

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

Consolidated financial statements  
as at 31 March 2017  
and for the period from 1 January 2017 to 31 March 2017

TRANSLATION

# Joint Stock Commercial Bank for Foreign Trade of Vietnam

## GENERAL INFORMATION

**Banking Licence** No. 138/GP-NHNN dated 23 May 2008 issued by the State Bank of Vietnam (“the SBV”) and Decision No. 2719/QD-NHNN dated 27 December 2011, Decision No. 523/QD-NHNN dated 22/03/2012, Decision No. 1547/QD-NHNN dated 06/8/2014, Decision No. 2182/QD-NHNN dated 26/10/2015 and Decision No. 95/QD-NHNN dated 18/01/2017 promulgated by the Governor of the State Bank of Vietnam on adjusting and supplementing the Bank’s operations in the Banking Licence for Establishment and Operation.

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

### Members of the Board of Directors during the period and as at the issuing date of the interim consolidated financial statements

Mr. Nghiem Xuan Thanh	Chairman	Appointed on 1 November 2014
Ms. Le Thi Hoa	Member	Reappointed on 25 April 2013
Mr. Nguyen Danh Luong	Member	Reappointed on 25 April 2013
Mr. Yutaka Abe	Member	Reappointed on 25 April 2013 Resigned on 14 April 2017
Mr. Pham Quang Dzung	Member	Reappointed on 25 April 2013
Ms. Nguyen Thi Dzung	Member	Appointed on 25 April 2013
Mr. Nguyen Manh Hung	Member	Appointed on 26 December 2014

### Members of the Board of Management during the period and as at the issuing date of the interim consolidated financial statements

Mr. Pham Quang Dzung	Chief Executive Officer	Appointed on 1 November 2014
Mr. Dao Minh Tuan	Deputy CEO	Reappointed on 15 June 2012
Mr. Nguyen Danh Luong	Deputy CEO	Reappointed on 2 October 2014
Mr. Dao Hao	Deputy CEO	Reappointed on 1 August 2015
Mr. Pham Thanh Ha	Deputy CEO	Reappointed on 1 August 2015
Mr. Yukata Abe	Deputy CEO	Appointed on 30 September 2012 Resigned on 14 April 2017
Ms. Truong Thi Thuy Nga	Deputy CEO	Appointed on 1 December 2012
Mr. Pham Manh Thang	Deputy CEO	Appointed on 10 March 2014
Ms. Nguyen Thi Kim Oanh	Deputy CEO	Appointed on 26 December 2014
Ms. Dinh Thi Thai	Deputy CEO	Appointed on 1 June 2015

### Members of the Supervisory Board during the period and as at the issuing date of the interim consolidated financial statements

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

# Joint Stock Commercial Bank for Foreign Trade of Vietnam

## GENERAL INFORMATION (continued)

<b>Chief Accountant</b>	Ms. Phung Nguyen Hai Yen	Reappointed on 16 June 2016
<b>Legal Representative</b>	Since 1 November 2014 Mr. Nghiem Xuan Thanh	Title: Chairman of the Board of Director
<b>Authorised signature on financial statements</b>	Since 1 November 2014 Mr. Nguyen Danh Luong	Title: Deputy CEO
<b>The Bank's Head Office</b>	198 Tran Quang Khai Street	Hoan Kiem District, Hanoi, Vietnam

	Notes	31/3/2017 VND million	31/12/2016 VND million
<b>A</b>	<b>ASSETS</b>		
<b>I</b>	<b>Cash on hand, gold, silver and gemstones</b>	<b>8,866,965</b>	<b>9,692,053</b>
<b>II</b>	<b>Balances with the State Bank of Vietnam</b>	<b>24,076,718</b>	<b>17,382,418</b>
<b>III</b>	<b>Balances with and loans to other credit institutions</b>	<b>116,799,011</b>	<b>151,845,570</b>
1	Balances with other credit institutions	87,541,637	103,236,053
2	Loans to other credit institutions	29,257,629	48,609,517
3	Allowance for balances with and loans to other credit institutions	(255)	-
<b>IV</b>	<b>Trading securities</b>	<b>10,471,789</b>	<b>4,233,529</b>
1	Trading securities	10,497,064	4,271,362
2	Allowance for trading securities	(25,275)	(37,833)
<b>V</b>	<b>Derivatives and other financial assets</b>	<b>703,058</b>	<b>230,658</b>
<b>VI</b>	<b>Loans to customers</b>	<b>490,076,491</b>	<b>452,684,316</b>
1	Loans to customers	499,587,470	460,808,468
2	Allowance for loans to customers	(9,510,979)	(8,124,152)
<b>VIII</b>	<b>Investment securities</b>	<b>122,949,670</b>	<b>131,771,107</b>
1	Available-for-sale securities	35,087,405	51,931,950
2	Held-to-maturity securities	88,060,558	80,019,284
3	Allowance for investment securities	(198,293)	(180,127)
<b>IX</b>	<b>Long-term investments</b>	<b>3,646,690</b>	<b>3,627,814</b>
1	Investments in joint-ventures	820,874	803,098
2	Investments in associates	10,746	9,645
3	Other long-term investments	2,829,418	2,829,418
4	Allowance for long-term investments	(14,348)	(14,347)
<b>X</b>	<b>Fixed assets</b>	<b>5,550,728</b>	<b>5,639,382</b>
1	Tangible fixed assets	3,638,898	3,717,046
a	Cost	8,697,063	8,621,996
b	Accumulated depreciation	(5,058,165)	(4,904,950)
2	Intangible fixed assets	1,911,830	1,922,336
a	Cost	2,518,894	2,518,777
b	Accumulated amortization	(607,064)	(596,441)
<b>XII</b>	<b>Other assets</b>	<b>11,137,854</b>	<b>10,800,045</b>
1	Receivables	3,570,231	2,950,677
2	Accrued interest and fee receivables	5,562,979	5,786,098
3	Deferred tax assets	1,943	1,943
4	Other assets	2,003,638	2,062,264
5	Allowance for other assets	(937)	(937)
	<b>TOTAL ASSETS</b>	<b>794,278,974</b>	<b>787,906,892</b>

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

	Notes	31/3/2017 VND million	31/12/2016 VND million
<b>B</b>			
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>I</b>			
<b>Amounts due to the Government and the State Bank of Vietnam</b>	<b>9</b>	<b>50,366,699</b>	<b>54,151,413</b>
<b>II</b>			
<b>Deposits and borrowings from other credit institutions</b>	<b>10</b>	<b>57,538,693</b>	<b>72,238,405</b>
1 Deposits from other credit institutions		41,044,753	53,282,230
2 Borrowings from other credit institutions		16,493,940	18,956,175
<b>III</b>			
<b>Deposits from customers</b>	<b>11</b>	<b>609,313,907</b>	<b>590,451,344</b>
<b>VI</b>			
<b>Valuable papers issued</b>	<b>12</b>	<b>10,055,615</b>	<b>10,286,376</b>
		-	
<b>VII</b>			
<b>Other liabilities</b>		<b>16,690,865</b>	<b>12,677,844</b>
1 Accrued interest and fee payables		6,626,303	6,454,174
2 Deferred tax liabilities		18,559	18,461
3 Other liabilities	<b>13</b>	10,046,003	6,205,209
<b>TOTAL LIABILITIES</b>		<b>743,965,779</b>	<b>739,805,382</b>
<b>VIII</b>			
<b>Capital and reserves</b>			
1 Capital		36,022,846	36,022,846
a Charter capital		35,977,686	35,977,686
b Share premium		-	-
c Other capital		45,160	45,160
2 Reserves		5,936,667	5,936,667
3 Foreign exchange differences		86,327	84,245
4 Asset revaluation differences		83,285	83,285
5 Retained profits		8,036,830	5,830,946
a Previous years' retained profits		5,830,823	1,204,902
b Current year's retained profits		2,206,007	4,626,044
6 Non-controlling interest		147,240	143,521
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>14</b>	<b>50,313,195</b>	<b>48,101,510</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>794,278,974</b>	<b>787,906,892</b>

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

NO	OFF-BALANCE SHEET ITEMS	Notes	31/3/2017 VND million	31/12/2016 VND million
1	Credit guarantees		227,029	222,549
2	Foreign exchange commitments		16,407,712	24,605,699
<i>a</i>	<i>Forward buying</i>		7,657,462	9,019,812
<i>b</i>	<i>Forward selling</i>		8,750,250	15,585,887
3	Letters of credit		44,848,506	44,755,947
4	Other guarantees		36,738,385	36,683,048
5	Other commitments		104,704	63,624

*Hanoi, 20 April 2017*

Prepared by:

Ms. Nguyen Thi Ngoc Anh

*(signed)*

*Deputy Director of  
Accounting Policy Department*

Ms. Phung Nguyen Hai Yen

*(signed)*

*Chief Accountant*

Approved by:

Mr. Nguyen Danh Luong

*(signed)*

*Deputy CEO*

**Joint Stock Commercial Bank for Foreign Trade of Vietnam**  
**198 Tran Quang Khai, Hoan Kiem District, Hanoi**  
**INTERIM CONSOLIDATED INCOME STATEMENT**  
**for the period from 1 January 2017 to 31 March 2017**

**Form B03a/TCTD-HN**  
*(Issued in accordance with Circular No.*  
*49/2014/TT-NHNN dated 31 December*  
*2014 of the Governor of the SBV)*

	Notes	Quarter I		Cumulative year-to-date		
		Current year VND million	Previous year VND million	Current year VND million	Previous year VND million	
1	Interest and similar income	16	10,771,959	8,806,228	10,771,959	8,806,228
2	Interest and similar expenses	17	(5,496,150)	(4,273,463)	(5,496,150)	(4,273,463)
<b>I</b>	<b>Net interest income</b>		<b>5,275,809</b>	<b>4,532,765</b>	<b>5,275,809</b>	<b>4,532,765</b>
3	Fee and commission income		1,211,327	954,874	1,211,327	954,874
4	Fee and commission expenses		(561,338)	(415,905)	(561,338)	(415,905)
<b>II</b>	<b>Net fee and commission income</b>		<b>649,989</b>	<b>538,969</b>	<b>649,989</b>	<b>538,969</b>
<b>III</b>	<b>Net gain from trading foreign currencies</b>		<b>641,691</b>	<b>563,949</b>	<b>641,691</b>	<b>563,949</b>
<b>IV</b>	<b>Net gain from trading securities</b>	<b>18</b>	<b>104,126</b>	<b>40,454</b>	<b>104,126</b>	<b>40,454</b>
<b>V</b>	<b>Net gain from investment securities</b>	<b>19</b>	<b>(50,320)</b>	<b>(371)</b>	<b>(50,320)</b>	<b>(371)</b>
5	Other income		597,758	357,105	597,758	357,105
6	Other expenses		(34,703)	(71,433)	(34,703)	(71,433)
<b>VI</b>	<b>Net other income</b>		<b>563,055</b>	<b>285,672</b>	<b>563,055</b>	<b>285,672</b>
<b>VII</b>	<b>Dividend and net income from investments in associates and joint-ventures</b>	<b>20</b>	<b>103,141</b>	<b>10,524</b>	<b>103,141</b>	<b>10,524</b>
<b>VIII</b>	<b>TOTAL OPERATING EXPENSES</b>	<b>21</b>	<b>(3,149,927)</b>	<b>(2,367,354)</b>	<b>(3,149,927)</b>	<b>(2,367,354)</b>
<b>IX</b>	<b>Net profit before allowances for credit losses</b>		<b>4,137,564</b>	<b>3,604,608</b>	<b>4,137,564</b>	<b>3,604,608</b>
<b>X</b>	<b>Allowances for credit losses</b>		<b>(1,400,661)</b>	<b>(1,305,197)</b>	<b>(1,400,661)</b>	<b>(1,305,197)</b>
<b>XI</b>	<b>PROFIT BEFORE TAX</b>		<b>2,736,903</b>	<b>2,299,411</b>	<b>2,736,903</b>	<b>2,299,411</b>

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

**Joint Stock Commercial Bank for Foreign Trade of Vietnam**  
**198 Tran Quang Khai, Hoan Kiem District, Hanoi**  
**INTERIM CONSOLIDATED INCOME STATEMENT**  
**for the period from 1 January 2017 to 31 March 2017**

**Form B03a/TCTD-HN**  
*(Issued in accordance with Circular No. 49/2014/TT-NHNN dated 31 December 2014 of the Governor of the SBV)*

	Notes	Quarter I		Cumulative year-to-date	
		Current year VND million	Previous year VND million	Current year VND million	Previous year VND million
7	Current corporate income tax expenses	(527,258)	(459,361)	(527,258)	(459,361)
8	Deferred corporate income tax expenses	-	932	-	932
<b>XII</b>	<b>Corporate income tax expenses</b>	<b>(527,258)</b>	<b>(458,429)</b>	<b>(527,258)</b>	<b>(458,429)</b>
<b>XIII</b>	<b>PROFIT AFTER TAX</b>	<b>2,209,645</b>	<b>1,840,982</b>	<b>2,209,645</b>	<b>1,840,982</b>
<b>XIV</b>	<b>Non-controlling interest</b>	<b>(3,638)</b>	<b>(4,296)</b>	<b>(3,638)</b>	<b>(4,296)</b>
<b>XV</b>	<b>Net profit for the period</b>	<b>2,206,007</b>	<b>1,836,686</b>	<b>2,206,007</b>	<b>1,836,686</b>
<b>XVI</b>	<b>Basic earnings per share (VND)(*)</b>	<b>15</b>	<b>613</b>	<b>511</b>	<b>613</b>
			<b>511</b>	<b>613</b>	<b>511</b>

*(\*) Basic Earnings per Share in the 1<sup>st</sup> Quarter 2016 has been adjusted to match the data presented in the 1<sup>st</sup> Quarter 2016 Financial Statements due to changes in the average number of ordinary shares (Please see Footnote 15)*

*Hanoi, 20 April 2017*

Prepared by:

Ms. Nguyen Thi Ngoc Anh

*(signed)*

*Deputy Director of  
Accounting Policy Department*

Ms. Phung Nguyen Hai Yen

*(signed)*

*Chief Accountant*

Approved by:

Mr. Nguyen Danh Luong

*(signed)*

*Deputy CEO*



**Joint Stock Commercial Bank for Foreign Trade of Vietnam**  
**198 Tran Quang Khai, Hoan Kiem District, Hanoi**  
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the period from 1 January 2017 to 31 March 2017

**Form B04a/TCTD**  
*(Issued in accordance with Circular No.*  
*49/2014/TT-NHNN dated 31 December*  
*2014 of the Governor of the SBV)*

	<b>Period from 1/1/2017 to 31/3/2017 VND million</b>	<b>Period from 1/1/2016 to 31/3/2016 VND million</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1	Interest and similar receipts	10,990,836	8,878,409
2	Interest and similar payments	(5,324,467)	(4,753,436)
3	Fee and commission income receipts	649,989	538,969
4	Net receipt/(payment) from operating activities (foreign currencies, gold, silver, securities)	879,048	725,818
5	Net other receipts	(14,285)	(13,020)
6	Receipts from recovery of bad debts previously written off	576,986	298,167
7	Payments to employees and for other operating activities	(2,997,714)	(2,318,817)
8	Income tax paid during the period	(416,809)	(181,309)
	<b>Net cash flows from operating activities before changes in operating assets and working capital</b>	<b>4,343,584</b>	<b>3,174,781</b>
	<b>(Increase)/Decrease in operating assets</b>		
9	Balances with and loans to other credit institutions	(6,842,822)	(3,715,217)
10	Trading securities	7,817,523	701,398
11	Derivatives and other financial assets	(472,400)	(35,392)
12	Loans to customers	(38,779,002)	(24,482,311)
13	Other operating assets	(744,460)	(1,031,134)
	<b>Increase/(Decrease) in operating liabilities</b>		
14	Amounts due to the Government and the SBV	(3,784,714)	(19,918,559)
15	Deposits and borrowings from other credit institutions	(14,699,712)	(6,959,884)
16	Deposits from customers	18,862,563	13,468,676
17	Valuable papers issued	(230,761)	(5,816)
18	Other operating liabilities	4,224,536	240,540
19	Payments from reserves	(483,677)	(387,766)
<b>I</b>	<b>Net cash flows (used in) operating activities</b>	<b>(30,789,342)</b>	<b>(38,950,684)</b>

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

	<b>Period from 1/1/2017 to 31/3/2017 VND million</b>	<b>Period from 1/1/2016 to 31/3/2016 VND million</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1	Payments for purchases of fixed assets	(75,184)	(49,370)
2	Proceeds from disposals of fixed assets	354	544
3	Payments for disposals of fixed assets	-	(21)
4	Proceeds from investments in other entities	84,212	853
5	Dividends of prior year received in the period	-	19,663
	<b>II Net cash flows (used in)/generated from investing activities</b>	<b>9,382</b>	<b>(28,331)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1	Dividends paid in cash	-	-
	<b>III Net cash flows (used in) financing activities</b>	<b>-</b>	<b>-</b>
	<b>IV Net cash flows during the period</b>	<b>(30,779,960)</b>	<b>(38,979,015)</b>
	<b>V Cash and cash equivalents at the beginning of the period</b>	<b>179,888,998</b>	<b>164,412,853</b>
	<b>VI Cash and cash equivalents at the end of the period (Note 22)</b>	<b>149,109,038</b>	<b>125,433,838</b>

*Hanoi, 20 April 2017*

Prepared by:

Ms. Nguyen Thi Ngoc Anh

*(signed)*

*Deputy Director of  
Accounting Policy Department*

Ms. Phung Nguyen Hai Yen

*(signed)*

*Chief Accountant*

Approved by:

Mr. Nguyen Danh Luong

*(signed)*

*Deputy CEO*

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

## **1. Reporting entity**

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

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

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

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

Under Banking Licence No. 138/GP-NHNN dated 23 May 2008 issued by the SBV and Business Registration Certificate No. 0103024468 dated 2 June 2008 issued by Hanoi Authority for Planning and Investment, the Bank’s charter capital was VND12,100,860,260,000. Under Business Registration Certificate No. 0100112437 renewed for the twelfth time on 16 December 2016 and changes in the Bank’s Licence for Establishment and Operation No. 138/GP-NHNN of the Joint Stock Commercial Bank for Foreign Trade of Vietnam at Decision No. 95/QD-NHNN dated 18 January 2017 of the State Bank of Vietnam, the Bank’s charter capital was VND 35,977,685,750,000. The face value per share is VND10,000.

