

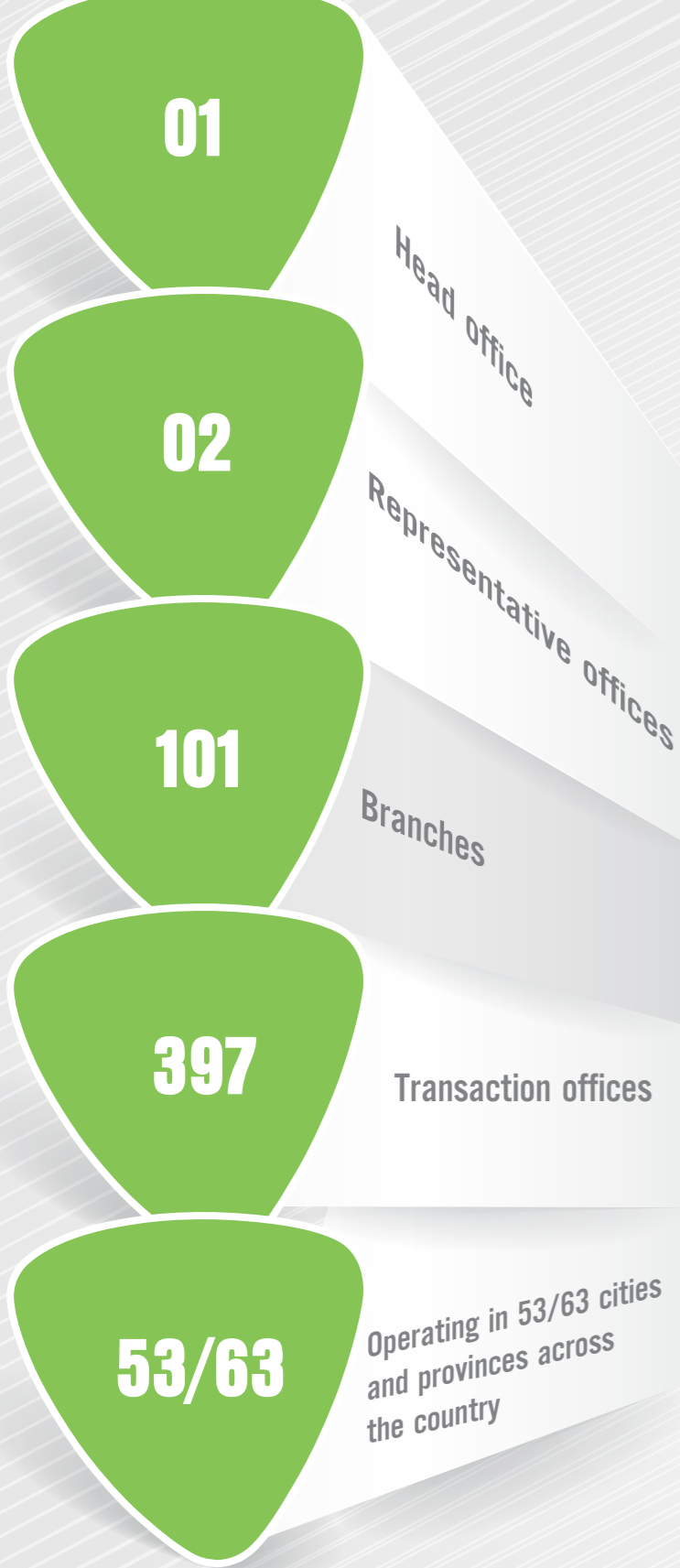
SAIL THE VAST SEA

CONTENTS

VIETCOMBANK'S PROFILE	04
Message from the Chairman and CEO	06
General information of Vietcombank	10
Establishment and development history	12
Services and business network	18
10 notable events of Vietcombank in 2017	20
Corporate governance model & Management structure	26
Key financial ratios 2013 – 2017	28
Development strategy	32
Honors and awards	36
REPORT OF THE BOM AND BOD	44
Report on financials	46
Shareholder structure and changes in shareholders' equity	48
Project investment and implementation status	50
Assessment by the Board of Management	56
Assessment by the Board of Directors	78
ORGANIZATION AND HUMAN RESOURCES	86
Organization and human resources	88
Board of Directors	90
Board of Management	92
Supervisory Board	95
CORPORATE GOVERNANCE	96
Corporate governance	98
Risk management	106
Business network	108
COMMUNITY AND SOCIAL ACTIVITIES	112
Social activities of Vietcombank	114
CONSOLIDATED FINANCIAL STATEMENTS	130
Bank Information	133
Report of the Board of Management	135
Independent Auditors' Report	136
Consolidated balance sheet	138
Consolidated statement of income	141
Consolidated statement of cash flows	143
Notes to the consolidated financial statements	145



SAIL THE VAST SEA



**THE BEST BANK
IN VIETNAM FOR
3 CONSECUTIVE
YEARS
(2015-2017)
EUROMONEY**

**1
BANK**





MESSAGE FROM THE CHAIRMAN AND CEO



TOTAL ASSETS INCREASED SIGNIFICANTLY, HITTING THE TARGET OF VND 1 MILLION BILLION 2 YEARS EARLIER THAN PROJECTED. IN THIS YEAR, THE BANK ACHIEVED THE MOST IMPRESSIVE AND RECORD PROFIT GROWTH RATE AMONG CREDIT INSTITUTIONS IN VIETNAM WITH AN INCREASE OF NEARLY VND 3,000 BILLION, AN INCREASE EQUIVALENT TO 32.21% COMPARED WITH 2016 AND WAS THE FIRST BANK TO ACHIEVE PROFIT OF OVER VND 10 TRILLION, REACHING VND 11,341 BILLION.

TOTAL ASSETS (VND BILLION)

 **1,035,293**

↑ INCREASING BY **31.39%** COMPARED WITH 2016

In 2017, the global economic situation in general showed positive signs when global GDP growth reached its highest rate since 2011; Vietnam's economy grown strongly, surpassed the expectation at the beginning of the year. All of the socio-economic targets reached and exceeded the targets set by the National Assembly, GDP growth reached 6.81% over the target of 6.7% proposed by the National Assembly; inflation continued to be controlled and kept at a low rate for four consecutive years; the budget deficit was the lowest for the past four years; FDI attraction set a new record height; the economic structure shifted positively in the trend of increased contribution of industries with high technological content and added value.

Monetary policy was actively and flexibly controlled by the State Bank, contributing to controlling inflation, stabilizing the macro-economy and supporting growth. Reasonably increased money supply, abundant systemic liquidity, reduced interest rates, stable exchange rates and foreign exchange markets, increased foreign exchange reserves created a convenient common foundation for the commercial banking system to achieve sustainable growth associated with improved quality, efficiency. The legal framework for restructuring the financial system continued to be improved including: Amendments to the Law on Credit Institutions and Resolution on the settlement of bad debts in credit institutions contributed to speeding up the process of recovering, resolving bad debts and supporting the restructuring of credit institutions.

In 2017, with the great success of the banking sector in monetary policy management, business operations of Vietcombank continued to create new landmarks.

Total assets increased significantly, hitting the target of VND 1 million billion 2 years earlier than projected. In this year, the Bank achieved the most impressive and record profit growth rate among credit institutions in Vietnam with an increase of nearly VND 3,000 billion, an increase equivalent to 32.21% compared with 2016 and was the first bank to achieve profit of over VND 10 trillion, reaching VND 11,341 billion. Bad debt was essentially controlled after recalling and successfully resolving all bad debts earlier sold to VAMC. In 2017, the whole system of Vietcombank continued to tackle bad assets effectively, reducing its non-performing loan ratio to 1.11%, which was the lowest level compared with other major credit institutions in Vietnam.

The big project to restructure Vietcombank by 2020 was officially approved by the Governor of the SBV with the Bank's vision and mission to become the best bank in Vietnam, one of the 100 largest regional banks; one of the 300 largest financial and banking groups in the world and managed according to international best practices. Accordingly, Vietcombank developed four sub-projects, 4 action programs to accomplish this great mission.

Together with a restructuring of organization model and the implementation of multiple transformation projects geared towards sustainable development in line with international standards, Vietcombank has also shifted the focus of business operations onto three pillars: retail, treasury and services; closely monitored and improved asset quality; adjusted income structure; tightened control of expenses, etc. and most importantly, invested heavily in developing our digital banking platform.





MESSAGE FROM THE CHAIRMAN AND CEO



CELEBRATING THE 55TH ANNIVERSARY OF VIETCOMBANK, INHERITING PRECIOUS HISTORIC TRADITIONS AND CORE VALUES OF VIETCOMBANK, MORE THAN 16 THOUSAND STAFF MEMBERS, FROM THE HIGHEST TO THE LOWEST LEVELS OF SENIORITY, OF VIETCOMBANK TODAY WILL CONTINUE TO STRIVE FOR “INNOVATION - DISCIPLINE - RESPONSIBILITY”, DRIVE VIETCOMBANK TO FURTHER “TRANSFORM EFFECTIVELY AND SUSTAINABLY” TO ACCOMPLISH THE BANK’S STRATEGIC VISION AND MISSIONS UNTIL 2020.

PROFIT BEFORE TAX (VND BILLION)

11,341

↑ WHICH INCREASED BY **32.21%** COMPARED WITH 2016

In 2017, Vietcombank’s shares set a record height in both trading price and volume. With a market capitalization of over USD 10 billion, the Bank not only retains its leading position within the banking sector but also makes itself among the top 3 largest companies in the market.

In addition to business operations, Vietcombank actively joined hands with local communities in social security activities, built the image as a green bank that always strive towards the community and for the community.

The brandname, prestige and general image of Vietcombank are constantly improved, and the Bank has been presented with prestigious titles and awards by many domestic and international organizations: Moody’s rated Vietcombank as the bank with best asset quality; The Asian Banker rated Vietcombank as the most profitable; Forbes ranked Vietcombank as the bank with the biggest market price; Vietcombank was also the largest corporate taxpayer; Vietcombank was the only bank in the Top 10 and maintained its top position in the banking sector as the best work place in Vietnam according to Anphabe and Nielsen.

The global and local economic context as well as the restructuring of the banking system in Vietnam has presented banks with serious challenges and posed a need for reforms. Vietcombank will need to follow

closely guidelines, resolutions of the Party’s Central Committee, directions of the Government and guidances from the State Bank of Vietnam, strive to overcome difficulties, challenges, seize opportunities, concentrate all resources with the highest spirit of responsibility to make “Vietcombank vessel” to accelerate, break through and accomplish identified strategic objectives, embark on sustainable growth and international integration and make a worthwhile contribution to the development of the domestic banking sector and the socio-economic development of Vietnam.

Celebrating the 55th anniversary of Vietcombank, inheriting precious historic traditions and core values of Vietcombank, more than 16 thousand staff members, from the highest to the lowest levels of seniority, of Vietcombank today will continue to strive for “innovation - discipline - responsibility”, drive Vietcombank to further “transform effectively and sustainably” to accomplish the bank’s strategic vision and missions until 2020 to become the number one bank in Vietnam, one of the 100 largest banks in the Asia region, one of the world’s 300 largest financial banking groups and to be managed by the best international practices, worthy of the trust that the Party, State, the Government, the State of Bank, management agency, numerous partners, shareholders and millions of customers have in the bank.

**Chairman of BOD
NGHIEM XUAN THANH**

**Chief Executive Officer
PHAM QUANG DUNG**





GENERAL INFORMATION OF VIETCOMBANK

TRADING NAME

Name in Vietnamese:

NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN NGOẠI THƯƠNG VIỆT NAM

Name in English:

JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE OF VIET NAM

Trading name: VIETCOMBANK

Abbreviation name: VIETCOMBANK

License of establishment and operation No. 138/GP-NHNN issued by State Bank of Vietnam, dated May 23rd, 2008.

Certificate of Business registration:

Tax code: 0100112437

Certificate of Business registration No. 0103024468 issued by Ha Noi Department of Planning and Investment dated June 02nd, 2008 (first registration).

12th Amendment issued on December 16th, 2016

Charter capital (Equity): VND35,977,685,750,000

In words: *Thirty five thousand nine hundred and seventy seven billion six hundred and eighty five million seven hundred and fifty thousand VND.*

Ticker symbol: VCB

Par value: VND10,000

Number of shares: 3,597,768,575

Address: No. 198 Tran Quang Khai Str., Ly Thai To Ward, Hoan Kiem Dist., Ha Noi, Vietnam.

Phone number: 84 - 24 - 3934 3137

Fax: 84 - 24 - 3826 9067

Website: www.vietcombank.com.vn



CHARTER CAPITAL (EQUITY)
VND **35,978**
BILLION





ESTABLISHMENT AND DEVELOPMENT HISTORY



FORMATION PROCESS AND PREDECESSOR ORGANIZATIONS

On May 6th 1951, President Ho Chi Minh signed Decree No.15/SL on the establishment of the National Bank of Vietnam. After restoration of peace in the North, the establishment of diplomatic and trade relations with other countries was put into consideration. Therefore, Foreign Exchange Bureau under the National Bank of Vietnam was established according to Decree No.443/TTg dated January 20th 1955 of the Prime Minister to advise the Government on management of foreign currency, gold, silver, trade and non-trade pay in the world. Then, on October 26th 1961, the Government issued Decree No.171/CP to rename The National Bank of Vietnam into The State Bank of Vietnam, including the Foreign Exchange Department, which replaced the former Foreign Exchange Bureau. This was a step forward, paving the way for establishment of specialized banks and foreign banking operations later on.

To conform to international practices on foreign banking operations, on October 30th 1962, the

Council of Ministers issued Decree No. 115/CP on the establishment of Bank for Foreign Trade of Vietnam tasked with foreign exchange trading, international payments, international credit, and foreign trade loans. The Bank was also tasked with participating in the management of foreign exchange; contributing to monetary and public property protection; enhancing and expanding of economic, political relations and cultural exchanges with foreign countries. After a preparation period, on April 1st 1963, the Bank for Foreign Trade of Vietnam was officially put into operation and, since then, the brand of the Bank for Foreign Trade of Vietnam was officially born.

NOBLE DUTIES TO THE FATHERLAND AND THE BRILLIANT SUCCESSES

During beginning period, from 1963 to 1977, Vietcombank, with exclusive role of foreign banking operations, had successfully completed the tasks entrusted by the Government and the banking sector, by not only meeting the demand for foreign exchange

of the economy of Northern hinterland, but also fulfilling the task of supplying foreign currency to the Southern battlefield, completing reunification achievement, typically the operation of unit B29.

Along with the extremely bold solutions of the people's war organized and directed by our Party, and directly the Southern Central Economic Commission Office, the special payment solution implemented by B29 had great significance, providing southern battlefield some technical supplies, including weapons and ammunition right at the spot. As a result, in the last years of the war, B29 made payment in a highly secure manner for hundreds of shipments worth hundreds of millions of dollars. It was a silent victory in the war of national liberation which the Foreign Exchange Department and the Bank for Foreign Trade of Vietnam were honored to be involved.

Also in the process of receiving foreign currency supply from abroad to provide finance to the South, B29 had

flexibly applied various business operations, converting from one foreign currency into others, transferring of funds from banks that did not pay interest to banks that paid interest, from banks that paid lower interest to bank that paid higher interest. Thanks to that, the Bank had earned a profit of nearly USD 21 million, increasing the source of aid to the battlefield.

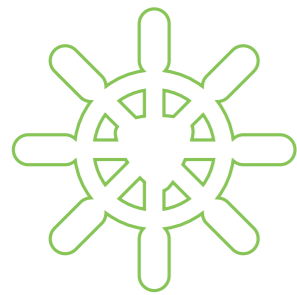
After the liberation of the South, with positive and effective measures, Vietcombank had quickly taken over the banking system of the old regime, collected a large volume of assets and capital being held abroad for the country and negotiated with foreign banks to transfer off-shore accounts under the name of Saigon Central Bank to the State Bank of Vietnam. This earned hundreds of millions of dollars for the country after normalization of relations with the United States, contributing to the task of overcoming the war consequences, as well as economic and social development of the country.





ESTABLISHMENT AND DEVELOPMENT HISTORY

VIETCOMBANK HAD OFFICIALLY PARTICIPATED IN WORLD CURRENCY MARKETS, JOINING SWIFT ORGANIZATION. VIETCOMBANK IS ALSO A MEMBER OF ASIAN BANKERS ASSOCIATION, INTERNATIONAL CARD ORGANIZATIONS AND IS ALSO THE FIRST BANK IN VIETNAM TO ISSUE INTERNATIONAL CREDIT CARDS SUCH AS MASTERCARD AND VISA.



ESTABLISH ITSELF AS A KEY BANK DURING RENOVATION PERIOD

Entering a period of renovation, since the 90s, with the advent of the Ordinance on banking, the latter was Law on the State Bank of Vietnam and Law on credit institutions, Vietcombank had been a pioneer in the development and implementation of a restructuring plan to comprehensively reform organizations and activities of Vietcombank. Vietcombank's investment portfolio was transformed towards focusing and catering to large and key projects, actively supporting economic sectors to boost production and business, contributing significantly to economic growth of the country at the time.

In realizing the spirit of the Resolution of the Ninth Party Congress, which is "actively integrating into the international and regional economy under the spirit of maximizing internal resources and improving the efficiency of international cooperation", Vietcombank gradually got rid of old thinking, to overcome barriers to access and to integrate into the world financial - currencies markets; with leading role in export support for local businesses. The Bank was exemplary in implementation of the State Bank policies, contributing to stabilizing the currency, curbing inflation, exchange rate control and strengthening national foreign currency reserve. The Bank had officially participated in world currency markets, joining SWIFT organization. Vietcombank is also a member of Asian Bankers Association, international card organizations and is also the first bank in Vietnam to issue international credit cards such as MasterCard and Visa. In addition, the Bank had increased investment and modernization, improving technology capabilities and diversifying products and services, expanding its operations to other sectors by establishment of joint venture companies and

subsidiaries. With capital advantages, especially foreign currency capital, the Bank had participated in financing a range of projects in key areas, serving the key projects of national development such as electricity, oil and gas, aviation and telecommunications projects.

Not only ensuring the safety and efficiency of its operations, in the difficult times of Vietnam banking sector, implementing the guidelines of the Government and the State Bank, Vietcombank was also involved in reorganizing, consolidating, controlling and handling a number of joint stock banks. With the effective support of Vietcombank in terms of capital, human resources and business transactions, the joint stock banks had overcome the most difficult moment of the market to gradually stabilize and grow.

Throughout its history, the Bank has always been well defined and aimed at building a bank with standard operations, complying with the laws and staying in tune with international practices, ensuring operation safety and sustainability. Prestige, quality and operational efficiency of Vietcombank not only highly appreciated by local partners and customers but also recognized by international community

Vietcombank, in the eyes of customers, shareholders, and investors, is a modern, well-trusted, respectable, professional bank who is able to offer holistic solutions meeting all of our customers' varied needs with the best service quality. Vietcombank is also a bank with information transparency, operational safety and effectiveness and managed according to international practices. The name Vietcombank brings to mind modern technology platform and a skilled, dedicated, and friendly staff who are always willing to share.

Besides, Vietcombank is also known as a role model for its participation in community programs with many meaningful social programs welfare projects, focusing on the areas such as education, health care, support to the poor, families under preferential treatment policies, etc. The activities are highly appreciated by the public. Therefore, the Vietcombank brand has been closer to the businesses, citizens and social communities.

The contributions of Vietcombank have been recognized by the Party, State and people with many noble honors and awards. The Bank is also honored to be recognized by various reputable institutions as "The Best Bank in Vietnam" for many consecutive years.





ESTABLISHMENT AND DEVELOPMENT HISTORY

VIETCOMBANK IS HONORED TO BE CHOSEN AS A PILOT CASE OF PRIVATIZATION IN BANKING SECTOR UNDER THE POLICY OF THE PARTY, STATE AND GOVERNMENT. DECEMBER 26TH 2007 BECAME AN IMPORTANT MILESTONE OF VIETCOMBANK WHEN THE INITIAL PUBLIC OFFERING (IPO) ACHIEVED SIGNIFICANT RESULT THAT WAS MUCH BETTER THAN EXPECTED.



HISTORICAL CHANGES AND FUTURE DIRECTION

Vietcombank is honored to be chosen as a pilot case of privatization in banking sector under the policy of the Party, State and Government. December 26th 2007 became an important milestone of Vietcombank when the initial public offering (IPO) achieved significant result that was much better than expected. VCB ticker has quickly become the leading stock among all banking stocks since then.

Then, in September 2011, Vietcombank marked an important milestone by signing a strategic shareholders agreement with Mizuho Corporate Bank under Mizuho Financial Group, the third largest financial group in Japan and the 20th in the world. The sale of strategic stake of Vietcombank became the largest regional M&A transaction of the year. It was also a testament to the confidence of foreign investors in the potential and future development of the financial market of Vietnam in general, and that of Vietcombank in particular.

Celebrating its 50th anniversary (1963 - 2013), Vietcombank officially announced the new Branding System under the message of "Together for the future", affirming the Bank's overall innovation in both image and quality of operations to continue to work for sustainable development, maintaining its position as the leading bank in the country and gradually reach the international arena, confirming the commitment of Vietcombank of always being ready to accompany clients on the way forward.

A NEW PAGE IN VIETCOMBANK'S HISTORY

The 2013 - 2018 period marked Vietcombank's transformation and breakthroughs milestones when the bank had impressive growth both in scale and business efficiency. Scale, growth rate of chartered capital, total assets, mobilized capital, outstanding loans and investment highly grew. Along with that, Vietcombank has focused on effective implementation of the restructuring project under the direction of the Government and the SBV, and has synchronously and effectively implemented many projects for improving management and operation capacity to strengthen competitive capacity, create a firm foundation for a new stage of development and international integration.

