



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

Separate Financial Statements
for the year ended 31 December 2018



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, Decision No. 2293/QD-NHNN dated 31 October 2017 and Decision No. 300/QD/NHNN dated 21 February 2019 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 for the thirteenth time on 16 January 2019.

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

Mr. Nghiem Xuan Thanh	Chairman	Reappointed on 27 April 2018
Mr. Pham Quang Dung	Member	Reappointed on 27 April 2018
Mr. Nguyen Manh Hung	Member	Reappointed on 27 April 2018
Mr. Nguyen My Hao	Member	Reappointed on 27 April 2018
Mr. Eiji Sasaki	Member	Reappointed on 27 April 2018
Mr. Pham Anh Tuan	Member	Reappointed on 27 April 2018
Mr. Hong Quang	Member	Appointed on 27 April 2018
Mr. Truong Gia Binh	Member	Appointed on 27 April 2018
Ms. Nguyen Thi Dung	Member	Resigned on 28 April 2018

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

Mr. Pham Quang Dung	Chief Executive Officer (“CEO”)	Appointed on 1 November 2014
Mr. Dao Minh Tuan	Deputy CEO	Reappointed on 15 June 2017
Mr. Pham Manh Thang	Deputy CEO	Reappointed on 10 March 2019
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. Dao Hao	Deputy CEO	Reappointed on 1 August 2015 Retired from 1 September 2018
Ms. Truong Thi Thuy Nga	Deputy CEO	Extended from 1 December 2017 Retired from 1 November 2018

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

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

Ms. Truong Le Hien	Chair of the Board	Reappointed on 27 April 2018
Ms. La Thi Hong Minh	Member	Reappointed on 27 April 2018
Ms. Do Thi Mai Huong	Member	Reappointed on 27 April 2018
Ms. Vu Thi Bich Van	Member	Reappointed on 27 April 2018

Chief Accountant Mr. Le Hoang Tung
Appointed on 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

Auditor KPMG Limited
Vietnam

Joint Stock Commercial Bank for Foreign Trade of Vietnam Report of the Board of Management

The Board of Management of Joint Stock Commercial Bank for Foreign Trade of Vietnam (“the Bank”) presents this report and the separate financial statements of the Bank for year ended 31 December 2018.

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

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

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed or not, subject to any material departures disclosed and explained in the separate financial statements; and
- Prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue its business.

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

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

Statement by the Board of Management

The Board of Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Bank as at 31 December 2018, and of its separate results of operations and separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

For and on behalf of the Board of Management:



Ms. Phung Nguyen Hai Yen
Deputy CEO

Hanoi, 31 March 2019



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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying separate financial statements of Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank"), which comprise the separate balance sheet as at 31 December 2018, the separate statement of income and the separate statement of cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank's Board of Management on 31 March 2019, as set out on pages 6 to 72.

The Bank's Board of Management's responsibility

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

Auditor's responsibility

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

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

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



Auditor's Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the unconsolidated financial position of Joint Stock Commercial Bank for Foreign Trade of Vietnam as at 31 December 2018 and of its unconsolidated results of operations and its unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

KPMG Limited

Vietnam

Audit Report No. 17-02-00545-19-3




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

Hanoi, 31 March 2019



Pham Huy Cuong
Practicing Auditor Registration
Certificate No. 2675-2019-007-1

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Separate balance sheet as at 31 December 2018

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

No.	Items	Note	31/12/2018 VND million	31/12/2017 VND million
A	ASSETS			
I	Cash on hand, gold, silver and gemstones	4	12,779,174	10,095,135
II	Balances with the State Bank of Vietnam	5	10,152,243	93,615,296
III	Balances with and loans to other credit institutions	6	250,967,000	234,884,068
1	Balances with other credit institutions		185,294,032	158,215,874
2	Loans to other credit institutions		66,672,968	76,668,194
3	Allowance for balances with and loans to other credit institutions		(1,000,000)	-
IV	Trading securities	7	1,757,474	8,561,021
1	Trading securities		1,757,474	8,561,021
V	Derivative financial instruments and other financial assets	8	275,983	832,354
VI	Loans to customers		616,948,860	530,821,668
1	Loans to customers	9	627,183,053	538,871,669
2	Allowance for loans to customers	10	(10,234,193)	(8,050,001)
VIII	Investment securities	11	149,288,240	129,884,082
1	Available-for-sale securities		35,313,069	34,680,108
2	Held-to-maturity securities		114,251,030	95,344,021
3	Allowance for investment securities		(275,859)	(140,047)
IX	Capital contributions, long-term investments		5,826,795	5,014,751
1	Investments in subsidiaries	12(a)	3,442,280	1,621,880
2	Investments in joint-ventures	12(b)	815,515	815,515
3	Investments in associates	12(c)	11,110	11,110
4	Other long-term investments	12(d)	1,635,418	2,705,966
5	Allowance for long-term investments	12(e)	(77,528)	(139,720)
X	Fixed assets		6,194,680	5,809,180
1	Tangible fixed assets	13	4,140,992	3,865,271
a	Cost		9,677,800	8,873,876
b	Accumulated depreciation		(5,536,808)	(5,008,605)
3	Intangible fixed assets	14	2,053,688	1,943,909
a	Cost		2,721,048	2,555,367
b	Accumulated amortisation		(667,360)	(611,458)
XII	Other assets		17,108,682	12,795,503
1	Receivables	15(a)	3,999,662	4,273,533
2	Accrued interest and fee receivables	15(b)	7,367,404	5,972,421
4	Other assets	15(c)	5,741,616	2,549,549
	TOTAL ASSETS		1,071,299,131	1,032,313,058

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

No.	Items	Note	31/12/2018 VND million	31/12/2017 VND million
B	LIABILITIES AND SHAREHOLDERS' EQUITY			
I	Amounts due to the Government and the SBV	16	90,685,315	171,385,068
II	Deposits and borrowings from other credit institutions	17	75,647,514	65,824,412
1	Deposits from other credit institutions		75,647,514	56,087,787
2	Borrowings from other credit institutions		-	9,736,625
III	Deposits from customers	18	802,114,711	708,748,578
V	Funds for finance, entrusted investments and entrusted loans	19	25,803	23,153
VI	Valuable papers issued	20	21,418,647	18,002,017
VII	Other liabilities		20,618,490	17,040,267
1	Accrued interest and fee payables	21(a)	8,715,301	8,461,859
3	Other liabilities	21(b)	11,903,189	8,578,408
	TOTAL LIABILITIES		1,010,510,480	981,023,495
VIII	Shareholders' equity			
1	Capital		35,978,098	35,977,686
a	Charter capital		35,977,686	35,977,686
g	Other capital		412	-
2	Reserves		9,210,606	7,048,834
5	Retained profits		15,599,947	8,263,043
a	Previous year's retained profits		4,983,956	2,244,258
b	Current year's retained profits		10,615,991	6,018,785
	TOTAL SHAREHOLDERS' EQUITY	22(a)	60,788,651	51,289,563
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,071,299,131	1,032,313,058

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

No.	Items	Note	31/12/2018 VND million	31/12/2017 VND million
OFF-BALANCE SHEET ITEMS				
1	Credit guarantees		276,512	265,179
2	Foreign exchange commitments		61,831,282	74,729,089
	<i>Forward buying commitments</i>		12,471,111	8,223,247
	<i>Forward selling commitments</i>		49,360,171	66,505,842
4	Letters of credit		57,703,713	45,239,213
5	Other guarantees		54,250,031	51,953,402
6	Other commitments		201,313	131,912

Hanoi, 31 March 2019

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen

Deputy Director of
 Financial and Accounting
 Policy Department

Chief Accountant



Deputy CEO

No.	Items	Note	2018 VND million	2017 VND million
1	Interest and similar income	24	55,419,265	45,794,612
2	Interest and similar expenses	25	(27,399,757)	(24,176,770)
I	Net interest income		28,019,508	21,617,842
3	Fee and commission income		6,716,592	5,115,928
4	Fee and commission expenses		(3,535,540)	(2,760,482)
II	Net fee and commission income	26	3,181,052	2,355,446
III	Net gain from trading of foreign currencies	27	2,263,253	2,040,602
IV	Net gain from trading securities	28	187,867	471,229
V	Net loss from investment securities	29	-	(19,742)
5	Other income		3,503,461	2,347,078
6	Other expenses		(276,484)	(256,295)
VI	Net other income	30	3,226,977	2,090,783
VII	Income from capital contributions and equity investments	31	1,765,913	302,898
	TOTAL OPERATING INCOME		38,644,570	28,859,058
VIII	TOTAL OPERATING EXPENSES	32	(13,228,837)	(11,650,257)
IX	Net operating profit before allowance for credit losses		25,415,733	17,208,801
X	Allowance for credit losses	33	(7,399,505)	(6,187,511)
XI	PROFIT BEFORE TAX (CARRIED TO THE NEXT PAGE)		18,016,228	11,021,290

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

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Separate statement of income for the year ended 31 December 2018
(continued)

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

No.	Items	Note	2018 VND million	2017 VND million
XI	PROFIT BEFORE TAX (BROUGHT FROM THE PREVIOUS PAGE)		18,016,228	11,021,290
7	Current corporate income tax expenses		(3,561,561)	(2,172,126)
XII	Corporate income tax expenses	34	(3,561,561)	(2,172,126)
XIII	NET PROFIT AFTER TAX		14,454,667	8,849,164

