</b>	<b>Non-controlling interest</b>		<b>(19,518)</b>	<b>(19,276)</b>
<b>XVI</b>	<b>Net profit for the year</b>		<b>9,091,070</b>	<b>6,875,771</b>
<b>XV</b>	<b>Basic earnings per share (VND/share)</b>	<b>35</b>	<b>2,103</b>	<b>1,517</b>

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 consolidated financial statements*

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

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

No.	Items	Note	2017 VND million	2016 VND million (restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
01	Interest and similar income received		45,928,055	36,779,872
02	Interest and similar expenses paid		(22,219,679)	(17,717,796)
03	Fee and commission income received		2,538,209	2,106,705
04	Net receipts from trading activities (foreign currencies, gold and securities)		2,502,513	2,488,711
05	Other expenses paid		(90,716)	(209,799)
06	Receipts from recovery of bad debts previously written off		2,185,100	2,121,544
07	Payments to employees and for other operating activities		(10,478,516)	(9,305,422)
08	Income tax paid during the year		(2,082,461)	(1,739,934)
<b>Net cash flows from operating activities before changes in operating assets and liabilities</b>			<b>18,282,505</b>	<b>14,523,881</b>
<b>(Increase)/decrease in operating assets</b>				
09	Balances with and loans to other credit institutions		(11,802,549)	(12,195,279)
10	Trading securities		(1,619,967)	(31,805,807)
11	Derivative financial instruments and other financial assets		(601,696)	(230,030)
12	Loans to customers		(82,626,020)	(73,085,531)
13	Utilisation of allowance for credit losses		(6,212,835)	(7,403,039)
14	Other operating assets		(2,109,501)	(203,801)
<b>Increase/(decrease) in operating liabilities</b>				
15	Amounts due to the Government and the SBV		117,233,655	12,671,860
16	Deposits and borrowings from other credit institutions		(5,296,202)	103,024
17	Deposits from customers		118,068,373	89,288,794
18	Valuable papers issued		7,928,128	7,807,306
19	Funds for finance, entrusted investments and entrusted loans		23,153	-
21	Other operating liabilities		1,480,116	(1,231,890)
22	Payments from reserves		(1,141,469)	(1,199,774)
<b>I</b>	<b>Net cash generated from/(used in) operating activities</b>		<b>151,605,691</b>	<b>(2,960,286)</b>

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

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

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

No.	Items	Note	2017 VND million	2016 VND million (restated)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
01	Payments for purchases of fixed assets		(1,139,976)	(1,272,248)
02	Proceeds from disposals of fixed assets		7,542	7,206
03	Payments for disposals of fixed assets		(2,396)	(1,762)
08	Collections on investments in other entities		265,688	12,540
09	Dividends and interest received from long-term investments and capital contribution		129,685	24,549
10	Dividends of prior year received in the year		-	7,123
<b>II</b>	<b>Net cash used in investing activities</b>		<b>(739,457)</b>	<b>(1,222,592)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
04	Dividends paid and profits distributed		(2,896,942)	(2,665,020)
<b>III</b>	<b>Net cash used in financing activities</b>		<b>(2,896,942)</b>	<b>(2,665,020)</b>
<b>IV</b>	<b>Net cash flows during the year</b>		<b>147,969,292</b>	<b>(6,847,898)</b>
<b>V</b>	<b>Cash and cash equivalents at the beginning of the year</b>	<b>36</b>	<b>157,564,955</b>	<b>164,412,853</b>
<b>VII</b>	<b>Cash and cash equivalents at the end of the year</b>	<b>36</b>	<b>305,534,247</b>	<b>157,564,955</b>

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 consolidated financial statements



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

	<b>31/12/2017</b>		<b>31/12/2016</b>	
	<b>Number of shares</b>	<b>%</b>	<b>Number of shares</b>	<b>%</b>
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%
	<b>3,597,768,575</b>	<b>100%</b>	<b>3,597,768,575</b>	<b>100%</b>

**(c) Location and network**

The Bank's Head Office is located at 198 Tran Quang Khai Street, Hoan Kiem District, Hanoi. As at 31 December 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).

The Bank and its subsidiaries hereinafter are referred to as "Vietcombank".

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

*Subsidiaries*

<b>Subsidiaries</b>	<b>Operating Licence</b>	<b>Business sector</b>	<b>Ownership percentage</b>
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 Stock Commercial Bank for Foreign Trade of Vietnam**  
**198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam**  
**Notes to the consolidated financial statements**  
**for the year ended 31 December 2017 (continued)**

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

***Joint-ventures***

<b>Joint-ventures</b>	<b>Operating Licence</b>	<b>Business sector</b>	<b>Ownership percentage</b>
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***

<b>Associates</b>	<b>Operating Licence</b>	<b>Business sector</b>	<b>Ownership percentage</b>
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, Vietcombank had 16,227 employees (31 December 2016: 15,615 employees).



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

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

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

The Bank has subsidiaries as disclosed in Note 1(d). The Bank prepared these consolidated 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 separate financial statements of the Bank for the year ended 31 December 2017 ("the separate financial statements") dated 30 March 2018.

### **(b) Basis of financial statement preparation**

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

### **(c) Accounting period**

Vietcombank's annual accounting period is from 1 January to 31 December.

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

According to Vietcombank'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 consolidated 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 consolidated statement of income at the end of the annual accounting period.

In order to prepare the consolidated financial statements, for the subsidiaries using the consolidation method and for the associates and joint-ventures using the equity method, which have accounting currencies other than VND, assets, liabilities and equity accounts of these companies are converted into VND at the exchange rate on the consolidated balance sheet date, and the income and expenses in the income statements are converted into VND at the average exchange rate for the period. Exchange differences arising from the conversion are taken into equity in the consolidated balance sheet.

**(e) Basis of consolidation**

**(i) Subsidiaries**

Subsidiaries are entities controlled by the Bank. The control exists when the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing the control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that the control commences until the date that the control ceases.

Inter-company balances, transactions and profit/loss on transactions between those subsidiaries and the Bank are eliminated in full in the consolidated financial statements. The accounting policies of subsidiaries have been changed if necessary to ensure the consistency with the policies adopted by the Bank.

Non-controlling interest is the portion of the profit or loss and net assets of a subsidiary attributable to equity interest that are not owned, directly or indirectly through subsidiaries, by the Bank.

**(ii) Associates and joint-ventures**

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

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.

The Bank uses the equity method for consolidating its investments in associates and joint ventures in the consolidated financial statements. The Bank's share of post acquisition profits or losses of its associates and joint-ventures is recognised in the consolidated statement of income. When the Bank's share of losses in associates and joint-ventures equals or exceeds the cost of its investments in the associates and joint-ventures, the Bank does not recognise further losses in its consolidated financial statements, unless it has obligations to pay on behalf of the associates and joint-ventures. Accounting policies of associates and joint-ventures have been changed where necessary to ensure consistency with the policies adopted by the Bank.

**(f) 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.



**(g) 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(h).

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

**(h) Loans to customers**

**(i) Loans to customers**

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

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

(i) **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 consolidated statement of income.

(ii) Investment securities

Investment securities are classified into two categories: available-for-sale and held-to-maturity securities. Vietcombank classifies investment securities on their purchase dates. In accordance with Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 by the SBV, Vietcombank 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 Vietcombank and Vietcombank 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 Vietcombank'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 consolidated 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(h).

(iii) *Other long-term investments*

Other long-term investments represent Vietcombank's capital investments in other enterprises where Vietcombank 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 Vietcombank 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 Vietcombank 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 Vietcombank 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.



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

Securities sold under agreements to repurchase at a specific date in the future (repos) are still recognised in the consolidated financial statements. The corresponding cash received from these agreements is recognised in the consolidated balance sheet as a liability. The difference between the sale price and repurchase price is amortised in the consolidated 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 consolidated financial statements. The corresponding cash paid under these agreements is recognised in the consolidated 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 consolidated statement of income.

**(k) 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 consolidated 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     |



**(I) 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 Vietcombank.

**(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.

**(m) 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.

<i>Overdue ages</i>	<i>Allowance rate</i>
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, Vietcombank conducts classification and makes allowance similarly to those of loans to customers described in Note 2(h).

**(n) Deposits and borrowings from other credit institutions**

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

**(o) Deposits from customers**

Deposits from customers are stated at cost.

**(p) 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.

**(q) Severance allowance**

Under the Vietnamese Labour Code, when an employee who has worked for Vietcombank 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, Vietcombank reversed the outstanding balance of provision for severance allowance. This change in accounting policy has been applied prospectively from 2012.



**(r) Bonus and welfare funds**

Bonus and welfare funds is 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.