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

## 1. Reporting entity (continued)

### (c) Location and network

The Bank's Head Office is located at 198 Tran Quang Khai Street, Hoan Kiem District, Hanoi. As at 31 March 2017, the Bank had one (1) Head Office, one (1) Operation Centre, one (1) Training Centre and one-hundred and one (101) branches nationwide, three (3) local subsidiaries, two (2) overseas subsidiaries, three (3) joint-ventures, one (1) associate, one (1) overseas representative office located in Singapore and one (1) representative office located in Ho Chi Minh city.

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

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

<b>Subsidiaries</b>	<b>Operating Licence</b>	<b>Business sector</b>	<b>% direct shareholding by the Bank</b>
Vietcombank Financial Leasing Company Limited ("VCB Leasing")	Operating Licence No. 05/GP-CTCTTC dated 25 May 1998 granted by the SBV	Finance lease	100%
Vietcombank Securities Company Limited ("VCB Securities")	Operating Licence No. 09/GPHDKD dated 24 April 2002 and Licence No. 12/GPHDLK dated 23 May 2002 granted by the State Securities Commission	Securities	100%
Vietcombank Tower 198 Company Limited ("VCB Tower")	Investment Licence No. 1578/GP dated 30 May 1996 and No. 1578/GPDC1 dated 18 April 2006 granted by the Ministry of Planning and Investment	Office leasing	70%
Vietnam Finance Company Limited ("Vinafico")	Investment Licence No. 05456282-000-02-11-7 dated 10 February 2011 granted by the Hong Kong Monetary Authority	Financial services	100%
Vietcombank Money Incorporation	Business Licence No. E0321392009-6 dated 15 June 2009 granted by the Authority of Nevada State, the United States of America	Remittance	87.5%

### (e) Number of employees

As at 31 March 2017, the Bank has 15,799 employees (as at 31 December 2016: 15,615 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 interim consolidated financial statements.

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

The interim consolidated financial statements, presented in Vietnam Dong (“VND”) and rounded to the nearest million (“VND million”), have been prepared in accordance with Vietnamese Accounting Standards (“VAS”) No. 27 – Interim financial statements, Vietnamese Accounting System for Credit Institutions and requirements stipulated by the SBV and other statutory regulations relevant to the preparation and presentation of interim consolidated financial statements. The Bank also prepares the interim consolidated financial statements for the period from 1 January 2017 to 31 March 2017.

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

### **(b) Fiscal year**

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

### **(c) 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 converted into VND at the inter-bank exchange rates as at the interim consolidated balance sheet date. 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 interim consolidated income statement at the spot exchange rates as at the dates of transactions.

Foreign exchange differences are recorded in the consolidated income statement at the end of the fiscal year.

In preparation of the interim consolidated financial statements for the subsidiaries using the consolidation method and for the associates and joint-ventures with accounting currencies other than VND using the equity method; assets, liabilities and equity accounts of these companies are converted into VND at the inter-bank exchange rate on the interim consolidated balance sheet date, and the income statements are converted at the average exchange rate for the period. The exchange differences arising from the conversion are taken into equity in the interim consolidated balance sheet.

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

### **(d) Consolidation**

#### *(i) Subsidiaries*

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

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

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

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

*Associates* are those entities on which the Bank may have significant impact, but does not control the policies and activities of the entities.

*Joint-ventures* are those entities over whose activities the Bank has joint control, established by contractual agreements and require unanimous consent for strategic financial and operating decisions.

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

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

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

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

### **(f) 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 gain profit on changes in price.

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

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

Investment securities are classified into two categories: available-for-sale and held-to-maturity securities. The Bank classifies investment securities on their purchase dates. In accordance with Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 by the SBV, the Bank is allowed to reclassify investment securities no more than once 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. Regarding equity securities, the Bank is neither a founding shareholder nor a strategic partner; nor has the impact on the enterprise's planning and determining of financial and operating policies under agreements to appoint personnel to the board of directors/board of management.

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

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

Investment securities are initially recognized at cost of acquisition, including transaction costs and other directly attributable costs. They are subsequently measured at the lower of the book value after amortization and the market value. Premiums and discounts arising from purchases of debt securities are amortized in the interim consolidated income statement 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 must be subjected to loan classification and allowance for these investments is made similarly to that for loans to customers presented in Note 2(g).

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

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

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

### (f) Investments (continued)

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

Special bonds will mature in one of the following cases:

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

In accordance with Circular No. 14/2015/TT-NHNN, every year within 5 working days before the date corresponding to the maturity date of special bonds, the Bank shall make minimum specific provision for each special bond, calculated based on the maturity of special bonds, bad debt repayment up to provision time and face value of special bonds.

Specific provision for each special bond is recognized in the consolidated income statement in “Allowances for credit losses”.

#### (iii) Long-term investments

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

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

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

The allowance for diminution in the value of long-term investments is made if the economic entity in which the Bank invests suffers a loss (except for cases where losses have been anticipated in the business plans prepared before making investment) in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013. The allowance is the difference between the parties’ actual capital contributions to the economic entity and the actual equity multiplied (x) by the ratio of capital invested by the Bank to the total actual capital of the economic entity. For an investment in listed shares or shares which fair value can be determined reliably, provision is made based on the shares’ market value (similarly to allowance for trading securities).



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

### **(g) Loans to customers**

#### *(i) Loans to customers*

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

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

#### *(ii) Specific allowance for credit risk*

In accordance with Circular 02 and Circular 09, specific allowance for credit risk is calculated based on loan classification and corresponding allowance rates against principal outstanding as at 31 March less discounted value of collateral as follows:

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

Since 1 January 2010, the Bank has applied Article 7, Decision 493/2005/QD-NHNN to make loan classification as approved by the SBV. However, according to Circular 02, the Bank is required to classify loans to customers and off-balance sheet commitments in accordance with both Article 10 and Clause 1 of Article 11, Circular 02 for a period of 3 years starting from 1 June 2014. In that case, should classifications of a loan in accordance with Article 10 and Clause 1 of Article 11, Circular 02 differ, the loan is to be classified into the group of higher risk.

Since 1 January 2015, financial institutions, foreign banks' branches have to use classifications of a loan provided by Credit Information Center (CIC) when performing loan classification to adjust the classification for loans and off-balance sheet items.

#### *(iii) General allowance for credit risk*

The Bank is required to make and maintain a general allowance of 0.75% of total outstanding balance of loans to customers which are classified into Group 1 to 4 as at the reporting date.

#### *(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.

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

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

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

The Bank sold bad debts at their book value to Vietnam Asset Management Company (“VAMC”) in accordance with Decree No. 53/2013/ND-CP effective from 9 July 2013 on “Establishment, organization and operation of Vietnam Asset Management Company”, Circular No. 19/2013/TT-NHNN effective from 15 September 2013 on “Purchase, sale and handling of bad debts of Vietnam Asset Management Company”, Official Letter No. 8499/NHNN-TCKT on “Guidance on accounting for bad debt purchase and sale between VAMC and credit institutions” and Decree No. 34/2015/ND-CP effective from 5 April 2015 on “Amending, supplementing to some articles of Decree No. 53/2013/ND-CP” and Circular No.14/2015/TT-NHNN effective from 15 December 2015 on “Amendments, supplementation to some articles of Circular No. 19/2013/TT-NHNN on purchase, sale and settlement of bad debts of Vietnam Asset Management Company”. Accordingly, the selling price is the outstanding balance of a bad debt minus its unused specific allowance.

For the sale of bad debts in exchange for VAMC bonds, upon completing selling bad debts to VAMC, the Bank will derecognize both the outstanding principal and specific allowance of the sold debt, and recognize the face value of VAMC special bonds, which equals to the outstanding balance of the sold debt less its unused specific allowance. Upon receiving the sold debts back from VAMC, the Bank will use the allowance made annually for VAMC special bonds to write off such bad debts. Difference between the allowances made for VAMC bonds and the uncollected outstanding balance of debts/bonds will be recognized as “Other income” in the interim consolidated income statement.