Hanoi, 31 March 2019


Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen


Deputy Director of
Financial and Accounting
Policy Department


Chief Accountant


Deputy CEO



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

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Separate statement of cash flows for the year ended 31 December 2018
(Direct method)

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

No.	Items	Note	2018 VND million	2017 VND million
CASH FLOWS FROM OPERATING ACTIVITIES				
01	Interest and similar income received		54,017,087	45,577,590
02	Interest and similar expenses paid		(27,336,446)	(22,176,453)
03	Net fee and commission income received		3,181,052	2,355,446
04	Net receipts and payments from trading activities (foreign currencies, gold and securities)		3,151,593	2,495,527
05	Other expenses paid		(47,272)	(92,387)
06	Receipts from recovery of bad debts previously written off		3,271,828	2,180,252
07	Payments to employees and for other operating activities		(12,502,655)	(10,321,301)
08	Corporate income tax paid during the year		(2,496,616)	(2,028,543)
Net cash flows from operating activities before changes in operating assets and liabilities			21,238,571	17,990,131
(Increase)/decrease in operating assets				
09	Balances with and loans to other credit institutions		216,472	(8,949,034)
10	Trading securities		(14,736,423)	(1,512,901)
11	Derivative financial instruments and other financial assets		556,371	(601,696)
12	Loans to customers		(88,311,384)	(81,733,880)
13	Utilisation of allowance for credit losses		(4,081,374)	(6,207,924)
14	Other operating assets		(2,712,294)	(2,154,165)
Increase/(decrease) in operating liabilities				
15	Amounts due to the Government and the State Bank		(80,699,753)	117,233,655
16	Deposits and borrowings from other credit institutions		9,823,102	(5,513,320)
17	Deposits from customers		93,366,133	117,837,842
18	Valuable papers issued		3,416,795	7,996,641
19	Funds for finance, entrusted investments and entrusted loans		2,650	23,153
20	Other operating liabilities		789,997	1,088,315
21	Payments from reserves		(1,342,660)	(1,121,435)
I	Net cash flows from operating activities		(62,473,797)	154,375,382

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

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Separate statement of cash flows for the year ended 31 December 2018
(Direct method - continued)

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

No.	Items	Note	2018 VND million	2017 VND million
CASH FLOWS FROM INVESTING ACTIVITIES				
01	Payments for purchases of fixed assets		(1,103,091)	(1,007,468)
02	Proceeds from disposals of fixed assets		4,113	5,314
03	Payments for disposals of fixed assets		(1,692)	(2,396)
07	Payments for investments in other entities		(1,820,400)	(30,000)
08	Collections on investments in other entities		2,628,038	393,340
09	Dividends and interest received from long-term investments and capital contributions		165,434	160,662
II	Net cash flows from investing activities		(127,598)	(480,548)
CASH FLOWS FROM FINANCING ACTIVITIES				
04	Dividends paid		(2,878,215)	(2,878,215)
III	Net cash flows from financing activities		(2,878,215)	(2,878,215)
IV	Net cash flows during the year		(65,479,610)	151,016,619
V	Cash and cash equivalents at the beginning of the year		307,436,864	156,420,245
VII	Cash and cash equivalents at the end of the year	35	241,957,254	307,436,864

Hanoi, 31 March 2019

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen



Deputy Director of
Financial and Accounting
Policy Department



Chief Accountant



Deputy CEO

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

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

1. Reporting entity

(a) Establishment and operations

Joint Stock Commercial Bank for Foreign Trade of Vietnam (“the Bank”) was established upon the transformation from a state-owned commercial bank following the approval of the Prime Minister on the equitisation plan of the Bank for Foreign Trade of Vietnam and in accordance with other relevant regulations. The Bank was granted Establishment and Operation Licence No. 138/GP-NHNN dated 23 May 2008 by the State Bank of Vietnam (“the SBV”) for a period of 99 years, Business Registration Certificate No. 0103024468 dated 2 June 2008 by Hanoi Authority for Planning and Investment and Enterprise Code No. 0100112437 was reissued for the thirteenth time on 16 January 2019.

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, Decision No. 2293/QD-NHNN dated 31 October 2017 and Decision No. 300/QD-NHNN dated 21 February 2019 amending and supplementing to 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 for the twelfth time on 16 December 2016 and the amendment of Establishment and Operation Licence No. 138/GP-NHNN of Joint Stock Commercial Bank for Foreign Trade of Vietnam in Decision No. 95/QD-NHNN dated 18 January 2017 of the State Bank of Vietnam, the Bank’s charter capital was VND35,977,685,750,000. The face value per share is VND10,000.

	31/12/2018		31/12/2017	
	Number of shares	%	Number of shares	%
Shares owned by the Government of Vietnam	2,774,353,387	77.10%	2,774,353,387	77.10%
Shares owned by foreign strategic shareholder (Mizuho Bank Ltd., Japan)	539,668,502	15.00%	539,668,502	15.00%
Shares owned by other owners	283,746,686	7.90%	283,746,686	7.90%
	3,597,768,575	100%	3,597,768,575	100%

(c) Location and network

The Bank's Head Office is located at 198 Tran Quang Khai Street, Hoan Kiem District, Hanoi. As at 31 December 2018, the Bank had one (1) Head Office, one (1) Training Centre, one (1) Cash Processing Center, and one hundred and six (106) branches nationwide, four (4) local subsidiaries, three (3) overseas subsidiaries, three (3) joint-ventures, one (1) associate, one (1) representative office located in United States, one (1) representative office located in Singapore and one (1) representative office located in Ho Chi Minh City (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) representative office located in Singapore and one (1) representative office located in Ho Chi Minh City).

(d) Subsidiaries, joint-ventures and associates

Subsidiaries

Subsidiaries	Operating Licence	Business sector	Ownership percentage
Vietcombank Finance Leasing Company Limited	Operating Licence No. 66/GP-CTCTTC dated 31 October 2017 granted by the SBV	Financial leasing	100%
Vietcombank Securities Company Limited	Operating Licence No. 09/GPHDKD dated 24 April 2002, the most recent amendment is Operating Licence No. 63/GPDC-UBCK dated 29 December 2017 granted by the State Securities Commission ("SSC")	Securities	100%
Vietnam Finance Company Limited in Hong Kong	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	Foreign exchange remittance	87.5%
Vietcombank Tower 198 Ltd	Investment Licences No. 1578/GP dated 30 May 1996 and the most recent amendment dated 11 September 2017 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 foreign exchange	100%
Vietcombank Laos Limited	Operating Licence No. 88/BOL dated 25 May 2018 granted by Bank of the Lao P.D.R	Banking	100%

Joint-ventures

Joint-ventures	Operating Licence	Business sector	Ownership percentage
Vietcombank – Bonday – Ben Thanh Joint-venture 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 9 February 2018	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 and Amended Licence No.55/GPDC1/KDBH dated 28 December 2018	Life insurance	45%

Associates

Associates	Operating Licence	Business sector	Ownership percentage
Vietcombank – Bonday Joint-venture Company Limited	Operating Licence No. 283/GP dated 5 December 1991 granted by the Department of Planning and Investment, most recent amendment licence No. 283/GPDC4 dated 4 March 2002	Office leasing	16%

(e) Number of employees

As at 31 December 2018, the Bank had 16,712 employees (31 December 2017: 15,766 employees).

2. Summary of significant accounting policies

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

(a) Purpose of preparing the separate financial statements

The Bank has subsidiaries as disclosed in Note 1(d) and Note 12(a). The Bank prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular No. 155/2015/TT-BTC dated 6 October 2015 of the Ministry of Finance on disclosure of information on the securities market. In addition, as required by the Circular, the Bank has prepared the consolidated financial statements of the Bank and its subsidiaries for the year ended 31 December 2018 (“the consolidated financial statements”) which was issued on 31 March 2019.

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

(b) Basis of financial statement preparation

The separate financial statements, presented in Vietnam Dong (“VND”) and rounded to the nearest million VND (“VND million”), have been prepared in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

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

(c) Accounting period

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

(d) Foreign currency transactions

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

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

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with the SBV, treasury bills and other short-term valuable papers which are eligible for discounting with the SBV, balances with and loans to other credit institutions with original terms to maturity not exceeding three months from the original date of placements or granting; investments in securities with recoverability or maturity not exceeding three months that are readily convertible into known amounts of cash, and that are subjected to an insignificant risk of change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(f) Deposits with and loans to other credit institutions

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

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

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

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

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

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

(g) Loans to customers

(i) Loans to customers

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

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

(ii) Specific allowance for credit risk

According to Circular 02 and Circular 09, specific allowance is determined based on the balance and debt 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 debt 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:

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

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

(iii) General allowance for credit risk

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

(iv) Bad debts written-off

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

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

(h) Investments

(i) Trading securities

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

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

(ii) Investment securities

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

Available-for-sale investment securities

Available-for-sale investment securities are debt securities, equity securities or other securities, which are acquired for an indefinite period and may be sold at any time. For equity securities, the investee is not a subsidiary, associate or joint-venture of the Bank and the Bank is neither a founding shareholder nor a strategic partner; nor has the impact on the enterprise's planning and determining of financial and operating policies under agreements to appoint personnel to the members' council/board of directors/board of management.