**(s) 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 Vietcombank 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 and Vietcombank Finance Leasing Company Limited ("VCBL") at prescribed rates as below:

- Supplementary charter capital reserve: 5% of net profit after tax and does not exceed the Bank's/VCBL'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/VCBL. 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 Vietcombank.

Vietcombank Securities Company Limited ("VCBS") appropriates of profits to reserves in accordance with Circular No. 146/2014/TT-BTC issued by the Ministry of Finance on 6 October 2014 as follows:

- Supplementary charter capital reserve: 5% of net profit after tax and does not exceed 10% of VCBS's charter capital.
- Financial reserve: 5% of net profit after tax and does not exceed 10% of VCBS's charter capital.



(v) Foreign exchange difference

Foreign exchange differences are differences arise when financial statements in foreign currencies of overseas subsidiaries converted into VND for consolidation purpose.

(f) **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(h) is recognised on an accrual basis. Interest on debts classified in Group 2 to Group 5 is recognised in the consolidated 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 consolidated statement of income when Vietcombank'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 profits, share premium and reserves in equity of joint stock companies, are not recorded in the consolidated statement of income. Instead, the additional shares obtained are reflected in the number of shares held by Vietcombank.

(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, Vietcombank will record it as an operating income.

**(u) Lease**

**(i) Lessee**

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

**(ii) Lessor**

Vietcombank recognises finance leased assets as “Loans to customers” in the consolidated balance sheet at the net value of the investment defined in the lease contract. Income from finance leases are recognised as “Income from interest and similar income”. Instalment income is amortised over the lease term using interest rate over the net investment of the leased assets. The classification of finance lease receivables has been made in accordance with the quantitative method as stipulated in Article 10 of Circular 02.

Vietcombank recognises operating lease assets in the consolidated balance sheet. Rental income is recognised on a straight-line basis over the lease term whatever payment method is. Expenses occurred during the leasing period, including depreciation expenses are recognised as operating expenses for the year.

**(v) Taxation**

Corporate income tax comprises of current and deferred tax. Corporate income tax is recognised in the consolidated 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.



**(w) Related parties**

Related parties of Vietcombank include:

- 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 Vietcombank;
- Companies or organisations which have the authority to appoint managers, or members of the Supervisory Board of Vietcombank;
- 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 Vietcombank;
- Individuals or organisations that hold at least 5% of charter capital or share capital with voting rights of Vietcombank;
- Representatives for Vietcombank's paid-in capital and shares.

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

**(x) Segment reporting**

A segment is a distinguishable component of Vietcombank 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.

**(y) Off-balance sheet items**

**(i) Foreign exchange contracts**

Vietcombank 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 Vietcombank'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 consolidated 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 consolidated 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 consolidated balance sheet. The difference of swap interest rates is recognised in the consolidated statement of income on an accrual basis.

**(iii)** Commitments and contingent liabilities

Vietcombank has credit commitments arising from its regular lending activities. These commitments are unutilised loans and overdraft facilities which are approved. Vietcombank 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, Vietcombank, 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(h)).

**(z)** **Offsetting**

Financial assets and liabilities are offset and the net amounts are reported in the consolidated balance sheet if, and only if, Vietcombank has currently enforceable legal rights to offset the recognised amounts and Vietcombank has an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**(aa)** **Basic earnings per share**

Vietcombank presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of Vietcombank (after adjustment for appropriation to bonus and welfare funds) by the weighted average number of ordinary shares outstanding during the year.

If new shares issued during the year only change the number of shares, not the equity, Vietcombank will adjust the weighted average number of ordinary shares outstanding during the period presented on the consolidated financial statements, which leads to corresponding adjustment for EPS.

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

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

Financial assets of Vietcombank 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 Vietcombank 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 consolidated financial statements, Vietcombank 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 consolidated balance sheet when, and only when, Vietcombank becomes a party to contractual provisions for the supply of those financial instruments. Vietcombank 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, Vietcombank'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, Vietcombank 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 43(b).

The preparation and presentation of the fair value of the financial instruments are only for the purpose of presenting in Note 43(b). The financial instruments of Vietcombank 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, Vietcombank 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	8,185,268	7,550,927
Cash on hand in foreign currencies	1,917,103	2,140,681
Valuable papers in foreign currencies	490	445
	<b>10,102,861</b>	<b>9,692,053</b>

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

	31/12/2017 VND million	31/12/2016 VND million
Demand deposits in VND	77,675,012	11,205,807
Demand deposits in USD	15,940,606	6,176,611
	<b>93,615,618</b>	<b>17,382,418</b>

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

The monthly average balance of the demand deposits of the Bank with the SBV must not be less than the monthly balance of CRR. The amount of monthly balance of CRR is calculated by the monthly average balances of deposits 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
<b>Balances with other credit institutions</b>		
Demand deposits in VND	136,596	35,746
Demand deposits in foreign currencies	44,995,386	32,965,428
Term deposits in VND	58,303,507	48,491,747
Term deposits in foreign currencies	55,607,856	21,743,132
	<b>159,043,345</b>	<b>103,236,053</b>
<b>Loans to other credit institutions</b>		
Loans in VND	71,438,839	47,986,807
Loans in foreign currencies	2,491,219	622,710
	<b>73,930,058</b>	<b>48,609,517</b>
	<b>232,973,403</b>	<b>151,845,570</b>

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	187,841,421	118,844,396

## 7. Trading securities

	31/12/2017 VND million	31/12/2016 VND million
<b>Debt securities</b>		
Government bonds	6,753,281	3,198,613
Bonds issued by other local credit institutions	2,267,809	453,522
Securities issued by local economic entities	283,298	64,500
<b>Equity securities</b>		
Securities issued by other credit institutions	2,962	3
Securities issued by local economic entities	442,894	554,724
	<b>9,750,244</b>	<b>4,271,362</b>
Allowance for trading securities	(81,211)	(37,833)
	<b>9,669,033</b>	<b>4,233,529</b>

Trading securities by listing status were as follows:

	31/12/2017 VND million	31/12/2016 VND million
<b>Debt securities</b>		
Listed	9,021,090	3,652,135
Unlisted	283,298	64,500
<b>Equity securities</b>		
Listed	344,264	444,856
Unlisted	101,592	109,871
	<b>9,750,244</b>	<b>4,271,362</b>

Movements in allowance for trading securities were as follows:

	2017 VND million	2016 VND million
Opening balance	37,833	16,343
Allowance made during the year (Note 28)	43,378	21,490
<b>Closing balance</b>	<b>81,211</b>	<b>37,833</b>



## 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
<b>Currency derivatives</b>				
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
	<b>66,797,663</b>	<b>832,354</b>	<b>23,703,346</b>	<b>230,658</b>

## 9. Loans to customers

	31/12/2017 VND million	31/12/2016 VND million (restated)
Loans to local economic entities and individuals	536,742,491	455,371,521
Discounted bills and valuable papers	3,109,627	2,569,000
Finance leases	3,576,815	2,854,489
Loans given to make payments on behalf of customers	432	277
Loans to foreign organisations and individuals	5,095	13,153
	<b>543,434,460</b>	<b>460,808,440</b>

Loan portfolio by debt group was as follows:

	31/12/2017 VND million	31/12/2016 VND million (restated)
Current debt	532,442,513	446,465,882
Special mentioned debt	4,783,258	7,420,187
Sub-standard debt	684,223	1,359,507
Doubtful debt	3,584,263	1,347,185
Loss debt	1,940,203	4,215,679
	<b>543,434,460</b>	<b>460,808,440</b>

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Loan portfolio by term was as follows:

	<b>31/12/2017</b> <b>VND million</b>	<b>31/12/2016</b> <b>VND million</b> <b>(restated)</b>
Short-term debt	303,366,942	260,095,582
Medium-term debt	56,529,525	53,767,184
Long-term debt	183,537,993	146,945,674
	<b>543,434,460</b>	<b>460,808,440</b>

Loan portfolio by type of borrowers was as follows:

	<b>31/12/2017</b> <b>VND million</b>	<b>31/12/2016</b> <b>VND million</b> <b>(restated)</b>
State-owned enterprises	83,310,960	91,143,102
Limited companies	109,118,330	96,800,842
Foreign invested enterprises	38,357,370	30,651,691
Co-operative and private companies	5,250,845	7,459,542
Individuals	177,778,008	116,463,229
Others	129,618,947	118,290,034
	<b>543,434,460</b>	<b>460,808,440</b>

Loan portfolio by industry sectors was as follows:

	<b>31/12/2017</b> <b>VND million</b>	<b>31/12/2016</b> <b>VND million</b> <b>(restated)</b>
Processing and manufacturing	147,736,460	140,793,745
Trading and services	118,528,188	117,623,973
Construction	32,115,297	25,148,575
Electricity, gas, water processing and supplying	26,547,170	28,619,537
Mining	16,311,491	18,477,439
Agriculture, forestry and aquaculture	11,296,702	12,740,155
Transportation, logistics and communication	23,016,953	26,914,695
Hospitality	9,441,003	8,471,154
Others	158,441,196	82,019,167
	<b>543,434,460</b>	<b>460,808,440</b>

# 10. Allowance for loans to customers

	31/12/2017 VND million	31/12/2016 VND million (restated)
General allowance	4,116,920	3,374,674
Specific allowance	3,996,136	4,712,079
	<b>8,113,056</b>	<b>8,086,753</b>

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

	2017 VND million	2016 VND million (restated)
Opening balance	3,374,674	2,706,385
Allowance made during the year (Note 33)	742,246	668,287
Foreign currency difference	-	2
<b>Closing balance</b>	<b>4,116,920</b>	<b>3,374,674</b>

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

	2017 VND million	2016 VND million (restated)
Opening balance	4,712,079	5,903,493
Allowance made during the year (Note 33)	5,496,249	2,980,900
Allowance utilised for writing-off of bad debts	(6,212,835)	(4,174,822)
Foreign exchange difference	643	2,508
<b>Closing balance</b>	<b>3,996,136</b>	<b>4,712,079</b>



## 11. Investment securities

	31/12/2017 VND million	31/12/2016 VND million
Available-for-sale securities (a)	34,671,798	51,914,700
Held-to-maturity securities (b)	95,280,474	79,856,407
	<b>129,952,272</b>	<b>131,771,107</b>

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

	31/12/2017 VND million	31/12/2016 VND million
<b>Available-for-sale securities</b>		
<i>Debt securities</i>		
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
<i>Equity securities</i>		
Equity securities issued by other local credit institutions	8,190	8,190
	<b>34,688,298</b>	<b>51,931,950</b>
Allowance for available-for-sale securities (i)	(16,500)	(17,250)
<b>Total available-for-sale securities</b>	<b>34,671,798</b>	<b>51,914,700</b>

### (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)
<b>Closing balance</b>	<b>16,500</b>	<b>17,250</b>

(b) Held-to-maturity securities

	31/12/2017 VND million	31/12/2016 VND million
<b>Held-to-maturity securities</b>		
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	14,332,751	14,958,351
	<b>95,404,021</b>	<b>80,019,284</b>
Allowance for held-to-maturity securities (ii)	(123,547)	(162,877)
<b>Total held-to-maturity securities</b>	<b>95,280,474</b>	<b>79,856,407</b>

(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
	<b>123,547</b>	<b>162,877</b>

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
<b>Closing balance</b>	<b>123,547</b>	<b>113,536</b>

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
<b>Closing balance</b>	<b>-</b>	<b>49,341</b>

(iii) *Classification of unlisted securities as assets with credit risk:*

	31/12/2017 VND million	31/12/2016 VND million
Current debt	22,432,752	18,548,351
Special mentioned debt	-	1,010,000
	<b>22,432,752</b>	<b>19,558,351</b>

## 12. Long-term investments

### (a) Investments in joint ventures

*As at 31 December 2017:*

	Business sector	Ownership percentage (%)	Cost VND million	Carrying value VND million
Vietcombank – Bonday – Ben Thanh Company Limited (i)	Office leasing	52%	410,365	452,854
Vietcombank Fund Management (i)	Investment fund management	51%	135,150	136,665
Vietcombank – Cardif Life Insurance Company Limited (ii)	Life insurance	45%	270,000	272,048
			<b>815,515</b>	<b>861,567</b>

*As at 31 December 2016:*

	Business sector	Ownership percentage (%)	Cost VND million	Carrying value VND million
Vietcombank – Bonday – Ben Thanh Company Limited (i)	Office leasing	52%	410,365	397,244
Vietcombank Fund Management (i)	Investment fund management	51%	135,150	132,307
Vietcombank – Cardif Life Insurance Company Limited (ii)	Life insurance	45%	270,000	273,547
			<b>815,515</b>	<b>803,098</b>



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- (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".

**(b) Investments in associates**

*As at 31 December 2017:*

	<b>Business sector</b>	<b>Ownership percentage (%)</b>	<b>Cost VND million</b>	<b>Carrying value VND million</b>
Vietcombank – Bonday Company Limited	Office leasing	16%	11,110	10,434

*As at 31 December 2016:*

	<b>Business sector</b>	<b>Ownership percentage (%)</b>	<b>Cost VND million</b>	<b>Carrying value VND million</b>
Vietcombank – Bonday Company Limited	Office leasing	16%	11,110	9,645

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".

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

*As at 31 December 2017:*

	<b>Business sector</b>	<b>Ownership percentage (%)</b>	<b>Cost VND million</b>
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
			<b>2,705,966</b>
Allowance for other long-term investments			(25,139)
			<b>2,680,827</b>

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*As at 31 December 2016:*

	<b>Business sector</b>	<b>Ownership percentage (%)</b>	<b>Cost VND million</b>
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
			<b>2,829,418</b>
Allowance for other long-term investments			(14,347)
			<b>2,815,071</b>

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

	<b>2017 VND million</b>	<b>2016 VND million</b>
Opening balance	14,347	35,789
Allowance made/(reversed) during the year (Note 32)	10,792	(21,442)
<b>Closing balance</b>	<b>25,139</b>	<b>14,347</b>



### 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
<b>Cost</b>					
Opening balance (restated)	3,524,303	3,479,396	742,238	886,270	8,632,207
Additions	343,270	354,524	105,648	335,938	1,139,380
- Purchases	326,034	354,496	105,648	265,799	1,051,977
- Others	17,236	28	-	70,139	87,403
Decreases	(3,473)	(31,449)	(18,203)	(16,535)	(69,660)
- Disposals	(2,582)	(31,246)	(18,088)	(14,191)	(66,107)
- Others	(891)	(203)	(115)	(2,344)	(3,553)
Closing balance	<b>3,864,100</b>	<b>3,802,471</b>	<b>829,683</b>	<b>1,205,673</b>	<b>9,701,927</b>
<b>Accumulated depreciation</b>					
Opening balance (restated)	768,935	3,082,135	482,161	572,976	4,906,207
Additions	167,687	250,804	79,459	168,694	666,644
- Charges for the year	166,989	250,804	79,459	168,196	665,448
- Others	698	-	-	498	1,196
Decreases	(2,894)	(31,431)	(18,203)	(16,449)	(68,977)
- Disposals	(1,636)	(31,228)	(18,088)	(14,037)	(64,989)
- Others	(1,258)	(203)	(115)	(2,412)	(3,988)
Closing balance	<b>933,728</b>	<b>3,301,508</b>	<b>543,417</b>	<b>725,221</b>	<b>5,503,874</b>
<b>Net book value</b>					
Opening balance (restated)	2,755,368	397,261	260,077	313,294	3,726,000
Closing balance	<b>2,930,372</b>	<b>500,963</b>	<b>286,266</b>	<b>480,452</b>	<b>4,198,053</b>

Included in tangible fixed assets were assets costing VND3,609,533 million which were fully depreciated as of 31 December 2017, but still in use.

## 14. Intangible fixed assets

*Year ended 31 December 2017:*

	<b>Land use rights VND million</b>	<b>Copyrights and patents VND million</b>	<b>Others VND million</b>	<b>Total VND million</b>
<b>Cost</b>				
Opening balance (restated)	1,964,288	541,970	96,898	2,603,156
Purchases	35,802	48,492	3,705	87,999
Other decreases	(84,380)	-	-	(84,380)
Closing balance	1,915,710	590,462	100,603	2,606,775
<b>Accumulated amortisation</b>				
Opening balance (restated)	50,145	477,060	72,314	599,519
Charges for the year	9,055	29,122	7,849	46,026
Other decreases	(3,078)	-	-	(3,078)
Closing balance	56,122	506,182	80,163	642,467
<b>Net book value</b>				
Opening balance (restated)	1,914,143	64,910	24,584	2,003,637
Closing balance	1,859,588	84,280	20,440	1,964,308

Included in intangible fixed assets were assets costing VND539,560 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	942,915	862,386
External receivables (i)	3,562,820	2,095,707
	<b>4,505,735</b>	<b>2,958,093</b>

#### (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	18,425	2,129
Advances for other taxes	2	2
Construction in progress (*)	428,340	404,096
Other receivables	2,426,305	1,384,253
	<b>3,562,820</b>	<b>2,095,707</b>