In 2017, with the great success of the banking sector in monetary policy adjustment, business activities of Vietcombank continued to create many new milestones. Total assets strongly increased and exceeded VND 1 million billion, finished the target earlier 2 years than the project. In this year, the Bank achieved the most impressive and record profit growth rate among credit institutions in Vietnam with an increase of nearly VND 3,000 billion, equivalent to 33% compared with 2016 and was the first bank to achieve profit of over VND 10 trillion, reaching VND 11,341 billion. Bad debt was essentially controlled after successfully settling all bad debts at VAMC before. In 2017, the whole system of Vietcombank continued to settle bad debt effectively, reducing non-performing loan to 1.11%, which was the lowest level compared to major credit institutions in Vietnam. The most important thing and the biggest asset are that customer size has been rapidly increasing and prestige, image and brand of Vietcombank have been strongly raised in the country and internationally with outstanding evaluations: Moody's rated Vietcombank as the bank with best asset quality; The Asian Banker rated Vietcombank as the most profitable; Forbes ranked

Vietcombank as the bank with the biggest market price; Vietcombank was also the largest corporate taxpayer; Vietcombank was the only bank in the Top 10 and kept the top position in the banking sector in term of the best working environment in Vietnam according to Anphabe and Nielsen.

CONFIRMING A BELIEF IN FAR ADVANCE

The project for restructuring the Vietcombank until 2020 was officially approved by the Governor of the SBV with the vision and mission to become Vietnam's number one bank, one of the 100 largest banks in the region; one of the 300 largest financial and banking groups in the world and managed by the best international practices. Along with that, Vietcombank developed 04 sub-projects, 04 action programs to realize this great mission.

Together with the restructuring of the organization model and the implementation of many transformation projects for sustainable development according to international standards, Vietcombank shifted its business operations focused on three pillars of retailing, capital business and services; closely controlled and improved the quality of assets; restructured income; strengthened cost control, etc and especially shifted to digital banking.

2018 is a transition year of the transformation phase marking a milestone of 55 years of development, continuing the motto of action for **Transformation - Efficiency - Sustainability** and with spirit of **Innovation - Discipline - Responsibility** in corporate governance, Vietcombank's leaders believe that the whole system of Vietcombank will continue to make the best efforts to excellently complete targets, business plans, continue to conquer new heights, soon realize the proposed vision and strategic goals.

55 YEARS OF INCEPTION, DEVELOPMENT AND DEVOTION HAVE NOT ONLY CREATED THE VIETCOMBANK BRAND BUT ALSO BUILT A DISTINCTIVE VIETCOMBANK CULTURE WITH CHARACTERISTICS OF GREAT PRIDE: RELIABLE, STANDARDIZED, INNOVATIVE, SUSTAINABLE AND COMPASSIONATE. TRADITION, BRANDNAME, CORPORATE CULTURE AND QUALITY HUMAN RESOURCES ARE THE SOURCES OF STRENGTHS THAT HELP THE "VIETCOMBANK VESSEL" OVERCOME UPS AND DOWNS TO KEEPING CRUISING FORWARD, CONQUERING NEW HIGH TIDES AND SAIL THE VAST SEA.





SERVICES AND BUSINESS NETWORK



2,105



CORRESPONDENT BANKS IN 131 COUNTRIES AND TERRITORIES AROUND THE WORLD.

BANKING SERVICES

- ▶ Accounts
- ▶ Deposits (savings, CDs, bonds..)
- ▶ Loans (short, medium and long term)
- ▶ Guarantees
- ▶ Negotiations and Discounting of Documents
- ▶ International payments
- ▶ Money transfer
- ▶ Card services
- ▶ Documentary and Clean Collections
- ▶ FX
- ▶ Correspondent banking
- ▶ Factoring
- ▶ Other services as per the bank's Business Registration.

BRANCH NETWORK COVERAGE

As of 2017, besides its Head Office, Vietcombank has 101 branches and 397 transaction offices, operating in 53/63 provinces and cities across the country which are distributed in 07 regions, to be specific, 19 branches in Northern Region, occupying 18.8%; 15 branches in Ha Noi, 14.85%; 13 branches in Northern Central Region, 12.87%; 10 branches in Southern Central and Highland Region, 9.9%; 17 branches in Ho Chi Minh City, 16.83%; 12 branches in South Eastern Region, 11.88%; and 15 branches in South Western Region, 14.85%.

Vietcombank established and expanded its network of 2,105 correspondent banks in 131 countries and territories around the world.



10

NOTABLE EVENTS OF VIETCOMBANK IN 2017

01

PROFIT FIRSTLY EXCEEDED VIETNAM DONG 10,000 BILLION. TOTAL ASSETS EXCEEDED VND 1,000,000 BILLION

In 2017, Vietcombank officially joined the club of million VND billion in size of total assets two years earlier than the development project. Vietcombank became the first bank in Vietnam with the 5-digit profit before tax scale of VND 11,341 billion. Vietcombank officially regained its position as the number one bank in terms of profit scale.



02

BECOMING THE BANK WITH THE LOWEST BAD DEBT RATIO (NON-PERFORMING LOAN AND DEBT OUTSTANDING AT VAMC) IN VIETNAM

Credit quality continued to be managed in substance; The bad debt rate was the lowest among banks in Vietnam. Bad debts reduced and only accounted for 1.1% total outstanding loans. Meanwhile, Vietcombank's loan loss ratio rose to a record level - more than 130% - the highest level among commercial banks in Vietnam.



Workshop on bad debt resolution in September, 2017

03

DEVELOPING AND IMPLEMENTING THE PROJECT FOR RESTRUCTURING, SUB-PROJECTS AND ACTION PROGRAMS

Vietcombank developed and approved the Project for restructuring until 2020, 4 Sub-projects and 4 Action programs for implementation of the Project. These are strategic orientations and important prerequisites for Vietcombank to develop and implement plans for sustainable development in the new period.





10 NOTABLE EVENTS OF VIETCOMBANK IN 2017

04

STRENGTHENING HIGH-LEVEL LEADERSHIP

In 2017, Vietcombank elected 3 additional members of the Board of Directors; Newly appointed 3 Deputy Chief Executive Officers, Chief accountant, Head of wholesale and for the first time in history, Vietcombank recruited and appointed a foreigner as Head of retail to realize the goal of becoming the number one bank in terms of retailing in 2020.



05

EXPANDING THE NETWORK SYSTEM, REORGANIZING THE APPARATUS OF THE HEAD OFFICE

In 2017, Vietcombank opened 5 new branches and 39 transaction offices nationwide; Established Cash Treatment Center in Hanoi. Fulfilled procedures to be put subsidiaries of the bank into operation in Laos.

Reorganized the apparatus at the Head Office, merged 4 departments/divisions of the Head Office. Personnel arrangement was done synchronously.



06

SERIES OF TRANSFORMATION PROGRAMS AND PROJECTS WERE DEPLOYED TO ENSURE PROGRESS AND QUALITY.

2017 was a year of transformation with 2 programs and 12 transformation projects underway. More than two thirds of Basel II initiatives were implemented and Vietcombank was the first bank to complete the Basel II probability of default (PD) model; phase 1 of CTOM Project, ALM-FTP-MPA Project ended, etc.



07

PERFORMING DIVESTMENTS IN CREDIT INSTITUTIONS, RECORDING HIGH INVESTMENT EFFICIENCY.

Vietcombank successfully divested capital at Saigon Bank for Industry and Trade and Cement Finance Joint Stock Company. Accordingly, Vietcombank collected interest of VND 200 billion after divestment. On 29 December, Vietcombank successfully sold two thirds of its shares in Orient Commercial Joint Stock Bank (OCB) and earned VND 171 billion.





10 NOTABLE EVENTS OF VIETCOMBANK IN 2017

08

BEING A DOMESTIC BANK HOLDING THE SABECO'S HISTORICAL TRANSACTION OF NEARLY USD 5 BILLION

Vietcombank received nearly USD 5 billion in transaction of transferring ownership of Saigon Beer-Alcohol-Beverage Joint Stock Corporation (Sabeco) so that the foreign investor converted into VND to pay for shares purchased from Sabeco. There had, in the history of the sector, never been such a large transaction to be settled by a domestic bank.

RECEIVING THE BIGGEST TRANSACTION IN THE HISTORY OF THE SECTOR WITH TRANSACTION VALUE OF



USD 5 BILLION



09

VIETCOMBANK (VCB)'S SHARES GAINED A RECORD INCREASE AND THE HIGHEST TRANSACTION PRICE IN THE SECTOR AND THE BANK WAS IN TOP 3 ENTERPRISES WITH THE BIGGEST MARKET CAPITALIZATION SCALE.

In 2017, VCB's shares set a record transaction price and a record transaction volume. Closing the year-end transaction session, VCB's shares reached VND 54,300, increasing by 53% by the end of 2016 and the bank maintained the number one position in terms of market capitalization scale in the sector and was in TOP 3 enterprises with the biggest capitalization scale in the market.



TOP 3

ENTERPRISES WITH THE BIGGEST MARKET CAPITALIZATION SCALE

10

INCREASINGLY HIGH PRESTIGE AND POSITION

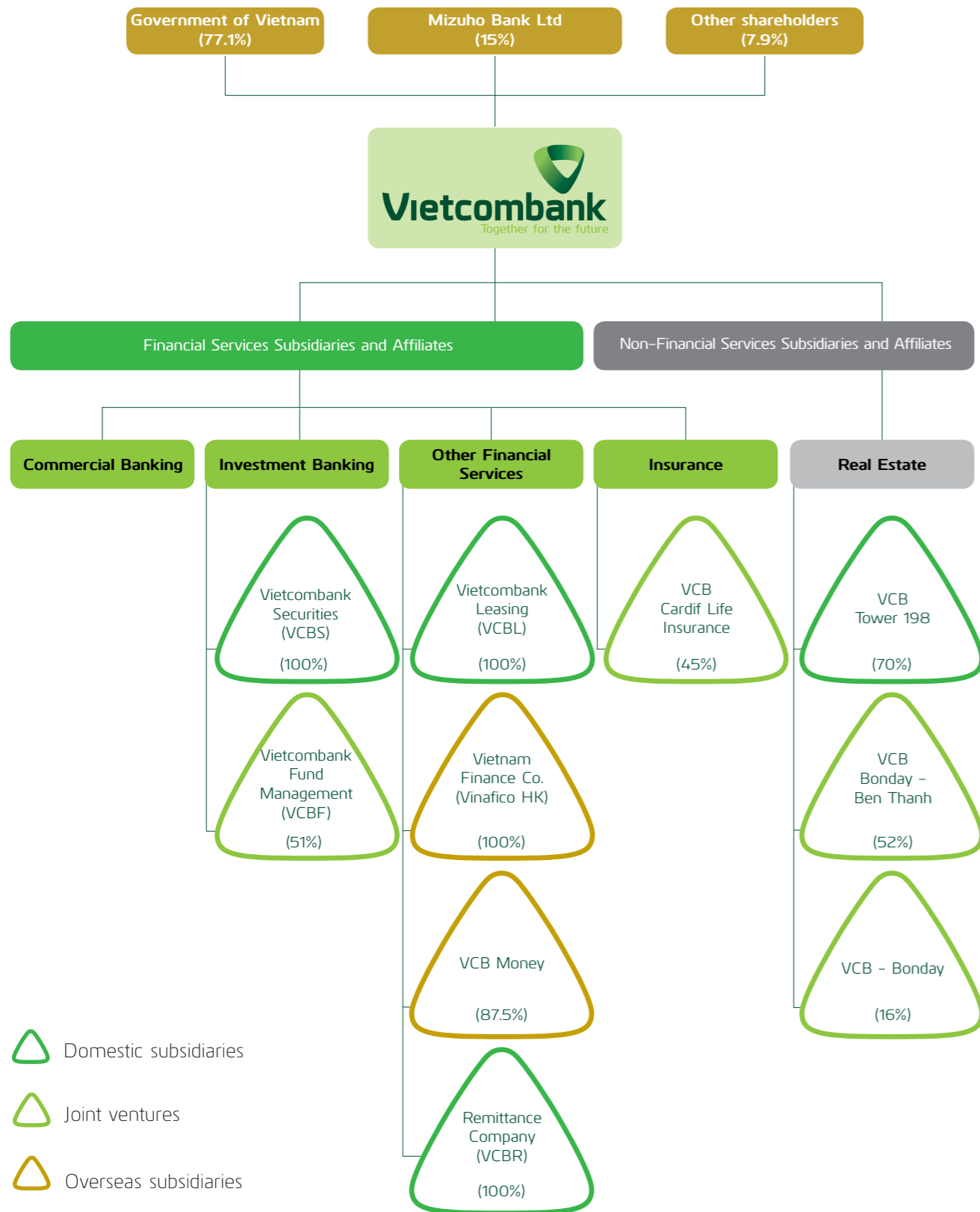
In 2017, Vietcombank continued to receive prestigious awards from financial institutions and institutions in the country and abroad such as: Award of The Asian Banker; EuroMoney; Forbes; the most prestigious bank, the most profitable bank and the biggest corporate income paying bank, etc



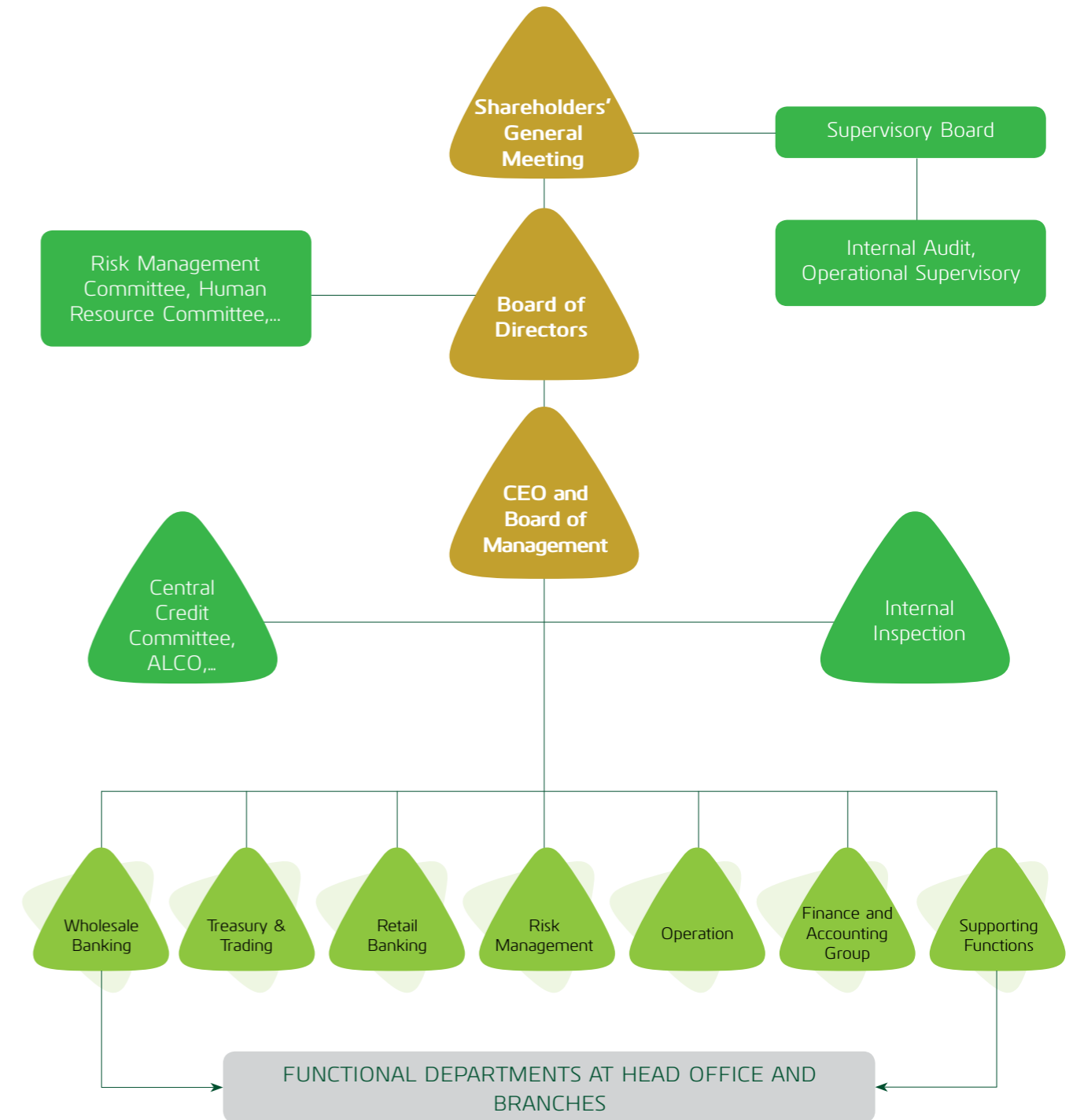


CORPORATE GOVERNANCE MODEL & MANAGEMENT STRUCTURE

CORPORATE GOVERNANCE MODEL



MANAGEMENT STRUCTURE



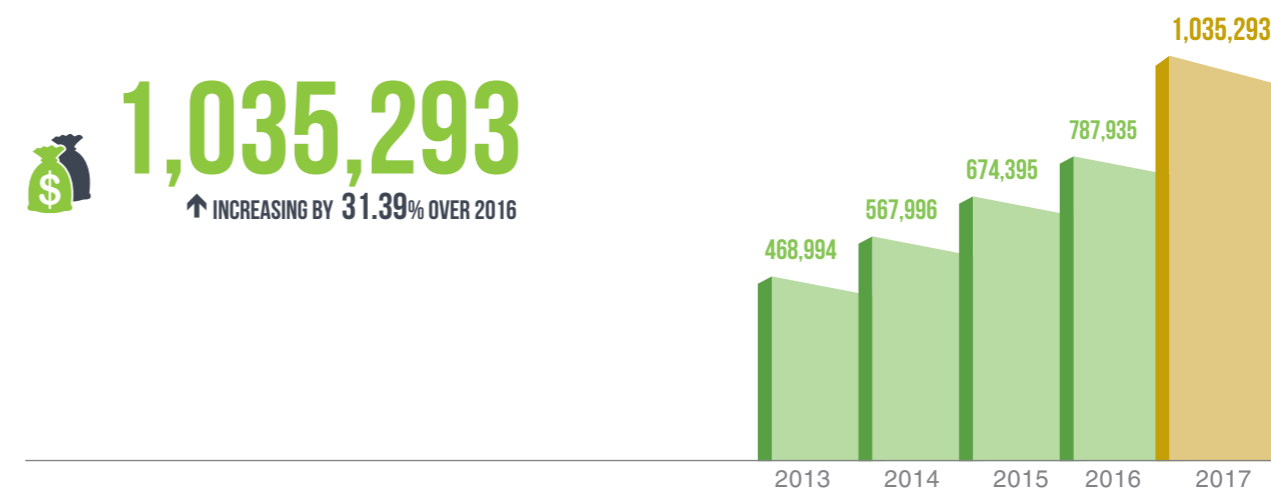


KEY FINANCIAL RATIOS 2013 - 2017

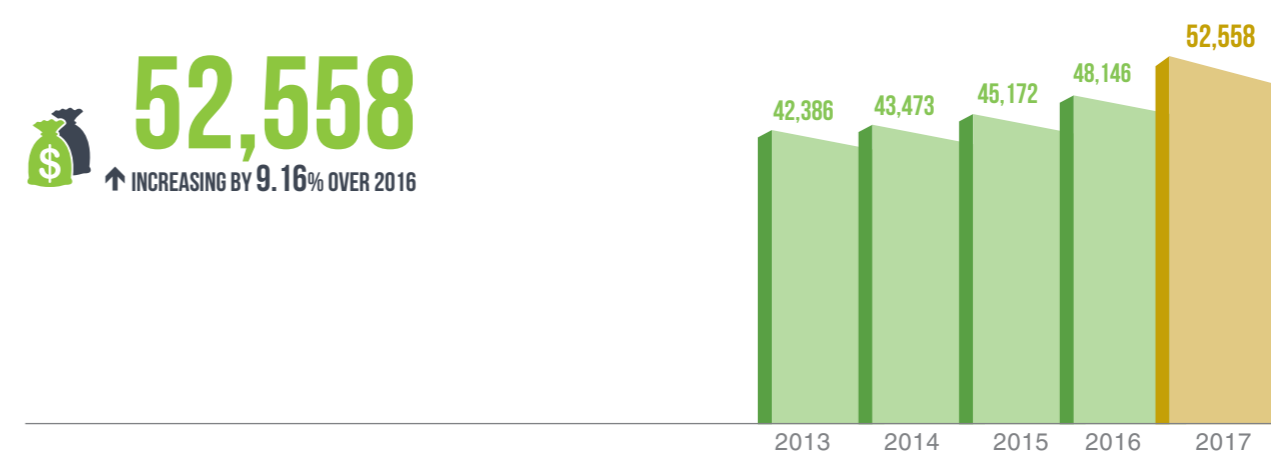
Unit: VND billion

	2013	2014	2015	2016	2017
KEY BUSINESS INDICATORS					
Total assets	468,994	576,996	674,395	787,935	1,035,293
Shareholder's equity	42,386	43,473	45,172	48,146	52,558
Total deposit/Total assets ratio	59.13%	56.51%	59.05%	60.40%	53.87%
Non-interest income	4,725	5,295	5,749	6,353	7,469
Total operating income	15,507	17,286	21,202	24,886	29,406
Total operating expense	-6,244	-6,849	-8,306	-9,939	-11,866
Net operating income before loan loss provision	9,263	10,436	12,896	14,947	17,540
Loan loss provision	-3,520	-4,591	-6,068	-6,369	-6,198
Profit before tax	5,743	5,844	6,827	8,578	11,341
Corporate income tax	-1,365	-1,258	-1,495	-1,683	-2,231
Profit after tax	4,378	4,586	5,332	6,895	9,111
Net profit after tax	4,358	4,567	5,314	6,876	9,091
PROFITABILITY RATIOS					
NIM	2.55%	2.35%	2.58%	2.63%	2.66%
ROAE	10.33%	10.76%	12.03%	14.78%	18.09%
ROAA	0.99%	0.88%	0.85%	0.94%	1.00%
KEY RISK INDICATORS					
Loans/Deposits ratio	82.96%	76.83%	79.07%	79.22%	76.74%
Non-performing loan ratio	2.73%	2.31%	1.79%	1.45%	1.11%
CAR	13.13%	11.35%	11.04%	11.13%	11.63%
STOCK					
Common shares	2,317	2,665	2,665	3,597	3,597
Dividend payout ratio	12%	10%	10%	8%	8%
Share price (year-end)	26,800	31,900	43,900	35,450	54,300
Market capitalization	62,107	85,014	116,994	127,514	195,359
EPS	1,582	1,533	1,626	1,566	2,526
DPS	1,200	1,000	1,000	800	800