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

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

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

### **(i) Tangible fixed assets**

#### **(i) Cost**

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

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

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

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

(ii) Depreciation

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

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

(j) **Intangible fixed assets**

(i) Land use rights

According to Circular No. 45/2013/TT-BTC dated 25 April 2013 by the Ministry of Finance, intangible fixed assets recognized 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 term and non-term 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 leveling, registration fee (excluding costs of construction on that land) or the value of land use rights with contributed capital.

Land use rights not recognized 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 amortized into the business costs by the number of lease years;
- Land lease rent paid annually, the rent is recorded into the business costs in the period in

proportion to the rent annually paid.

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

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

(ii) Other intangible fixed assets

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

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

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

**(l) Valuable papers issued**

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

**(m) Severance allowance**

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

**(n) Capital and reserves**

(i) Ordinary shares

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

(ii) Share premium

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

(iii) Treasury shares

When the Bank repurchases its own issued shares, the total paid amount which includes directly attributable costs, net off any tax effects, is recognized 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 and does not exceed 25% of the Bank's charter capital.
- Investment and development reserve and other reserves: are to be made upon the resolutions of the Annual General Shareholders' Meeting. The allocation ratios are decided in the Annual General Shareholders' Meeting and in accordance with relevant statutory requirements.

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

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

Vietcombank Securities Company Limited appropriates reserves in accordance with the Circular No. 146/2014/TT-BTC issued by the Ministry of Finance on 6 October 2014.

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

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

Interest income of outstanding loans classified in Group 1 is recognized on an accrual basis. Accrued interest on loans classified in Group 2 to Group 5 (as defined in Note 2(h)) is recognized in the interim consolidated income statement upon receipt.

Interest expenses are recorded on an accrual basis.

### **(ii) Fees, commissions and dividend income**

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

### **(iii) Stock dividends**

In accordance with Circular No. 200/2014/TT-BTC dated 22 December 2014, dividends and other receipts in the form of shares coming from undistributed after-tax profits, share premium, reserve funds of joint stock companies are not recorded in the interim consolidated financial statements. Instead, only an increase in the number of shares held by the Bank is reflected.

### **(iv) Uncollectible income**

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

**(p) Lease**

(i) Lessee

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

(ii) Lessor

Vietcombank recognizes finance leased assets as loans to customers in the interim consolidated balance sheet at the net value of the investment defined in the lease contract. Income from finance leases are recognized as financial income from investments of capital and services for leasing assets. Installment income is amortized over the lease term using fixed interest rate over the net investment of the leased assets.

Vietcombank recognizes operating lease assets in the interim consolidated balance sheet. Rental income is recognized on a straight-line basis over the lease term, regardless of the payment method. Expenses occurred during the leasing period, including depreciation expenses are recognized as operating expenses for the period.

**(q) Earnings per share**

Vietcombank presents basic earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of Vietcombank by the weighted average number of ordinary shares outstanding during the period.

**(r) Taxation**

Corporate income tax on the profit or loss for the period comprises current and deferred tax. Corporate income tax is recognized in the interim consolidated income statement except that it relates to items recognized directly to equity, in which case it is recognized in equity.

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

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 realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

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

**(s) Related parties**

Vietcombank's related parties include the followings:

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

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

**(t) Segment reporting**

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

**(u) Derivative contracts**

**(i) Foreign exchange contracts**

The Bank enters 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.

(i) Foreign exchange contracts (continued)

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 recognized under “Foreign exchange differences” in the equity section and is recorded in the consolidated income statement at the end of the fiscal year (see Note 2(c)).

Swap contracts are commitments to settle in cash at a future date based on differences between specified exchange rates, calculated on the notional principal amount. Swap contracts are subsequently revaluated at the end of the accounting period and the difference on revaluation is recognized under “Foreign exchange differences” in the equity section and is recorded in the consolidated income statement at the end of the fiscal year (see Note 2(c)).

(ii) Interest rate swap contracts

Interest rate swap contracts are commitments to pay interest based on either floating or fixed interest rates on the same principle amount. The value of commitments in the interest rate swap contracts is not recognized on the consolidated balance sheet. The differences arising from swapping interest rates are recognized in the consolidated income statement on an accrual basis.

**(u) Commitments and contingent liabilities**

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

According to Circular 02 and Circular 09, the Bank shall classify commitments and contingent liabilities into 5 groups, similarly to loans to customers, for management purposes (see Note 2(g)).

**(v) Other receivables**

The Bank has provided provision for overdue receivables which are classified as assets without credit risks in accordance with Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009. Accordingly, receivables are subject to review for impairment based on their overdue periods or estimated loss arising from undue debts of which the indebted economic organizations fall bankrupt or are undergoing dissolution procedures; debtors are missing, have fled, are prosecuted, detained or on trial by law enforcement bodies, are serving sentences or have deceased, etc.

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



**(w) Offsetting**

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

**(x) Earnings per share**

Vietcombank presents basic earnings per share for ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of Vietcombank (after adjusting for bonus and welfare fund) by number of outstanding ordinary shares during the period.

If the shares issued in the year only changes in the number of shares without changing the capital source, Vietcombank will adjust the weighted average number of ordinary shares outstanding during the presentation period on the consolidated financial statements, which results in a corresponding adjustment of basic earnings per share.

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

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

Financial assets of the Bank mainly include:

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

Financial liabilities of the Bank mainly include:

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

**(i) Classification of financial assets and liabilities**

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

Financial assets are classified as follows:

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

Financial liabilities are classified as follows:

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

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

(ii) Recognition

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

(iii) Derecognition

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

(iv) Measurement and disclosures of fair value

In accordance with Circular No. 210/2009/TT-BTC, Vietcombank has to disclose the fair value of financial assets and financial liabilities to compare with the book value of those financial assets and financial liabilities as presented in Note 25.

The preparation and presentation of the fair value of the financial instruments are only for the purpose of presenting in Note 25(b). The financial instruments of Vietcombank are still recognized and recorded in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions, complying with the requirements of the State Bank of Vietnam and with other statutory regulations as described in the notes above.

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

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

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

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

#### 4. Trading securities

	<b>31/3/2017</b>	<b>31/12/2016</b>
	<b>VND million</b>	<b>VND million</b>
		<b>(audited)</b>
<b>Debt securities</b>		
Government securities	7,558,945	3,198,613
Securities issued by other credit institutions	2,386,161	453,522
Securities issued by local economic entities	41,200	64,500
<b>Equity securities</b>		
Equity securities issued by other credit institutions	3	3
Equity securities issued by local economic entities	510,755	554,724
Allowance for trading securities	(25,275)	(37,833)
	<b>10,471,789</b>	<b>4,233,529</b>

#### 5. Loans to customers

	<b>31/3/2017</b>	<b>31/12/2016</b>
	<b>VND million</b>	<b>VND million</b>
		<b>(audited)</b>
Loans to local economic entities and individuals	493,479,171	455,371,549
Discounted bills and valuable papers	3,147,818	2,569,000
Finance leases	2,957,697	2,854,489
Loans given to make payments on behalf of customers	613	277
Loans to foreign individuals and enterprises	2,171	13,153
	<b>499,587,470</b>	<b>460,808,468</b>

Loan portfolio by loan group was as follows:

	<b>31/3/2017</b>	<b>31/12/2016</b>
	<b>VND million</b>	<b>VND million</b>
		<b>(audited)</b>
Current	485,048,409	445,948,836
Special mentioned	7,162,478	7,923,249
Sub-standard	1,122,762	1,359,294
Doubtful	1,885,060	1,330,025
Loss	4,368,761	4,247,064
	<b>499,587,470</b>	<b>460,808,468</b>

## 5. Loans to customers (continued)

Loan portfolio by term was as follows:

	<b>31/3/2017</b> <b>VND million</b>	<b>31/12/2016</b> <b>VND million</b> <b>(audited)</b>
Short-term	285,123,126	260,095,610
Medium-term	54,702,932	53,767,184
Long-term	159,761,412	146,945,674
	<b>499,587,470</b>	<b>460,808,468</b>

## 6. Allowance for loans to customers

	<b>31/3/2017</b> <b>VND million</b>	<b>31/12/2016</b> <b>VND million</b> <b>(audited)</b>
General allowance	3,959,860	3,374,690
Specific allowance	5,551,119	4,749,462
	<b>9,510,979</b>	<b>8,124,152</b>

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

	<b>Period from</b> <b>1/1/2017</b> <b>to 31/3/2017</b> <b>VND million</b>	<b>Year</b> <b>ended</b> <b>31/12/2016</b> <b>VND million</b> <b>(audited)</b>
Opening balance	3,374,640	2,706,385
Allowance made during the period	585,170	668,303
Foreign exchange difference	50	2
<b>Closing balance</b>	<b>3,959,860</b>	<b>3,374,690</b>

## **6. Allowance for loans to customers (continued)**

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

	<b>Period from 1/1/2017 to 31/3/2017 VND million</b>	<b>Year ended 31/12/2016 VND million (audited)</b>
Opening balance	4,749,462	5,903,493
Allowance made during the period	801,478	3,018,283
Allowance utilized for writing-off bad debts	-	(4,174,822)
Foreign exchange difference	179	2,508
<b>Closing balance</b>	<b>5,551,119</b>	<b>4,749,462</b>