#### (\*) Construction in progress

	31/12/2017 VND million	31/12/2016 VND million
Construction in progress	<b>428,340</b>	<b>404,096</b>
<i>In which, large constructions include:</i>	<b>353,210</b>	<b>290,262</b>
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**

	<b>31/12/2017</b> <b>VND million</b>	<b>31/12/2016</b> <b>VND million</b> <b>(restated)</b>
From loans to customers	2,343,515	1,839,006
From balances with and loans to other credit institutions	458,793	417,424
From investment securities	3,205,653	3,509,975
From derivative transactions	15,969	20,286
Fees receivable	1,723	4,446
	<b>6,025,653</b>	<b>5,791,137</b>

**(c) Other assets**

	<b>31/12/2017</b> <b>VND million</b>	<b>31/12/2016</b> <b>VND million</b> <b>(restated)</b>
Prepaid expenses for office and fixed assets rental	698,732	829,789
Materials	107,908	94,973
Advance for card payment	954,952	461,401
Advance for rental land	383,423	252,750
Other assets	431,213	311,466
	<b>2,576,228</b>	<b>1,950,379</b>
Allowance for other assets	(2,015)	(937)
	<b>2,574,213</b>	<b>1,949,442</b>

**16. Amounts due to the Government and the SBV**

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

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

	31/12/2017 VND million	31/12/2016 VND million
<b>Deposits from other credit institutions</b>	<b>55,803,878</b>	<b>53,282,230</b>
Demand deposits in VND	12,085,649	3,246,953
Demand deposits in foreign currencies	39,883,554	38,323,368
Term deposits in VND	-	6,150,000
Term deposits in foreign currencies	3,834,675	5,561,909
<b>Borrowings from other credit institutions</b>	<b>11,138,325</b>	<b>18,956,175</b>
Borrowings in VND	3,401,700	4,109,645
Borrowings in foreign currencies	7,736,625	14,846,530
	<b>66,942,203</b>	<b>72,238,405</b>

## 18. Deposits from customers

	31/12/2017 VND million	31/12/2016 VND million
<b>Demand deposits</b>	<b>201,004,132</b>	<b>159,627,676</b>
Demand deposits in VND	149,797,322	120,425,822
Demand deposits in gold, foreign currencies	51,206,810	39,201,854
<b>Term deposits</b>	<b>495,438,508</b>	<b>422,812,904</b>
Term deposits in VND	417,756,992	352,762,147
Term deposits in gold, foreign currencies	77,681,516	70,050,757
<b>Deposits for specific purposes</b>	<b>10,951,390</b>	<b>6,227,201</b>
<b>Margin deposits</b>	<b>1,125,687</b>	<b>1,783,563</b>
	<b>708,519,717</b>	<b>590,451,344</b>

Deposits from customers by customer types were as follows:

	31/12/2017 VND million	31/12/2016 VND million
Economic entities	316,488,540	263,487,641
Individuals	392,031,177	326,963,703
	<b>708,519,717</b>	<b>590,451,344</b>

## 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
<b>Certificates of deposits</b>		
Short-term in foreign currencies	170	168
Medium-term in VND	325	324
Medium-term in foreign currencies	2,298	4,931
<b>Bonds and bills</b>		
Short-term in VND	47	47
Short-term in foreign currencies	30	103
Medium-term in VND	7,211,622	4,280,791
Medium-term in foreign currencies	12	12
Long-term in VND	11,000,000	6,000,000
	<b>18,214,504</b>	<b>10,286,376</b>

## 21. Other liabilities

### (a) Accrued interest and fee payables

	31/12/2017 VND million	31/12/2016 VND million
For deposits from customers	7,851,033	6,064,335
For deposits and borrowings from other credit institutions	307,489	272,919
For valuable papers issued	268,081	49,768
For derivative transactions	34,403	64,016
For trusted investment	6,331	3,136
	<b>8,467,337</b>	<b>6,454,174</b>

### (b) Other liabilities

	31/12/2017 VND million	31/12/2016 VND million (restated)
Internal payables (i)	2,811,953	2,004,130
External payables (ii)	4,500,523	2,945,862
Bonus and welfare funds	1,850,814	1,239,367
	<b>9,163,290</b>	<b>6,189,359</b>

**Joint Stock Commercial Bank for Foreign Trade of Vietnam**  
**198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam**  
**Notes to the consolidated financial statements**  
**for the year ended 31 December 2017 (continued)**

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

(i) Internal payables

	<b>31/12/2017</b> <b>VND million</b>	<b>31/12/2016</b> <b>VND million</b> <b>(restated)</b>
Payables to employees	2,447,077	1,770,722
Other liabilities	364,876	233,408
	<b>2,811,953</b>	<b>2,004,130</b>

(ii) External payables

	<b>31/12/2017</b> <b>VND million</b>	<b>31/12/2016</b> <b>VND million</b> <b>(restated)</b>
Tax payables	484,827	249,781
- Corporate income tax payables	276,569	124,533
- Value added tax payables	37,539	36,749
- Other tax payables	170,719	88,499
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	161,071
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	1,805,913	785,839
	<b>4,500,523</b>	<b>2,945,862</b>

## 22. Owners' equity

### (a) Statement of changes in equity

	Reserves					Total VND million	Foreign exchange differences VND million	Differences upon asset revaluation VND million	Retained profits VND million	Non- controlling interest VND million	Total VND million
	Charter capital VND million	Other capital VND million	Supple- mentary charter capital reserve VND million	Financial reserve VND million	Investment and development fund VND million						
Balance as at 1/1/2017 (restated)	35,977,686	45,160	1,952,746	3,913,260	70,661	5,936,667	84,245	83,285	5,874,992	143,521	48,145,556
Net profit for the year	-	-	-	-	-	-	-	-	9,091,070	19,518	9,110,588
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)
Adjustment for reserves appropriation for 2016 according to the Resolution of General Meeting of shareholders	-	-	2	4	-	6	-	-	(224,072)	-	(224,066)
Appropriation to funds of subsidiaries	-	-	8,452	11,888	-	20,340	-	-	(42,596)	(449)	(22,705)
Utilisation during the year	-	-	-	(8,803)	-	(8,803)	-	-	-	-	(8,803)
Adjustment of equity-accounted joint ventures and associates	-	-	-	-	-	-	-	-	(583)	-	(583)
Dividends paid during the year	-	-	-	-	-	-	-	-	(2,878,215)	(18,727)	(2,896,942)
Decrease of subsidiaries' capital	-	-	-	-	-	-	-	-	-	(54,708)	(54,708)
Increase of subsidiaries' capital (*)	-	299,085	(21,884)	-	-	(21,884)	-	-	(277,201)	-	-
Foreign currency differences	-	-	-	-	-	-	10,240	-	-	185	10,425
Other movements	-	-	-	(18)	-	(18)	-	-	533	(16)	499
Balance as at 31/12/2017	35,977,686	344,245	2,381,774	4,801,247	70,661	7,253,682	94,485	83,285	8,715,252	89,324	52,557,959

(\*) During 2017, the Bank used retained profits and equity funds of Vietcombank Securities Company Limited ("VCBS") to increase the charter capital of VCBS in accordance with Resolution No. 380/NQ-VCB-HDQT dated 1 November 2017 of the Bank's Board of Directors.



(b) Details of shareholders of the Bank

	31/12/2017 VND million	31/12/2016 VND million
<b>Ordinary shares</b>		
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
	<b>35,977,686</b>	<b>35,977,686</b>

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
<b>Authorised share capital</b>	<b>3,597,768,575</b>	<b>35,977,686</b>	<b>3,597,768,575</b>	<b>35,977,686</b>
<b>Issued share capital</b>				
Ordinary shares	3,597,768,575	35,977,686	3,597,768,575	35,977,686
<b>Outstanding shares</b>				
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	36,165,352	29,024,053
Interest income from deposits	1,974,911	1,521,011
Interest income from trading and investing in debt securities	7,197,869	6,563,613
- from investment securities	6,936,567	6,446,456
- from trading securities	261,302	117,157
Interest income from finance lease	253,228	216,949
Income from guarantee activities	390,347	313,407
Income from debts trading activities	-	66,752
Other income from credit activities	177,061	12,426
	<b>46,158,768</b>	<b>37,718,211</b>

## 25. Interest and similar expenses

	2017 VND million	2016 VND million
Interest expenses on deposits	22,348,284	17,938,402
Interest expenses on borrowings	773,985	840,751
Interest expenses on valuable papers issued	1,067,368	349,491
Other expenses on credit activities	31,585	56,817
	<b>24,221,222</b>	<b>19,185,461</b>