Held-to-maturity investment securities

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

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

In addition, according to Circular 02 and Circular 09, investment securities which are unlisted corporate bonds (including bonds issued by other local credit institutions on the secondary market) are subject to classification and allowance in a manner similar to loans to customers described in Note 2(g).

(iii) Capital contributions, long-term investments

Investments in subsidiaries, joint-ventures and associates

Subsidiaries are entities that fall in one of the followings:

- The Bank or the Bank and its related parties hold more than 50% of charter capital or more than 50% of the voting rights in that entity;
- The Bank has the power, directly or indirectly, to appoint most of or all of the members of the board of directors, the board of management or chief executive officer of the entity;
- The Bank has the power to amend, supplement to the entity's operation charter;
- The Bank and its related parties control, directly or indirectly, the resolution and decision of the annual general shareholders' meeting, the board of directors, and the members' council of the entity.

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

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

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

Other long-term investments

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

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

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

The allowance for diminution in the value of long-term investments is made if the economic entity in which the Bank invests in suffers a loss (except for cases where losses have been anticipated in the initial business plans) in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 ("Circular 228") and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. The allowance amount is the difference between the parties' actual capital contributions to the economic entity and the actual owners' equity multiplied (x) by the ratio of capital invested by the Bank to the total actual capital of the economic entity at the end of the annual accounting period. For an investment in listed shares or shares which market price can be determined reliably, allowance is made based on the shares' market price.

(i) Repurchase and reverse repurchase agreements

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

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

(j) Tangible fixed assets

(i) Cost

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

In accordance with Circular No. 45/2013/TT-BTC dated 25 April 2013 issued by the Ministry of Finance ("Circular 45") guiding the framework of management, use and depreciation of fixed assets, assets shall be considered as fixed assets if they meet all of the following three criteria:

- It is certain to gain future economic benefits from the use of such assets;
- The useful life of assets is above one year;
- Historical costs of the assets must be determinable reliably, with a minimum value of VND30,000,000.

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

(ii) Depreciation

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

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

(k) Intangible fixed assets

(i) Land use rights

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

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

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

Land use rights not recognised as intangible assets comprise:

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

According to Circular 45, intangible fixed assets which are long-term land use rights with land use fee or receiving the legal long-term land use rights are not amortised.

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

(ii) Copyrights, patents and other intangible fixed assets

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

(l) Other assets

Except for receivables from uncollectible income as presented in Note 2(s)(iv), 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 period or estimated loss for debts whose debtors have become bankrupt or are undergoing dissolution procedures, are missing, have escaped, are prosecuted, detained or on trial by law enforcement bodies, are serving sentences or have deceased.

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

For other assets that are classified as assets with credit risk, the Bank conducts classification and makes allowance similarly to those of loans to customers described in Note 2(g).

(m) Deposits and borrowings from other credit institutions

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

(n) Deposits from customers

Deposits from customers are stated at cost.

(o) Valuable papers issued

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

(p) Severance allowance

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

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

(q) Bonus and welfare funds

Bonus and welfare funds is allocated from profit after tax in accordance with the Resolution of the General Meeting of Shareholders and recorded as liabilities in the separate balance sheet. 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”).

(r) Capital and reserves

(i) Ordinary shares

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

(ii) Share premium

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

(iii) Treasury shares

When the Bank repurchases its ordinary shares, the total paid amount including directly attributable costs, net off any tax effects, is recognised as a deduction from equity and referred to as treasury shares.

(iv) Reserves

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

- Supplementary charter capital reserve: 5% of net profit after tax and does not exceed the Bank’s charter capital.
- Financial reserve: 10% of net profit after tax. In accordance with Decree No. 57/2012/ND-CP dated 20 July 2012 issued by the Government (“Decree 57”), the maximum rate of provision for financial reserve is 25% of the charter capital of the Bank. Such maximum rate is not specified in Decree 93 that supersedes Decree 57.
- Investment and development reserve and other reserves: are to be made upon the resolutions of the General Meeting of Shareholders and in accordance with the relevant statutory requirements.

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

(s) Income and expenses

(i) Interest income and interest expenses

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

Interest expenses are recorded on an accrual basis.

(ii) Fee and commission and dividend income

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

(iii) Share dividends

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

(iv) Uncollectible income

According to Circular No. 16/2018/TT-BTC dated 7 February 2019 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 annual accounting period, or recorded as an expense if the due date is not within the annual accounting period, and must be monitored on the off-balance sheet for following-up on collection. When the receivable is collected, the Bank will record it as an operating income.

(t) **Operating lease**

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

(u) **Taxation**

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

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

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

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

(v) Related parties

Related parties of the Bank include:

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

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

(w) Segment reporting

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

(x) Off-balance sheet items

(i) Foreign exchange contracts

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

Forward contracts are commitments to either purchase or sell a designated currency at a specific future date for a specific exchange rate and cash settlement. Forward contracts are recorded at nominal values at transaction dates, and are subsequently revaluated at the end of the accounting period. The difference on revaluation is recognised under "Foreign exchange differences" in the equity and is recorded in the separate statement of income at the end of the annual accounting period.

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

(ii) Interest swap contracts

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

(iii) Commitments and contingent liabilities

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

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

(y) Offsetting

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

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

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

Financial assets of the Bank mainly include:

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

Financial liabilities of the Bank mainly include:

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

(a) Classification of financial assets and liabilities

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

Financial assets are classified as:

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

Financial liabilities are classified as:

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

(b) Measurement and disclosures of fair value

In accordance with Circular 210, the Bank has to disclose the fair value of financial assets and financial liabilities to compare with the book value of those financial assets and financial liabilities as presented in Note 42(b).

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

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

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

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

4. Cash on hand, gold, silver and gemstones

	31/12/2018	31/12/2017
	VND million	VND million
Cash on hand in VND	9,761,185	8,185,128
Cash on hand in foreign currencies	3,017,527	1,909,517
Valuable papers in foreign currencies	462	490
	<hr/>	<hr/>
	12,779,174	10,095,135
	<hr/>	<hr/>

5. Balances with the State Bank of Vietnam

	31/12/2018 VND million	31/12/2017 VND million
Demand deposits in VND	6,696,966	77,674,690
Demand deposits in USD	3,455,277	15,940,606
	10,152,243	93,615,296

Deposits with SBV consist of compulsory reserve (“CRR”) balance and current deposits balance.

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 and to each type of currency in each period.

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

Type of deposits	31/12/2018	31/12/2017
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 of current account at the year-end were as follows:

Type of deposits	31/12/2018	31/12/2017
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

	31/12/2018 VND million	31/12/2017 VND million
Balances with other credit institutions		
Demand deposits in VND	747	778
Demand deposits in foreign currencies	42,137,438	44,923,772
Term deposits in VND	70,926,012	57,723,507
Term deposits in foreign currencies	72,229,835	55,567,817
	185,294,032	158,215,874
Loans to other credit institutions		
Loans in VND	58,764,202	73,442,839
Loans in foreign currencies	7,908,766	3,225,355
	66,672,968	76,668,194
Allowance for balances with and loans to other credit institutions	(1,000,000)	-
	250,967,000	234,884,068

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

	31/12/2018 VND million	31/12/2017 VND million
Current debt	208,781,877	189,959,518
Special mentioned debt	46,938	-
Loss debt	1,000,000	-
	209,828,815	189,959,518

Movements in allowance for balances with and loans to other credit institutions during the year were as follows:

	2018 VND million	2017 VND million
Opening balance	-	-
Allowance made during the year (Note 33)	1,000,000	-
	1,000,000	-

7. Trading securities

	31/12/2018 VND million	31/12/2017 VND million
Debt securities		
Government bonds	822,172	6,293,212
Bonds issued by other local credit institutions	935,302	2,267,809
	<u>1,757,474</u>	<u>8,561,021</u>

Trading securities by listing status were as follows:

	31/12/2018 VND million	31/12/2017 VND million
Debt securities		
Listed	1,757,474	8,561,021
	<u>1,757,474</u>	<u>8,561,021</u>

8. Derivative financial instruments and other financial assets

	31/12/2018		31/12/2017	
	Contract value VND million	Book value VND million	Contract value VND million	Book value VND million
Currency derivatives financial instruments				
Currency swap contracts	49,068,305	245,703	59,934,601	785,882
Currency forward contracts	15,228,880	30,280	6,863,062	46,472
	<u>64,297,185</u>	<u>275,983</u>	<u>66,797,663</u>	<u>832,354</u>

9. Loans to customers

	31/12/2018 VND million	31/12/2017 VND million
Loans to local economic entities and individuals	623,251,136	535,761,610
Discounted bills and valuable papers	3,930,917	3,109,627
Loans given to make payments on behalf of customers	1,000	432
	627,183,053	538,871,669

Loan portfolio by debt group was as follows:

	31/12/2018 VND million	31/12/2017 VND million
Current debt	617,257,683	527,929,102
Special mentioned debt	3,736,701	4,772,389
Sub-standard debt	290,984	684,223
Doubtful debt	1,160,151	3,583,828
Loss debt	4,737,534	1,902,127
	627,183,053	538,871,669

Loan portfolio by term was as follows:

	31/12/2018 VND million	31/12/2017 VND million
Short-term debt	341,385,188	302,380,966
Medium-term debt	50,105,902	53,493,187
Long-term debt	235,691,963	182,997,516
	627,183,053	538,871,669

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Notes to the separate financial statements
for the year ended 31 December 2018 (continued)