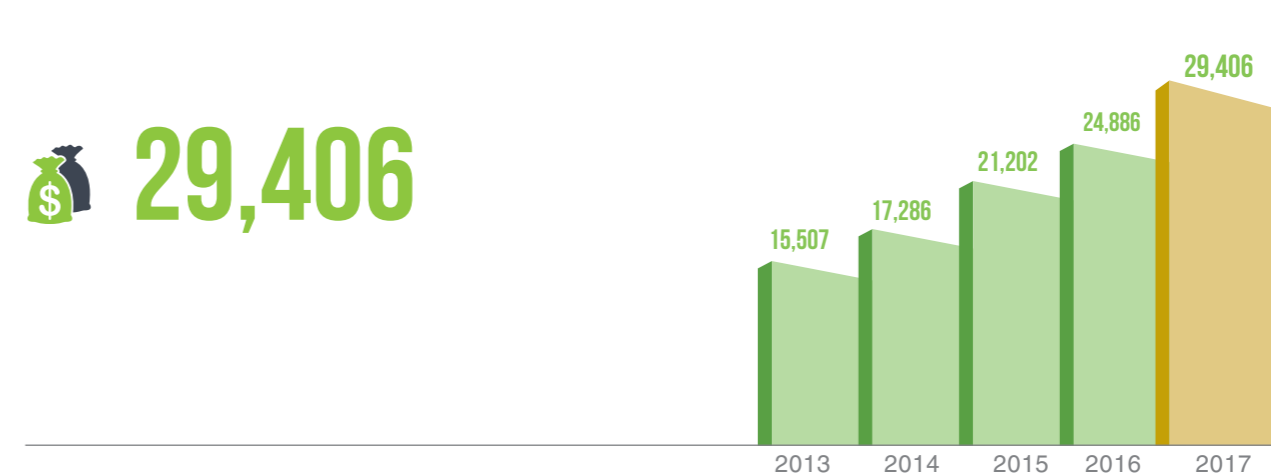
TOTAL ASSETS (VND BILLION):



SHAREHOLDER'S EQUITY (VND BILLION)



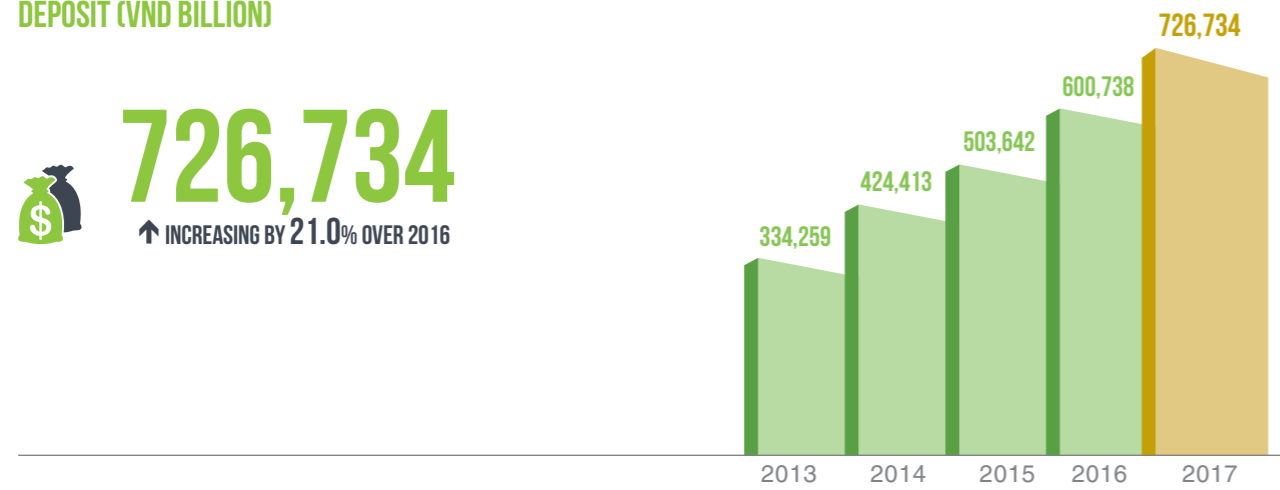
TOTAL OPERATING INCOME (VND BILLION)



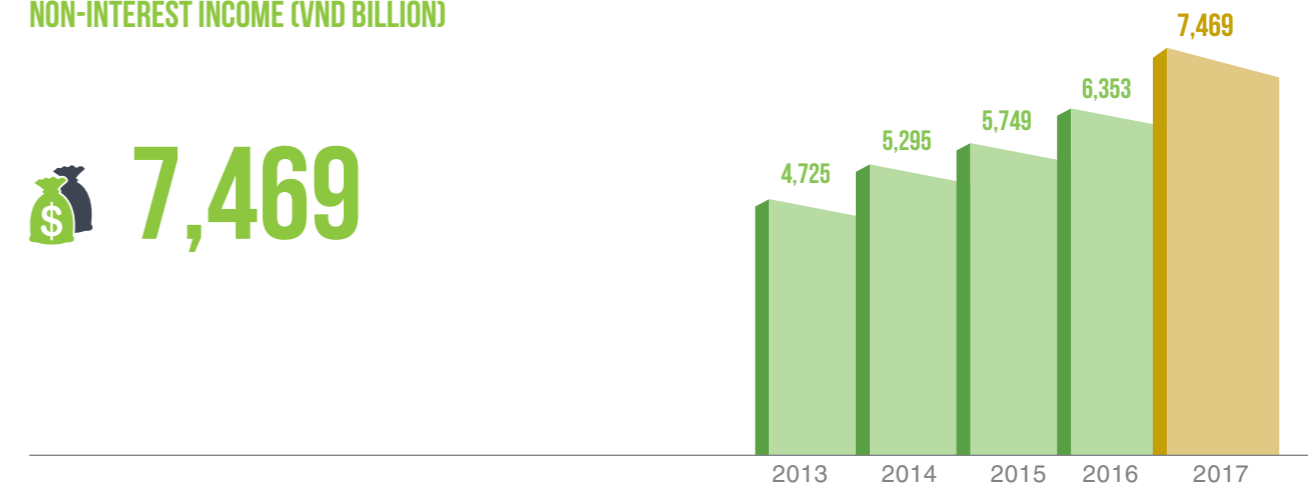


KEY FINANCIAL RATIOS 2013 - 2017

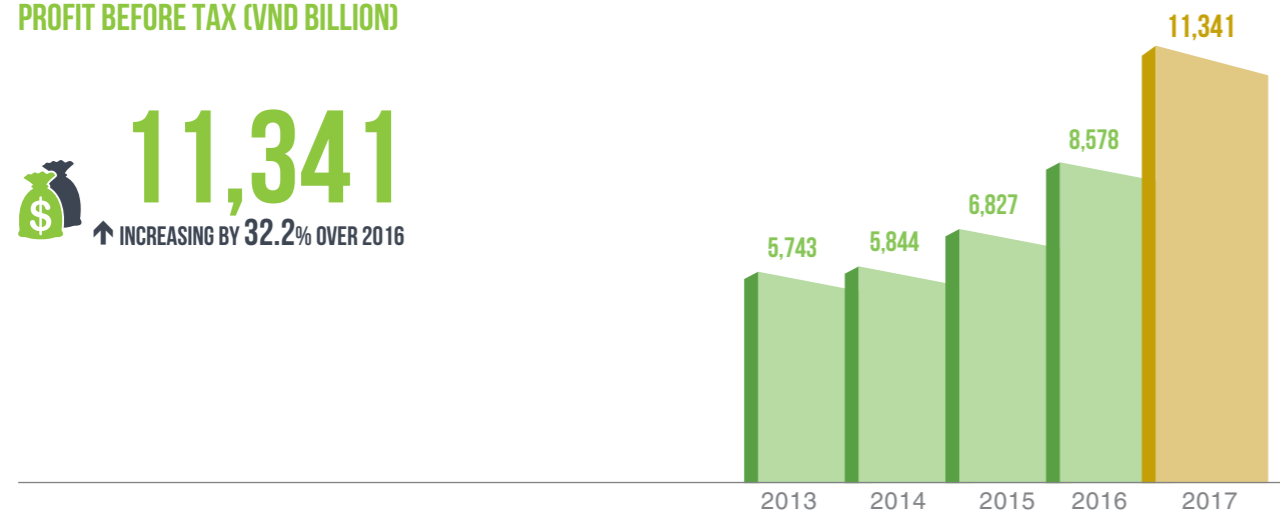
DEPOSIT (VND BILLION)



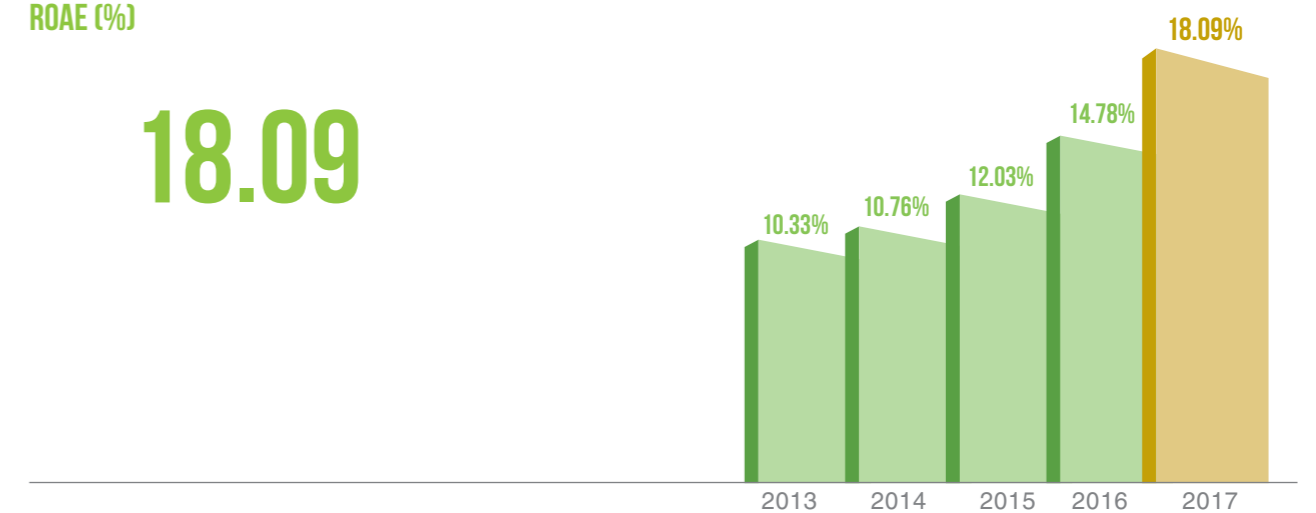
NON-INTEREST INCOME (VND BILLION)



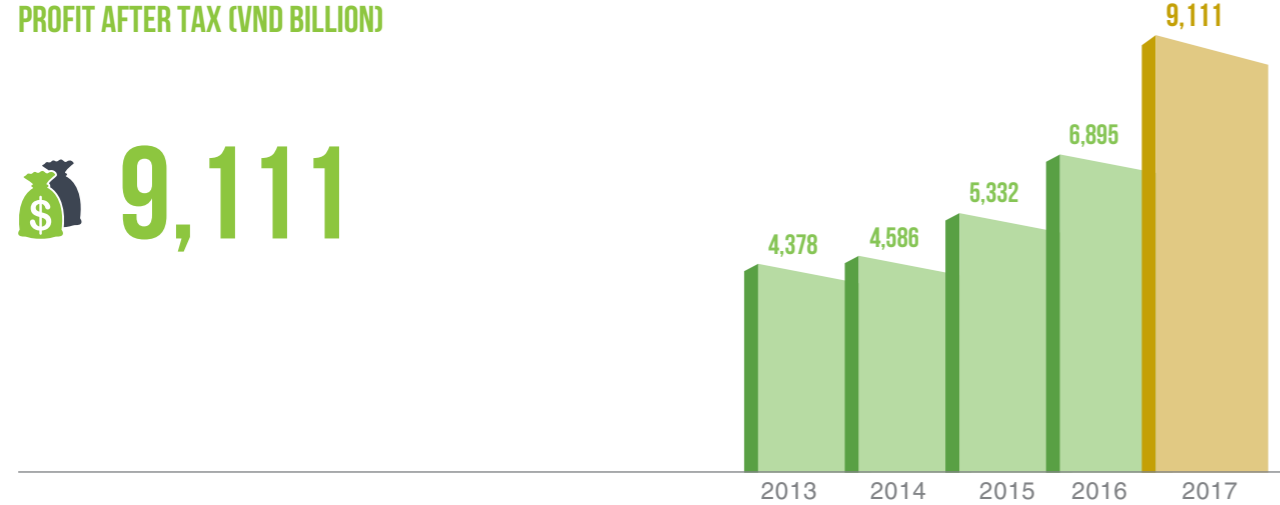
PROFIT BEFORE TAX (VND BILLION)



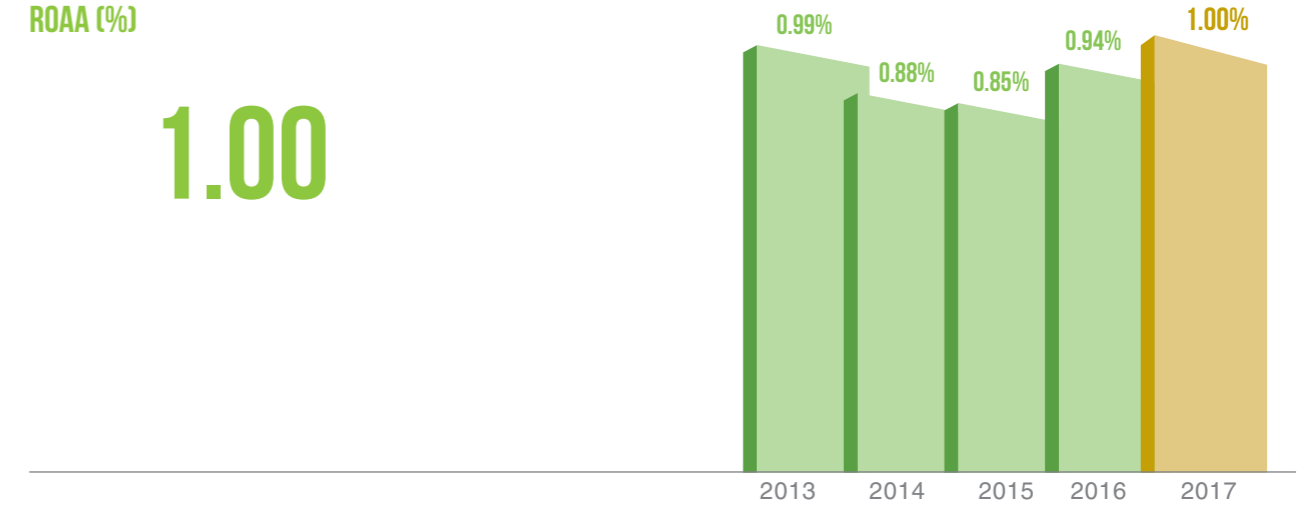
ROAE (%)



PROFIT AFTER TAX (VND BILLION)



ROAA (%)





VISION

1

To become the number

bank in Vietnam, to be ranked among 100 largest bank in the region and the 300 largest banking groups in the world and fully adopting the international best practices in corporate governance by 2020.



STRATEGIC OBJECTIVES TO 2020



Number One in Retail Banking and Top Two in Wholesale Banking

Consolidate wholesale activities, strengthen retail activities as a basis of sustainable development. Maintain and expand the domestic market and selectively develop overseas market.



Having largest profit scale with high profitability

Strive to increase the scale and shift to a high and sustainable income structure, improve operation cost management efficiency, investment efficiency and performance of subsidiaries.



Attaining highest customer satisfaction

Develop advanced banking services based on modern technology, increasing the quantity and diversifying products, further improving and ensuring the uniformity of service quality.



Ranking the first in terms of human resource quality

Improve quality of human resources through recruitment, training policies, rotation and appointment of cadres; strengthen the attachment and efficiency of cadres.



Become the best bank in terms of risk management

Adopt international standards in managing risks and ceaselessly improve risk management culture. Ensure safety indicators according to regulations of the SBV and the goals of Vietcombank.



The bank with the highest transformation to a digital bank

Build an advanced modern technological architecture, meet development requirements of business operations, especially in digital banking services and requirements of transformation projects for improving competitiveness.



DEVELOPMENT STRATEGY

GOALS FOR SOCIETY AND COMMUNITY

VIETCOMBANK HAS ALWAYS BEEN ACTIVELY PARTICIPATING IN PROGRAMS FOR SUPPORTING THE POOR, COMPATRIOTS IN REMOTE AREAS, IMPLEMENTING SOCIAL SECURITY PROGRAMS IN FIELDS OF HEALTH, EDUCATION, ETC. TO MAXIMALLY CONTRIBUTE TO THE COMMON DEVELOPMENT OF THE SOCIETY.





HONORS AND AWARDS



FOR VIETCOMBANK, 2017 WAS THE YEAR OF PROUD AWARDS

IN 2017, IN ADDITION TO NEW MILESTONES, VIETCOMBANK CONTINUES TO BE HONORED BY PRESTIGIOUS INTERNATIONAL AND DOMESTIC ORGANIZATIONS WITH GREAT AND MEANINGFUL AWARDS.

INTERNATIONAL AWARDS

THE STRONGEST BANK IN VIETNAM

This was the second consecutive year Vietcombank was presented with "The Strongest Bank by Balance Sheet in Vietnam" award by The Asian Banker (TAB). The award was given to the best bank of each country based on criteria in six aspects: development scale, balance sheet growth, risk management, asset quality and liquidity.



On behalf of Vietcombank, Mr. Nghiem Xuan Thanh – Chairman of Vietcombank's Board of Directors (standing in the middle) received "the Strongest Bank by Balance Sheet in Vietnam" Award given by TAB.

TOP 50 BEST LISTED COMPANIES IN VIETNAM FOR 5 CONSECUTIVE YEARS

Vietcombank was honourably voted in the list of 19 companies that in 5 consecutive years retained their positions in the list of the 50 best listed companies by Forbes Vietnam. Forbes Vietnam evaluated: Vietcombank recorded an increase of 32.13% in profit after tax due to the good growth of capital mobilization and lending.

On behalf of Vietcombank, Mr. Pham Manh Thang – the Deputy Chief Executive Officer (standing in the middle) received the award from Forbes Magazine.



On behalf of Vietcombank, Mr. Pham Manh Thang – the Deputy Chief Executive Officer (standing in the middle) received the "Best Banking Brand" Award.

STRAIGHT-THROUGH PROCESSING EXCELLENCE AWARD GIVEN BY DEUTSCHE BANK AG

Deutsche Bank AG – the top bank in Germany in terms of gross asset awarded Straight – Through Processing Excellence Award 2016 to Vietcombank to record the excellent payment quality in USD and EUR of Vietcombank. Vietcombank was honored to be awarded with this prestigious award from Deutsche Bank AG for many consecutive years and was also the only bank in Vietnam to be awarded for payment both in USD and EUR in 2016.



On behalf of Vietcombank, Ms. Nguyen Thi Kim Oanh – the Deputy Chief Executive Officer received the award.



On behalf of Vietcombank, Ms. Vu Thi Bich Thu – Vietcombank Chief Representative in Singapore received the award presented by The Asian Banker.

BEST BANKING BRAND IN VIETNAM

Vietcombank was honored to be awarded by Asiamoney magazine with the "Best Banking Brand in Vietnam" Award belonging to Best Brands in Finance of Asiamoney. The award was evaluated based on the research and opinion of financial investors in the banking and finance community. This was the first year Asiamoney presented the "Best Brands in Finance" Award and Vietcombank was the first bank in Vietnam to be awarded with the "Best Banking Brand" Award.

3 IMPORTANT AWARDS OF THE ASIAN BANKER

Vietcombank is the only bank in Vietnam which has been awarded with 3 important awards in Transaction Banking Awards by The Asian Banker, including: "Best Transaction Bank in Vietnam"; "Best Cash Management Bank in Vietnam" and "Best Foreign Exchange Bank in Vietnam". Transaction Banking Awards aim at honoring top units in terms of market share, diversification of products and operational efficiency.



HONORS AND AWARDS

TOP 500 GLOBAL BANKS

According to Brand Finance, Vietcombank ranked 461 with value of \$ 201 million. The ranking table of the 500 most valuable bank brands in the world was made by Brand Finance through valuating thousands of brand, intangible asset transactions worth thousand \$ billion annually announced in February issue by the world leading magazine of The Banker.

Name	Strength Rank 2016	ABS00 Rank 2016	Strength Rank (in the country)
Vietnam			
Vietcombank	62	193	1
HSBC Bank (Vietnam)	140	492	2
Vietinbank	182	175	3
Military Commercial Joint Stock Bank	239	371	4
Bank for Investment and Development of Vietnam	253	161	5
Techcombank	270	391	6
Tien Phong Commercial Joint Stock Bank	298	488	7
Ho Chi Minh City Development Joint Stock Commercial Bank	311	457	8
Asia Commercial Joint stock Bank	322	384	9
Vietnam Prosperity Joint Stock Commercial Bank	322	389	9
Vietnam Maritime Commercial Stock Bank	350	460	11
Vietnam International Commercial Joint Stock Bank	389	478	12
Saigon - Hanoi Commercial Joint Stock Bank	393	383	13
Saigon Commercial Bank	453	324	14
Vietnam Export Import Commercial Joint Stock Bank	480	439	15
Saigon Thuong Tin Commercial Joint Stock Bank	482	334	16
Lien Viet Post Joint Stock Commercial Bank	499	455	17

LEADING AMONG VIETNAM BANKS IN THE LIST OF THE 500 STRONGEST ASIAN BANKS

In the list of the 500 strongest Asian banks - Strongest Bank 2016 voted by The Asian Banker, there are 17 Vietnamese commercial banks. Vietcombank is ranked by the Asian Banker as 1st of the country and 62nd in the Top 500 with a gap of nearly 80 positions compared with the 2nd Vietnamese bank.