## 26. Net fee and commission income

	2017 VND million	2016 VND million
<b>Fee and commission income from</b>		
Settlement services	3,451,048	2,765,256
Cash services	243,295	215,643
Trusted and agency activities	30,477	21,722
Other services	1,653,356	1,323,862
	<b>5,378,176</b>	<b>4,326,483</b>
<b>Fee and commission expenses for</b>		
Settlement services	(2,190,939)	(1,694,872)
Cash services	(59,688)	(58,074)
Telecommunication services	(94,812)	(88,295)
Trusted and agency activities	(7,093)	(4,852)
Other services	(487,435)	(373,685)
	<b>(2,839,967)</b>	<b>(2,219,778)</b>
	<b>2,538,209</b>	<b>2,106,705</b>

## 27. Net gain from trading of foreign currencies

	2017 VND million	2016 VND million
<b>Gains from trading of foreign currencies</b>		
From foreign currencies spot trading	3,033,367	2,657,525
From currency derivatives	333,649	304,878
From foreign exchange rate differences	921	2,687
From revaluation of derivative contracts	86,975	4,929
	<b>3,454,912</b>	<b>2,970,019</b>
<b>Losses from trading of foreign currencies</b>		
From foreign currencies spot trading	(681,035)	(444,741)
From currency derivatives	(573,197)	(457,342)
From foreign exchange rate differences	(37,520)	(198,781)
From revaluation of derivative contracts	(120,743)	(19,037)
	<b>(1,412,495)</b>	<b>(1,119,901)</b>
	<b>2,042,417</b>	<b>1,850,118</b>



**28. Net gain from trading securities**

	<b>2017</b> <b>VND million</b>	<b>2016</b> <b>VND million</b>
Income from trading securities	598,033	595,413
Expenses for trading securities	(78,255)	(78,155)
Allowance made for trading securities (Note 7)	(43,378)	(21,490)
	<b>476,400</b>	<b>495,768</b>

**29. Net loss from investment securities**

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

**30. Net other income**

	<b>2017</b> <b>VND million</b>	<b>2016</b> <b>VND million</b> <b>(restated)</b>
<b>Other income</b>		
Income from recoveries of loans previously written off	2,185,100	2,122,701
Income from debts trading activities	-	57,110
Other income	170,731	114,916
	<b>2,355,831</b>	<b>2,294,727</b>
<b>Other expenses</b>		
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	(64,441)	(24,938)
	<b>(256,301)</b>	<b>(376,349)</b>
	<b>2,099,530</b>	<b>1,918,378</b>

### 31. Income from capital contribution and equity investments

	2017 VND million	2016 VND million
Dividends received from equity investments (Note 34)	129,685	24,549
- Dividends received from equity securities	116,966	16,641
- Dividends received from trading securities	12,719	7,908
Income from disposals of equity investments	142,236	-
Share of gain/(loss) of investments in joint-ventures and associates upon the equity method (Note 34)	59,840	47,007
	<b>331,761</b>	<b>71,556</b>

### 32. Operating expenses

	2017 VND million	2016 VND million (restated)
Tax, duties and fees	229,392	214,059
Salaries and related expenses	6,733,373	5,357,363
Of which:		
- Salary and allowances (Note 37)	6,289,709	4,959,636
- Additional expenses based on salary	308,610	278,035
- Other allowances	3,539	1,952
Expenses on assets	2,051,907	1,976,666
Of which:		
- Depreciation of fixed assets	711,474	712,406
Administrative expenses	2,358,518	2,030,266
Insurance expenses on deposits of customers	444,889	355,746
Provision/(reversal) of allowance for long-term investments (Note 12(c))	10,792	(21,442)
Other expenses	37,474	26,354
	<b>11,866,345</b>	<b>9,939,012</b>

### 33. Allowance for credit losses

	2017 VND million	2016 VND million (restated)
<b>General allowance for loans to customers</b>		
Allowance made for the year (Note 10)	742,246	668,287
<b>Specific allowance for loans to customers</b>		
Allowance made for the year (Note 10)	5,496,249	2,980,900
<b>General allowance for unlisted corporate bonds</b>		
Allowance made for the year (Note 11)	9,261	38,170
<b>Specific allowance for unlisted corporate bonds</b>		
Allowance (reversed)/made for the year	(49,341)	2,681,350
	<u>6,198,415</u>	<u>6,368,707</u>



### 34. Corporate income tax

#### (a) Reconciliation of effective tax rate

	2017 VND million	2016 VND million
<b>Profit before tax</b>	<b>11,341,361</b>	<b>8,578,140</b>
<i>Adjustments:</i>		
Taxable income of subsidiaries	(302,354)	(220,863)
Dividend received during the year (Note 31)	(129,685)	(24,549)
Share of profit from investments in joint-ventures and associates under the equity method (Note 31)	(59,840)	(47,007)
Tax exempt from consolidation adjustments	(7,935)	(106,648)
Other non-deductible expenses	19,081	1,325
<b>Taxable income</b>	<b>10,860,628</b>	<b>8,180,398</b>
Statutory corporate income tax rate	20%	20%
Estimated corporate income tax of the Bank (tax rate: 20%)	(2,172,126)	(1,636,079)
Estimated corporate income tax of subsidiaries (tax rate: 20%)	(60,201)	(45,474)
Estimated corporate income tax of subsidiaries (tax rate: 16.5%)	(2,051)	(1,540)
<b>Corporate income tax expenses for the year</b>	<b>(2,234,378)</b>	<b>(1,683,093)</b>

#### (b) Applicable tax rates

The Bank and its subsidiaries have an obligation to pay the Government income tax at the rate of 20% of taxable profits, except Vietnam Finance Company Limited whose applicable tax rate is 16%. Corporate income tax computation is subject to review and approval by local tax authorities.

### 35. Basic earnings per share

#### (a) Profit used for calculation of basic earnings per share

	2017 VND million	2016 VND million (restated)
Net profit	9,091,070	6,875,771
Appropriation to bonus and welfare funds (*)	(1,523,558)	(1,417,855)
<b>Profit attributable to the ordinary shareholders during the year</b>	<b>7,567,512</b>	<b>5,457,916</b>

- (\*) As the bonus and welfare funds is to be provided at the year-end, net profit used to calculate earnings per share for the year ended 31 December was revised to deduct the amount appropriated to bonus and welfare funds of the corresponding year.

#### (b) Weighted average number of ordinary shares

	2017	2016
Issued ordinary shares at 1 January	3,597,768,575	2,665,020,334
Effect of ordinary shares issued during the year (*)	-	932,748,241
<b>Weighted average number of outstanding ordinary shares during the year</b>	<b>3,597,768,575</b>	<b>3,597,768,575</b>

- (\*) As guided in Vietnamese Accounting Standard No. 30, if the number of ordinary shares currently in circulation increases as a result of capitalisation, issuance of bonus shares, shares split, or decreases as a result of shares consolidation, the Bank retrospectively adjusted "Basic earnings per share" for all reporting periods (Note 2(aa)).

#### (c) Basic earnings per share

	2017	2016 (restated)
Basic earnings per share (VND/share)	2,103	1,517

### 36. Cash and cash equivalents

	31/12/2017 VND million	31/12/2016 VND million (restated)
Cash on hand, gold, silver and gemstones	10,102,861	9,692,053
Balances with the State Bank of Vietnam	93,615,618	17,382,418
Balances with and loans to other credit institutions with original term not exceeding 3 months	199,815,768	130,490,484
Securities recoverable or due within three months from the acquisition date	2,000,000	-
	<b>305,534,247</b>	<b>157,564,955</b>

### 37. Employees' benefits

	2017	2016 (restated)
<b>Total number of employees (person)</b>	<b>16,227</b>	<b>15,615</b>
<b>Employees' income</b>		
Total salary and allowance (VND million) (Note 32)	6,289,709	4,959,636
<b>Monthly average income/person (VND million)</b>	<b>32.30</b>	<b>26.47</b>



### 38. 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	34,620	364,252	(379,758)	37,539	(18,425)	19,114
Current corporate income tax	124,466	2,234,430	(2,082,461)	276,569	(134)	276,435
<i>In which:</i>						
- Corporate income tax of the Bank	124,533	2,234,378	(2,082,342)	276,569	-	276,569
- Adjustments on tax of previous years	(11)	52	(119)	-	(78)	(78)
- Vinafco's tax obligation in 2008	(56)	-	-	-	(56)	(56)
Deferred tax liabilities	18,461	1,591	-	20,052	-	20,052
Other taxes	88,497	881,887	(799,667)	170,719	(2)	170,717
	<b>266,044</b>	<b>3,482,160</b>	<b>(3,261,886)</b>	<b>504,879</b>	<b>(18,561)</b>	<b>486,318</b>

### 39. 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
	<b>839,882,189</b>	<b>854,629,527</b>

### 40. Contingent liabilities and other commitments

In the normal course of business, Vietcombank 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 consolidated 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 Vietcombank 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, Vietcombank recognises a compulsory loan to a customer and at the same time a corresponding liability representing the financial obligation of Vietcombank to pay the beneficiaries and to fulfil the guarantor obligations.