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

Loan portfolio by type of borrowers was as follows:

	31/12/2018	31/12/2017
	VND million	VND million
State-owned enterprises	68,042,316	83,207,275
Limited companies	127,285,954	108,217,678
Foreign invested enterprises	38,172,266	38,032,148
Co-operative and private companies	2,482,609	5,245,068
Individuals	235,110,059	176,880,162
Others	156,089,849	127,289,338
	627,183,053	538,871,669

Loan portfolio by industry sector was as follows:

	31/12/2018	31/12/2017
	VND million	VND million
Processing and manufacturing	161,177,143	145,538,258
Trading and services	120,238,625	118,498,977
Electricity, gas, water processing and supplying	29,327,278	26,547,170
Construction	28,528,467	31,830,003
Transportation, logistics and communication	22,927,988	22,440,387
Mining	15,379,564	16,275,547
Agriculture, forestry and aquaculture	14,496,533	11,291,317
Hospitality	11,362,643	9,438,419
Others	223,744,812	157,011,591
	627,183,053	538,871,669

10. Allowance for loans to customers

	31/12/2018 VND million	31/12/2017 VND million
General allowance	4,668,212	4,090,790
Specific allowance	5,565,981	3,959,211
	10,234,193	8,050,001

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

	2018 VND million	2017 VND million
Opening balance	4,090,790	3,353,840
Allowance made during the year (Note 33)	577,422	736,950
Closing balance	4,668,212	4,090,790

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

	2018 VND million	2017 VND million
Opening balance	3,959,211	4,675,852
Allowance made during the year (Note 33)	5,686,271	5,490,641
Allowance utilised for writing-off bad debts	(4,081,374)	(6,207,924)
Foreign exchange difference	1,873	642
Closing balance	5,565,981	3,959,211

11. Investment securities

	31/12/2018 VND million	31/12/2017 VND million
Available-for-sale securities (a)	35,224,944	34,663,608
Held-to-maturity securities (b)	114,063,296	95,220,474
	149,288,240	129,884,082
(a) Available-for-sale securities	31/12/2018 VND million	31/12/2017 VND million
Government bonds	22,120,565	25,153,866
Treasury bills and the SBV bills	-	2,000,000
Debt securities issued by other local credit institutions	13,192,504	7,426,242
Debt securities issued by local economic entities	-	100,000
	35,313,069	34,680,108
Allowance for available-for-sale securities (i)	(88,125)	(16,500)
Total available-for-sale securities	35,224,944	34,663,608
(i) Details of allowance for available-for-sale securities:	31/12/2018 VND million	31/12/2017 VND million
General allowance for unlisted corporate bonds	88,125	16,500
Movements in general allowance for unlisted corporate bonds (including bonds issued by other local credit institutions on the secondary market) during the year were as follows:		
	2018 VND million	2017 VND million
Opening balance	16,500	17,250
Allowance made/(reversed) during the year (Note 33)	71,625	(750)
Closing balance	88,125	16,500

(b) Held-to-maturity securities

	31/12/2018 VND million	31/12/2017 VND million
Government bonds	83,967,301	73,423,370
Debt securities issued by other local credit institutions	22,601,979	7,647,900
Debt securities issued by local economic entities	7,681,750	14,272,751
	114,251,030	95,344,021
Allowance for held-to-maturity securities (ii)	(187,734)	(123,547)
Total held-to-maturity securities	114,063,296	95,220,474

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

	31/12/2018 VND million	31/12/2017 VND million
General allowance for unlisted corporate bonds	187,734	123,547
Specific allowance for unlisted corporate bonds	-	-
	187,734	123,547

Movements in general allowance for unlisted corporate bonds (including bonds issued by other local credit institutions on the secondary market) during the year were as follows:

	2018 VND million	2017 VND million
Opening balance	123,547	113,536
Allowance made during the year (Note 33)	64,187	10,011
Closing balance	187,734	123,547

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

	2018 VND million	2017 VND million
Opening balance	-	49,341
Allowance reversed during the year	-	(49,341)
Closing balance	-	-

Classification of unlisted securities as assets with credit risk:

	31/12/2018 VND million	31/12/2017 VND million
Current debt	38,080,751	22,372,752

12. Capital contributions, long-term investments

(a) Investments in subsidiaries

As at 31 December 2018:

	Business sector	Ownership percentage (%)	Cost VND million
Vietcombank Financial Leasing Company Limited	Finance lease	100%	500,000
Vietcombank Securities Company Limited	Securities	100%	700,000
Vietnam Finance Company Limited in Hong Kong	Financial services	100%	116,902
Vietcombank Money Inc.	Foreign exchange remittance	87.5%	204,978
Vietcombank Tower 198 Ltd.	Office leasing	70%	70,000
Vietcombank Remittance Company Limited	Receipt of foreign exchange	100%	30,000
Vietcombank Laos Limited	Banking	100%	1,820,400
			3,442,280

As at 31 December 2017:

	Business sector	Ownership percentage (%)	Cost VND million
Vietcombank Financial Leasing Company Limited	Finance lease	100%	500,000
Vietcombank Securities Company Limited	Securities	100%	700,000
Vietnam Finance Company Limited in Hong Kong	Financial services	100%	116,902
Vietcombank Money Inc.	Foreign exchange remittance	87.5%	204,978
Vietcombank Tower 198 Ltd.	Office leasing	70%	70,000
Vietcombank Remittance Company Limited	Receipt of foreign exchange	100%	30,000
			1,621,880

(b) Investments in joint-ventures

	Business sector	31/12/2018 and 31/12/2017 Ownership percentage (%)	Cost VND million
Vietcombank – Bonday – Ben Thanh Joint-venture Company Limited (i)	Office leasing	52%	410,365
Vietcombank Fund Management (i)	Investment fund management	51%	135,150
Vietcombank – Cardif Life Insurance Company Limited (ii)	Life insurance	45%	270,000
			815,515

- (i) The Bank owns 52% of the total contributed capital of Vietcombank – Bonday – Ben Thanh Joint-venture 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 "Investments in joint-ventures" rather than "Investments 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 "Investments in joint-ventures" rather than "Investments in associates".

(c) Investments in associates

	Business sector	31/12/2018 and 31/12/2017 Ownership percentage (%)	Cost VND million
Vietcombank – Bonday Joint-venture Company Limited	Office leasing	16%	11,110

The Bank has significant influence but limited control, through its participation in the Members' Council, over the financial and operating policies of this company. Therefore, the investment in the above company is classified into "Investments in associates" rather than "Other long-term investments".

(d) Other long-term investments

As at 31 December 2018:

	Business sector	Ownership percentage (%)	Cost VND million
Vietnam Export – Import Commercial Joint Stock Bank	Banking	4.50%	319,907
Military Commercial Joint Stock Bank	Banking	4.50%	802,269
Small and Medium Enterprises Credit Guarantee Fund	Credit guarantee services	0.80%	1,864
Petrolimex Insurance Corporation	Insurance	8.03%	67,900
Vietnam Credit Information Joint Stock Company (PCB)	Credit information services	6.64%	7,962
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	1.21%	353,180
SWIFT, MASTER and VISA	Card and settlement services	-	2,936
			1,635,418

As at 31 December 2017:

	Business sector	Ownership percentage (%)	Cost VND million
Vietnam Export - Import Commercial Joint Stock Bank	Banking	8.19%	582,065
Military Commercial Joint Stock Bank	Banking	6.97%	1,242,989
Orient Commercial Joint Stock Bank	Banking	3.97%	144,802
Small and Medium Enterprises Credit Guarantee Fund	Credit guarantee services	0.80%	1,864
Petrolimex Insurance Corporation	Insurance	8.03%	67,900
Petrovietnam Drilling and Well Services Corporation	Drilling	0.21%	5,496
Vietnam Credit Information Joint Stock Company (PCB)	Credit information services	6.64%	7,962
Cement Finance Company	Financial services	10.91%	70,950
Vietnam Infrastructure Development and Financial Investment JSC.	Highway investment	1.97%	75,000
National Payment Corporation of Vietnam	Card services	1.83%	4,400
Vietnam Airlines JSC.	Aviation	1.83%	499,602
SWIFT, MASTER and VISA	Card and settlement services	-	2,936
			2,705,966

(e) Allowance for long-term investments

	31/12/2018 VND million	31/12/2017 VND million
Allowance for investments in subsidiaries	-	114,581
Allowance for investments in joint-ventures	10,530	-
Allowance for other long-term investments	66,998	25,139
	<u>77,528</u>	<u>139,720</u>

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

	2018 VND million	2017 VND million
Opening balance	139,720	120,882
Allowance (reversed)/made during the year (Note 32)	(62,192)	18,838
	<u>77,528</u>	<u>139,720</u>

13. Tangible fixed assets

Year ended 31 December 2018:

	Buildings and structures	Machinery and equipment	Motor vehicles and means of transmission	Others	Total
	VND million	VND million	VND million	VND million	VND million
Cost					
Opening balance	3,407,929	3,645,496	812,518	1,007,933	8,873,876
Additions during the year	483,779	326,126	61,448	112,624	983,977
- Purchases	443,625	326,126	61,448	108,664	939,863
- Others	40,154	-	-	3,960	44,114
Decreases during the year	(5,765)	(148,127)	(10,229)	(15,932)	(180,053)
- Disposals	(5,765)	(89,033)	(10,229)	(15,490)	(120,517)
- Others	-	(59,094)	-	(442)	(59,536)
Closing balance	3,885,943	3,823,495	863,737	1,104,625	9,677,800
Accumulated depreciation					
Opening balance	653,650	3,147,777	531,421	675,757	5,008,605
Additions during the year	173,507	289,727	75,097	160,440	698,771
- Charges for the year	168,146	289,727	75,097	160,440	693,410
- Others	5,361	-	-	-	5,361
Decreases during the year	(6,265)	(138,018)	(10,229)	(16,056)	(170,568)
- Disposals	(5,437)	(87,881)	(10,229)	(15,966)	(119,513)
- Others	(828)	(50,137)	-	(90)	(51,055)
Closing balance	820,892	3,299,486	596,289	820,141	5,536,808
Net book value					
Opening balance	2,754,279	497,719	281,097	332,176	3,865,271
Closing balance	3,065,051	524,009	267,448	284,484	4,140,992

Included in tangible fixed assets were assets costing VND3,837,779 million which were fully depreciated as of 31 December 2018, but still in use (31 December 2017: VND3,581,874 million).