THE BEST BANK IN CASH MANAGEMENT AND TREASURY BUSINESS IN VIETNAM

According to the annual ranking of the best banks in terms of cash management and global treasury business announced by Global Finance - the world leading financial magazine, Vietcombank is excellent over domestic banks to be on the list of 55 countries in the world to be honored. Voting results are based on objective assessments from experts, senior executives of corporations, businesses, technology experts and from independent researches by Global Finance.

Global Finance Names The World's Best Treasury & Cash Management Banks and Providers 2017

Page 6 of 6

COUNTRY CONTINUED			
Netherlands	ING Wholesale Banking	South Africa	First Merchant Bank
Nigeria	Ecobank	South Korea	Woori Bank
Norway	Nordea	Spain	BBVA
Peru	CE	Switzerland	UBS
Philippines	Union Bank of the Philippines	Taiwan	Fubon
Poland	oBank	Thailand	Kasikornbank
Portugal	Banco BPI	Turkey	Garanti Bank
Puerto Rico	FrostBank	UAE	Mashreq
Qatar	Qatar National Bank	United Kingdom	Lloyds
Russia	Promsvyazbank	United States	BNY Mellon
Saudi Arabia	SAGB	Vietnam	Vietcombank
Singapore	DBS Bank		



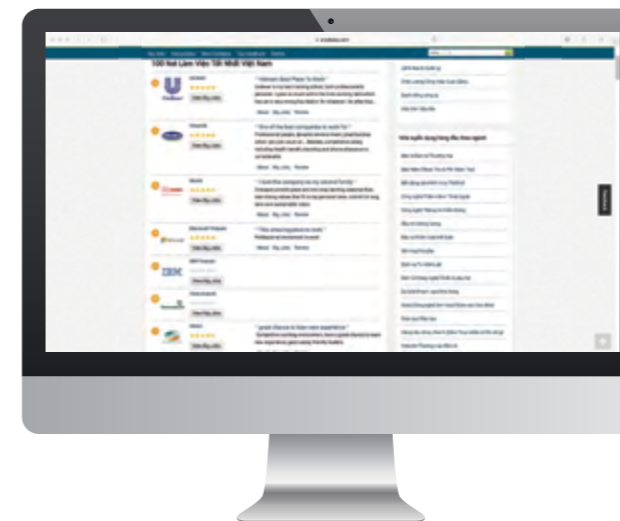
On behalf of Vietcombank, Ms. Vu Thi Bich Thu - Vietcombank Chief Representative in Singapore received the "Best bank in Vietnam in 2017" Award presented by Alpha SEA.

BEST BANK IN VIETNAM IN 2017

The award is annually voted and presented by Alpha Southeast Asia Magazine (Alpha SEA) to the region's best financial institutions including the award for the region's most outstanding units and the award for leading units in various fields in each country. Vietcombank was honored to receive the "Best Bank in Vietnam in 2017" award. It is also the first and single award system given to Southeast Asian region.

THE ONLY BANK IN THE TOP 10 AMONG 100 BEST WORKPLACES IN VIETNAM

According to an annual survey announced by Anphabe and Nielsen for the Top 100 Companies with the best working environment in Vietnam in 2016, Vietcombank continued to affirm its position as the most attractive bank with its placement up by 5 ranks compared to 2015 to become the only bank featured in the Top 10 and continue to lead the list in the banking sector.



The list of 100 best places to work in Vietnam in 2016 was announced by Anphabe and Nielsen on 22 March 2017. Image source: www.anphabe.com

SINGLE BRAND OF VIETNAM'S BANKING SECTOR IN THE TOP 1,000 ASIAN LEADING BRANDS IN 2017

According to Nielsen, an American market research firm operating in Vietnam, Asia's Top 1,000 Brands 2017 announced by Campaign Asia Pacific (Singapore) showed that Vietnam still had 11 brands belonging to Asia's top 1,000 brands. Among 11 Vietnamese corporates in this list, Vietcombank was the only bank ranked.

No.	NAME	GIÁ TRỊ (Unit: million USD)
1	Vinamilk	1,714.8
2	Viettel	849.6
3	Vingroup	299.3
4	Sabeco	254.5
5	Masan Consumer	217.9
6	FPT	176.2
7	Vietcombank	137
8	Vietinbank	134.5
9	Trung Hai Auto	130
10	BIDV	124.32

THE MOST VALUABLE BANK BRAND IN VIETNAM IN 2017

In the list of the 40 most valuable corporate brands in 2017 announced by Forbes, Vietcombank outperformed big commercial banks, dominant shares of which were held by the state, to become the highest ranked among the banks to be ranked. In the domestic market, Forbes rated Vietcombank as "the most efficient trading bank in Vietnam" for the 5 consecutive years with positive comments on the market leading role of VCB's shares when the bank continuously maintained the highest price in the sector.



The representative of Vietcombank received the "Best bank in Vietnam in 2017" Award presented to Vietcombank by Euromoney magazine.

BEST BANK IN VIETNAM FOR 3 CONSECUTIVE YEARS

The "Best bank in Vietnam in 2017" Award was presented to Vietcombank by Euromoney magazine. It was an award belonging to the world's most prestigious award system in the finance and banking sector, including over 20 international awards and Best Bank awards presented to leading banks in nearly 100 countries. The award recognizes and affirms the position of an organization to be voted in the market.





HONORS AND AWARDS

BEST ASSET QUALITY IN VIETNAM'S BANKING SECTOR

According to a credit rating report of Moody's, Vietcombank received positive comments such as: Best asset quality among banks in Vietnam, improved profitability due to improved NIM and diversification of non-interest income, etc. Moody's currently keeps unchanged the credit rating result of Vietcombank compared with the evaluation done in July, 2016 in main aspects: Long-term local currency/foreign currency issuer rating (B1); long-term local currency deposit rating (B1); Long-term foreign currency rating (B2); Basis risk assessment (B2); Adjusted basis risk assessment (B2); stability prospect.



THE MOST PROFITABLE BANK AMONG BANKS IN THE VIETNAMESE MARKET

In the ranking list of 500 Pacific - Asian banks by The Asian Banker, Vietcombank ranks 3rd in terms of asset size in the Vietnamese market (ranking 188th in AB500 Rank) but was ranked higher in terms of profitability (48th on Strength Rank, which is the highest rank among Vietnamese commercial banks and 53 ranks higher than the immediately ranked domestic bank and 451 positions higher than the lowest ranked domestic bank).

EXCELLENCE BRAND IN FINANCE AND BANKING SECTOR

BrandLaureate Special Edition World 2017 Award was presented by the Asia Pacific Brand Foundation (APBF). Fields voted and awarded by APBF include: IT and Telecommunication; FMCG - Nutrition - Milk; Finance - Banking; Real Estate, Education; High-class cars; Golf; Restaurants - Hotels, etc. Vietcombank was the single domestic bank in Vietnam to be recognized as the Brand Excellence in Banking and Financial Services.



On behalf of Vietcombank, Mr. Huynh Song Hao - Head of Vietcombank Representative Office in the South (2nd from the right) received the award

TOP 2,000 BIGGEST COMPANIES IN THE WORLD

Global 2,000 list announced by Forbes magazine included the largest and most powerful public companies in the world. Criteria for evaluation were turnover, profit, assets, and market price. In the ranking table, Vietcombank ranked 1,656th with turnover of \$ 2.1 billion and market price of \$ 5.8 billion. 2,000 companies of this year from 58 countries owned turnover of \$ 35,300 billion, profit of \$ 2,500 billion, assets of \$ 169,100 billion and total capital of \$ 48,800 billion.



STRAIGHT-THROUGH PROCESSING EXCELLENCE AWARD OF JP MORGAN CHASE

JP Morgan Chase presented the Straight Through Processing Excellence Award to Vietcombank for 2016 with nearly perfect straight through processing record: 98.64% for wire transfer MT103 and 99.86% for capital transfer MT202.



PAYMENT QUALITY EXCELLENCE AWARD

Wells Fargo Bank, N.A. presented Payment Quality Excellence Award to Vietcombank for 2016 with the highly automated straight through processing and low investigation rate. Vietcombank was recognized and awarded by Wells Fargo Bank, N.A. for many consecutive years. Wells Fargo Bank, N.A. is one of the leading commercial banks in the United States in terms of total assets and one of the world largest agency banks providing U.S. dollar clearing services.





HONORS AND AWARDS



DOMESTIC AWARDS



On behalf of Vietcombank, Mr. Thomas William Tobin – the Head of Retail Banking (left) received the “Bank for the Community 2017” Award.

BANK FOR COMMUNITY

The “Bank for the Community 2017” award was presented to Vietcombank. The representative of the Organization Board said: Vietcombank spent preferential credit packages on supporting medical facilities to invest in infrastructure, procure equipment in order to promote the use of financial – banking products and services at medical facilities, contributing to implementing the policy of socializing and improving service quality of hospitals.

The award was voted by Vietnam Banks’ Association in collaboration with the International Data Group (IDG).

ENTERPRISE FOR EMPLOYEES FOR 4 CONSECUTIVE YEARS

The ranking list of the “Corporates for Employees” was based on a rigorous set of criteria developed by labor and trade union experts. The set of criteria shall closely reflect the actual employment and recruitment of the enterprise in all aspects. With more than 15,000 employees, Vietcombank has, in addition to encouraging and motivating the employees to be ceaselessly creative and to excellently finish tasks, always organized many meaningful programs to enhance physical and mental health of the employees.



Mr. Tran Phuc Cuong – Vice Standing President of Vietcombank Trade Union received the “Enterprise for employees” Award.

TOP 20 MOST EFFECTIVE TRADING COMPANIES IN VIETNAM IN 2016

The ranking list of “the 50 most effective trading companies in Vietnam” (Top 50) Award announced by the Investment Bridge magazine reflected operating results and corporate management capacity of the enterprise in 2016. Vietcombank was voted in the Top 20 and was the top bank in the list of banks named in this ranking table. This was the 6th consecutive time Vietcombank was in the list.



The representative of Vietcombank (in the first row, the 2nd person from the right) received the certificate of the 50 most effective trading companies in Vietnam



The Representative of Vietcombank (the 2nd person from the right) received “The most Prestigious Bank in 2017 Award.

THE MOST PRESTIGIOUS BANK IN 2017

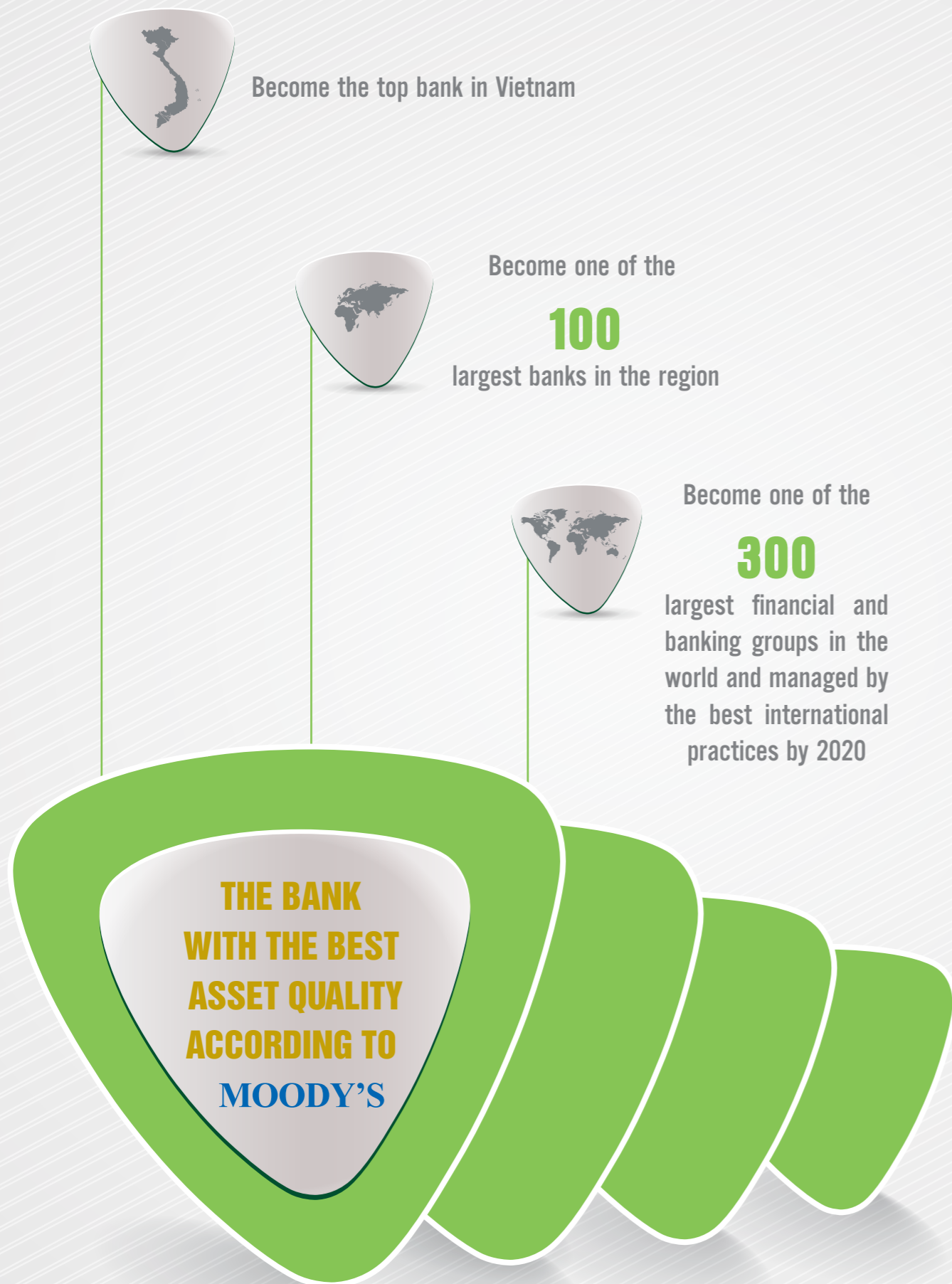
Vietcombank was honored to be presented with “The most prestigious bank in 2017” Award and was also the top bank in the top 10 most prestigious Vietnamese commercial banks announced by Vietnam Report JSC (Vietnam Report) and VietnamNet. According to Vietnam Report, the voting results were based on the summary of assessments on the prestige of the bank from influential media (until 31 May 2017), in viewpoint of customers as well as of financial experts.



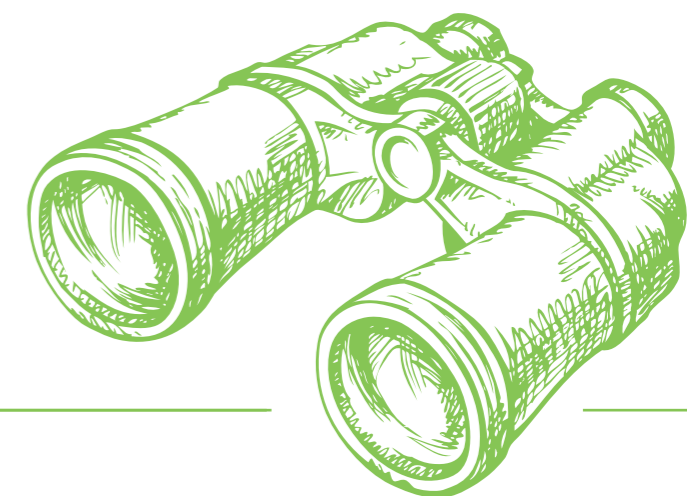
On behalf of Vietcombank, Mr. Pham Manh Thang – the Deputy Chief Executive Officer received “The biggest corporate income tax paying” award.

THE BIGGEST CORPORATE INCOME TAX PAYING BANK

In the Top 10, Vietcombank was evaluated as the biggest tax paying bank in the Vietnamese banking system. This was the 7th time Vietcombank was honored in this list. Two criteria to identify the largest corporate taxpayer by the General Department of Taxation are: The enterprise being an organization manufacturing and trading goods, services and having taxable income according to regulations; The size of corporate income tax payment being determined as the tax amount paid in 2016.



1
GOAL





REPORT ON FINANCIALS

Unit: VND billion

Financial Situation	2016	2017
A Financial Indicators		
1 Total assets	787,935	1,035,293
2 Revenue	48,029	58,278
3 Taxes and other payable items	2,597	3,262
4 Profit before tax	8,578	11,341
5 Profit after tax	6,895	9,111
B Key Financial Indicators		
1 Capital		
1.1 Charter capital	35,978	35,978
1.2 Total assets	787,935	1,035,293
1.3 Capital adequacy ratio	11.13%	11.63%
2 Business results		
2.1 Deposits volume	9,561,306	12,653,763
2.2 Loans volume	1,216,539	1,458,668
2.3 Debt collection volume	1,143,574	1,376,305
2.4 Non-performing loans	6,922	6,209
2.5 Loans/Total deposits (in VND)	79.22%	76.74%
2.6 Overdue guarantee balances/Total outstanding guarantees	1.13%	0.66%
2.7 Overdue loans/Total outstanding loans	1.03%	2.02%
2.8 Non-performing loans/Total outstanding loans	1.45%	1.11%
3 Liquidity indicator		
3.1 Liquidity reserve ratio	30.5%	35.9%
3.2 Liquidity ratio within 30 days by currency		
- VND	299.4%	155.6%
- Foreign currencies in USD equivalent	79.1%	89.4%

TOTAL ASSETS (BILLION VND)



REVENUE (BILLION VND)



PROFIT BEFORE TAX (BILLION VND)





SHAREHOLDER STRUCTURE AND CHANGES IN SHAREHOLDERS' EQUITY (AS AT 31 DECEMBER 2017)

SHARES

Total shares	Type of shares	Number of transferable shares	Number of restricted shares
3,597,768,575	Common shares	283,678,357	3,314,090,218

LIST OF SHAREHOLDERS HOLDING RESTRICTED SHARES

No.	Shareholder	Total shares	Number of restricted shares	Restricted period
1	State Bank of Vietnam (Representative for the Government's shares)	2,774,353,387	2,774,353,387	According to the provisions of Clause 1, Article 56, Law on Credit institutions No. 47/2010/QH12: "Individuals and institutional shareholders who have representative(s) being member of the Board of Directors, Supervisory Board, CEO (General Director) of the credit institutions shall not be allowed to transfer his/her shares during his/her terms".
2	Internal shareholders	68,329	68,329	
	<i>Board of Directors</i>	54,693	54,693	
	<i>Supervisory Board</i>	13,636	13,636	
3	Foreign strategic shareholder: Mizuho Bank, Ltd.	539,668,502	539,668,502	
Total		3,314,090,218	3,314,090,218	

* According to Decision No. 2526/QĐ-NHNN dated December 5th, 2014 issued by State Bank of Vietnam on the appointment of representatives for the Government's shares at Vietcombank, Mr. Nghiem Xuan Thanh - Chairman of Board of Directors of Vietcombank represents 40% of Government's shares, Mr. Pham Quang Dung - Member of Board of Directors, CEO of Vietcombank represents 30% of Government's shares.

SHAREHOLDER STRUCTURE

No.	Shareholders	Total shares	Holding ratio	Number of shareholders
I	State bank of Vietnam (Representative of Government's shares)	2,774,353,387	77.11%	1
II	Foreign strategic shareholder Mizuho Bank, Ltd.	539,668,502	15.00%	1
III	Other shareholders	283,746,686	7.89%	24,024
1	<i>Domestic individual shareholders</i>	56,885,930	1.58%	23,018
2	<i>Domestic organization shareholders</i>	20,453,273	0.57%	165
3	<i>Foreign individual shareholders</i>	8,154,414	0.23%	677
4	<i>Foreign organization shareholders</i>	198,253,069	5.51%	164
	Total	3,597,768,575	100.00%	24,026

LIST OF MAJOR SHAREHOLDERS

No.	Shareholders	Address	Total shares	Holding ratio
1	State Bank of Vietnam	47-49 Ly Thai To Street, Hoan Kiem District, Ha Noi City	2,774,353,387	77.11%
2	Mizuho Bank Ltd	1-5-5 Otemachi, Chiyoda-ku, Tokyo, Japan	539,668,502	15.00%

(Source: Shareholders list at December 29th, 2017 provided by Vietnam Securities Depository).





PROJECT INVESTMENT AND IMPLEMENTATION STATUS

INVESTMENTS/DIVESTMENTS IN 2017

In 2017, VCB implemented investments/divestments:

UNIT: VND billion

No.	Name of unit	Investment capital as of 31/12/2017	Investment capital as of 31/12/2016	Additional investments/ (divestments)
1	Vietcombank Remittance Company	30.00	-	30.00
2	Vietcombank Tower 198 Ltd	70.00	197.65	(127.65)
3	Saigon Bank for Industry and Trade	-	123.45	(123.45)



SUBSIDIARIES, JOINT-VENTURES AND ASSOCIATES

General information of subsidiaries

VIETCOMBANK LEASING CO., LTD (VCBL)

Business license: Business license No. 66/GP-NHNN dated October 31st, 2017 issued by State Bank of Vietnam.

Sector: Financial leasing

Capital Investment as of 31/12/2017: VND 500.00 billion

Holding ratio: 100%

VIETCOMBANK SECURITIES CO., LTD (VCBS)

Business license: Business license No. 09/GPHDKD dated April 24th, 2002. Lastest amendment in accordance with license No. 63/GPDC-UBCK dated December 29th, 2017 issued by State Security Commission.

Fields of Business: Securities

Capital Investment as of 31/12/2017: VND 700.00 billion

Holding ratio: 100%

PROFIT BEFORE TAX (VND BILLION)

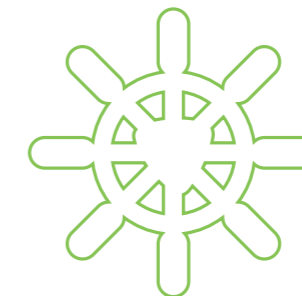


VCBL is a subsidiary 100% owned by Vietcombank, operating in the field of financial leasing. In 2017, VCBL business operations have continued with stable growth. Profit before tax in 2017 reached VND 85.9 billion, exceeding 25.2% of the plan. This is the best result in the operations of the Company. Outstanding financial leasing of VCBL until December 31st 2017 reached VND 3,603.3 billion, increasing by 21.5% compared to that of 2016.