Vietcombank 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 Vietcombank.

#### 41. Significant transactions and balances with related parties

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

	Relationship	2017 VND million Income/(expense)	2016 VND million Income/(expense)
<b>The State Bank of Vietnam</b>			
Interest income from deposits	Representative of owner	134,601	124,475
Interest expenses on deposits and borrowings		(173,156)	(160,765)
<b>The Ministry of Finance</b>			
Interest expenses on deposits	Related party of owner	(565,023)	(204,319)
Interest expenses on borrowings		(28,991)	(26,959)

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 Vietcombank.

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

	Relationship	31/12/2017 VND million Receivable/(payable)	31/12/2016 VND million Receivable/(payable)
<b>The State Bank of Vietnam</b>			
Deposits at the SBV	Representative of owner	93,615,296	17,382,418
Deposits and borrowings from the SBV		(6,303,503)	(11,399,055)
<b>The Ministry of Finance ("the MoF")</b>			
Deposits at the Bank	Related party of owner	(165,081,565)	42,752,358
Borrowings from the MoF		(702,162)	(651,693)
<b>Mizuho Bank Ltd., Japan</b>			
Deposits at Mizuho Bank Ltd.	Strategic shareholder	5,994,987	625,946
Deposits from Mizuho Bank Ltd.		(3,190,241)	(2,287,708)
Loan to Mizuho Bank Ltd.		448,500	-



## 42. Segment reporting

### (a) Geographical segment reporting

Year ended 31 December 2017:

	The North	The Middle and Central Highland	The South	Overseas	Elimination	Total
	VND million	VND million	VND million	VND million	VND million	VND million
1 Interest and similar income	65,206,586	11,444,290	31,275,800	37,660	(61,805,568)	46,158,768
2 Interest and similar expenses	(55,727,008)	(8,274,306)	(22,018,642)	(12,604)	61,811,338	(24,221,222)
<b>I Net interest income</b>	<b>9,479,578</b>	<b>3,169,984</b>	<b>9,257,158</b>	<b>25,056</b>	<b>5,770</b>	<b>21,937,546</b>
3 Fee and commission income	3,022,788	491,677	1,950,460	27,650	(114,399)	5,378,176
4 Fee and commission expenses	(2,758,199)	(21,157)	(77,496)	(10,323)	27,208	(2,839,967)
<b>II Net fee and commission income</b>	<b>264,589</b>	<b>470,520</b>	<b>1,872,964</b>	<b>17,327</b>	<b>(87,191)</b>	<b>2,538,209</b>
<b>III Net gain from trading of foreign currencies</b>	<b>1,542,001</b>	<b>74,641</b>	<b>424,565</b>	<b>1,210</b>	<b>-</b>	<b>2,042,417</b>
<b>IV Net gain from trading securities</b>	<b>482,170</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,770)</b>	<b>476,400</b>
<b>V Net loss from investment securities</b>	<b>(19,742)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19,742)</b>
5 Other income	925,959	304,469	1,135,143	605	(10,345)	2,355,831
6 Other expenses	(200,279)	(24,889)	(31,133)	-	-	(256,301)
<b>VI Net other income</b>	<b>725,680</b>	<b>279,580</b>	<b>1,104,010</b>	<b>605</b>	<b>(10,345)</b>	<b>2,099,530</b>
<b>VII Income from capital contribution and equity investments</b>	<b>331,761</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>331,761</b>
<b>Total operating income</b>	<b>12,806,037</b>	<b>3,994,725</b>	<b>12,658,697</b>	<b>44,198</b>	<b>(97,536)</b>	<b>29,406,121</b>
<b>VIII Total operating expenses</b>	<b>(7,865,647)</b>	<b>(1,091,651)</b>	<b>(2,963,507)</b>	<b>(43,076)</b>	<b>97,536</b>	<b>(11,866,345)</b>
<b>IX Net profit before allowances for credit losses</b>	<b>4,940,390</b>	<b>2,903,074</b>	<b>9,695,190</b>	<b>1,122</b>	<b>-</b>	<b>17,539,776</b>
<b>X Allowances for credit losses</b>	<b>(1,558,949)</b>	<b>(760,192)</b>	<b>(3,879,355)</b>	<b>81</b>	<b>-</b>	<b>(6,198,415)</b>
<b>XI Profit before tax</b>	<b>3,381,441</b>	<b>2,142,882</b>	<b>5,815,835</b>	<b>1,203</b>	<b>-</b>	<b>11,341,361</b>
7 Current corporate income tax expenses	(640,489)	(428,576)	(1,163,261)	(2,052)	-	(2,234,378)
8 Deferred corporate income tax benefits	3,605	-	-	-	-	3,605
<b>XII Corporate income tax expenses</b>	<b>(636,884)</b>	<b>(428,576)</b>	<b>(1,163,261)</b>	<b>(2,052)</b>	<b>-</b>	<b>(2,230,773)</b>
<b>XIII Profit after tax</b>	<b>2,744,557</b>	<b>1,714,306</b>	<b>4,652,574</b>	<b>(849)</b>	<b>-</b>	<b>9,110,588</b>

## 42 Segment reporting (continued)

### (b) Business segment

Year ended 31 December 2017:

	Banking financial services VND million	Non-banking financial services VND million	Securities VND million	Others VND million	Elimination VND million	Total VND million
1 Interest and similar income	107,386,440	300,838	184,080	29,752	(61,742,342)	46,158,768
2 Interest and similar expenses	(85,768,709)	(117,769)	(82,856)	-	61,748,112	(24,221,222)
<b>I Net interest income</b>	<b>21,617,731</b>	<b>183,069</b>	<b>101,224</b>	<b>29,752</b>	<b>5,770</b>	<b>21,937,546</b>
3 Fee and commission income	5,113,031	7,411	232,642	137,987	(112,895)	5,378,176
4 Fee and commission expenses	(2,760,506)	(852)	(43,397)	(60,916)	25,704	(2,839,967)
<b>II Net fee and commission income</b>	<b>2,352,525</b>	<b>6,559</b>	<b>189,245</b>	<b>77,071</b>	<b>(87,191)</b>	<b>2,538,209</b>
<b>III Net gain from trading of foreign currencies</b>	<b>2,040,601</b>	<b>1,816</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,042,417</b>
<b>IV Net gain from trading securities</b>	<b>471,229</b>	<b>-</b>	<b>10,941</b>	<b>-</b>	<b>(5,770)</b>	<b>476,400</b>
<b>V Net loss gain from investment securities</b>	<b>(19,742)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19,742)</b>
5 Other income	2,347,077	18,430	88	581	(10,345)	2,355,831
6 Other expenses	(256,298)	-	(3)	-	-	(256,301)
<b>VI Net other income</b>	<b>2,090,779</b>	<b>18,430</b>	<b>85</b>	<b>581</b>	<b>(10,345)</b>	<b>2,099,530</b>
<b>VII Income from capital contribution and equity investments</b>	<b>319,043</b>	<b>-</b>	<b>12,718</b>	<b>-</b>	<b>-</b>	<b>331,761</b>
<b>Total operating income</b>	<b>28,872,166</b>	<b>209,874</b>	<b>314,213</b>	<b>107,404</b>	<b>(97,536)</b>	<b>29,406,121</b>
<b>VIII Total operating expenses</b>	<b>(11,639,315)</b>	<b>(100,889)</b>	<b>(191,986)</b>	<b>(31,691)</b>	<b>97,536</b>	<b>(11,866,345)</b>
<b>IX Net operating profit before allowance for credit losses</b>	<b>17,232,851</b>	<b>108,985</b>	<b>122,227</b>	<b>75,713</b>	<b>-</b>	<b>17,539,776</b>
<b>X Allowance for credit losses</b>	<b>(6,187,511)</b>	<b>(10,904)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,198,415)</b>
<b>XI Profit before tax</b>	<b>11,045,340</b>	<b>98,081</b>	<b>122,227</b>	<b>75,713</b>	<b>-</b>	<b>11,341,361</b>
7 Current corporate income tax expenses	(2,172,125)	(19,233)	(25,507)	(17,513)	-	(2,234,378)
8 Deferred corporate income tax benefits	-	-	3,605	-	-	3,605
<b>XII Corporate income tax expenses</b>	<b>(2,172,125)</b>	<b>(19,233)</b>	<b>(21,902)</b>	<b>(17,513)</b>	<b>-</b>	<b>(2,230,773)</b>
<b>XIII Profit after tax</b>	<b>8,873,215</b>	<b>78,848</b>	<b>100,325</b>	<b>58,200</b>	<b>-</b>	<b>9,110,588</b>