14. Intangible fixed assets

Year ended 31 December 2018:

	Land use rights VND million	Copyrights and patents VND million	Others VND million	Total VND million
Cost				
Opening balance	1,888,130	590,463	76,774	2,555,367
Additions during the year	153,826	11,882	-	165,708
- Purchases	153,406	9,822	-	163,228
- Others	420	2,060	-	2,480
Other decreases during the year	-	(27)	-	(27)
Closing balance	2,041,956	602,318	76,774	2,721,048
Accumulated amortisation				
Opening balance	43,715	506,182	61,561	611,458
Additions during the year	15,412	40,493	-	55,905
- Charges for the year	14,027	39,169	-	53,196
- Others	1,385	1,324	-	2,709
Other decreases during the year	-	(3)	-	(3)
Closing balance	59,127	546,672	61,561	667,360
Net book value				
Opening balance	1,844,415	84,281	15,213	1,943,909
Closing balance	1,982,829	55,646	15,213	2,053,688

Included in intangible fixed assets were assets costing VND538,648 million which were fully depreciated as of 31 December 2018, but still in use (31 December 2017: VND537,131 million).

15. Other assets

(a) Receivables

	31/12/2018 VND million	31/12/2017 VND million
Internal receivables	1,361,603	942,850
External receivables (i)	2,638,059	3,330,683
	3,999,662	4,273,533

(i) External receivables

	31/12/2018 VND million	31/12/2017 VND million
Advances for purchase of fixed assets	927,569	436,817
Receivables from the State Budget in relation to the interest subsidy program	290,225	252,797
Overpaid corporate income tax	80	134
Deductible value added tax	8,944	7,943
Advances for other taxes	2	2
Construction in progress (*)	481,844	428,340
Other receivables	929,395	2,204,650
	2,638,059	3,330,683

(*) Details of construction in progress are follows:

	31/12/2018 VND million	31/12/2017 VND million
Construction in progress	481,844	428,340
<i>In which, large constructions include:</i>	<i>384,496</i>	<i>227,172</i>
Ho Chi Minh City Branch's office construction	102,005	3,253
Thanh Cong Branch's office construction	92,113	58
Ninh Binh Branch's office construction	60,000	60,000
Kon Tum Branch's office construction	49,133	20,785
Thu Duc Branch's office construction	28,831	1,547
North Sai Gon Branch's office construction	22,832	1,010
Phu Yen Branch's office construction	18,421	1,248
Bac Ninh Branch's office construction	6,775	127
Tien Giang Branch's office construction	4,386	5,644
Nam Dinh Branch's office construction	-	133,500

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

	31/12/2018 VND million	31/12/2017 VND million
From loans to customers	2,948,872	2,331,248
From balances with and loans to other credit institutions	375,846	471,565
From investment securities	4,001,812	3,151,916
From derivative transactions	38,672	15,969
Fees receivable	2,202	1,723
	7,367,404	5,972,421

(c) **Other assets**

	31/12/2018 VND million	31/12/2017 VND million
Prepaid expenses for office and fixed assets rental	684,815	845,414
Materials	123,944	107,908
Advance for card payment	4,082,720	954,952
Advance for rental land	467,016	383,423
Other assets	383,121	257,852
	5,741,616	2,549,549

16. Amounts due to the Government and the SBV

	31/12/2018 VND million	31/12/2017 VND million
Borrowings from the SBV	3,580,863	4,158,664
Borrowings on the basis of credit profiles	2,787,812	3,400,693
Other borrowings	793,051	757,971
Deposits from the State Treasury	87,095,730	165,081,565
Demand deposits in VND	21,407,768	155,836,670
Demand deposits in foreign currencies	9,687,962	9,244,895
Term deposits in VND	56,000,000	-
Deposits from the SBV	8,722	2,144,839
	90,685,315	171,385,068

17. Deposits and borrowings from other credit institutions

	31/12/2018 VND million	31/12/2017 VND million
Deposits from other credit institutions	75,647,514	56,087,787
Demand deposits in VND	15,240,378	12,301,250
Demand deposits in foreign currencies	46,517,130	39,890,862
Term deposits in VND	8,490,250	61,000
Term deposits in foreign currencies	5,399,756	3,834,675
Borrowings from other credit institutions	-	9,736,625
Borrowings in VND	-	2,000,000
Borrowings in foreign currencies	-	7,736,625
	<hr/> 75,647,514 <hr/>	<hr/> 65,824,412 <hr/>

18. Deposits from customers

	31/12/2018 VND million	31/12/2017 VND million
Demand deposits	226,975,019	201,035,736
Demand deposits in VND	170,554,139	149,826,891
Demand deposits in gold, foreign currencies	56,420,880	51,208,845
Term deposits	558,984,432	495,750,958
Term deposits in VND	472,106,716	418,070,492
Term deposits in gold, foreign currencies	86,877,716	77,680,466
Deposits for specific purposes	14,948,566	10,951,390
Margin deposits	1,206,694	1,010,494
	<hr/> 802,114,711 <hr/>	<hr/> 708,748,578 <hr/>

Deposits from customers by customer type were as follows:

	31/12/2018 VND million	31/12/2017 VND million
Economic entities	380,623,113	316,717,401
Individuals	421,491,598	392,031,177
	<hr/> 802,114,711 <hr/>	<hr/> 708,748,578 <hr/>

19. Funds for finance, entrusted investments and entrusted loans

	31/12/2018 VND million	31/12/2017 VND million
Funds for finance, entrusted investments and entrusted loans in VND	25,803	23,153

20. Valuable papers issued

	31/12/2018 VND million	31/12/2017 VND million
Certificates of deposits		
Short-term in foreign currencies	-	170
Medium-term in VND	325	325
Medium-term in foreign currencies	994	2,298
Bonds and bills		
Short-term in VND	47	47
Short-term in foreign currencies	30	30
Medium-term in VND	10,417,239	6,999,135
Medium-term in foreign currencies	12	12
Long-term in VND	11,000,000	11,000,000
	21,418,647	18,002,017

21. Other liabilities

(a) Accrued interest and fee payables

	31/12/2018 VND million	31/12/2017 VND million
For deposits from customers	8,218,188	7,859,978
For deposits and borrowings from other credit institutions	29,671	293,066
For valuable papers issued	369,953	268,081
For derivative transactions	91,193	34,403
For entrusted investments	6,296	6,331
	8,715,301	8,461,859

(b) Other liabilities

	31/12/2018 VND million	31/12/2017 VND million
Internal payables (i)	2,752,457	2,740,119
External payables (ii)	6,589,812	4,010,522
Bonus and welfare funds	2,560,920	1,827,767
	11,903,189	8,578,408

(i) Internal payables

	31/12/2018 VND million	31/12/2017 VND million
Payables to employees	2,418,150	2,376,381
Other liabilities	334,307	363,738
	2,752,457	2,740,119

(ii) External payables

	31/12/2018 VND million	31/12/2017 VND million
Tax payables (Note 37)	1,583,626	460,064
- Corporate income tax payables	1,323,491	258,524
- Value added tax payables	50,590	37,094
- Other tax payables	209,545	164,446
Unearned interest income	28,081	36,021
Payables for construction and acquisition of fixed assets	347,802	357,244
Deposits in custody relating to pending payments	217,123	161,561
Other payables to customers	1,524,150	532,487
Other pending items in settlement	269,602	355,780
Other payables to the State relating to interest subsidy program	64,528	64,528
Borrowings from the Ministry of Finance	1,001,583	702,162
Other payables	1,553,317	1,340,675
	6,589,812	4,010,522

22. Capital and reserves

(a) Statement of changes in equity

	Charter capital	Other capital	Reserves			Retained profits	Total
			Supplementary charter capital reserve	Financial reserve	Total		
	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Balance as at 1/1/2018	35,977,686	-	2,360,389	4,688,445	7,048,834	8,263,043	51,289,563
Net profit for the year	-	-	-	-	-	14,454,667	14,454,667
Reserves temporarily appropriated from profit for 2018	-	-	722,733	1,445,467	2,168,200	(2,168,200)	-
Bonus and welfare funds temporarily appropriated for 2018	-	-	-	-	-	(1,670,475)	(1,670,475)
Adjustment according to the Resolution of General Meeting of Shareholders	-	412	2,218	4,435	6,653	(399,414)	(392,349)
Dividends paid in 2017 (Note 23)	-	-	-	-	-	(2,878,215)	(2,878,215)
Utilisation during the year	-	-	-	(13,081)	(13,081)	-	(13,081)
Other movements	-	-	-	-	-	(1,459)	(1,459)
Balance as at 31/12/2018	35,977,686	412	3,085,340	6,125,266	9,210,606	15,599,947	60,788,651