PROFIT BEFORE TAX (VND BILLION)



VCBS is 100% owned by Vietcombank, operating in the securities sector. The business operation of the company was quite favorable in 2017 due to positive developments in the securities market. Profit before tax of the company in 2017 reached VND 177.60 billion, exceeding 48% the plan.





PROJECT INVESTMENT AND IMPLEMENTATION STATUS

SUBSIDIARIES, JOINT-VENTURES AND ASSOCIATES

General information of subsidiaries

VIETNAM FINANCE COMPANY IN HONG KONG (VFC)

Business license: Business license No. 0226 issued by Hong Kong Monetary Authority dated March 07th, 1978. First amendment dated November 03rd, 1992, second amendment dated September 19th, 1995.

Fields of Business: Financial services

Capital Investment as of 31/12/2017: VND 116.90 billion

Holding ratio: 100%

VIETCOMBANK REMITTANCE CO., LTD (VCBR)

Business license: Enterprise registration certificate No. 0314633162 dated 20 September 2017 issued by Ho Chi Minh City Department of Planning and Investment.

Fields of business: Payment of remittances

Capital Investment as of 31/12/2017: VND 30.00 billion

Holding ratio: 100%

VCB MONEY INC. (VCBM)

Business license: Business license No. E0321392009_6 issued by Nevada State Government dated June 15th, 2009.

Fields of business: Remittance services

Capital Investment as of 31/12/2017: VND 204.98 billion

Holding ratio: 87.5%

VIETCOMBANK TOWER 198 CO., LTD (VCBT)

Business license: Business license No. 1578/GP dated May 30th, 1996. Lastest amendment dated September 11th, 2017 issued by the Ministry of Planning and Investment.

Fields of business: Office leasing

Capital Investment as of 31/12/2017: VND 70.00 billion

Holding ratio: 70%

PROFIT BEFORE TAX (VND BILLION)

 **12.17**
↑ EXCEEDING 44% OF THE PLAN

VFC is a subsidiary 100% owned by Vietcombank, operating in the field of financial services in Hong Kong. Its major services include deposit, credit, payment, money transferring. In 2017, its profit before tax reached VND 12.17 billion, exceeding 44% of the plan.

EXPECTED PAYMENT TURNOVER IN 2018 (USD MILLION)

 **193**

VCBR is a wholly-owned subsidiary of Vietcombank, operating in the field of receiving remittances from foreign partners and making payments to beneficiaries in Vietnam. According to the plan in 2018, the Company will develop a nationwide network of paying staffs with payment turnover of USD 193 million.

TURNOVER IN 2017 (USD MILLION)

 **103.9**
↑ INCREASING BY 35% COMPARED TO 2016

VCBM is a joint stock company with 87.5% chartered capital owned by Vietcombank, operating in the field of money transfer from the United States to Vietnam. The company is in the stage of business development so it is unprofitable. In 2017, VCBM continues to expand its network by applying for operation in states and developing an agent system. By the end of 2017, the company has deployed 02 transaction offices and 119 agents and obtained operation licenses in 18 states of the United States. VCBM's turnover in 2017 reached USD 103.9 million, increasing by 35% from 2016 and expects to continue to grow in 2018.

PROFIT BEFORE TAX (VND BILLION)

 **87.1**
↑ EXCEEDING 21.6% OF THE PLAN

VCBT is a 70%:30% joint - venture between Vietcombank and FELS Property Holding Pte, Ltd. of Singapore. It operates in the field of office leasing at Vietcombank Tower locating at the address of No. 198 Tran Quang Khai, Hoan Kiem, Ha Noi. In 2017, with the advantage of good location and customers, the company maintained stable performance. Its profit before tax reached VND 87.1 billion, exceeding 21.6% of the plan.





PROJECT INVESTMENT AND IMPLEMENTATION STATUS

SUBSIDIARIES, JOINT-VENTURES AND ASSOCIATES

General information of joint-ventures and associates

VIETCOMBANK – BONDAY – BEN THANH CO., LTD (VBB)

Business license: Business license No. 2458/GP issued by the Ministry of Planning and Investment on February 07th, 2005 with amendment No.2458/GCND1/41/1 dated October 26th, 2011 and Amendment No. 2458/GCND2/41/1 dated December 28th, 2012.

Sector: Office leasing

Capital Investment as of 31/12/2017: VND 410.36 billion

Holding ratio: 52%

VIETCOMBANK FUND MANAGEMENT COMPANY (VCBF)

Business license: Business license No. 06/UBCK-GPHDQLQ issued by State Security Commission of Vietnam dated December 02nd, 2005; latest amendment No. 17/GPĐC-UBCK dated August 06th, 2015.

Sector: Fund management

Capital Investment as of 31/12/2017: VND 135.15 billion

Holding ratio: 51%

VIETCOMBANK CARDIF LIFE INSURANCE CO., LTD (VCLI)

Business license: Business license No. 55/GP issued by Ministry of Finance dated October 23rd, 2008.

Sector: Life insurance

Capital Investment as of 31/12/2017: VND 270.00 billion

Holding ratio: 45%

VIETCOMBANK BONDAY CO., LTD (VCBB)

Business license: Business license No. 283/GP issued by Ministry of Planning and Investment dated December 05th, 1991; latest amendment No. 283/GPĐC3 dated October 2nd, 2000.

Sector: Office leasing

Capital Investment as of 31/12/2017: VND 11.11 billion

Holding ratio: 16%

PROFIT BEFORE TAX (VND BILLION)

 **135.56**
↑ EXCEEDING 81% OF THE PLAN

VBB is the joint-venture between Vietcombank, HCM Commercial Services JSC. (Setra Corp.) and Bonday Investment Ltd. (Hong Kong) with contribution ratio of 52%, 18% and 30% respectively. It operates in the field of premium (class A) office leasing. It is also responsible for providing office space for Vietcombank's branches and subsidiaries in HCMC. In the end of 2017, 100% of the leasable area has been occupied. Its profit before tax in 2017 was VND135.56 billion, exceeding 81% of the plan.

PROFIT BEFORE TAX (VND BILLION)

 **10.5**
↑ EXCEEDING THE PLAN

VCBF is a joint venture between Vietcombank and Franklin Templeton with contribution ratio of 51% and 49% respectively. VCBF operates in the field of fund and investment portfolio management.

Profit before tax in 2017 was VND 10.5 billion, above the company's target thanks to the increase in revenue from primary sources and improved cost efficiency. Most of the entrusted portfolio managed by VCBF achieved good results and managed to exceed the target. Besides, the two open-ended funds of VCBF delivered impressive results: Net Asset Value (NAV) per unit of VCBF Strategic Balanced Fund increased by 31.3% and NAV per unit of VCBF Bluechip Fund increased by 37.4% in 2017.

TOTAL TURNOVER (VND BILLION)

 **276.16**
↑ INCREASING BY 76.2% COMPARED WITH 2016

VCLI is a joint venture between Vietcombank, BNP Paribas Cardif and SeAbank with a contribution ratio of 45%, 43% and 12%, respectively. VCLI provides life insurance products via partner banks (Bancassurance). VCLI currently provides insurance products including: personal credit insurance, group credit insurance, credit insurance for co-borrowers, death insurance, mixed purpose insurance., etc.

In 2017, the Company continued to deploy a medium-term business strategy to 2020 which focuses on accelerating sales and expanding the network of insurance selling financial consultants (FC) in the VCB system. As a result, net fee income reached VND 276.16 billion, an impressive growth of 76.2% compared to 2016. Increasing investment in the financial consulting model resulted in high operating cost and the loss of VND -3.3 billion. In 2020, the company expects to become profitable again with planned profit of VND 38 billion.

PROFIT BEFORE TAX (VND BILLION)

 **39.4**
↑ EXCEEDING 33.8% OF THE PLAN

VCBB is a joint venture between Vietcombank, Sai Gon Real Estate Corporation and Bonday Investments Ltd., Hong Kong. It operates in the business of office leasing. VCBB manages the Harbour View Tower locating at No. 35 Nguyen Hue Str., District 1, Ho Chi Minh City.

During 2017, VCBB still maintained its stable performance. Profit before tax reached VND39.4 billion, exceeding 33.8% of the 2017 plan.

(Note: Financial data of the above companies was audited data in 2017).





ASSESSMENT ON BUSINESS PERFORMANCE IN 2017



TOTAL ASSETS (VND BILLION)

1,035,293

↑ INCREASING BY 31.39% FROM THE LEVEL IN 2016



SHAREHOLDER'S EQUITY (VND BILLION)

52,558

↑ INCREASING BY 9.16% FROM THE LEVEL IN 2016



DEPOSIT (VND BILLION)

726,734

↑ INCREASING BY 20.97% FROM THE LEVEL IN 2016

EXCEEDED ALL KEY BUSINESS TARGETS OF 2017

THANKS TO THE PROPER GUIDANCE IN BUSINESS STRATEGY AND MANAGEMENT POLICY, IN 2017, VIETCOMBANK ACHIEVED AND EXCEEDED ALL KEY BUSINESS TARGETS SET EARLIER IN THE GENERAL SHAREHOLDERS' MEETING:

Total assets increased sharply and equity increased compared with those stated in the business plan of 2017

- ◆ Total assets reached VND 1,035,293 billion, up 31.39% from the level in 2016.
- ◆ Shareholder's equity reached VND 52,558 billion, up 9.16% from the level in 2016, in which undistributed profit was VND 8,715 billion.

Funding grew in the right direction: Reducing funding through interest rate competition; Increasing proportion of demand deposits and foreign currency deposits in total funding base.

- ◆ Deposit inflows from the economy, including issue of valuable papers reached VND 726,734 billion,

increasing by 20.97% compared with 2016 and exceeding the plan set for 2017. Deposits contributed by both institutions and individual customers increased by 20.12% and 19.9% respectively.

- ◆ Funding structure is in line with the board guidance (deposits from corporate and individual customers was 44.67% and 55.33% respectively).
- ◆ Demand deposits increased by 27.8% from the end of 2016 (accounting for 29.92% total funding).
- ◆ Foreign currency deposits reached VND 135,551 billion, increasing by 18.98% compared with 2016, accounting for 18.65% total funding secured from the economy (including valuable papers), and exceeding the plan for 2017.





ASSESSMENT BY THE BOARD OF MANAGEMENT



CARD TRANSACTIONS CONTINUED TO MAINTAIN THE LEADING POSITION IN THE MARKET. THE PAYMENT, ISSUE AND USE OF VIETCOMBANK CARDS GREW STRONGLY COMPARED WITH 2016. MANY INDICATORS SAW STRONG GROWTH AND EXCEEDED THE PLAN FOR 2017.

OUTSTANDING LOANS
557,688
↑ INCREASING BY
17.19% COMPARED TO 2016

Credit growth to jump in the first months of the year; Credit structure to shift in the right direction: reducing low-effective wholesale loans, expanding retail credit, increasing retail credit at transaction offices

- ◆ Outstanding loans to customers reached VND 557,688 billion, increasing by 17.19% compared with the end of 2016, completing the plan for 2017 and staying within the controlled limit of the SBV. Term credit was controlled; proportion of medium and long term loans was maintained at 43.05% of total outstanding loans.
- ◆ Implemented the orientation of increasing the proportion of retail credit and gradually reducing wholesale credit, credit for institutions slowed down at 6.19% while retail credit grew significantly by 52.65%.
- ◆ Outstanding loans at Transaction offices reached VND 81,352 billion, increasing by 58.3% compared to 2016, accounting for 14.59% total outstanding loans to Vietcombank's customers in 2017.

Credit quality was tightly controlled; Accelerated efforts in recovery of non-performing and written-off loans

- ◆ Credit quality was significantly improved. Loans classified under Group 2 (Closely monitored loans) as of 31/12/2017 reached VND 4,783 billion, decreasing by VND 2,637 billion from the end of 2016 (decreasing by ~35.54%). Group 2 loans ratio: 0.86%, down by 0.7% from 2016.
- ◆ Non-performing loan as of 31/12/2017 was VND 6,208 billion, decreasing by VND 714.4 billion compared with 2016 (decreasing by ~10.32%). NPL ratio: 1.11%, decreasing by 0.34% compared with the end of 2016, still below the tolerable limit (1.5%).
- ◆ Loan loss provision amounted to VND 8,113 billion, provisions against non-performing loans remained high (~130.69%).
- ◆ Recovery of written-off loans reached VND 2,185 billion, meeting the target set for 2017.

Service business grew well in FX, trade finance, card service and hi-tech banking services

- ◆ International payment and trade finance turnover reached USD 69.4 billion, up 28.4% against 2016 and market share grew to 16.34% from 15.47% of 2016. Overseas remittance reached USD 1.9 billion, increasing by 14.9% compared with the same period of 2016.
- ◆ Continued to hold the leading position in the FX trading services. FX transaction volume (excluding interbank transactions) reached USD 45.1 billion, increasing by 27.2% compared with the same period of 2016 and completing 120.3% the plan set for 2017.
- ◆ Card services continued to hold the leading position in the market: (i) Card payment volume increased by 31.67% compared with the same period; (ii) The issuance volume of international credit cards increased by 1.35% compared with the same period; (iii) Card using volume increased by 24.18% compared with the same period; (iv) The number of POS increased up to 11,773 units.
- ◆ Online banking and SMS Banking services achieved relatively good growth, reaching 123.8% and 135.5% of the plan respectively.
- ◆ The development of offshore funding continued to be of high priority. In 2017, the total value of ODA projects that the Bank was assigned as the

servicing bank amounted to USD 790.65 million; In the context that this funding source was dwindling, Vietcombank continued to be the leading bank in servicing ODA projects.

Profitability continued to be strongly improved; Profit before tax exceeded VND 10,000 billion, increasing sharply against 2016

- ◆ Return on average assets ratio (ROAA) and return on average equity ratio (ROAE) were 1.0% and 18.09%, respectively, higher than those in 2016 (In 2016, ROAA reached 0.94%, ROAE reached 14.78%).
- ◆ Net income from interest increased by 18.37% compared with 2016; net income from service increased by 20.51% compared with 2016.
- ◆ Cost/Income ratio approximated: ~40.35%, lower than that of 2016.
- ◆ Non-interest income/total income ratio approximated: ~25.4%.
- ◆ Net interest margin (NIM) remained at 2.66%.
- ◆ Profit before tax of 2017 reached VND 11,341 billion, increasing by 32.21% compared with 2016 and exceeding the plan set for 2017.

VCB continued to be the largest listed company in terms of market capitalization, and capital adequacy ratio within the safe boundary

- ◆ VCB's shares continued to achieve the highest price in the sector, and VCB continued to be in the top 3 enterprises of largest market capitalization. In 2016 - 2017 period, the after adjustment price of Vietcombank's securities increased by 56.49% while VNI increased by 48.03%.
- ◆ Capital adequacy ratio (CAR) reached 11.63%, meeting regulations of the SBV.

NET PROFIT BEFORE LOAN LOSS PROVISIONS (VND BILLION)
17,540
↑ INCREASING 17.35% COMPARED WITH 2016





TOTAL ASSETS REACHED

USD **1,035,293**

BILLION

1

With the goal to become the number one bank in Vietnam, one of the 100 biggest bank in the region, one of the 300 largest banking financial groups in the world.

CORPORATE GOVERNANCE IN 2017

WITH THE GOAL TO BECOME THE NUMBER ONE BANK IN VIETNAM, ONE OF THE 100 BIGGEST BANKS IN THE REGION, ONE OF THE 300 LARGEST BANKING FINANCIAL GROUPS IN THE WORLD AND TO BE MANAGED IN CONFORMITY WITH THE BEST INTERNATIONAL PRACTICES IN 2020; VIETCOMBANK PUT FORWARD A NUMBER OF IMPORTANT INITIATIVES IN 2017.



ASSESSMENT BY THE BOARD OF MANAGEMENT



Actively presenting corporate clients with problem-solving offers to particularly support them and generally contribute to economic growth in accordance with the guidance of the Government and the State Bank of Vietnam

- ◆ Being proactive and leading the market in deploying solutions to support customers by decreasing loan interest rate and offering credit packages with preferential interest rate.
- ◆ Proactively implementing lending programs within the 05 prioritized areas and offering credit support policies to customers affected by natural disasters such as flooding in Central Region, cold spell in the mountainous areas in Northwest Region and marine environmental incidents in Ha Tinh, Quang Binh, Quang Tri and Thua Thien Hue provinces, etc.

Funding operation is flexibly and evenly implemented with the goal to boost loan growth and reduce funding cost

- ◆ Removed/reduced funding promotion/incentive programs; gradually reduced the funding proportion of deposits with interest rate higher than the average market rates.

- ◆ Increased the development, expansion of collection accounts for administrative units, insurance, treasuries. Until the end of 2017, 246 state treasuries opened collection accounts, payment accounts in VND at Vietcombank.

Consolidating credit portfolio in line with strategic direction; Strengthening the control of credit quality

- ◆ Fostering credit growth in enterprises with sound financial situation, in which loans were backed up by secured assets of good liquidity; Adjusting credit structure by prioritizing the growth of short-term credit, retail credit and credit at transaction offices.
- ◆ Reduced lending to enterprises with deteriorated financial position, low interest rate outstanding loans and low overall efficiency and customers who were joint stock companies, privately owned, family owned limited liability companies with low secured asset ratio.
- ◆ Limited medium-term, long-term loans to customers who didn't use banking services.
- ◆ Continued to strengthen inspection, supervision of credit operations at branches; promoted credit risk analysis and forecast by sectors to generate

appropriate credit approach; required strict compliance with regulations of laws and regulations of Vietcombank on credit grant.

Timely recognizing and handling difficulties reported from branches and subsidiaries; Proactively recovering written-off loans

- ◆ Vietcombank's management regularly organized task groups to review and supervise the implementation of business plans in 7 key economic zones. At the same time, Vietcombank timely recorded and settled difficulties, obstacles to promote the business.
- ◆ Assigned members of the Management to accelerate of the process of recovering debts for Branches.

Making divestments from some credit institutions and accelerating capital raising plan to improve the financial capacity

- ◆ Successfully implemented the plan to raise level II capital to meet the minimum capital adequacy ratio regulated by the SBV and improve the ability to meet Basel II of Vietcombank.
- ◆ The plan to increase level I capital, equivalent to 10% charter capital was approved by the Government and the SBV and capital will be promptly increased in 2018.

- ◆ Implemented divestments according to the roadmap from some financial institutions of CFC, SGB and OCB with positive results.

Optimizing internal processes and regulations, and improving service quality

- ◆ Promulgated new processes, internal regulations such as: Regulations on lending customers; Regulations on authority to approve credit, etc. Fulfilled processes, internal regulations such as Credit security policies; credit processes for wholesalers, SMEs, etc.
- ◆ Promulgated and applied synchronously important management mechanisms such as: Regulation on labor rearrangement in the system, Regulation on conditions, standards, management authority of transaction office's chiefs and the number of credit cadres in a transaction office; Developed/amended Processes/Procedures: Regulation on rotation, work position change for cadres in Vietcombank's system, etc.
- ◆ Implemented service and customer service quality management projects, programs: Projects for developing and measuring service level agreement (SLA), secret customer projects, Customer satisfaction index (CSI) surveys, reviewed the issue of customer service quality standard set, etc.





ASSESSMENT BY THE BOARD OF MANAGEMENT

Increasing internal control and audit throughout the Bank's network

Finished inspection, auditing plans of 2017, at the same time implemented sudden auditing at Branches and implemented auditing sessions according to topics, focused on units and operational processes with potential risk; audited subsidiaries, Departments/divisions of head office, especially departments belonging to the risk management.

Restructuring organization model and use of human resources in accordance with medium- and long-term strategies, increasing the number of branches and transaction offices

- ◆ Standardized the organizational model, supplemented functions, tasks of the Departments, Divisions, Centers at the Head office, rearranged in the lean direction; established regional sale management divisions in the Central and in the South; standardized functions of the Branches, focused on sales and risk management.
- ◆ Rearranged and streamlined labor; implemented the rotation of cadres from the Head office to the branches; promoted, appointed and mobilized personnel to meet changes to organizational model, business environment and to improve labor productivity.
- ◆ Continued to expand networks domestically and internationally: expanded the network of branches and transaction offices; Established Cash Processing Centers; Established Remittance Companies; Prepared to establish subsidiaries in Laos and branches in Australia; Reorganized the network of transaction offices in Hanoi and Ho Chi Minh City.

Implementation of Vietcombank Development Project until 2020

The project, sub-projects, and action programs for each business divisions were developed and deployed strongly

- ◆ In 2017, based on the VCB Development Project until

2020, pursuant to Resolution No. 42, the Project for restructuring CIs in 2016-2020 period and the Banking Sector Action Plan, the Project for restructuring VCB until 2020 was developed by VCB and approved by the SBV. The Project for restructuring VCB until 2020 was combined with specific solutions to strengthen, improve operational capacity, financial capacity and management capacity for improved competitive capacity and sustainable development.

- ◆ Grasp thoroughly and deploy systematically sub-projects (including IT, service, investment, human resources projects) and action programs of the blocks (wholesale, retail, capital and finance).
 - ◆ Sub-projects, action programs of the blocks were strictly followed and deployed on schedule, achieved initial important results and contributed to operating results of 2017, created foundation for the sustainable development of Vietcombank in the future.
- The project for developing branches
- ◆ Promulgated and deployed the project for developing branches until 2020 for 49 small scale branches in which market share was not proportionate to their potentiality.
 - ◆ In 2017, branches belonging to the Project for developing branches achieved and exceeded almost all planned targets. Market share of loans and deposits and the development of target customers, etc. were significantly improved.