#### **43. Disclosure of financial instruments**

##### **(a) Collateral disclosure**

Vietcombank 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 Vietcombank's financial assets and liabilities as at 31 December 2017:



#### 43 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
<b>Financial assets</b>								
I	Cash on hand, gold, silver and gemstones	-	-	10,102,861	-	-	10,102,861	10,102,861
II	Balances with the State Bank of Vietnam	-	-	93,615,618	-	-	93,615,618	93,615,618
III	Balances with and loans to other credit institutions	-	-	232,973,403	-	-	232,973,403	(*)
IV	Trading securities	9,750,244	-	-	-	-	9,750,244	(*)
V	Derivative financial instruments and other financial assets	832,354	-	-	-	-	832,354	(*)
VI	Loans to customers	-	-	543,434,460	-	-	543,434,460	(*)
VIII	Investment securities	-	95,404,021	-	34,688,298	-	130,092,319	(*)
IX	Long-term investments	-	-	-	2,705,966	-	2,705,966	(*)
XII	Other financial assets	-	-	10,389,978	-	-	10,389,978	(*)
		<b>10,582,598</b>	<b>95,404,021</b>	<b>890,516,320</b>	<b>37,394,264</b>	<b>-</b>	<b>1,033,897,203</b>	<b>(*)</b>
<b>Financial liabilities</b>								
I	Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	-	-	-	-	238,327,271	238,327,271	(*)
II	Deposits from customers	-	-	-	-	708,519,717	708,519,717	(*)
IV	Funds for finance, entrusted investments and entrusted loans	-	-	-	-	23,153	23,153	(*)
V	Valuable papers issued	-	-	-	-	18,214,504	18,214,504	(*)
VI	Other financial liabilities	-	-	-	-	9,581,693	9,581,693	(*)
		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>974,666,338</b>	<b>974,666,338</b>	<b>(*)</b>

(\*) 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.

## 43 Disclosure of financial instruments (continued)

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

The Board of Directors has the highest rights and responsibilities for Vietcombank'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 Vietcombank'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 Vietcombank'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 Vietcombank 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

Vietcombank 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. Vietcombank 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.

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

In order to manage credit risks, Vietcombank 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.

#### 43 Disclosure of financial instruments (continued)

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

##### (i) Credit risks (continued)

Vietcombank'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	93,615,618	-	-	93,615,618
Balances with and loans to other credit institutions – gross	232,973,403	-	-	232,973,403
Balances with other credit institutions	159,043,345	-	-	159,043,345
Loans to other credit institutions	73,930,058	-	-	73,930,058
Trading securities	9,304,388	-	-	9,304,388
Loans to customers – gross	530,523,725	1,918,788	10,991,947	543,434,460
Investment securities – gross	130,084,129	-	-	130,084,129
Available-for-sale investment securities	34,680,108	-	-	34,680,108
Held-to-maturity investment securities	95,404,021	-	-	95,404,021
Other assets	10,389,978	-	-	10,389,978
	<b>1,006,891,241</b>	<b>1,918,788</b>	<b>10,991,947</b>	<b>1,019,801,976</b>

Types and book value of collaterals held by the Bank as at the reporting date are described in Note 39.



## 43 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 annual accounting period to the nearest interest re-pricing term of the items in the consolidated 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 consolidated balance sheet of Vietcombank:

- 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, funds for finance, entrusted investments and entrusted loans 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, entrusted investments and entrusted loans 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 annual 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 annual 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 Vietcombank’s assets and liabilities as at 31 December 2017:

## 43 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
<b>Assets</b>									
I Cash on hand, gold, silver and gemstones	-	10,102,861	-	-	-	-	-	-	10,102,861
II Balances with the State Bank of Vietnam	-	-	93,615,618	-	-	-	-	-	93,615,618
III Balances with and loans to other credit institutions – gross	-	342,551	194,099,786	24,221,210	3,455,884	1,166,465	9,687,507	-	232,973,403
IV Trading securities – gross	-	445,856	9,304,388	-	-	-	-	-	9,750,244
V Derivative financial instruments and other financial assets	-	-	-	832,354	-	-	-	-	832,354
VI Loans to customers – gross	4,585,850	-	136,312,274	190,400,868	134,793,655	50,901,816	25,880,118	559,879	543,434,460
VII Investment securities – gross	-	-	2,865,431	3,754,383	7,481,502	7,361,237	76,189,267	32,440,499	130,092,319
VIII Other long-term investments – gross	-	3,577,967	-	-	-	-	-	-	3,577,967
IX Fixed assets	-	6,162,361	-	-	-	-	-	-	6,162,361
X Other assets – gross	-	13,113,164	-	-	-	-	-	-	13,113,164
<b>Total assets</b>	<b>4,585,850</b>	<b>33,744,760</b>	<b>436,197,497</b>	<b>219,208,815</b>	<b>145,731,041</b>	<b>59,429,518</b>	<b>111,756,892</b>	<b>33,000,378</b>	<b>1,043,654,751</b>
<b>Liabilities</b>									
I Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	-	-	223,572,873	8,805,484	4,650,151	1,298,763	-	-	238,327,271
II Deposits from customers	-	22,799	392,353,563	116,798,766	104,491,082	90,564,536	4,282,108	6,863	708,519,717
IV Funds for finance, entrusted investments and entrusted loans	-	-	-	153	-	-	1,640	21,360	23,153
V Valuable papers issued	-	-	2,017	-	-	3,220,387	14,252,100	740,000	18,214,504
VI Other liabilities	-	17,650,679	-	-	-	-	-	-	17,650,679
<b>Total liabilities</b>	<b>-</b>	<b>17,673,478</b>	<b>615,928,453</b>	<b>125,604,403</b>	<b>109,141,233</b>	<b>95,083,686</b>	<b>18,535,848</b>	<b>768,223</b>	<b>982,735,324</b>
<b>Interest sensitivity gap – on balance sheet</b>	<b>4,585,850</b>	<b>16,071,282</b>	<b>(179,730,956)</b>	<b>93,604,412</b>	<b>36,589,808</b>	<b>(35,654,168)</b>	<b>93,221,044</b>	<b>32,232,155</b>	<b>60,919,427</b>

## 43 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. Vietcombank was incorporated and operates in Vietnam, with VND as its reporting currency. The major currency in which the Bank transacts is VND. Vietcombank's loans to customers are mainly denominated in VND, USD and EUR. Some of Vietcombank's other assets are in currencies other than VND, USD and EUR. Vietcombank 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 Vietcombank 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 Vietcombank's assets and liabilities denominated in foreign currencies that were translated into VND as at 31 December 2017:



#### 43 Disclosure of financial instruments (continued)

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

###### (iii) Currency risk (continued)

	VND	USD	EUR	Other currencies	Total
	VND million	VND million	VND million	VND million	VND million
<b>Assets</b>					
I Cash on hand, gold, silver and gemstones	8,185,268	1,345,517	281,095	290,981	10,102,861
II Balances with the State Bank of Vietnam	77,675,012	15,940,606	-	-	93,615,618
III Balances with and loans to other credit institutions – gross	129,878,942	75,960,809	21,827,430	5,306,222	232,973,403
IV Trading securities – gross	9,750,244	-	-	-	9,750,244
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	457,398,574	84,734,916	141,579	1,159,391	543,434,460
VII Investment securities – gross	74,029,819	56,062,500	-	-	130,092,319
VIII Long-term investments – gross	3,577,967	-	-	-	3,577,967
IX Fixed assets	6,162,361	-	-	-	6,162,361
X Other assets – gross	11,240,963	1,781,388	50,640	40,173	13,113,164
<b>Total assets</b>	<b>839,495,094</b>	<b>175,302,843</b>	<b>22,129,537</b>	<b>6,727,277</b>	<b>1,043,654,751</b>
<b>Liabilities</b>					
I Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	175,475,376	40,611,363	17,597,016	4,643,516	238,327,271
II Deposits from customers	572,968,721	128,587,593	4,382,048	2,581,355	708,519,717
IV Funds for finance, entrusted investments and entrusted loans	23,153	-	-	-	23,153
V Valuable papers issued	18,211,995	2,509	-	-	18,214,504
VI Other liabilities	15,577,170	2,021,213	26,742	25,554	17,650,679
<b>Total liabilities</b>	<b>782,256,415</b>	<b>171,222,678</b>	<b>22,005,806</b>	<b>7,250,425</b>	<b>982,735,324</b>
<b>FX position on balance sheet</b>	<b>57,238,679</b>	<b>4,080,165</b>	<b>123,731</b>	<b>(523,148)</b>	<b>60,919,427</b>