(b) Details of shareholders of the Bank

	31/12/2018	31/12/2017
	VND million	VND million
Ordinary shares		
The Government of Vietnam	27,743,534	27,743,534
Foreign strategic shareholder (Mizuho Bank Ltd., Japan)	5,396,685	5,396,685
Other shareholders	2,837,467	2,837,467
	35,977,686	35,977,686

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

	31/12/2018		31/12/2017	
	Number of shares	VND million	Number of shares	VND million
Authorised share capital	3,597,768,575	35,977,686	3,597,768,575	35,977,686
Issued share capital				
Ordinary shares	3,597,768,575	35,977,686	3,597,768,575	35,977,686
Outstanding shares in circulation				
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. 11/TN2018/NQ-DHDCD dated 27 April 2018, the Bank's General Meeting of Shareholders decided to pay cash dividend for 2017 at 8% of par value, equivalent to VND2,878,215 million. The Bank paid dividends 2017 to its shareholders on 25 October 2018 in accordance with Resolution No. 373/NQ-VCB-HDQT dated 4 September 2018 by the Board of Directors.

24. Interest and similar income

	2018 VND million	2017 VND million
Interest income from loans to customers	43,749,220	36,166,735
Interest income from deposits	2,803,610	1,916,701
Interest income from trading and investing in debt securities	8,231,374	7,144,146
- from investment securities	8,157,216	6,930,617
- from trading securities	74,158	213,529
Income from guarantee activities	411,962	390,347
Other income from credit activities	223,099	176,683
	55,419,265	45,794,612

25. Interest and similar expenses

	2018 VND million	2017 VND million
Interest expenses on deposits	25,394,238	22,395,874
Interest expenses on borrowings	480,974	704,240
Interest expenses on valuable papers issued	1,495,126	1,046,072
Other expenses on credit activities	29,419	30,584
	27,399,757	24,176,770

26. Net fee and commission income

	2018 VND million	2017 VND million
Fee and commission income from		
Settlement services	4,552,204	3,423,398
Treasury services	245,694	243,295
Trusted and agency activities	1,329	1,026
Other services	1,917,365	1,448,209
	6,716,592	5,115,928
Fee and commission expenses for		
Settlement services	(2,896,734)	(2,190,939)
Treasury services	(69,372)	(59,688)
Telecommunication services	(100,790)	(94,812)
Trusted and agency activities	(746)	(435)
Other services	(467,898)	(414,608)
	(3,535,540)	(2,760,482)
	3,181,052	2,355,446

27. Net gain from trading of foreign currencies

	2018 VND million	2017 VND million
Gains from trading of foreign currencies		
From foreign currencies spot trading	4,449,704	3,032,158
From currency derivatives financial instruments	363,485	333,649
From foreign exchange rate differences	322,516	81
From revaluation of derivative contracts	87,041	86,975
	5,222,746	3,452,863
Losses from trading of foreign currencies		
From foreign currencies spot trading	(865,920)	(681,035)
From currency derivatives financial instruments	(983,543)	(573,197)
From foreign exchange rate differences	(465,977)	(37,286)
From revaluation of derivative contracts	(644,053)	(120,743)
	(2,959,493)	(1,412,261)
	2,263,253	2,040,602

28. Net gain from trading securities

	2018 VND million	2017 VND million
Income from trading securities	443,058	516,187
Expenses for trading securities	(255,191)	(44,958)
	<u>187,867</u>	<u>471,229</u>

29. Net loss from investment securities

	2018 VND million	2017 VND million
Income from trading investment securities	-	338
Expenses on trading investment securities	-	(20,080)
	<u>-</u>	<u>(19,742)</u>

30. Net other income

	2018 VND million	2017 VND million
Other income		
Income from recoveries of loans previously written off	3,271,828	2,180,252
Other income	231,633	166,826
	<u>3,503,461</u>	<u>2,347,078</u>
Other expenses		
Expenses from interest rate swap transactions	(9,117)	(85,028)
Expenses from debts trading activities	(159)	-
Expenses for social activities	(150,034)	(106,832)
Other expenses	(117,174)	(64,435)
	<u>(276,484)</u>	<u>(256,295)</u>
	<u>3,226,977</u>	<u>2,090,783</u>

31. Income from capital contributions and equity investments

	2018 VND million	2017 VND million
Dividends received from equity investments (Note 34)	208,423	160,662
Income from disposals of equity investments	1,557,490	142,236
	1,765,913	302,898

32. Operating expenses

	2018 VND million	2017 VND million
Tax, duties and fees	249,278	226,557
Salaries and related expenses	7,453,017	6,550,579
<i>Of which:</i>		
- <i>Salary and allowances (Note 36)</i>	6,711,340	6,114,670
- <i>Additional expenses based on salary</i>	596,250	303,099
- <i>Other allowances</i>	3,202	1,397
Expenses on assets	2,419,053	2,122,592
<i>Of which:</i>		
- <i>Depreciation of fixed assets</i>	746,606	666,596
Administrative expenses	2,643,090	2,286,802
Insurance expenses on deposits of customers	526,591	444,889
Allowance (reversed)/made for other long-term investments (Note 12(e))	(62,192)	18,838
	13,228,837	11,650,257

33. Allowance for credit losses

	2018 VND million	2017 VND million
Allowance for balances with and loans to other credit institutions		
Allowance made for the year (Note 6)	1,000,000	-
General allowance for loans to customers		
Allowance made for the year (Note 10)	577,422	736,950
Specific allowance for loans to customers		
Allowance made for the year (Note 10)	5,686,271	5,490,641
General allowance for unlisted corporate bonds	135,812	9,261
Allowance made/(reversed) for available-for-sale securities for the year (Note 11(a))	71,625	(750)
Allowance made for held-to-maturity securities for the year (Noted 11(b))	64,187	10,011
Specific allowance for unlisted corporate bonds		
Allowance reversed for the year (Note 11(b))	-	(49,341)
	7,399,505	6,187,511

34. Corporate income tax

(a) Reconciliation of effective tax rate

	2018 VND million	2017 VND million
Profit before tax	18,016,228	11,021,290
<i>Adjustments:</i>		
Dividends received during the year (Note 31)	(208,423)	(160,662)
Taxable income	17,807,805	10,860,628
Statutory corporate income tax rate	20%	20%
Corporate income tax expenses for the year	3,561,561	2,172,126

(b) Applicable tax rates

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

35. Cash and cash equivalents

	31/12/2018 VND million	31/12/2017 VND million
Cash on hand, gold, silver and gemstones	12,779,174	10,095,135
Balances with the State Bank of Vietnam	10,152,243	93,615,296
Balances with and loans to other credit institutions with original term not exceeding 3 months	219,025,837	201,726,433
Securities recoverable or due within three months from the acquisition date	-	2,000,000
	241,957,254	307,436,864

36. Employees' benefits

	2018	2017
Total number of employees (person)	16,712	15,766
Employees' income		
Total salary and allowance (VND million) (Note 32)	6,711,340	6,114,670
Monthly average income/person (VND million)	33.47	32.32

37. Obligations to the State Budget

	Balance as at	Occurrence during the year		Balance as at 31/12/2018		
	1/1/2018	Incurred	Paid	Payables	Advances	Total
	VND million	VND million	VND million	VND million	VND million	VND million
Value added tax	29,151	515,628	(503,133)	50,590	(8,944)	41,646
Corporate income tax	258,390	3,561,637	(2,496,616)	1,323,491	(80)	1,323,411
<i>In which:</i>						
- Corporate income tax of the Bank	258,524	3,561,561	(2,496,594)	1,323,491	-	1,323,491
- Adjustments on tax of previous years	(78)	78	(22)	-	(22)	(22)
- Vinafico's tax obligation in 2008	(56)	(2)	-	-	(58)	(58)
Other taxes	164,444	1,015,104	(970,005)	209,545	(2)	209,543
Closing balance	451,985	5,092,369	(3,969,754)	1,583,626	(9,026)	1,574,600

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

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

	31/12/2018	31/12/2017
	VND million	VND million
Deposits	91,140,187	68,674,401
Valuable papers	91,261,015	108,914,574
Real estate	622,687,089	453,798,437
Other collaterals	241,709,232	208,494,777
	<u>1,046,797,523</u>	<u>839,882,189</u>

39. Contingent liabilities and other commitments

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

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

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

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

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

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

40. Significant transactions and balances with related parties

(a) Significant transactions with related parties

	Relationship	2018 VND million	2017 VND million
		Income/(expense)	
The State Bank of Vietnam			
Interest income from deposits	Representative of owner	216,309	134,601
Interest expenses on deposits and borrowings		(152,162)	(173,156)
The Ministry of Finance			
Interest expenses on deposits	Related party of owner	(1,287,656)	(565,023)
Interest expenses on borrowings		(31,792)	(28,991)
Vietcombank Financial Leasing Company Limited	Subsidiary		
Interest income from borrowings		108,073	102,180
Interest expenses on deposits		(253)	(5,894)
Operating lease expense		(26,748)	-
Fee and commission income		2,654	2,179
Vietcombank Securities Company Limited	Subsidiary		
Interest expenses on deposits		(72)	(113)
Fee and commission expenses		(3,246)	(3,474)
Vietcombank Tower 198 Ltd.	Subsidiary		
Interest expenses on deposits		(15,162)	(29,726)
Office rental expenses		(88,190)	(88,190)
Profits distributed to the Bank		(85,787)	43,696
Vietnam Finance Company Limited	Subsidiary		
Interest income from deposits		40,370	12,603
Vietcombank Remittance Company Limited	Subsidiary		
Interest expenses on deposits		(1,273)	-

Remuneration for the Board of Directors and the Supervisory Board did not exceed 0.35% profit after tax for the year ended 31 December 2018 according to Resolution No. 11/TN2018/NQ-DHDCD dated 27 April 2018 of General Meeting of Shareholders.