## 7. Investment securities

	31/3/2017 VND million	31/12/2016 VND million (audited)
<b>Available-for-sale securities</b>		
<i>Debt securities</i>		
Government bonds	24,859,134	39,127,435
Securities issued by other local credit institutions	9,920,081	12,496,325
Securities issued by local economic entities	300,000	300,000
<i>Equity securities</i>		
Securities issued by local economic entities	8,190	8,190
	_____	_____
Allowance for available-for-sale securities	(17,250)	(17,250)
	_____	_____
	<b>35,070,155</b>	<b>51,914,700</b>
	_____	_____
<b>Held-to-maturity securities</b>		
<i>Debt securities</i>		
Government bonds	69,172,434	62,660,834
Debt securities issued by local credit institutions	3,781,773	2,400,099
Debt securities issued by local economic entities	15,106,351	14,958,351
	_____	_____
General allowance for held-to-maturity securities	(130,160)	(113,536)
Specific allowance for held-to-maturity securities	(50,883)	(49,341)
	_____	_____
	<b>87,879,515</b>	<b>79,856,407</b>
	_____	_____
	<b>122,949,670</b>	<b>131,771,107</b>
	=====	=====

## 8. Long-term investments

### (a) Investments in joint-ventures

*As at 31 March 2017*

	<b>Business sector</b>	<b>% share-holding</b>	<b>Cost VND million</b>	<b>Book value VND million</b>
Vietcombank – Bonday – Ben Thanh Company Limited	Office leasing	52%	410,365	414,654
Vietcombank Fund Management	Investment fund management	51%	135,150	133,216
Vietcombank – Cardif Life Insurance Company Limited	Life insurance	45%	270,000	273,004
			<b>815,515</b>	<b>820,874</b>

*As at 31 December 2016 (audited)*

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



## 8. Long-term investments (continued)

### (b) Investments in associates

*As at 31 March 2017*

	<b>Business sector</b>	<b>% share- holding</b>	<b>Cost VND million</b>	<b>Book value VND million</b>
Vietcombank – Bonday Limited	Office leasing	16%	11,110	10,746
			<b>11,110</b>	<b>10,746</b>

*As at 31 December 2016 (audited)*

	<b>Business sector</b>	<b>% share- holding</b>	<b>Cost VND million</b>	<b>Book value VND million</b>
Vietcombank – Bonday Limited	Office leasing	16%	11,110	9,645
			<b>11,110</b>	<b>9,645</b>

## 9. Amounts due to the Government and the State Bank of Vietnam

	<b>31/3/2017</b>	<b>31/12/2016</b>
	<b>VND million</b>	<b>VND million</b>
		<b>(audited)</b>
<b>Borrowings from the SBV</b>	<b>4,572,509</b>	<b>4,630,802</b>
Borrowings on the basis of credit profiles	3,839,154	3,903,811
Other borrowings	733,355	726,991
<b>Demand deposits from the State Treasury</b>	<b>43,016,518</b>	<b>42,752,358</b>
<b>Deposits from the SBV</b>	<b>2,777,672</b>	<b>6,768,253</b>
	<hr/> <b>50,366,699</b> <hr/>	<hr/> <b>54,151,413</b> <hr/>

## 10. Deposits and borrowings from other credit institutions

	<b>31/3/2017</b>	<b>31/12/2016</b>
	<b>VND million</b>	<b>VND million</b>
		<b>(audited)</b>
<b>Deposits from other credit institutions</b>	<b>41,044,753</b>	<b>53,282,230</b>
Demand deposits in VND	2,189,326	3,246,953
Demand deposits in foreign currencies	34,871,240	38,323,368
Term deposits in VND	2,710,000	6,150,000
Term deposits in foreign currencies	1,274,187	5,561,909
<b>Borrowings from other credit institutions</b>	<b>16,493,940</b>	<b>18,956,175</b>
Borrowings in VND	3,908,000	4,109,645
Borrowings in foreign currencies	12,585,940	14,846,530
	<hr/> <b>57,538,693</b> <hr/>	<hr/> <b>72,238,405</b> <hr/>

## 11. Deposits from customers

	31/3/2017 VND million	31/12/2016 VND million (audited)
<b>Demand deposits</b>	<b>164,090,886</b>	<b>159,627,676</b>
Demand deposits in VND	121,620,453	120,425,822
Demand deposits in gold, foreign currencies	42,470,433	39,201,854
<b>Term deposits</b>	<b>436,470,869</b>	<b>422,812,904</b>
Term deposits in VND	362,330,656	352,762,147
Term deposits in gold, foreign currencies	74,140,213	70,050,757
<b>Deposits for specific purposes</b>	<b>7,815,298</b>	<b>6,227,201</b>
Margin deposits	936,854	1,783,563
	<hr/>	<hr/>
	<b>609,313,907</b>	<b>590,451,344</b>
	<hr/>	<hr/>

## 12. Valuable papers issued

	31/3/2017 VND million	31/12/2016 VND million (audited)
<b>Certificates of deposits</b>	<b>4,824</b>	<b>5,423</b>
Short-term in foreign currencies	168	168
Medium-term and long-term in VND	324	324
Medium-term and long-term in foreign currencies	4,332	4,931
<b>Bonds and bills</b>	<b>10,050,791</b>	<b>10,280,953</b>
Short-term in VND	47	47
Short-term in foreign currencies	76	103
Medium-term in VND	4,199,816	4,280,791
Medium-term in foreign currencies	13	12
Long-term in VND	5,850,839	6,000,000
	<hr/>	<hr/>
	<b>10,055,615</b>	<b>10,286,376</b>
	<hr/>	<hr/>

## 13. Other liabilities

	31/3/2017 VND million	31/12/2016 VND million (audited)
Internal payables	2,729,379	2,050,613
External payables	6,555,145	2,915,229

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Bonus and welfare funds	761,479	1,239,367
	<hr/>	<hr/>
	<b>10,046,003</b>	<b>6,205,209</b>
	<hr/>	<hr/>

## 14. Capital and reserves

### (a) Statement of changes in equity

	Charter capital	Share premium	Other capital	Reserves			Total	Asset revaluations on differences	Foreign exchange differences	Retained profits	Non-controlling interest	Total equity
				Supplementary charter capital	Financial risk	Investment and development fund						
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
<b>Balance as at 1/1/2016 (audited)</b>	<b>35,977,686</b>	-	<b>45,160</b>	<b>1,952,746</b>	<b>3,913,260</b>	<b>70,661</b>	<b>5,936,667</b>	<b>83,285</b>	<b>84,245</b>	<b>5,830,946</b>	<b>143,521</b>	<b>48,101,510</b>
Net profit for the period	-	-	-	-	-	-	-	-	-	2,206,007	3,638	2,209,645
Adjustment on profit/(loss) allocation of joint ventures by equity method	-	-	-	-	-	-	-	-	-	(50)	-	(50)
Exchange rate differences	-	-	-	-	-	-	-	-	2,082	-	81	2,163
Other decreases	-	-	-	-	-	-	-	-	-	(73)	-	(73)
<b>Balance as at 31/3/2017</b>	<b>35,977,686</b>	-	<b>45,160</b>	<b>1,952,746</b>	<b>3,913,260</b>	<b>70,661</b>	<b>5,936,667</b>	<b>83,285</b>	<b>86,327</b>	<b>8,036,830</b>	<b>147,240</b>	<b>50,313,195</b>

(\* ) Due to reserve allocation and adjustment of Independent auditors of joint-ventures and associates on their financial statements

## 14. Capital and reserves (continued)

### (b) Details of shareholders of the Bank

	<b>31/3/2017</b>	<b>31/12/2016</b>
	<b>VND million</b>	<b>VND million</b>
		<b>(audited)</b>
<b>Ordinary shares</b>		
The State of Vietnam	27,743,534	27,743,534
Foreign strategic shareholder (Mizuho Corporate Bank Ltd., Japan)	5,396,685	5,396,685
Other shareholders	2,837,467	2,837,467
	<b>35,977,686</b>	<b>35,977,686</b>

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

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

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

## 15. Earnings per share (EPS)

### (a) Income used to calculate EPS

	<b>Period from 1/1/2017 to 31/3/2017 VND million</b>	<b>Period from 1/1/2016 to 31/3/2016 VND million</b>
Net income	2,206,007	1,836,686
	<b>2,206,007</b>	<b>1,836,686</b>

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

	<b>Period from 1/1/2017 to 31/3/2017</b>	<b>Period from 1/1/2016 to 31/3/2016</b>
Shares issued at the beginning of the year	3,597,768,575	2,665,020,334
Shares issued during the year (*)	-	932,748,241
	<b>3,597,768,575</b>	<b>3,597,768,575</b>