## **43 Disclosure of financial instruments (continued)**

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

#### **(iv) Liquidity risk**

Liquidity risk occurs when Vietcombank 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 Vietcombank's assets and liabilities maturity analysis in the consolidated 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 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 Vietcombank and current accounts of Vietcombank 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 Vietcombank's assets and liabilities as at 31 December 2017:

### 43 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
<b>Assets</b>									
I	Cash on hand, gold, silver and gemstones	-	-	10,102,861	-	-	-	-	10,102,861
II	Balances with the State Bank of Vietnam	-	-	93,615,618	-	-	-	-	93,615,618
III	Balances with and loans to other credit institutions – gross	-	-	194,131,417	24,164,184	2,680,525	11,997,277	-	232,973,403
IV	Trading securities – gross	-	-	9,750,244	-	-	-	-	9,750,244
V	Derivative financial instruments and other financial assets	-	-	-	832,354	-	-	-	832,354
VI	Loans to customers – gross	2,691,053	1,894,798	45,327,702	119,756,136	165,406,550	110,207,307	98,150,914	543,434,460
VII	Investment securities – gross	-	-	2,573,430	988,383	8,875,820	81,269,187	36,385,499	130,092,319
VIII	Long-term investments – gross	-	-	-	-	-	-	3,577,967	3,577,967
IX	Fixed assets	-	-	-	-	-	-	6,162,361	6,162,361
X	Other assets – gross	-	-	-	13,113,164	-	-	-	13,113,164
<b>Total assets</b>		<b>2,691,053</b>	<b>1,894,798</b>	<b>355,501,272</b>	<b>158,854,221</b>	<b>176,962,895</b>	<b>203,473,771</b>	<b>144,276,741</b>	<b>1,043,654,751</b>
<b>Liabilities</b>									
I	Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	-	-	222,504,598	8,751,684	4,031,038	1,953,730	1,086,221	238,327,271
II	Deposits from customers	-	-	204,482,711	124,412,793	210,522,090	33,359,982	135,742,141	708,519,717
IV	Funds for finance, entrusted investments and entrusted loans	-	-	153	-	-	1,640	21,360	23,153
V	Valuable papers issued	-	-	2,017	-	-	7,352,100	10,860,387	18,214,504
VI	Other liabilities	-	-	-	17,650,679	-	-	-	17,650,679
<b>Total liabilities</b>		<b>-</b>	<b>-</b>	<b>426,989,479</b>	<b>150,815,156</b>	<b>214,553,128</b>	<b>42,667,452</b>	<b>147,710,109</b>	<b>982,735,324</b>
<b>Net liquidity gap</b>		<b>2,691,053</b>	<b>1,894,798</b>	<b>(71,488,207)</b>	<b>8,039,065</b>	<b>(37,590,233)</b>	<b>160,806,319</b>	<b>(3,433,368)</b>	<b>60,919,427</b>



#### 44. Corresponding figures

##### (a) Restatement by the State Audit of Vietnam

The opening balances in the consolidated balance sheet and consolidated 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
<b>Loans to customers</b>	<b>452,721,687</b>	<b>452,684,316</b>	<b>37,371</b>
Loans to customers	460,808,440	460,808,468	(28)
Allowance for loans to customers	(8,086,753)	(8,124,152)	37,399
<b>Fixed assets</b>	<b>5,729,637</b>	<b>5,639,382</b>	<b>90,255</b>
Tangible fixed assets	3,726,000	3,717,046	8,954
Cost	8,632,207	8,621,996	10,211
Accumulated depreciation	(4,906,207)	(4,904,950)	(1,257)
Intangible fixed assets	2,003,637	1,922,336	81,301
Cost	2,603,156	2,518,777	84,379
Accumulated amortisation	(599,519)	(596,441)	(3,078)
<b>Other assets</b>	<b>10,700,615</b>	<b>10,800,045</b>	<b>(99,430)</b>
Receivables	2,958,093	2,950,677	7,416
Accrued interest and fee receivables	5,791,137	5,786,098	5,039
Deferred tax assets	1,943	1,943	-
Other assets	1,950,379	2,062,264	(111,885)
Allowance for other assets	(937)	(937)	-
<b>Total impact</b>			<b>28,196</b>

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(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
<b>Other liabilities</b>	<b>12,661,994</b>	<b>12,677,844</b>	<b>(15,850)</b>
Accrued interest and fee payables	6,454,174	6,454,174	-
Deferred tax liabilities	18,461	18,461	-
Other liabilities	6,189,359	6,205,209	(15,850)
<b>Retained profits</b>	<b>5,874,992</b>	<b>5,830,946</b>	<b>44,046</b>
Previous years' retained profits	1,204,902	1,204,902	-
Current year's retained profits	4,670,090	4,626,044	44,046
<b>Total shareholders' equity</b>	<b>48,145,556</b>	<b>48,101,510</b>	<b>44,046</b>
<b>Total impact</b>			<b>28,196</b>

(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)

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(iv) Impact on consolidated statement of income:

	<b>31/12/2016</b> <b>VND million</b> <b>(restated)</b>	<b>31/12/2016</b> <b>VND million</b> <b>(as previously</b> <b>reported)</b>	<b>Difference</b> <b>VND million</b>
Interest and similar income	37,718,211	37,713,172	5,039
<b>Net interest income</b>	<b>18,532,750</b>	<b>18,527,711</b>	<b>5,039</b>
Other income	2,294,727	2,293,539	1,188
<b>Net other income</b>	<b>1,918,378</b>	<b>1,917,190</b>	<b>1,188</b>
<b>Operating expenses</b>	<b>(9,939,012)</b>	<b>(9,950,443)</b>	<b>11,431</b>
<b>Net operating profit before allowance for credit losses</b>	<b>14,946,847</b>	<b>14,929,189</b>	<b>17,658</b>
<b>Allowance for credit losses</b>	<b>(6,368,707)</b>	<b>(6,406,106)</b>	<b>37,399</b>
<b>PROFIT BEFORE TAX</b>	<b>8,578,140</b>	<b>8,523,083</b>	<b>55,057</b>
Current corporate income tax expenses	(1,683,093)	(1,672,082)	(11,011)
<b>Corporate income tax expenses</b>	<b>(1,683,093)</b>	<b>(1,672,082)</b>	<b>(11,011)</b>
<b>Profit after tax</b>	<b>6,895,047</b>	<b>6,851,001</b>	<b>44,046</b>
<b>Net profit for the year</b>	<b>6,875,771</b>	<b>6,831,725</b>	<b>44,046</b>

(b) **Restatement of opening balances of consolidated 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 maturities exceeding 3 months but with remaining maturities of 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 consolidated statement of cash flows. A comparison of the amounts previously reported and as restated is as follows:

	<b>31/12/2016</b> <b>VND million</b> <b>(restated)</b>	<b>31/12/2016</b> <b>VND million</b> <b>(as previously</b> <b>reported)</b>	<b>Difference</b> <b>VND million</b>
Balances with and loans to other credit institutions	(12,195,279)	331,414	(12,526,693)
Trading securities	(31,805,807)	(22,008,457)	(9,797,350)
<b>Net cash flows from operating activities</b>	<b>(2,960,286)</b>	<b>19,363,757</b>	<b>(22,324,043)</b>
<b>Net cash flows during the year</b>	<b>(6,847,898)</b>	<b>15,476,145</b>	<b>(22,324,043)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>157,564,955</b>	<b>179,888,998</b>	<b>(22,324,043)</b>



#### 45. Disclosure on changes in profit

The increase in net profit after tax of Vietcombank for the year ended 31 December 2017 by VND2,216 billion (equivalent to 32.13%) compared to the year ended 31 December 2016 was mainly due to the increase of profit before tax amounting to approximately VND2,763 billion ((equivalent to 32.21%) which resulted from the significant changes in the following items:

	<b>Impact</b>	
	<b>Amount</b>	<b>Percentage</b>
	<b>VND billion</b>	<b>on profit</b>
		<b>before tax</b>
		<b>%</b>
<b>Items with significant movements</b>		
Increase in fee and commission income	1,052	12.26%
Increase in income from disposals of equity investments	142	1.66%
Increase in interest income from deposits	454	5.29%
Increase in interest income from trading and investing in debt securities	634	7.39%
Increase in net other income	181	2.11%
Decrease in allowance for credit losses	170	1.98%
	<b>2,633</b>	<b>30.69%</b>

#### 46. Events after the consolidated financial statements date

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

#### 47. Approval of the consolidated financial statements

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

Hanoi, 30 March 2018

Prepared by:

Prepared 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