Remuneration for the Board of Management complied with Salary Regulation in the Bank's system.

(b) Significant balances with related parties

	Relationship	31/12/2018 VND million	31/12/2017 VND million
		Receivable/(payable)	
The State Bank of Vietnam	Representative		
Deposits at the SBV	of owner	10,152,243	93,615,296
Deposits and borrowings from the SBV		(3,589,585)	(6,303,503)
The Ministry of Finance (“the MoF”)			
Deposits at the Bank	Related party	(87,095,730)	(165,081,565)
Borrowings from the MoF	of owner	(1,001,583)	(702,162)
Mizuho Bank Ltd., Japan	Strategic		
Deposits at Mizuho Bank Ltd., Japan	shareholder	1,767,477	5,994,987
Deposits from Mizuho Bank Ltd., Japan		(3,667,092)	(3,190,241)
Loans to Mizuho Bank Ltd., Japan		-	448,500
Vietcombank Financial Leasing Company Limited (“VCBL”)	Subsidiary		
Loans to VCBL		2,964,120	2,887,769
Deposits from VCBL		(399,277)	(283,897)
Vietcombank Securities Company Limited (“VCBS”)	Subsidiary		
Deposits from VCBS		(100,905)	(25,956)
Capital increase bonds issued by Vietcombank		(171,115)	(139,613)
Vietcombank Tower 198 Ltd. (“VCBT”)	Subsidiary		
Deposits from VCBT		(196,936)	(293,206)
Office rental fee paid in advance		58,794	146,682
Vietnam Finance Company Limited (“Vinafico”)	Subsidiary		
Deposits at Vinafico		2,440,506	2,541,012
Vietcombank Money Inc. (“VCBM”)	Subsidiary		
Deposits from VCBM		(10)	(12)
Vietcombank Remittance Company Limited	Subsidiary		
Deposits at the Bank		(49,355)	(28,942)
Vietcombank Fund Management	Joint-venture		
Entrusted investment - bonds		1,000,000	1,000,000

41. Segment reporting

Year ended 31 December 2018:		The North (*)	The Middle and Central Highland	The South	Elimination	Total
		VND million	VND million	VND million	VND million	VND million
1	Interest and similar income	77,325,565	13,535,869	37,962,565	(73,404,734)	55,419,265
2	Interest and similar expenses	(65,700,184)	(9,365,838)	(25,738,469)	73,404,734	(27,399,757)
I	Net interest income	11,625,381	4,170,031	12,224,096	-	28,019,508
3	Fee and commission income	3,396,194	684,271	2,637,085	(958)	6,716,592
4	Fee and commission expenses	(3,421,834)	(23,077)	(91,587)	958	(3,535,540)
II	Net fee and commission (expenses)/income	(25,640)	661,194	2,545,498	-	3,181,052
III	Net gain from trading of foreign currencies	1,650,076	93,355	519,822	-	2,263,253
IV	Net gain from trading securities	187,867	-	-	-	187,867
5	Other income	1,544,514	473,740	1,485,207	-	3,503,461
6	Other expenses	(146,523)	(42,005)	(87,956)	-	(276,484)
VI	Net other income	1,397,991	431,735	1,397,251	-	3,226,977
VII	Income from capital contributions and equity investments	1,765,913	-	-	-	1,765,913
	Total operating income	16,601,588	5,356,315	16,686,667	-	38,644,570
VIII	Total operating expenses	(8,413,777)	(1,297,009)	(3,518,051)	-	(13,228,837)
IX	Net operating profit before allowances for credit losses	8,187,811	4,059,306	13,168,616	-	25,415,733
X	Allowances for credit losses	(6,256,435)	(864,555)	(278,515)	-	(7,399,505)
XI	Profit before tax	1,931,376	3,194,751	12,890,101	-	18,016,228
7	Current corporate income tax expenses	(342,101)	(639,744)	(2,579,716)	-	(3,561,561)
XII	Corporate income tax expenses	(342,101)	(639,744)	(2,579,716)	-	(3,561,561)
XIII	Profit after tax	1,589,275	2,555,007	10,310,385	-	14,454,667

(*) As at 31 December 2018, the Head Office, located in the North, incurred some operating expenses for the whole system which were not allocated to other components within the Bank.

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

42. Disclosure of financial instruments

(a) Collateral disclosure

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

(b) Fair value disclosure

Circular 210 requires the Bank to disclose the measurement method and related information of fair value of financial assets and financial liabilities for the purpose of comparing their carrying value and fair value.

The following table presents carrying value and fair value of the Bank's financial assets and liabilities as at 31 December 2018:

42. Disclosure of financial instruments (continued)

(b) Fair value disclosures (continued)

As at 31 December 2018		Carrying amount - gross				Recognised at amortised cost VND million	Total of carrying value VND million	Fair value VND million
		Held for trading VND million	Held to maturity VND million	Loans and receivables VND million	Available for sale VND million			
Financial assets								
I	Cash on hand, gold, silver and gemstones	-	-	12,779,174	-	-	12,779,174	12,779,174
II	Balances with the State Bank of Vietnam	-	-	10,152,243	-	-	10,152,243	10,152,243
III	Balances with and loans to other credit institutions	-	-	251,967,000	-	-	251,967,000	(*)
IV	Trading securities	1,757,474	-	-	-	-	1,757,474	(*)
V	Derivative financial instruments and other financial assets	275,983	-	-	-	-	275,983	(*)
VI	Loans to customers	-	-	627,183,053	-	-	627,183,053	(*)
VIII	Investment securities	-	114,251,030	-	35,313,069	-	149,564,099	(*)
IX	Capital contributions, long-term investments	-	-	-	1,635,418	-	1,635,418	(*)
XII	Other financial assets	-	-	14,163,190	-	-	14,163,190	(*)
		2,033,457	114,251,030	916,244,660	36,948,487	-	1,069,477,634	
Financial liabilities								
I	Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	-	-	-	-	166,332,829	166,332,829	(*)
II	Deposits from customers	-	-	-	-	802,114,711	802,114,711	(*)
IV	Funds for finance, entrusted investments and entrusted loans	-	-	-	-	25,803	25,803	(*)
V	Valuable papers issued	-	-	-	-	21,418,647	21,418,647	(*)
VI	Other financial liabilities	-	-	-	-	11,792,287	11,792,287	(*)
		-	-	-	-	1,001,684,277	1,001,684,277	

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

42. Disclosure of financial instruments (continued)

(c) Risk management policies for financial instruments

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

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

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

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

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

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

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

(i) Credit risk

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

The Bank classifies loans to customers and other credit institutions, off-balance sheet commitments, entrusted loans and unlisted corporate bonds in accordance with Circular 02 and Circular 09 (Note 2(g)), and regularly assesses credit risks of non-performing loans in order to have appropriate resolutions.

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

42. Disclosure of financial instruments (continued)

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

(i) *Credit risks (continued)*

The Bank's maximum exposure amounts to credit risk as at 31 December 2018, 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	10,152,243	-	-	10,152,243
Balances with and loans to other credit institutions – gross	250,920,062	-	1,046,938	251,967,000
Balances with other credit institutions	185,294,032	-	-	185,294,032
Loans to other credit institutions	65,626,030	-	1,046,938	66,672,968
Trading securities – gross	1,757,474	-	-	1,757,474
Loans to customers – gross	614,513,699	2,743,984	9,925,370	627,183,053
Investment securities – gross	149,564,099	-	-	149,564,099
Available-for-sale investment securities	35,313,069	-	-	35,313,069
Held-to-maturity investment securities	114,251,030	-	-	114,251,030
Other assets	14,163,190	-	-	14,163,190
	1,041,070,767	2,743,984	10,972,308	1,054,787,059

Further information of the carrying value of collaterals held by the Bank as at the reporting date are described in Note 38.

42. Disclosure of financial instruments (continued)

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

(ii) *Interest rate risk*

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

The actual interest re-pricing term is the remaining term starting from the end of the annual accounting period to the nearest interest re-pricing term of the items in the separate balance sheet.