*(\*) According to the guidance of VAS No. 30, if the current ordinary shares increase due to capitalization, issuance of bonus shares, share split or reduction arising from share consolidation, "Earnings per share" for all reporting periods should be adjusted retrospectively (See Note 2(x)).*

### (c) Basic earnings per share

	<b>Period from 1/1/2017 to 31/3/2017 VND</b>	<b>Period from 1/1/2016 to 31/3/2016 VND</b>
Basic earnings per share	613	511

## 16. Interest and similar income

<b>Period from 1/1/2017 to 31/3/2017</b>	<b>Period from 1/1/2016 to 31/3/2016</b>
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	<b>VND million</b>	<b>VND million</b>
Interest income from loans to customers	8,259,830	6,645,416
Interest income from deposits	508,360	476,858
Interest income from trading and investment debt securities:	1,789,681	1,513,665
- <i>Interest income from investment securities</i>	<i>1,749,633</i>	<i>1,491,901</i>
- <i>Interest income from trading securities</i>	<i>40,048</i>	<i>21,764</i>
Income from financial leasing	60,599	52,855
Income from guarantee activities	114,696	100,916
Interest income from debts trading activities	-	1,667
Other income from credit activities	38,793	14,851
	<b>10,771,959</b>	<b>8,806,228</b>



## 17. Interest and similar expenses

	<b>Period from 1/1/2017 to 31/3/2017 VND million</b>	<b>Period from 1/1/2016 to 31/3/2016 VND million</b>
Interest expenses on deposits	(5,024,797)	(3,828,316)
Interest expenses on borrowings	(258,441)	(352,901)
Interest expenses on valuable papers issued	(207,388)	(68,898)
Others expenses on credit activities	(5,524)	(23,348)
	<b>(5,496,150)</b>	<b>(4,273,463)</b>

## 18. Net gain from trading securities

	<b>Period from 1/1/2017 to 31/3/2017 VND million</b>	<b>Period from 1/1/2016 to 31/3/2016 VND million</b>
Income from trading securities	107,596	58,899
Expenses on trading securities	(16,029)	(21,240)
Allowance for trading securities reversed/(made) during the period	12,559	2,795
	<b>104,126</b>	<b>40,454</b>

## 19. Net gain from investment securities

	<b>Period from 1/1/2017 to 31/3/2017 VND million</b>	<b>Period from 1/1/2016 to 31/3/2016 VND million</b>
Income from trading investment securities	317	22
Expenses on trading investment securities	(50,637)	(393)
	<b>(50,320)</b>	<b>(371)</b>

## 20. Dividend and net income from investments in associates and joint-ventures

	<b>Period from 1/1/2017 to 31/3/2017 VND million</b>	<b>Period from 1/1/2016 to 31/3/2016 VND million</b>
Dividends received from equity investments during the period	84,212	853
- <i>Dividends received from equity securities</i>	80,027	487
- <i>Dividends received from trading securities</i>	4,185	366
Share of loss of investments in joint-ventures and associates upon equity method	18,929	9,671
	<b>103,141</b>	<b>10,524</b>

## 21. Operating expenses

	<b>Period from 1/1/2017 to 31/3/2017 VND million</b>	<b>Period from 1/1/2016 to 31/3/2016 VND million</b>
Tax, duties and fees	(25,563)	(24,407)
Salaries and related expenses	(1,385,796)	(1,109,383)
<i>Of which:</i>		
- <i>Salary and wages</i>	(1,304,872)	(1,040,468)
- <i>Additional expenses based on salary</i>	(75,413)	(59,691)
- <i>Other allowances</i>	(275)	(216)
Expenses on assets	(429,060)	(394,600)
<i>Of which:</i>		
- <i>Depreciation of fixed assets</i>	(168,852)	(172,492)
Administrative expenses	(1,202,614)	(752,737)
Insurance expenses on deposits from customers	(102,369)	(81,987)
Other operating expenses	(4,525)	(4,240)
	<b>(3,149,927)</b>	<b>(2,367,354)</b>

## 22. Cash and cash equivalents

	<b>31/3/2017</b>	<b>31/12/2016</b>
	<b>VND million</b>	<b>VND million</b>
		<b>(audited)</b>
Cash on hand, gold, silver and gemstones	8,866,965	9,692,053
Balances with the State Bank of Vietnam	24,076,718	17,382,418
Balances with and loans to other credit institutions due within three months	101,128,051	143,017,177
Trading securities	10,497,064	4,271,362
Securities due within three months from the purchase date	4,540,240	5,525,988
	<b>149,109,038</b>	<b>179,888,998</b>

## 23. Significant transactions and balances with related parties

During the period from 1 January 2017 to 31 March 2017, the Bank has made the following transactions with related parties:

	<b>Relationship</b>	<b>Period from</b>	<b>Period from</b>
		<b>1/1/2017</b>	<b>1/1/2016</b>
		<b>to 31/3/2017</b>	<b>to 31/3/2016</b>
		<b>VND million</b>	<b>VND million</b>
<b>The State Bank of Vietnam</b>	Shareholder		
Interest income from deposits at the SBV		17,621	18,401
Interest expenses on deposits and borrowings		44,711	32,499
<b>The Ministry of Finance (“the MoF”)</b>	Shareholder		
Interest expenses on deposits from the MoF		73,683	16,452
Interest expenses on borrowings from the		7,271	5,877

As at 31 March 2017, the Bank has the following significant balances with related parties:

	<b>Relationship</b>	<b>31/3/2017</b>	<b>31/12/2016</b>
		<b>VND million</b>	<b>VND million</b>
			<b>(audited)</b>
<b>The State Bank of Vietnam</b>	Shareholder		
Deposits at the SBV		24,076,718	17,382,418
Deposits and borrowings from the SBV		7,350,181	11,399,055
<b>The Ministry of Finance</b>	Shareholder		
Deposits from the MoF		43,016,518	42,752,358
Borrowings from the MoF		681,161	651,693

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## 24. Segment reporting

### (a) Geographical segment

		For the period from 1/1/2017 to 31/3/2017					
		The North (*) VND million	The Middle & Central Highland VND million	The South VND million	Overseas VND million	Elimination VND million	Total VND million
1	Interest and similar income	15,053,369	2,573,858	7,014,995	8,509	(13,878,772)	10,771,959
2	Interest and similar expenses	(12,558,293)	(1,866,962)	(4,948,068)	(1,485)	13,878,658	(5,496,150)
<b>I</b>	<b>Net interest income</b>	<b>2,495,076</b>	<b>706,896</b>	<b>2,066,927</b>	<b>7,024</b>	<b>(114)</b>	<b>5,275,809</b>
3	Fee and commission income	674,553	115,382	443,118	6,093	(27,819)	1,211,327
4	Fee and commission expenses	(545,931)	(4,048)	(14,529)	(2,377)	5,547	(561,338)
<b>II</b>	<b>Net fee and commission income</b>	<b>128,622</b>	<b>111,334</b>	<b>428,589</b>	<b>3,716</b>	<b>(22,272)</b>	<b>649,989</b>
<b>III</b>	<b>Net gain/(loss) from trading foreign currencies</b>	<b>519,284</b>	<b>16,174</b>	<b>106,233</b>	-	-	<b>641,691</b>
<b>IV</b>	<b>Net gain from trading securities</b>	<b>104,126</b>	-	-	-	-	<b>104,126</b>
<b>V</b>	<b>Net gain from investment securities</b>	<b>(50,320)</b>	-	-	-	-	<b>(50,320)</b>
5	Other income	111,493	65,230	420,913	122	-	597,758
6	Other expenses	(33,603)	(182)	(918)	-	-	(34,703)
<b>VI</b>	<b>Net other income/(expenses)</b>	<b>77,890</b>	<b>65,048</b>	<b>419,995</b>	<b>122</b>	-	<b>563,055</b>
<b>VII</b>	<b>Dividend and net income from investments in associates and joint-ventures</b>	<b>103,141</b>	-	-	-	-	<b>103,141</b>
<b>VIII</b>	<b>Total operating expenses</b>	<b>(2,302,476)</b>	<b>(227,749)</b>	<b>(632,536)</b>	<b>(9,438)</b>	<b>22,272</b>	<b>(3,149,927)</b>
<b>IX</b>	<b>Net profit/(loss) before allowances for credit losses</b>	<b>1,075,343</b>	<b>671,703</b>	<b>2,389,208</b>	<b>1,424</b>	<b>(114)</b>	<b>4,137,564</b>
<b>X</b>	<b>Allowances for credit losses</b>	<b>(989,166)</b>	<b>(116,838)</b>	<b>(294,767)</b>	<b>110</b>	-	<b>(1,400,661)</b>
<b>XI</b>	<b>Profit/(loss) before tax</b>	<b>86,177</b>	<b>554,865</b>	<b>2,094,441</b>	<b>1,534</b>	<b>(114)</b>	<b>2,736,903</b>
7	Current corporate income tax expenses	3,393	(110,973)	(418,888)	(790)	-	(527,258)
8	Deferred income tax expense	-	-	-	-	-	-
<b>XII</b>	<b>Corporate income tax expenses</b>	<b>3,393</b>	<b>(110,973)</b>	<b>(418,888)</b>	<b>(790)</b>	-	<b>(527,258)</b>
<b>XIII</b>	<b>Profit/(loss) after tax</b>	<b>89,570</b>	<b>443,892</b>	<b>1,675,553</b>	<b>744</b>	<b>(114)</b>	<b>2,209,645</b>

(\*): As at 31 March 2017, some operating expenses for the whole system are made by the Head Office located in the North area but not allocated to other units of the Bank.