Accelerating transformation projects to enhance management capacity

- ◆ In 2017, transformation projects to enhance management capability were proactively deployed and gradually applied to business operations: (i) Basel II program: Deployed 24/37 initiatives with the goal of ensuring that Vietcombank became a pioneer in complying with regulations and timelines as regulated by the State Bank. To date, most of the implemented initiatives have been applied in business administration; (ii) CTOM program: Deployed 22/24 initiatives, in which phase 1 was being deployed at some branches for 6 core initiatives (on transforming organizational models, sale models, credit approval models). CLOS project successfully completed the selection of contractors and officially started in September, 2017; (iii) Project for reforming Corebanking system: Continued to drastically implemented the components of the project and at the same time mobilized a considerable workforce for the implementation of the project, etc.

Accelerating business cooperation with and technical assistance by Mizuho Bank

- ◆ Vietcombank and Mizuho affirmed their commitment

to maintaining a long-term strategic partnership between the two banks through the continued signing of Strategic Cooperation Agreements, including the revised Agreement of the Share Purchase Agreement 2011 and the new Technical Assistance Contract (replacing the signed contract).

- ◆ Technical assistance activities of Mizuho continued to be performed in close accordance with Vietcombank's activities and development projects. In 2017, 16 sessions were organized to provide technical assistance to Vietcombank in the areas: Modern branch model; Increasing non-interest income; anti-money laundering; auditing model transformation when participating in Basel II; debt management; market research for securities companies; etc.
- ◆ In addition to holding official technical support sessions, Mizuho shared intensive research documents, internal processes of Mizuho with the relevant Departments/Divisions/Centers at Vietcombank, including: Documents on data quality administration; Cost distribution; Credit approval processes; Documents related to decentralization of approval authority for customer groups (DoA), etc.





IMPACT CONCERNING SOCIETY AND ENVIRONMENT

VIETNAM IS ONE OF THE COUNTRIES THAT SUFFERS THE MOST FROM CLIMATE CHANGE. BEING AWARE OF THAT, IN 2017, VIETCOMBANK STRICTLY IMPLEMENTED DIRECTIVE NO. 03/CT-NHNN DATED MARCH 24TH 2015 OF THE GOVERNOR OF SBV ON PROMOTING GREEN CREDIT GROWTH AND ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT, DECISION NO. 403/QD-TTG DATED MARCH 20TH 2014 OF THE PRIME MINISTER REGARDING THE APPROVAL OF NATIONAL ACTION PLAN ON GREEN GROWTH DURING THE 2014 - 2020 PERIOD AS WELL AS OTHER REGULATIONS RELATED TO ENVIRONMENT PROTECTION IN CREDIT ACTIVITIES.

Compliance with legislation on environmental protection

Vietnam is one of the countries that suffers the most from climate change. Being aware of that, in 2017, Vietcombank strictly implemented Directive No. 03/CT-NHNN dated March 24th 2015 of the Governor of SBV on promoting green credit growth and environmental and social risk management, Decision No. 403/QD-TTg dated March 20th 2014 of the Prime Minister regarding the approval of national action plan on green growth during the period of 2014 - 2020 as well as other regulations related to environment protection in credit activities.

When appraising credit grant for projects, Vietcombank assessed environmental and social risks affecting the effective use of capital and customers' credit solvency. Besides, Vietcombank requested the employer of projects under consideration for credit grant to meet environmental and social protection standards and regularly, periodically inspect, supervise environmental and social risk management for loans granted to customers. For some investment projects potentially affecting the environment or some projects for exploration and exploitation of minerals, oil and gas, etc. The employer shall provide environmental impact assessment reports and commit to protect environment according to regulations of relevant laws such as Law on environmental protection, Law on mineral, Decree No. 18/2015/NĐ-CP, Circular No. 16/2015/TT-BKHĐT, etc.

Furthermore, Vietcombank paid attention to communicating environmental risk management responsibilities of credit institutions in order to securing agreement and support from customers.

Human resource policies

During the past years, Vietcombank's management have always paid high attention to the development of human resources. With the objective of optimizing compensation and remuneration policies for employees, Vietcombank has gradually achieved certain results in improving income of employees and strengthening the employee engagement and trust in the Bank. At the same time, the Bank has always created conditions for employees to promote their capabilities, expand their chances of advancement in work and ensured lawful and legitimate interests of employees.

Details are as follows:

Ensuring job stability for employees

- ◆ In 2017, the number of employees of Vietcombank continued to increase compared to the end of 2016. Total employees as of 31/12/2017 were 16,227 persons.
- ◆ All employees sign appropriate labor contract in accordance with the law.
- ◆ Working time is 8 hours per day and 5 days per week. Vietcombank ensures annual leave, leave on public holidays, and leave for private reasons in compliance with the Labor Code; maternity leave and sick leave in line with the Law on Social Insurance.
- ◆ Recruitment is complied with recruitment process and is implemented by Examination Council to ensure honesty and objectivity. Therefore, the employees to be recruited have qualifications suitable to their assigned jobs and meeting the job requirements. Probation time and salary in probation are ensured to comply with the regulations.
- ◆ Temporary deferment or termination of labor contract is done in accordance with the Labor Code. The employees who require early retirement are also given favorable conditions.

Building financial and non-financial incentive mechanism, ensuring rights and benefits of employees

In recent years, VCB's salary and remuneration mechanism system have gradually approached the market in the region and in the world as follows:

Salary mechanism

Basically, the salary mechanism of Vietcombank has been built on the principle of rational structure of ranks/grades to distinguish job titles/positions commensurate with the value of contributions in the bank, to be fair and compete with the market, reduce and aim at removing seniority in salary scales. Accordingly, the salary of employees is divided into two parts:





ASSESSMENT BY THE BOARD OF MANAGEMENT

- ◆ **Fixed salary:** Be determined according to the rank/ grade suitable to the positions of professional jobs. Employees will be paid according to their job position, according to their level of dedication, regardless of their seniority.
- ◆ **Effective salary:** Be defined based on performance results measured by KPIs, eliminating the level status, encouraging employees to strive for good results. Vietcombank completed the design, development of KPIs for the unit level (Departments/Divisions, Branches) and individual level. At present, the set of KPIs has well brought into play the role of measuring the performance of employees in an objective way, which is a correct basis for distributing income to the employees.

Vietcombank has established a specialist salary mechanism with a very competitive salary for highly skilled employees in order to recruit a necessary labor force for a number of specific fields, transformation projects for improving management and operation capability.

Vietcombank has applied a flexible mechanism and delegated powers to Chiefs of Units in reviewing and arranging salary of employees according to their capacity, quantity and quality of work completion. The

salary increase is based on the level of evaluation of the work done by the employee. For staffs having outstanding achievements and initiatives with effective application, Vietcombank's leaders will reward and raise the salary grade before the term.

Remuneration mechanism

Vietcombank shall pay social insurance, health insurance and unemployment insurance in accordance with the regulations of the State. Currently, Vietcombank has paid social insurance for 100% employees who have signed labor contracts with term of one year or more and quickly and timely settled social insurance regimes such as maternity and sickness insurance rights, etc for employees. For cases of retirement, maternity leave, disability, fatal diseases or surgery, Vietcombank also provides employees with additional financial assistance in addition to benefits received from social insurance.

In addition, Vietcombank has purchased health insurance as well as organized annual health checks for employees. In particular, Vietcombank has combined with reputable medical facilities to conduct early screening for cancer detection for employees since 2017.



At the same time, Vietcombank has also actively developed domestic and foreign training programs for employees to improve the professional capacity of each individual, thereby creating cohesion between employees and Vietcombank.

Thus, the salary and remuneration mechanism for employees have been seriously implemented by Vietcombank, contributing to creating a high quality labor force, making the sustainable brand value of Vietcombank.

Local community responsibilities

Vietcombank always puts enthusiasm in welfare and social security activities for the community; makes contributions to the economic and social development. In 2017, Vietcombank sponsored approximately VND ~132.5 billion for welfare and social security programs, including building schools, health facilities, houses for the poor, people with merit, overcoming consequences of natural disasters, etc.





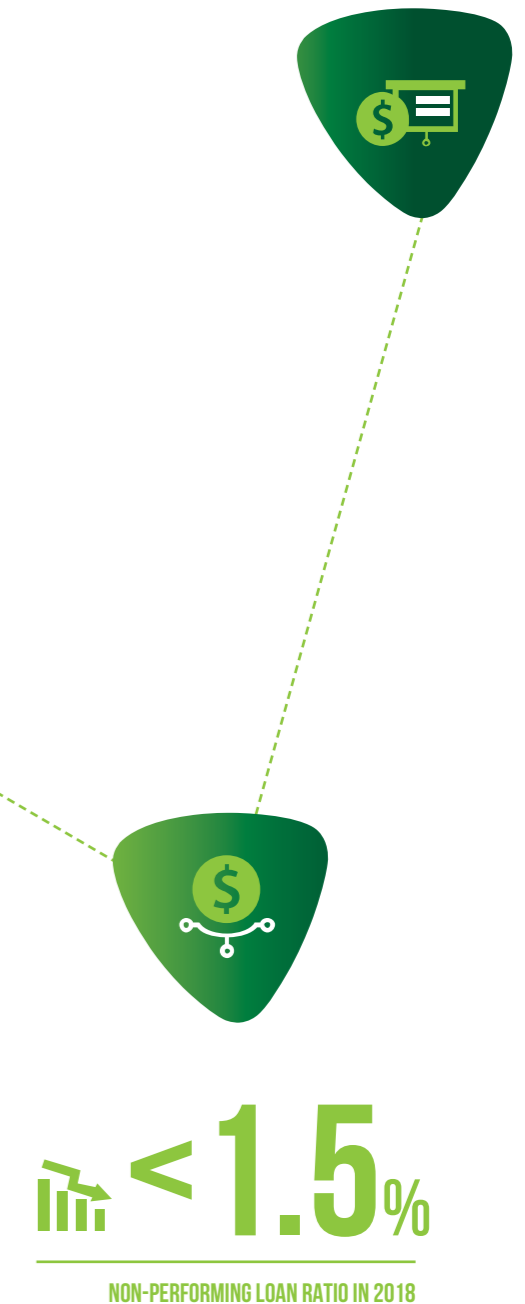
BUSINESS ORIENTATION IN 2018

THE WORLD'S ECONOMY 2018 IS FORECASTED TO HAVE POSITIVE GROWTH AND REACH 3.9% (IMF); THE INFLATION IS STILL IN CONTROL. HOWEVER, GEOPOLITIC AND TRADE WAR RISKS TEND TO INCREASE. BESIDES, THE WORLD FINANCIAL MARKET MAY BE AFFECTED BY THE TREND OF PROMOTING MONETARY POLICY NORMALIZATION IN KEY ECONOMIES (USA, UK, EU, ETC).

Vietnam's economy is in a positive growth momentum with the possibility of achieving GDP growth of 6.7% while inflation is well controlled below the target of 4%. Import-export activities are forecast to be still positive, FDI is favorable. The restructuring of the economy continues to be accelerated. Monetary policy is flexible; credit orientation focuses on limited production areas in high risk areas. The government and the SBV direct the reduction of interest rates, supporting economic growth. The banking sector steps up the process of restructuring, improving the quality of operations, enhancing the application of technology in line with the trend of modern financial development.

In 2017, by the motto of **Transformation - Efficiency - Sustainability** in action and **Innovation - Discipline - Responsibility** in corporate governance, the whole Vietcombank system will make every effort in all operations to accomplish all the planned targets. Key performance indicators are as follows:

NO.	INDICATORS	PLAN FOR 2018
1	Total assets	Increase ~14%
2	Deposit	Increase ~15%
3	Credit	Increase ~15%
4	Non-performing loan ratio	< 1.5%
5	Profit before tax	VND 13,300 billion





KEY TASKS IN 2018

Focusing on three key pillars of business in 2018: Services, Retail, Treasury and Investment

For service activities

Promoting product development, improving service quality, expanding fee income, increasing the proportion of income from services (including fees and trade in foreign exchange) in total operating income

- ◆ Wholesale block: (i) Build and develop new potential services and products such as cash flow management, debt market related services, syndicated loan products and securities depository services; (ii) Develop a fee control system, approval mechanism and set up fee exemption/reduction.
- ◆ Retail block: (i) Offer bundled products for gross/combination sale to enterprise owners; (ii) Implement automatic fee collection, fee collection management, service package-based fee collection.

Expanding and developing e-banking services

- ◆ Develop sales channels in the direction of gradually moving transaction volume to electronic channels.
- ◆ Develop cooperation services with third parties; Propose the expansion of Fintech cooperation model in potential areas.
- ◆ Expand Vietcombank's card payment network/e-banking services.
- ◆ Develop and implement digital banking transformation projects, research and apply technology 4.0 to develop smart banking services.

Improving service quality in international payment and trade finance

- ◆ Assist Branches in sales: monitor, support, create conditions and timely have measures for key areas of international payment - commercial finance; Establish a specialized sales force for international payment - commercial finance (Trade Sales) from the Head Office to the Branches.

- ◆ Diversify products to meet the needs of each customer; focus on FDI customers; Flexibly use competitive fee packages in combination with lending to approach and attract customers with international payment operations from competitors.
- ◆ Focus on optimizing processes, improving service quality; Develop sales manuals from credit to services, from wholesale to retail for FDI customers.

Expanding revenue from other activities

- ◆ Provide lump-sum chain products.
- ◆ Exploit revenue from fundraising, money transfer and Bancassurance.

For retailing activities

Rolling out transformation of retail banking model (RTOM)

- ◆ Segment customers and develop policies for each target customer segment from products, marketing, selling methods, etc.

- ◆ Develop new sales channels including direct sales channels, electronic sales channels, third-party sales channels; Enhance the professionalism of marketing.
- ◆ Improve credit processes for retail customers and maximize digitization of retail products and services. Review lists, simplify dossiers, procedures for individual credit products, cards.

Policies, products, quality of services

- ◆ Develop specific products for regions/areas, products sold to employees/customers of enterprise customers.
- ◆ Improve customer service quality through secret customer programs; training, measuring and supervising the implementation of quality standards; piloting concentrated debt recovery at VCC.
- ◆ Provide equipment and programs to support sales staff, improve service quality.

Improving sales efficiency and professional marketing.





ASSESSMENT BY THE BOARD OF MANAGEMENT

CONTROL THE GROWTH RATE OF MEDIUM AND LONG-TERM OUTSTANDING LOANS, ESPECIALLY FOR MEDIUM AND LONG-TERM CUSTOMERS; DEVELOP CUSTOMER BY CHAINS, STRENGTHEN CROSS SALE; ENHANCE THE SALE OF CREDIT IN COMBINATION WITH THE USE OF BANKING SERVICES FOR EFFECTIVE CUSTOMER GROUPS.



For treasury and investment activities

- ◆ Improve profitability of investment activities. Maintain and improve market share of Vietcombank in areas of government bonds and foreign currency trade, etc.
- ◆ Increase the proportion of contribution of investment activities to total operating income of VCB.
- ◆ Develop new foreign exchange trading products, structured products, meet the needs of customers.

Promoting retail loan growth and low-cost funding; Diversifying loan portfolio and withdrawing, reducing outstanding debts for low effective businesses; Increasing sale of loan products in combination with banking services

- ◆ Review Vietcombank's target customers, customers with low market share to have measures to improve the market share and business efficiency from the customers.



- ◆ **Restructure the credit portfolio in the following direction:** withdraw, reduce outstanding loans for enterprises with reduced financial position, enterprises with low interest rate outstanding loans and low overall efficiency, customers who private individuals, families with low secured asset ratio.
- ◆ **Control the growth rate of medium and long-term outstanding loans,** especially for medium and long-term customers; develop customer by chains, strengthen cross sale; enhance the sale of credit in combination with the use of banking services for effective customer groups.
- ◆ **Fulfill credit products for life;** develop business products; develop a chain of products between wholesale - retail; cooperate selectively with real estate projects, chain business companies to promote retail loans.
- ◆ **Focus on cheap capital mobilization:** Mobilize

demand deposits through centralized capital management tools, provide payment services; minimize mobilization of high price operating capital. Mobilize foreign currency capital through a program called as Accompanying with exporters (enterprises with large USD source).

Deploying wholesale transformation operation model

- ◆ **At the Head office:** deploy sale models and sale processes for each customer segment; invest in sale and customer care supporting CRM; evaluate results of deploying phase 1 and plan the application of the transformed model to remaining branches in the system; transform CRC model to reduce load for RM.
- ◆ **At the branches:** communicate transformation programs, projects to all relevant departments at the Branches; positively apply project results to substantially change quality of business operations.





Drastically implementing development projects/Action plans/Sub projects/Transformation projects

- ◆ Speed up the implementation of programs/projects: Basel II, a retail transformation operation model that addresses the governance requirements of international standards and No. 1 target for retail.
- ◆ Prioritize investment and deployment of projects under the IT development project till 2020.
- ◆ Focus on deploying Corebanking projects, TF projects, CLOS projects, ALM/FTP projects, MPA projects, etc. on schedule.
- ◆ Improve project management quality, fulfill and issue guidelines for project management, strengthen communication and change management of projects.

Strengthening inspection, control, recovery of bad debts and written-off debts

- ◆ Continue to carry out the transformation of internal auditing activities according to the direction of the Board of Management, in accordance with international practice, in satisfaction with Basel II requirements. Expediently deploy the software system project for internal inspection and auditing.
- ◆ Strengthen inspection and supervision of units and operational processes of Vietcombank, especially units and processes with high risk, systematic risk to timely alert, detect and minimize risks; Strengthen supervision and remote monitoring of business activities and implementation of inspection and auditing proposals.
- ◆ Develop debt recovery plans for each debt and specifically assign debt recovery responsibility to each member of the branches' board of directors, the departments' leaders and officials.

Other work

- ◆ Continue to increase and improve effectiveness of communication, contribute to enhancing image and prestige of Vietcombank brand.
- ◆ Attach importance to building learning, self-training culture to raise the level; Use results of training, examinations and skills tests in human resource management.
- ◆ Deploy sale emulation movements, achievement emulation movements to celebrate the 55th anniversary of Vietcombank.
- ◆ Actively implement social security, prioritize education, health, support to mitigate natural disasters, etc.



COMPREHENSIVE BUSINESS ASSESSMENT BY THE BOARD OF DIRECTORS

With the motto of **Transformation – Efficiency – Sustainability** and **Innovative – Disciplined – Responsible** governance principle proposed for 2017, the Board of Directors gave strict and prompt instructions to Vietcombank’s activities in the whole year.

With effort and determination of the whole employees, at the end of 2017 Vietcombank achieved and exceeded planned targets set by AGM, rose strongly to lead the banking sector in terms of profit size, asset quality.

Assessment on the implementation of the business targets set by AGM:

BUSINESS RESULTS

In 2017, Vietcombank continued to achieve outstanding growth and impressive results in almost every aspect of operation; reached and exceeded targets set by AGM.

Total assets as of 31/12/2017 amounted to VND 1,035,293 billion, increasing by 31.4% compared with 31/12/2016, exceeding by 18% compared with the plan. Loans reached VND 557,688 billion, increasing by 17.2% compared with 2016, exceeding by 2% compared with the plan and were within the credit growth limit set by the SBV’s Governor. Deposits reached VND 726,734 billion, exceeding by 6% compared with the plan.

The asset structure had a clear change in quality: Credit structure shifted in the direction of increasing the proportion of retail credit and gradually reducing wholesale credit; the deposit structure changed in line with the development orientation of Vietcombank from wholesale to retail and orientation to attract low cost deposits; non-performing loans decreased and were lower than planned control limit. Capital adequacy ratio (CAR) met regulations of the SBV.

LOANS (VND BILLION)



475,887
2016

557,688
2017

Results of implementing basic indicators for 2017 set by AGM

NO.	Indicators	Implemented 2016	Plan 2017	Implemented 2017	Implemented 2017/ Implemented 2016	Implemented 2017/ Plan 2017
1	Total assets	787,935	874,577	1,035,293	31.4%	118%
2	Loans	475,887	547,133	557,688	17.2%	102%
3	Deposits	600,738	684,841	726,734	21.0%	106%
4	Profit before tax	8,578	9,200	11,341	32.2%	123%
5	Number of employees (person)	15,615	Increase not more than 5%	16,227	3.9%	Conformable
6	Salary cost over profit before tax excluding salary	37%	37%	37%		Conformable
7	Number of new branches	5	5	5		Conformable
8	Non-performing loan ratio	1.48%	<2%	1.11%	Non-performing loan better control	Non-performing loan better control

DEPOSITS (VND BILLION)



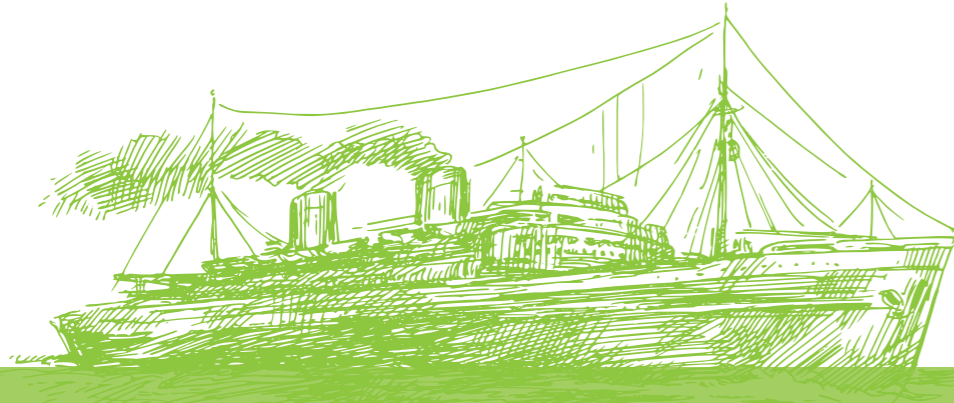
600,738
2016

726,734
2017





ASSESSMENT BY THE BOARD OF DIRECTORS



GOVERNANCE AND MANAGEMENT ACTIVITIES

The Bank's management activity was paid special attention by BOD with key highlights of 2017, including:

Strengthening control of credit quality; positively recovering non-performing loans

Concentrate resources on inspection and supervision of credit activities at the branches; The Board of Directors assigned members of the Board of Directors, members of the Board of Management to be in charge of specific Branches to enhance quality and effectiveness of debt collection and recovery.