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

- Cash, gold, silver and gemstones, capital contributions, long-term investments, and other assets (including fixed assets and other assets) are classified as free of interest items;
- Trading securities which are debt securities are classified as “Up to 1 month” items;
- The actual interest re-pricing terms of investment securities are subject to issuers’ terms and conditions on interest rate of issuing institution for each security type;
- The actual interest re-pricing term of balances with and loans to other credit institutions, loans to customers, amounts due to the Government and the State Bank, deposits and borrowings from other credit institutions, deposits from customers, funds for finance, entrusted investments, 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 the Bank’s assets and liabilities as at 31 December 2018:

42. Disclosure of financial instruments (continued)

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

(ii) Interest rate risk (continued)

	Overdue	Free of interest	Up to 1 month	From 1 to 3 months	From over 3 months to 6 months	From over 6 months to 12 months	From over 1 year to 5 years	Over 5 years	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Assets									
I	Cash on hand, gold, silver and gemstones	-	12,779,174	-	-	-	-	-	12,779,174
II	Balances with the State Bank of Vietnam	-	-	10,152,243	-	-	-	-	10,152,243
III	Balances with and loans to other credit institutions – gross	-	-	186,042,938	43,885,299	4,523,846	17,514,917	-	251,967,000
IV	Trading securities – gross	-	-	1,757,474	-	-	-	-	1,757,474
V	Derivative financial instruments and other financial assets	-	275,983	-	-	-	-	-	275,983
VI	Loans to customers – gross	9,190,472	-	146,431,754	224,284,066	153,399,706	57,794,922	35,456,910	627,183,053
VII	Investment securities – gross	-	-	571,376	5,971,107	2,824,650	9,553,973	92,191,178	149,564,099
VIII	Capital contributions, long-term investments – gross	-	5,904,323	-	-	-	-	-	5,904,323
IX	Fixed assets	-	6,194,680	-	-	-	-	-	6,194,680
X	Other assets – gross	-	17,108,682	-	-	-	-	-	17,108,682
	Total assets	9,190,472	42,262,842	344,955,785	274,140,472	160,748,202	84,863,812	127,648,088	1,082,886,711
Liabilities									
I	Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	-	-	160,325,204	4,040,452	802,992	1,164,181	-	166,332,829
II	Deposits from customers	-	-	435,064,229	127,545,072	115,358,329	121,742,816	2,404,265	802,114,711
IV	Funds for finance, entrusted investments and entrusted loans	-	-	-	-	-	1,235	18,481	25,803
V	Valuable papers issued	-	-	1,036	-	-	5,153,400	14,899,211	21,418,647
VI	Other liabilities	-	19,616,907	1,001,583	-	-	-	-	20,618,490
	Total liabilities	-	19,616,907	596,392,052	131,585,524	116,161,321	128,061,632	17,321,957	1,010,510,480
	Interest sensitivity gap – on balance sheet	9,190,472	22,645,935	(251,436,267)	142,554,948	44,586,881	(43,197,820)	110,326,131	72,376,231

42. Disclosure of financial instruments (continued)

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

(iii) Currency risk

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

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

	Exchange rate as at	
	31/12/2018	31/12/2017
USD/VND	23,200	22,425
EUR/VND	26,757	26,696

The following table presents the Bank's assets and liabilities denominated in foreign currencies that were translated into VND as at 31 December 2018:

42. Disclosure of financial instruments (continued)

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

(iii) *Currency risk (continued)*

	VND VND million	USD VND million	EUR VND million	Other currencies VND million	Total VND million
Assets					
I Cash on hand, gold, silver and gemstones	9,761,185	2,245,511	382,899	389,579	12,779,174
II Balances with the State Bank of Vietnam	6,696,966	3,455,277	-	-	10,152,243
III Balances with and loans to other credit institutions – gross	129,690,962	96,444,317	15,974,303	9,857,418	251,967,000
IV Trading securities – gross	1,757,474	-	-	-	1,757,474
V Derivative financial instruments and other financial assets	52,883,329	(52,589,913)	24,157	(41,590)	275,983
VI Loans to customers – gross	542,731,530	84,233,963	205,318	12,242	627,183,053
VII Investment securities – gross	91,564,099	58,000,000	-	-	149,564,099
VIII Capital contributions, long-term investments – gross	5,904,323	-	-	-	5,904,323
IX Fixed assets	6,194,680	-	-	-	6,194,680
X Other assets – gross	15,622,943	1,447,125	13,406	25,208	17,108,682
Total assets	862,807,491	193,236,280	16,600,083	10,242,857	1,082,886,711
Liabilities					
I Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	104,719,259	41,934,500	12,642,279	7,036,791	166,332,829
II Deposits from customers	650,309,271	143,774,111	4,850,975	3,180,354	802,114,711
IV Funds for finance, entrusted investments and entrusted loans	25,803	-	-	-	25,803
V Valuable papers issued	21,417,612	1,035	-	-	21,418,647
VI Other liabilities	18,612,286	1,841,331	110,713	54,160	20,618,490
Total liabilities	795,084,231	187,550,977	17,603,967	10,271,305	1,010,510,480
FX position on balance sheet	67,723,260	5,685,303	(1,003,884)	(28,448)	72,376,231

42. Disclosure of financial instruments (continued)

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

(iv) Liquidity risk

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

The maturity of assets and liabilities represents the remaining terms of these assets and liabilities from the end of the annual accounting period to the maturity date according to the underlying contractual agreements or term of issuance.

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

- Balances with the State Bank are considered as current accounts including the compulsory deposits;
- The maturity of trading securities is considered as below one month because they are held in the short term for profit taking due to price differences;
- The maturity of investment securities is based on maturity dates of each securities established by the issuers of these financial instruments;
- The maturities of balances with and loans to other credit institutions and loans to customers are based on the contractual maturity date. The actual maturity may vary from the original contractual term when the contract is extended;
- The maturity of equity investments is considered to be over five years as equity investments have no stated maturity; and
- Deposits and borrowings from other credit institutions, deposits from customers; funds for finance, entrusted investments and entrusted loans and valuable papers issued are determined based on either the nature of the loans, deposits and valuable papers issued or their contractual maturities. For example, current accounts of other credit institutions at the Bank and current accounts of the Bank at other credit institutions paid upon customers' demand are considered to be demand deposits, the maturity of term deposits and borrowings is based on the contractual maturity date. In practice, such items may be rolled over and maintained for longer period.

The following table analyses the remaining terms to maturity of the Bank's assets and liabilities as at 31 December 2018:

42. Disclosure of financial instruments (continued)

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

(iv) *Liquidity risk (continued)*

	Overdue		Not overdue					Total	
	Over 3 months	Up to 3 months	Up to 1 month	From over 1 month to 3 months	From over 3 months to 12 month	From over 1 year to 5 years	Over 5 years		
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	
Assets									
I	Cash on hand, gold, silver and gemstones	-	-	12,779,174	-	-	-	-	12,779,174
II	Balances with the State Bank of Vietnam	-	-	10,152,243	-	-	-	-	10,152,243
III	Balances with and loans to other credit institutions – gross	-	-	184,669,818	44,204,611	20,672,851	2,419,720	-	251,967,000
IV	Trading securities – gross	-	-	1,757,474	-	-	-	-	1,757,474
V	Derivative financial instruments and other financial assets	-	-	-	275,983	-	-	-	275,983
VI	Loans to customers – gross	1,204,126	7,986,346	67,570,411	135,791,909	187,571,021	90,936,890	136,122,350	627,183,053
VII	Investment securities – gross	-	-	300,376	3,925,107	9,180,365	94,310,436	41,847,815	149,564,099
VIII	Capital contributions, long-term investments – gross	-	-	-	-	-	-	5,904,323	5,904,323
IX	Fixed assets	-	-	-	-	-	-	6,194,680	6,194,680
X	Other assets – gross	-	-	-	17,108,682	-	-	-	17,108,682
	Total assets	1,204,126	7,986,346	277,229,496	201,306,292	217,424,237	187,667,046	190,069,168	1,082,886,711
Liabilities									
I	Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	-	-	159,532,550	4,042,454	1,986,286	624,670	146,869	166,332,829
II	Deposits from customers	-	-	221,370,359	136,024,734	254,595,543	35,182,567	154,941,508	802,114,711
IV	Funds for finance, entrusted investments and entrusted loans	-	-	-	-	1,235	18,481	6,087	25,803
V	Valuable papers issued	-	-	2,105	-	-	7,998,438	13,418,104	21,418,647
VI	Other liabilities	-	-	-	19,616,907	-	-	1,001,583	20,618,490
	Total liabilities	-	-	380,905,014	159,684,095	256,583,064	43,824,156	169,514,151	1,010,510,480
	Net liquidity gap	1,204,126	7,986,346	(103,675,518)	41,622,197	(39,158,827)	143,842,890	20,555,017	72,376,231

43. Events after the separate financial statements date

On 4 January 2019, the Bank completed the private offering of 111,108,873 shares to two (02) investors. The total net proceeds from the issuance of these shares is VND6,106,488,918,731. According to the thirteenth amendment of Business Registration Certificate issued by Hanoi Authority for Planning and Investment on 16 January 2019, the Bank's charter capital after the offering is VND37,088,774,480,000.

Except the event above, until the issuing date of these separate financial statements, there are no significant events occurring subsequent to 31 December 2018 that may significantly affect the financial position of the Bank and require adjustments or disclosures to be made in the separate financial statements as at 31 December 2018 and for the year then ended.

44. Approval of the separate financial statements

The separate financial statements were approved by the Board of Management of the Bank on 31 March 2019.

Hanoi, 31 March 2019

Prepared by:

Prepared by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen



Deputy Director of
Financial and Accounting
Policy Department



Chief Accountant



Deputy CEO