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(b) Business segment

For the period from 1/1/2017 to 31/3/2017

	Banking services VND million	Non-bank financial services VND million	Securities VND million	Others VND million	Elimination VND million	Total VND million
1 Interest and similar income	24,525,850	72,033	35,092	425	(13,861,441)	10,771,959
2 Interest and similar expenses	(19,309,042)	(30,753)	(17,796)	-	13,861,441	(5,496,150)
<b>I Net interest income</b>	<b>5,216,808</b>	<b>41,280</b>	<b>17,296</b>	<b>425</b>	<b>-</b>	<b>5,275,809</b>
3 Fee and commission income	1,164,659	1,950	40,090	32,447	(27,819)	1,211,327
4 Fee and commission expenses	(547,433)	(204)	(7,425)	(11,823)	5,547	(561,338)
<b>II Net fee and commission income</b>	<b>617,226</b>	<b>1,746</b>	<b>32,665</b>	<b>20,624</b>	<b>(22,272)</b>	<b>649,989</b>
<b>III Net gain/(loss) from trading foreign currencies</b>	<b>641,691</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>641,691</b>
<b>IV Net gain from trading securities</b>	<b>85,178</b>	<b>-</b>	<b>18,948</b>	<b>-</b>	<b>-</b>	<b>104,126</b>
<b>V Net gain from investment securities</b>	<b>(50,320)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(50,320)</b>
5 Other income	597,140	506	-	112	-	597,758
6 Other expenses	(34,703)	-	-	-	-	(34,703)
<b>VI Net other income/(expenses)</b>	<b>562,437</b>	<b>506</b>	<b>-</b>	<b>112</b>	<b>-</b>	<b>563,055</b>
<b>VII Dividend and net income from investments in associates and joint-ventures</b>	<b>98,956</b>	<b>-</b>	<b>4,185</b>	<b>-</b>	<b>-</b>	<b>103,141</b>
<b>VIII Total operating expenses</b>	<b>(3,105,476)</b>	<b>(19,328)</b>	<b>(39,830)</b>	<b>(7,565)</b>	<b>22,272</b>	<b>(3,149,927)</b>
<b>IX Net profit/(loss) before allowances for credit losses</b>	<b>4,066,500</b>	<b>24,204</b>	<b>33,264</b>	<b>13,596</b>	<b>-</b>	<b>4,137,564</b>
<b>X Allowances for credit losses</b>	<b>(1,400,000)</b>	<b>(661)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,400,661)</b>
<b>XI Profit/(loss) before tax</b>	<b>2,666,500</b>	<b>23,543</b>	<b>33,264</b>	<b>13,596</b>	<b>-</b>	<b>2,736,903</b>
7 Current corporate income tax expenses	(513,531)	(4,541)	(5,816)	(3,370)	-	(527,258)
8 Deferred income tax expense	-	-	-	-	-	-
<b>XII Corporate income tax expenses</b>	<b>(513,531)</b>	<b>(4,541)</b>	<b>(5,816)</b>	<b>(3,370)</b>	<b>-</b>	<b>(527,258)</b>
<b>XIII Profit/(loss) after tax</b>	<b>2,152,969</b>	<b>19,002</b>	<b>27,448</b>	<b>10,226</b>	<b>-</b>	<b>2,209,645</b>

## **25. Disclosure of financial instruments**

### **(a) Disclosure of collaterals**

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

### **(b) Disclosure of fair value**

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

The following table presents book value and fair value of the Bank's financial assets and liabilities as at 31 March 2017:

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
for the period from 1 January 2017 to 31 March 2017 (continued)

		Book value					Fair value	
		<i>Held for trading</i>	<i>Held-to-maturity</i>	<i>Loans and receivables</i>	<i>Available-for-sale</i>	<i>Recognized at amortized cost</i>	<i>Total of book value (gross)</i>	
		VND million	VND million	VND million	VND million	VND million	VND million	VND million
<b>Financial assets</b>								
I	Cash on hand, gold, silver and gemstones	8,866,965	-	-	-	-	8,866,965	8,866,965
II	Balances with the State Bank of Vietnam	24,076,718	-	-	-	-	24,076,718	24,076,718
III	Balances with and loans to other credit institutions	-	-	116,799,266	-	-	116,799,266	116,930,528
IV	Trading securities	10,497,064	-	-	-	-	10,497,064	10,471,789
V	Derivative financial instruments and other financial assets	703,058	-	-	-	-	703,058	703,058
VI	Loans and advances to customers	-	-	499,587,470	-	-	499,587,470	*
VII	Investment securities	-	88,060,558	-	35,087,405	-	123,147,963	126,457,559
VIII	Long-term investments	-	-	-	2,829,418	-	2,829,418	2,815,070
IX	Other financial assets	-	-	8,947,437	-	-	8,947,437	*
		<b>44,143,805</b>	<b>88,060,558</b>	<b>625,334,173</b>	<b>37,916,823</b>	<b>-</b>	<b>795,455,359</b>	
<b>Financial liabilities</b>								
I	Deposits and borrowings from the SBV	-	-	-	-	107,905,392	107,905,392	
II	Deposits from customers	-	-	-	-	609,313,907	609,313,907	*
IV	Valuable papers issued	-	-	-	-	10,055,615	10,055,615	*
V	Other financial liabilities	-	-	-	-	8,223,520	8,223,520	*
		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>735,498,434</b>	<b>735,498,434</b>	

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

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

The Board of Directors has the highest right and responsibility for the Bank's overall financial risk management framework to facilitate its business activities to thrive safely and sustainably.

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

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

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

The Asset and Liability Credit and Operational Risk Committee (ALCO) was established and chaired by Chief Executive Officer. ALCO members are key personnel of the Bank being in-charge of risk management. ALCO is responsible for comprehensively monitoring and managing assets and liabilities in the consolidated and separate balance sheet of the Bank in order to maximize profit while minimizing losses arising from negative market trends, manage liquidity risk and appropriately direct interest and foreign exchange rate schemes.

In its authorized segregation, ALCO has the right to make decisions regarding risk management.

**(i) Credit risk**

The Bank is under exposure to credit risk, where counterparty's default on its obligations will cause a financial loss for the Bank by failing to fulfil an obligation on time. Credit risk arises mainly in lending activities relating to loans and advances, and in investments in debt securities. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. The credit risk management and control are performed through issuance of related policies and procedures, including credit risk management policies, and operation of Credit Risk Management Committee and Credit Committee.

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

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



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

	Neither past due nor impaired VND million	Past due but not impaired VND million	Impaired and fully made allowance VND million	Total VND million
<b>Balances with and loans to other credit institutions – gross</b>	<b>116,751,766</b>	-	<b>47,500</b>	<b>116,799,266</b>
Balances with other credit institutions	87,541,637	-	-	87,541,637
Loans to other credit institutions	29,210,129	-	47,500	29,257,629
<b>Loans to customers – gross</b>	<b>482,208,278</b>	<b>1,943,305</b>	<b>15,435,887</b>	<b>499,587,470</b>
<b>Investment securities – gross</b>	<b>122,137,963</b>	-	<b>1,010,000</b>	<b>123,147,963</b>
Available-for-sale securities	34,077,405	-	1,010,000	35,087,405
Held-to-maturity securities	88,060,558	-	-	88,060,558
<b>Other assets</b>	<b>8,947,437</b>	-	-	<b>8,947,437</b>
	<b>730,045,444</b>	<b>1,943,305</b>	<b>16,493,387</b>	<b>748,482,136</b>

Description and book value of collaterals held by the Bank as at 31 March 2017 were as follows:

	VND million
Deposits	53,967,571
Valuable papers	57,601,706
Real estates	369,792,606
Others	197,169,079
	<b>678,530,962</b>

**(ii) Interest rate risk**

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

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

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

- Cash, gold, silver and gemstones, long-term investments, and other assets (including fixed assets and other assets) are classified as non-interest bearing items;
- The actual interest re-pricing terms of trading securities and investments securities are subject to issuers' terms and conditions on interest rate of each security;
- The actual interest re-pricing term of balances with and loans to other credit institutions, loans to customers, amounts due to the Government and the State Bank of Vietnam, deposits and borrowings from other credit institutions and deposits from customers are identified as follows:
  - Items with fixed interest rate during the contractual term: the actual interest re-pricing term is based on the contractual maturity date subsequent to the interim consolidated financial statement date;
  - Items with floating interest rate: the actual interest re-pricing term is based on the nearest re-pricing term subsequent to the interim consolidated financial statement date.
- The actual interest re-pricing term of valuable papers issued is based on valuable papers' maturities and the Bank's interest rate for each issuance.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1 January 2017 to 31 March 2017 (continued)