Promoted the analysis of credit risk forecasts by sectors in terms of both frequency and content as the basis of providing appropriate credit orientation.

Strictly complied with the regulations of laws and regulations of Vietcombank on credit grant.

Developing and deploying synchronously projects, sub-projects, action program blocks strongly to achieve goals set at Vietcombank development project until 2020

Grasp thoroughly and deploy synchronously sub-projects (including IT, service, investment, human resources projects) and action programs of the blocks (wholesale, retail, capital and finance) in accordance with

common goals at the plan to restructure Vietcombank until 2020 approved by the SBV in combination with settling bad debts with specific measures in order to consolidate, improve operation capacity, financial capacity and management capacity.

At the end of 2017, sub-projects, action programs of the blocks closely followed targets and were on schedule. Big orientations, key measures of the Projects, sub-projects, action programs of the blocks were deployed and achieved important initial results, contributing to operating results of 2017, creating foundation for sustainable development of Vietcombank in future.

Restructuring organization model and human resources in accordance with medium and long-term strategies

Standardized organization models at the Head office, rearrange in the lean direction, reduce departments, divisions with similar work; standardize functions of the Branches, focused on sale and risk management; established regional sale management divisions in the Central and in the South;

Effectively deployed the rearrangement and streamlining of labor; appointment and mobilization of personnel to meet changes of organizational model, improve labor productivity and work quality.

Directed the expansion of networks at home and abroad, including: expanded the network of branches and transaction offices; Established Cash Treatment Centers; Established Remittance Companies; Prepared to establish subsidiaries in Laos and surveyed, formulated projects for establishing branches in Australia.

Implementing solutions to improve financial capacity through capital injection and divestments from some credit institutions

Successfully implemented the plan to raise level II capital to ensure the minimum capital adequacy ratio as regulated by the SBV and improved the ability to meet Basel II of Vietcombank.

Drastically implemented procedures related to the plan to increase level I capital with an increase equivalent to 10% charter capital immediately after receiving the approval of the Government and the SBV.

Divestments were positive at CFC, SGB and OCB as planned. Continued to implement divestments at EIB, MBB.

Continuing to improve processes and internal regulations

Promulgate and apply synchronously important management mechanisms such as: Regulation on labor

rearrangement, Regulation on conditions, standards, management authority of transaction office's chiefs and the number of credit cadres in a transaction office.

Newly promulgate processes, internal regulations; Comply with existing processes such as: Regulations on lending customers; Regulations on authority to approve credit; Credit security policies; credit processes for wholesalers, SMEs; etc

Drastically implementing transformation projects to improve management, operation capacity towards international standards

Projects for improving management capacity were actively implemented, the results of some projects were initially applied to business activities:

Basel II program: Deployed 24/37 initiatives with the goal of ensuring that Vietcombank became a pioneer in complying with regulations and timelines as regulated by the State Bank.

CTOM program: Deployed 22/24 initiatives, in which phase 1 was being deployed at some branches for 6 core initiatives (on transforming organizational structure, coverage model, credit approval process).

ALM/FTP/MPA projects, TF project: were under deployment on schedule.





ASSESSMENT BY THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT

Monthly, the BOD held regular meetings to evaluate business activities, performance of assigned tasks by each member of the BOD. On that basis, a resolution would be promulgated to direct business activities, assign specific tasks to each member of the Board of Directors and supervise the Board of Management to implement, comply with regulations at the Bank's Charter, Regulations on organization and operation of the Board of Directors, Internal management regulations and relevant regulations of Vietcombank.

In 2017, by grasping positive changes of the world economy and Vietnam's economy, the Board of Management operated closely and drastically based on orientations of the Board of Directors as well as followed closely to medium-term, long-term strategic goals and specific goals for 2017 set by GMS and the BOD.

Members of the Board of Directors and the Board of Management always considered interests of shareholders, the State and the Bank as top goals of implementation, well directed, operated and fulfilled their assigned duties and responsibilities.

BUSINESS STRATEGY FOR 2018

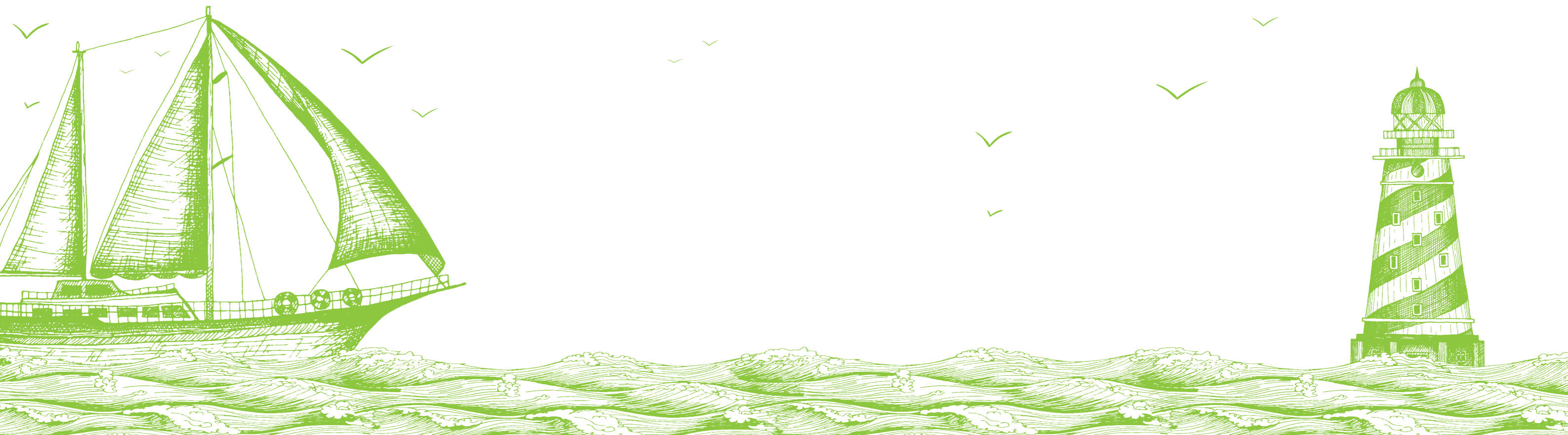
BASE FOR BUILDING 2018 BUSINESS PLAN

Objectives and roadmap for implementing solutions at the Project for restructuring Vietcombank until 2020 with the total target asset of approximately USD 60 billion, equity capital of approximately USD 4.5 billion, ROE of approximately 15%, non-performing loan ratio of less than 2%.

Macroeconomic indicators for 2018 and expected credit growth of the sector in 2018: CPI is forecasted to be under 4%, target GDP growth will be 6.7%, monetary policy will continue to be operated actively and flexibly; credit growth of the whole sector is expected at 17-18%; total import and export turnover of the whole country is expected to grow well at ~ 10%.

BUSINESS ORIENTATION IN 2018

By the motto of **Transformation – Efficiency – Sustainability** in action and **Innovation – Discipline – Responsibility** in corporate governance, the whole Vietcombank system will make every effort in all operations to accomplish all the planned targets in accordance with orientations of the Government and the SBV.





ASSESSMENT BY THE BOARD OF DIRECTORS

The major orientations in some areas are as follows:

BUSINESS OPERATIONS

Promoting retail credit and mobilizing cheap capital; Diversifying portfolio and withdrawing, reducing outstanding debts for low effective businesses; Strengthening the sale of credit in combination with the use of banking services

Restructure the credit portfolio in the direction of improving efficiency through a number of solutions: Withdraw, reduce outstanding loans for enterprises with reduced financial position, enterprises with low interest rate outstanding loans and low overall efficiency, etc.

Control the growth rate of medium and long-term outstanding loans; develop customer by chains, strengthen cross sale; etc

Focus on cheap capital and foreign currency mobilization.

Focusing on implementing three key pillars of business in 2018: Services, Retail, Treasury and Investment

Improving service quality, expanding fee resources, increasing the proportion of income from services (including fees and foreign exchange trade) in total operating income to develop products;

Deploying actively retail transformation operation model (RTOM); taking initiative in developing specific products for regions, improving customer service quality and efficiency of selling retail banking products and services;

Improving profitability of investment. Increasing contribution of investment to total operating income of Vietcombank; Developing new foreign currency trading products and structured products to meet customer needs.

Promoting recovery of non-performing loans and written-off loans

Building roadmap to recover each non-performing loan and have specific action plan in attachment with responsibility of each member in Debt Management Division to shorten debt recovery time.

Reviewing each debt, assessing difficulty and actively coordinating with local governments to promote debt recovery.

Strongly innovating Treasury, FX and trade finance business

Striving to maintain the leading position in bond market. Keeping the leading position in domestic foreign exchange market and promoting growth of currency trading volume with customers. Preserving and enhancing the role of Vietcombank in interbank market.

Developing payment in Vietnamese dong with countries that are large trading partners of Vietnam, reviewing and improving payment services on behalf of domestic banks and foreign banks' branches in Vietnam.

Striving to expand market share of international payment and trade finance by effectively exploiting customers having large export turnover, major industries of localities, and customers who are FDI enterprise and auxiliary enterprises.

Continuing to reinforce business operations of subsidiaries and investment efficiency

Closely supervising, creating favorable conditions and promoting combination/coordination between branches/divisions and subsidiaries to improve performance efficiency of subsidiaries.

Completing projects of ownership transformation of subsidiaries: VCBL and VCBS, continuing to divesting at some credit institutions.

CORPORATE GOVERNANCE

Drastically implementing transformation projects on schedule

Speeding up the implementation of programs/projects: Basel II, the retail transformation operation model that addresses the governance requirements of international standards and the target of the 1st position in retail.

Prioritizing investment and deployment of projects under the IT development project until 2020.

Focusing on deploying Corebanking projects, TF projects, CLOS projects, ALM/FTP projects, MPA projects, etc. on schedule.

Deploying wholesale credit transformation model

Deploying sale models and sale procedures for each customer segment; investing in CRM systems to support sales and customer care;

Evaluating results of deploying phase 1 and planning the application of the transformed model to remaining branches in the system; transforming CRC model to reduce workload for RM.

Strengthening inspection, supervision

Continuing to carry out the transformation of inspection, internal auditing activities according to the direction, in accordance with international practices, in satisfaction with Basel II requirements.

Strengthening inspection and supervision of units and operational processes of Vietcombank,

especially units/processes with high risk, systematic risk to timely minimize and alert, detect risks; strengthening supervision and remote monitoring of business activities and implementation of inspection and auditing proposals.

Other activities

Focusing on building learning, self-training culture to raise the level; Using results of training, examinations and skills tests in human resource management; increasing the average number of training sessions, examinations/skills tests to improve the quality of human resources.

Speeding up the construction and purchase of branch offices; Implementing changes to Vietcombank's brand identity.

Actively deploying sale emulation movements, achievement emulation movements to celebrate the 55th anniversary of Vietcombank.

Actively implementing social security, prioritizing education, health, support to mitigate natural disasters, etc.

DETAILS OF KEY INDICATORS IN 2018

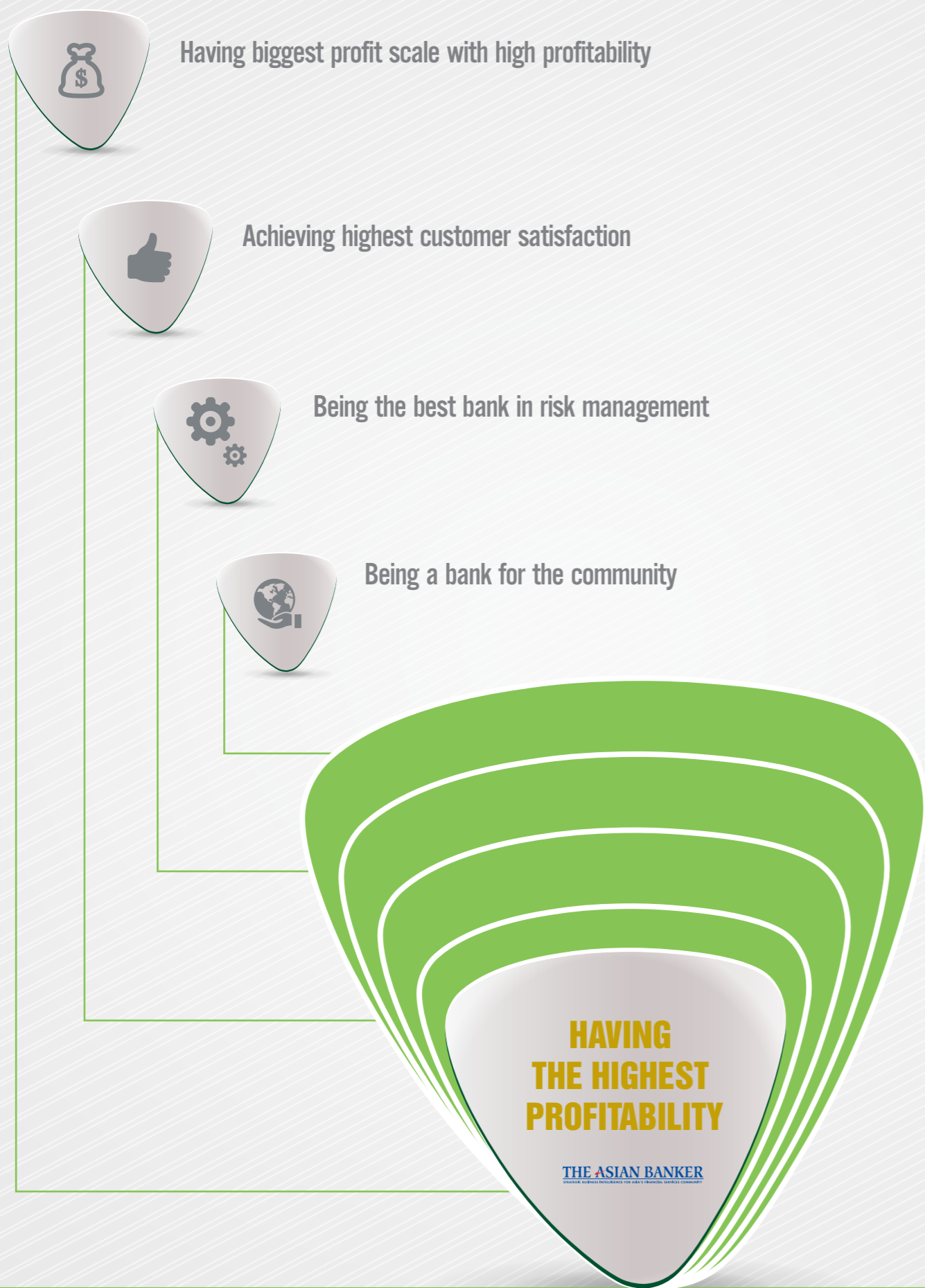
With the achievements in the last years, Vietcombank is strengthening its solid foundation to continue to develop and break-through more strongly in the future.

With efforts, determination of the Board of Directors, Board of Management and more than 16,000 employees in the whole Vietcombank system, Vietcombank will definitely make full use of all advantages and opportunities of 2018, complete and exceed planned targets set by GMS, further develop Vietcombank and become closer to its strategic goal to become the number one bank in Vietnam, one of the 100 leading banks in the region, one of the 300 largest financial and banking groups in the world and to be managed by the best international practices.

Some key indicators of 2018 to present to GMS

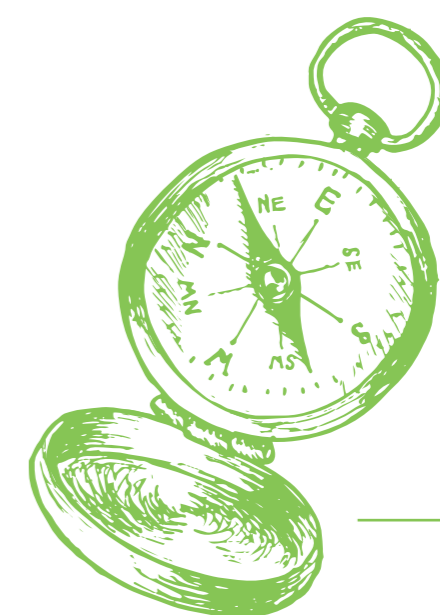
No.	indicators	Implemented 2017	Plan 2018
1	Total assets (VND billion)	1,035,293	increase ~14.0%
2	Loans (VND billion)	557,688	increase ~15.0%
3	Deposits (VND billion)	726,734	increase ~15.0%
4	Profit before tax (VND billion)	11,341	13,300
5	Number of employees (person)	16,227	Increase not more than 6%
6	Salary cost over profit before tax excluding salary	37.00%	37.00%
7	Number of new branches	5	6
8	Non-performing loan ratio	1.11%	< 1.5%
9	Dividend payout ratio (%/face value)	8%	8%





1

COMMITMENT





ORGANIZATION AND HUMAN RESOURCES

HUMAN RESOURCES

Vietcombank's total workforce as at December 31st 2017 was 16,227 people (consolidated number including affiliates). With large and increasingly growing number of employees, Vietcombank's leaders always focus on human resource development as this is the key to the success and effectiveness of the Bank:

- ◆ Human resources are managed under the best practices in order to build, develop and maintain a high-quality team who supports to implement the Bank's goals to become the leading bank in human resource quality.
- ◆ Taking initiative in applying flexibly, creatively, drastically, innovatively in organization and human resources. On one hand, arranging and strengthening the organizational structure in the direction of specialization, streamlining, efficiency in accordance with international practices. On the other hand, constantly reforming staff management policies in all phases from recruitment to planning, recruitment, appointment, rotation, discipline, evaluation, staff training; renovating staff evaluation methods.

- ◆ Employee quality is controlled from the recruitment step with a serious and professional recruitment policy; Staffs employed are suitable for the recruited position.
- ◆ HR planning activities are carried out fully and seriously to build a team of leaders who are updated with knowledge and have professional experiences in operation and management.
- ◆ Training activities are pushed to improve both quantity and quality of training courses for employees.
- ◆ The salary mechanism is newly developed, attaching remuneration to productivity, work quality, performance to create motivation for the staffs.

Vietcombank is actively implementing the Human resource development and management strategy until 2020 as a prerequisite to successfully implement the Bank restructuring project as directed by the Government and the State Bank of Vietnam.



CHANGES OF MEMBERS OF BOD AND BOM

The composition of the leadership had some changes as follows:

Decrease:

- ◆ Mr. Nguyen Danh Luong - Deputy CEO retired from 01/11/2017.
- ◆ Mrs. Le Thi Hoa - Member of BOD, retired from 01/07/2017.
- ◆ Mr. Yutaka Abe resigned as Member of BOD and Deputy CEO from 28/04/2017.
- ◆ Mrs. Phung Nguyen Hai Yen resigned as Chief accountant from 15/12/2017.

Increase:

- ◆ Mr. Eiji Sasaki - elected as a Member of BOD from 28/04/2017, concurrently Deputy CEO from 15/12/2017.
- ◆ Mr. Nguyen My Hao - elected as a Member of BOD from 28/04/2017.
- ◆ Mr. Pham Anh Tuan - elected as a Member of BOD from 28/04/2017.
- ◆ Mrs. Phung Nguyen Hai Yen - elected as Deputy CEO from 15/12/2017.
- ◆ Mr. Le Quang Vinh - elected as Deputy CEO from 15/12/2017.
- ◆ Mr. Le Hoang Tung - elected as the Chief Accountant from 15/12/2017.
- ◆ Mr. Thomas William Tobin - elected as Head of Retail from 16/10/2017.
- ◆ Mr. Nguyen Thanh Tung - elected as Head of Wholesale from 15/12/2017.

NETWORK AND ORGANIZATION OF VIETCOMBANK

As at December 31st 2017, Vietcombank's operational network included:

- ◆ Head Office.
- ◆ 101 branches.
- ◆ 397 transaction offices.
- ◆ 04 subsidiaries in Vietnam.
- ◆ 01 Representative Office in Singapore, 01 Representative Office in the South and 02 overseas subsidiaries (Vinafico Hongkong and Vietcombank Money Incorporation).
- ◆ 02 non-business units (Training Center, Cash Treatment Center).
- ◆ 04 other joint ventures and associates.