	Overdue VND million	Free of interest VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 6 months VND million	From 6 to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million	Total VND million
<b>Assets</b>									
I		8,866,965	-	-	-	-	-	-	8,866,965
II		-	24,076,718	-	-	-	-	-	24,076,718
III		-	93,722,631	8,602,633	2,700,060	11,773,942	-	-	116,799,266
IV		-	10,497,064						10,497,064
V		-	-	703,058	-	-	-	-	703,058
VI	7,315,220	-	127,983,579	167,611,035	125,960,475	51,282,679	18,728,485	705,997	499,587,470
VII		-	3,050,924	11,199,693	5,173,341	5,139,057	71,378,276	27,206,672	123,147,963
VIII		3,661,038	-	-	-	-	-	-	3,661,038
IX		5,550,728	-	-	-	-	-	-	5,550,728
X		11,138,791	-	-	-	-	-	-	11,138,791
<b>Total assets</b>	<b>7,315,220</b>	<b>29,217,522</b>	<b>259,330,916</b>	<b>188,116,419</b>	<b>133,833,876</b>	<b>68,195,678</b>	<b>90,106,761</b>	<b>27,912,669</b>	<b>804,029,061</b>
<b>Liabilities</b>									
I		-	89,391,754	8,405,091	1,558,912	8,549,635	-	-	107,905,392
II		7,094	307,361,408	116,982,348	75,647,553	106,360,323	2,946,102	9,079	609,313,907
III		-	4,776	-	-	1,850,839	8,200,000	-	10,055,615
IV		16,690,865	-	-	-	-	-	-	16,690,865
<b>Total liabilities</b>	<b>-</b>	<b>16,697,959</b>	<b>396,757,938</b>	<b>125,387,439</b>	<b>77,206,465</b>	<b>116,760,797</b>	<b>11,146,102</b>	<b>9,079</b>	<b>743,965,779</b>
<b>Interest sensitivity gap</b>	<b>7,315,220</b>	<b>12,519,563</b>	<b>(137,427,022)</b>	<b>62,728,980</b>	<b>56,627,411</b>	<b>(48,565,119)</b>	<b>78,960,659</b>	<b>27,903,590</b>	<b>60,063,282</b>
<b>Cumulative interest sensitivity gap</b>	<b>7,315,220</b>	<b>19,834,783</b>	<b>(117,592,239)</b>	<b>(54,863,259)</b>	<b>1,764,152</b>	<b>(46,800,967)</b>	<b>32,159,692</b>	<b>60,063,282</b>	

**(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 and USD. Some of the Bank's other assets are in currencies other than VND and USD. The Bank has set limits on positions by currency 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
for the period from 1 January 2017 to 31 March 2017 (continued)

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

	Euro VND million	USD VND million	Other currencies VND million	Total VND million
<b>Assets</b>				
I	187,440	1,621,543	332,386	2,141,369
II	-	6,322,096	-	6,322,096
III	19,459,187	36,706,040	4,560,286	60,725,513
IV	19,790	(25,942,504)	289,550	(25,633,164)
VI	184,065	85,002,858	3,117	85,190,040
VII	-	55,690,000	-	55,690,000
VIII	-	709	383	1,092
VIII	(15,669)	1,871,588	(138,077)	1,717,842
<b>Total assets</b>	<b>19,834,813</b>	<b>161,272,330</b>	<b>5,047,645</b>	<b>186,154,788</b>
<b>Liabilities</b>				
I	15,842,086	42,485,887	2,582,410	60,910,383
II	4,040,872	114,533,860	2,267,442	120,842,174
IV	-	4,590	-	4,590
V	24,717	(11,426,224)	146,396	(11,255,111)
<b>Total liabilities</b>	<b>19,907,675</b>	<b>145,598,113</b>	<b>4,996,248</b>	<b>170,502,036</b>
<b>FX position on balance sheet</b>	<b>(72,862)</b>	<b>15,674,217</b>	<b>51,397</b>	<b>15,652,752</b>

**(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 interim consolidated financial statements date to the maturity date according to the underlying contractual agreements or term of issuance.

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

- Balances with the SBV are considered as current accounts including the compulsory deposits;
- The maturity of investment securities is based on redemption dates of each securities established by the issuers of these financial instruments;
- The maturities of balances with and loans to other credit institutions and loans to customers are based on the contractual maturity date. The actual maturity may vary from the original contractual term when the contract is extended;
- The maturity of equity investments is considered to be over one year as equity investments have no stated maturity;

Deposits and loans from other credit institutions and deposits from customers are determined based on either the nature of the loans or their contractual maturities. For example, Vostro accounts and current accounts paid upon customers' demand are considered to be demand deposits, the maturity of term deposits and borrowings is based on the contractual maturity date. In practice, such items may be rolled over and maintained for longer period.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
for the period from 1 January 2017 to 31 March 2017 (continued)

	Overdue over 3 months VND million	Overdue up to 3 months VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million	Total VND million
<b>Assets</b>								
I	Cash on hand, gold, silver and gemstones	-	-	8,866,965	-	-	-	8,866,965
II	Balances with the State Bank of Vietnam	-	-	24,076,718	-	-	-	24,076,718
III	Balances with and loans to other credit institutions – gross	-	-	93,501,861	7,626,190	14,041,268	1,629,947	116,799,266
IV	Trading securities	-	-	10,497,064	-	-	-	10,497,064
V	Derivative financial instruments and other financial assets	-	-	-	703,058	-	-	703,058
VI	Loans to customers – gross	4,773,300	2,541,921	58,100,158	112,028,755	160,107,928	100,323,817	499,587,470
VII	Investment securities – gross	-	-	750,832	3,789,408	6,036,328	82,413,748	123,147,963
VIII	Long-term investments – gross	-	-	-	-	-	3,661,038	3,661,038
IX	Fixed assets	-	-	-	-	-	5,550,728	5,550,728
X	Other assets – gross	-	-	-	11,138,791	-	-	11,138,791
	<b>Total assets</b>	<b>4,773,300</b>	<b>2,541,921</b>	<b>195,793,598</b>	<b>135,286,202</b>	<b>180,185,524</b>	<b>184,367,512</b>	<b>804,029,061</b>
<b>Liabilities</b>								
I	Deposits and borrowings from the SBV and other credit institutions	-	-	88,438,526	7,429,393	9,707,389	2,229,516	107,905,392
II	Deposits from customers	-	-	156,244,225	129,690,970	207,601,344	69,535,073	609,313,907
IV	Valuable papers issued	-	-	4,776	-	-	4,200,000	10,055,615
V	Other liabilities	-	-	-	16,690,865	-	-	16,690,865
	<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>244,687,527</b>	<b>153,811,228</b>	<b>217,308,733</b>	<b>52,671,811</b>	<b>743,965,779</b>
	<b>Net liquidity gap</b>	<b>4,773,300</b>	<b>2,541,921</b>	<b>(48,893,929)</b>	<b>(18,525,026)</b>	<b>(37,123,209)</b>	<b>131,695,701</b>	<b>60,063,282</b>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS**

for the period from 1 January 2016 to 30 September 2016 (continued)

**26. Notes to changes in profit**

Net profit after tax of the Bank in Quarter I, 2017 was up VND 369 billion (equivalent to 20.1%) in comparison to that in quarter I, 2016, driven by a VND 437 billion increase in its profit before tax for the same period, increased by 19.03% in comparison to that in 2016. The increase mainly comes from the following items:

	<b>Impact</b>	
	<b>Absolute value VND billion</b>	<b>Relative value %</b>
<b>Items of significant movement</b>		
Increase in Fee and commission income	111	4.83%
Increase in income from recoveries of loans previously written off (belong to Other income)	279	12.13%
	<b>390</b>	<b>16.96%</b>

**27. Seasonal or cyclical factors**

The Bank's operation results are not affected by seasonal or cyclical factors except for the following item:

**(a) Taxation**

In accordance with the current tax regulations, corporate income tax of the Bank is computed and finalised at the end of the year. Corporate income tax expenses for the period is calculated at the rate of 20% against the Bank's taxable income.

**(b) Reserves appropriation**

The appropriation of the reserves as presented in Note 2(n) (iv) is made at the end of the fiscal year.

**28. Approval of the consolidated financial statements**

The consolidated financial statements were approved by the Board of Management on 20 April 2017.

Prepared by:		<i>Hanoi, 20 April 2017</i>
Ms Nguyen Thi Ngoc Anh	Ms Phung Nguyen Hai Yen	Approved by:
		Mr Nguyen Danh Luong

*Deputy Director of  
Accounting Policy Department*

*Chief Accountant*

*Deputy CEO*