16,227



TOTAL EMPLOYEES - AS AT DECEMBER 31ST 2017





BOARD OF DIRECTORS



◀ Mr. **NGHIEM XUAN THANH**

Chairman of the Board of Directors

Education:

Ph.D. in Economics, Banking Academy
Master of Economics, Banking Academy

Mr. **PHAM QUANG DUNG** ▶

Member of the Board of Directors and
Chief Executive Officer

Education:

Master of Banking and Finance, Birmingham University, UK
Bachelor of Economics, National Economics University



Mr. **PHAM ANH TUAN** ▶

Member of the Board of Directors

Education:

Master of Business Administration, South Columbia
University
Bachelor of Economics, University of Economics
Ho Chi Minh City



◀ Mr. **NGUYEN MY HAO**

Member of the Board of Directors

Education:

Master of Economics, Banking Academy
Bachelor of Economics, Banking Academy



◀ Mr. **NGUYEN MANH HUNG**

Member of the Board of Directors

Education:

Master of Economics, Vietnam - The Netherlands
Master Program
Bachelor of Economics, National Economics University



◀ Mr. **EIJI SASAKI**

Member of the Board of Directors
and Deputy CEO

Education:

Bachelor of Economics - University at Buffalo, The
State University of New York
Bachelor of Economics, Nihon University (Japan)

Ms. **NGUYEN THI DUNG** ▶

Member of the Board of Directors

Education:

Ph.D. in Economics, National Economics University
Master of Economics, National Economics University
Bachelor of Economics, Moscow Institute of
Economics and Finance (Russia)





BOARD OF MANAGEMENT

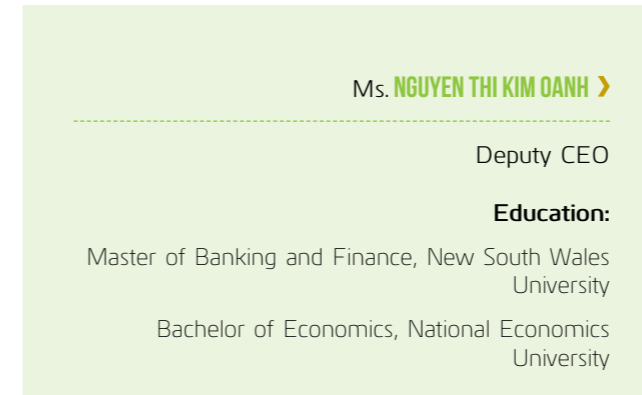


◀ Mr. PHAM QUANG DUNG ▶

Chief Executive Officer

Education:

Master of Banking and Finance, Birmingham University, UK
Bachelor of Economics, National Economics University



Ms. NGUYEN THI KIM OANH ▶

Deputy CEO

Education:

Master of Banking and Finance, New South Wales University
Bachelor of Economics, National Economics University

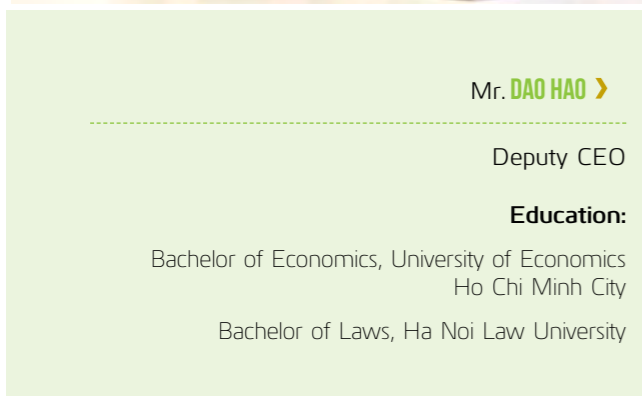


◀ Ms. DINH THI THAI ▶

Deputy CEO

Education:

Master of Economics, National Economics University
Bachelor of Economics, Foreign Trade University



Mr. DAO HAO ▶

Deputy CEO

Education:

Bachelor of Economics, University of Economics Ho Chi Minh City
Bachelor of Laws, Ha Noi Law University



◀ Mr. EIJI SASAKI ▶

Deputy CEO

Education:

Bachelor of Economics - University at Buffalo, The State University of New York
Bachelor of Economics, Nihon University (Japan)



Mr. PHAM MANH THANG ▶

Deputy CEO

Education:

Ph.D. in Economics, Banking Academy
Master of Economics, Banking Academy
Bachelor of Economics, Banking Academy



Ms. TRUONG THI THUY NGA ▶

Deputy CEO

Education:

Master of Business Administration, Impac University
Bachelor of Accounting, Da Nang University of Science and Technology
Bachelor of Law, Law University



◀ Mr. DAO MINH TUAN ▶

Deputy CEO

Education:

Master of Economics, Banking Academy
Applied Mathematics Engineering, Ha Noi University of Science and Technology.
Bachelor of Economics, National Economics University





BOARD OF MANAGEMENT

Mr. LE QUANG VINH >

Deputy CEO

Education:

Master of Economics, New South Wales University, Australia
Bachelor of Economics, National Economics University



< Ms. PHUNG NGUYEN HAI YEN

Deputy CEO

Education:

Master of Economics, Banking Academy - CPA Australia
Bachelor of Economics, Banking Academy



Mr. LE HOANG TUNG >

Chief Accountant

Education:

Master of Economics, Academy of Finance
Bachelor of Economics, Academy of Finance



< Mr. THOMAS WILLIAM TOBIN

Retail Banking Group Director

Education:

Master of Business Administration, McMaster University (Canada)
Bachelor of Economics, Toronto (Canada)



< Mr. NGUYEN THANH TUNG

Wholesale Banking Group Director

Education:

Master of Economics, Paris Dauphine University
Bachelor of Economics, Foreign Trade University



SUPERVISORY BOARD

< Ms. TRUONG LE HIEN

Head of Supervisory Board

Education:

Master of Development Economics, Vietnam - The Netherlands Master Program
Bachelor of Economics, Banking Academy

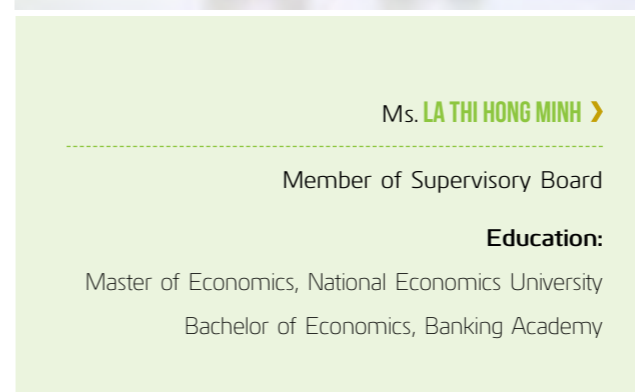


Ms. LA THI HONG MINH >

Member of Supervisory Board

Education:

Master of Economics, National Economics University
Bachelor of Economics, Banking Academy



< Ms. DO THI MAI HUONG

Member of Supervisory Board

Education:

Master of Economics, Foreign Trade University
Bachelor of Economics, Foreign Trade University

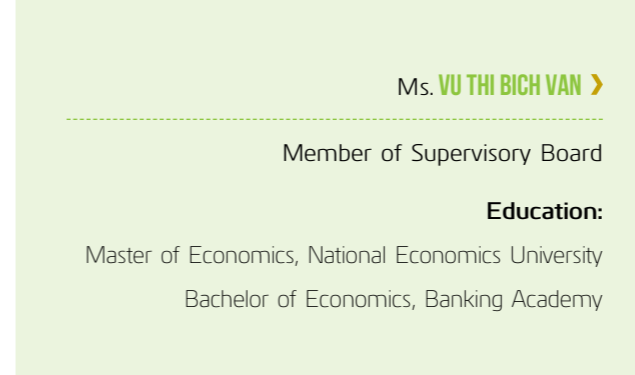


Ms. VU THI BICH VAN >

Member of Supervisory Board

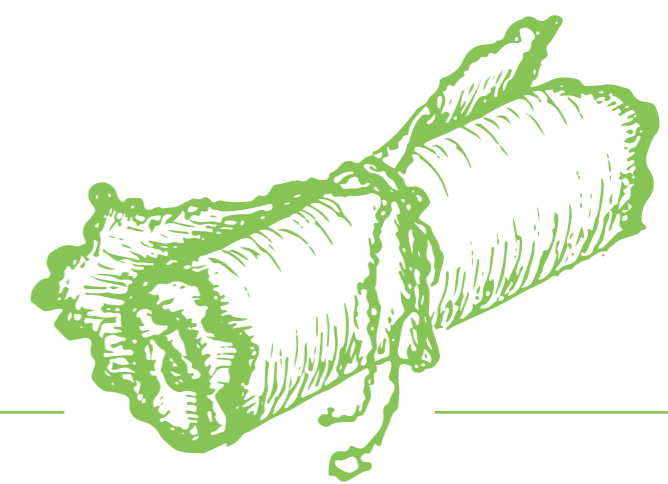
Education:

Master of Economics, National Economics University
Bachelor of Economics, Banking Academy





1 APPROACH





BOARD OF DIRECTORS

Structure of the Board of Directors

No.	Name	Position	VCB shares owned		Remarks
			Number of shares	Ownership percentage	
1	Nghiem Xuan Thanh	Chairman of BOD	39,025	0.00108%	Elected as member of BOD by General Meeting of Shareholders (GMS) from April 25 th 2013. Elected as Chairman by the BOD from November 1 st 2014. Non-executive member.
2	Pham Quang Dung	Member of BOD, CEO	3,281	0.00009%	Elected as member of BOD by GMS from April 25 th 2013. Appointed as CEO by the BOD from November 1 st 2014.
3	Eiji Sasaki	Member of BOD and Deputy CEO	0	0.00000%	Elected as member of BOD by GMS from April 28 th 2017.
4	Nguyen Thi Dung	Member of BOD	3,105	0.00008%	Elected as member of BOD by GMS from April 25 th 2013. Independent member.
5	Pham Anh Tuan	Member of BOD	0	0,00000%	Elected as member of BOD by GMS from April 28 th 2017. Non-executive member.
6	Nguyen My Hao	Member of BOD	7,012	0.00019%	Elected as member of BOD by GMS from April 28 th 2017. Non-executive member.
7	Nguyen Manh Hung	Member of BOD	2,270	0.00006%	Elected as member of BOD by Extraordinary General Meeting from December 26 th 2014. Non-executive member.

ACTIVITIES OF BOARD OF DIRECTORS

In 2017, the Board of Director of Joint Stock Commercial Bank for Foreign Trade of Vietnam – Vietcombank (VCB) organized 70 meeting sessions (22 plenary sessions and 48 regular sessions) to direct Vietcombank's operation in each period, making decisions on matters within the competence of BOD and making discussion on some other specific topics.

Details of the meetings and the participation of each member are of follows:

No.	Member of BOD	Position	Number of meetings attended	Attendance rate	Reason for absence
1.	Nghiem Xuan Thanh	Chairman of BOD	70/70	100%	
2.	Pham Quang Dung	Member of BOD, CEO	70/70	100%	
3.	Yutaka Abe	Member of BOD ¹ , Deputy CEO	6/22	27%	⁽³⁾
4.	Eiji Sasaki	Member of BOD	16/22	73%	⁽³⁾
5.	Nguyen Danh Luong	Member of BOD ¹ , Deputy CEO	17/22	77%	⁽⁴⁾
6.	Le Thi Hoa	Member of BOD	40/70	57%	⁽⁴⁾
7.	Nguyen Manh Hung	Member of BOD	70/70	100%	
8.	Nguyen My Hao	Member of BOD	45/70	64%	⁽³⁾
9.	Nguyen Thi Dung	Independent Member of BOD ²	22/22	100%	
10.	Pham Anh Tuan	Member of BOD	45/70	64%	⁽³⁾

Notes:

⁽¹⁾ Mr. Nguyen Danh Luong and Mr. Yukata Abe are concurrent members of the BOD; thus only their attendance in plenary sessions was counted. Additionally, depending on different issues, Mr. Nguyen Danh Luong might be invited to attend the meetings but his attendance was not counted in the above table.

⁽²⁾ Ms. Nguyen Thi Dung is an independent member of BOD, only attended plenary sessions.

⁽³⁾ Mr. Yutaka Abe resigned as a Member of BOD from 28/04/2017, only counted the rate of participation in meetings from January, 2017 until 28 April 2017. Mr. Eiji Sasaki, Pham Anh Tuan and Nguyen My Hao were elected as Members of BOD from 28/04/2017, only counted the rate of participation in meetings from 28/04/2017 to 30/12/2017.

⁽⁴⁾ Mr. Le Thi Hoa retired from 01/07/2017, only counted the rate of participation in meetings from January, 2017 until 30 June 2017. Mr. Nguyen Danh Luong retired from 01/11/2017, only counted the rate of participation in meetings from January, 2017 to the end of 31 October 2017.





COMMITTEES UNDER BOARD OF DIRECTORS

Structure of the Committees

Risk Management Committee

Risk Management Committee assists BOD in approving appropriate policies and directions with regard to various types of risks (credit risk, market risk, operational risk, etc.) in each period, including defining ratios, limits/restrictions and risk appetite of the Bank.

Risk Management Committee consists of 7 members:

- 1. Mr. **Nguyen Manh Hung**, Member of BOD - Head of Committee
- 2. Ms. **Nguyen Thi Dung**, Independent member of BOD - Member
- 3. Mr. **Pham Anh Tuan**, Member of BOD - Member
- 4. Mr. **Eiji Sasaki**, Member of BOD - Member
- 5. Ms. **Dinh Thi Thai**, Deputy CEO - Member
- 6. Mr. **Dao Hao**, Deputy CEO - Member
- 7. Ms. **Nguyen Thi Kim Oanh**, Deputy CEO - Member

In 2017, Risk Management Committee organized 4 regular meeting sessions, coordinated with related departments to develop and accomplish Vietcombank’s regulations, and consulted BOD with risk management strategies and policies, covering numerous aspects of Vietcombank’s operation. In addition, the Committee played a proactive role in boosting the implementation of initiatives to gradually apply Basel II in accordance with the approved roadmap.

Human Resource Committee

Human Resource Committee advises BOD with matters related to human resources, remuneration policies, salaries, bonuses and other compensation policies of Vietcombank.

Human Resource Committee consists of 5 members:

- 1. Mr. **Ngkiem Xuan Thanh**, Chairman of BOD - Head of Committee
- 2. Mr. **Pham Quang Dung**, Member of BOD and CEO - Member
- 3. Mr. **Nguyen My Hao**, Member of BOD - Member
- 4. Mr. **Nguyen Manh Hung**, Member of BOD - Member
- 5. Mr. **Hong Quang**, Head of Human Resource Department - Member

After new polices on human resource management were reviewed and issued simultaneously, Human Resource Committee actively assessed and managed the staffs under its competence. In the last time, the appointment and reappointment of leaders at the Head office and business units have been approved by Human Resource Committee, contributing to improving capacity and quality of staff management.

MEMBERS OF THE BOARD OF DIRECTORS WERE INVOLVED IN TRAINING PROGRAMS ON CORPORATE GOVERNANCE.





SUPERVISORY BOARD

Members & Structure of the Supervisory Board:

As of January 1st 2017, Supervisory Board consisted of 04 members, including 03 permanent members and 01 concurrent member. There were no changes in the structure of Supervisory Board in 2017. Below is the list of the members of Supervisory Board and their ownership rates as of December 31st 2017:

No.	Full name	Position	VCB shares owned	
			Number of shares	Ownership percentage
1.	Truong Le Hien	Head of Supervisory Board	5,051	0.00014%
2.	Vu Thi Bich Van	Member of Supervisory Board	0	0.00000%
3.	La Thi Hong Minh	Member of Supervisory Board	3,281	0.00009%
4.	Do Thi Mai Huong	Member of Supervisory Board	5,304	0.00015%

Activities of Supervisory Board

Assessment on the activities of Supervisory Board

Supervision of BOD, BOM and shareholders by the Supervisory Board

Supervisory Board supervised BOD and BOM in the implementation of business orientations and objectives in 2017 of Vietcombank, which were approved by AGM, supervising the compliance with the laws and the Bank's Charter in management and governance. In general, in 2017, BOD and BOM well directed and managed Vietcombank's business operations in line with the business objectives and targets and achieved good results. BOD and BOM complied with the provisions of the Law on Credit Institutions and the Bank's Charter in management and governance.

Implementing the provisions in the Law on Credit Institutions, Supervisory Board has followed up with the list of founders, major shareholders, and people related to members of BOM, members of Supervisory Board, and CEO as well as updated information regularly. In 2017, Vietcombank had one internal transaction of purchasing VCB stocks. The transaction was conducted in accordance with the regulations on information disclosure in security market.

The coordination between the Supervisory Board and BOD, BOM and other managers

Implementing Regulations on Internal governance of Vietcombank, Supervisory Board attended regular/periodic meetings of BOD/standing BOD and monthly meetings of BOM. Supervisory Board was also fully provided with information and documents about management, governance and business activities of

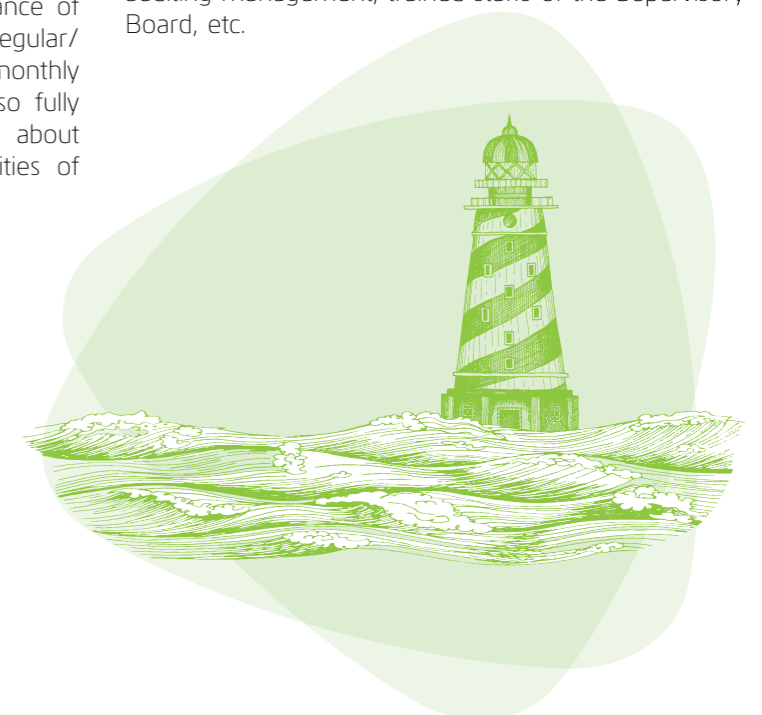
the Bank to serve its supervisory activity. Members of Supervisory Board participated in training courses and professional seminars to enhance knowledge about management and governance in banking sector.

Through its activities, Supervisory Board has proposed solution for risk management enhancement to BOD and BOM in order to ensure the compliance with the laws, Charter, and internal regulations, contributing to improving operational quality and efficiency of the Bank and completing business targets for 2017.

Other activities of the Supervisory Board

In 2017, the Supervisory Board completed preparation of internal control system assessment report in 2016, evaluated financial statements for the fiscal year 2016 and for the first 6 months of the year 2017, conducted 23 auditing sessions according to the plan and 02 sudden auditing sessions (audited units included: 05 subsidiaries, 08 branches, 04 departments/divisions/centers of the Head office and 08 topics fully related to goods), supervised operating areas of the Banks and activities of subsidiaries, monitored the compliance with adequacy ratios, etc.

In 2017, the Supervisory Board deployed phase 2 of the project of enhancing internal inspection/audit capability and transforming internal audit function (under Basel II project), completed the project of auditing information technology, deployed the project for investing in software for VCB's internal inspection, auditing management; trained staffs of the Supervisory Board, etc.





CORPORATE GOVERNANCE

List and contents of Supervisory Board's meetings:

Date	Number of Board members attended	Meeting content
19/01/2017	4/4	Summarizing activities of Supervisory Board in 2016 and orienting operations for 2017
07/04/2017	4/4	Presenting evaluation report on financial statements for the fiscal year 2016 of Vietcombank. Approving draft report of Supervisory Board at AGM 2017
21/07/2017	4/4	Summarizing activities of Supervisory Board in the first 6 months of 2017 and orienting operations for the last 6 months of 2017.
13/10/2017	4/4	Reporting the monitoring, supervision of implementing recommendations of the Supervisory Board. Orienting operations of Internal auditing for the last 3 months of 2017 and 2018.

REMUNERATIONS, BENEFITS AND EXPENDITURES FOR MEMBERS OF BOARD OF DIRECTORS AND SUPERVISORY BOARD

According to the Resolution of the 10th AGM on 28/04/2017, remunerations for BOD and Supervisory Board in 2017 were approved at 0.35% profit after tax.

In fact, members of BOD and Supervisory Board receive salaries and other benefits in accordance with Regulations on Salary and other policies of Vietcombank. Total expenditure for members of BOD and Supervisory Board in 2017 did not exceed the amount approved by AGM.

TRANSACTIONS OF INTERNAL SHAREHOLDERS AND RELATED PERSONS

In 2017, the transaction of purchasing VCB stocks made by internal shareholders and related people were detailed below:

NO.	Individuals in transaction	Position	Number of shares owned at beginning		Number of shares owned at ending		Reasons (buy, sell, transfer, bonus, etc)
			Number of shares	Holding ratio	Number of shares	Holding ratio	
1	Nghiêm Xuân Thanh	Chairman of BOD	29,025	0.00081%	39,025	0.00108%	Buy
2	Dinh Thị Thái	Deputy CEO	1,798	0.00005%	98	0.0000002%	Sell
3	Le Đức Thanh		5,051	0.00014%	51	0.00000002%	Sell



INVESTOR RELATION

In 2017, investor relation continued to be improved. On the one hand, Vietcombank strictly followed the regulations on information disclosure, ensured timely provision of transparent information to investors. On the other hand, Vietcombank strengthened contact with investors, shareholders through direct conversations at the head office, attendance at domestic and foreign investment conferences, frequent updates and publishing Vietcombank's brochures and quarterly business results.

Investor meetings

- ◆ Vietcombank held 70 meetings at Vietcombank with hundreds domestic and international institutional/individual investors, securities companies, and fund management companies.
- ◆ Foreign investors interested in Vietcombank came from different countries with the majority from foreign investment funds located in Vietnam, followed by investors from USA, Japan, Korea, Singapore, Europe, etc.

During meetings, the investors were timely updated with the movements of macro economy and banking sector, the operation and prospectus of Vietcombank. Good performance and effective investor relation raised Vietcombank's shares at securities market, especially compared with those of listing banks.

Participation in international investment conferences

Being a large public company with significant impact, with a highly appreciated IR team, Vietcombank has been invited to various domestic and overseas investment events every year. In 2017, Vietcombank decided to participate in the following events:

- ◆ Investment events organized by Daiwa Capital Markets (Japan) at the world's large financial centers: New York (05/2017), Singapore (08/2017), Hong Kong (11/2017).
- ◆ Investment events organized abroad by other prestigious financial institutions: Credit Suisse organized in London and New York (02/2017), UBS organized in Bangkok (05/2017), KIS organized in Seoul (06/2017).
- ◆ Domestic investment events organized by Vietnam's leading securities companies: Vietnam Access Day of VCSC (03/2017), Vietnam Conference 2017 of HSC (09/2017), Gateway to Vietnam of SSI and Dragon Capital (10/2017).

Continuously being invited to attend all the most important investment events organized in the country and being one of the few Vietnamese enterprises constantly invited to participate in international events have affirmed the position of Vietcombank in the eyes of the investment community. Through these events, the IR department provided information fully and regularly to investors, strengthening connections with hundreds of prestigious financial institutions, investment funds at home and abroad, contributing to facilitating implementation of capital increase plans in the coming time.





RISK MANAGEMENT

WITH REGARD TO IMPROVING RISK MANAGEMENT EFFICIENCY, VIETCOMBANK HAS BEEN IMPLEMENTING COMPREHENSIVE, SCIENTIFIC AND SYSTEMATIC RISK MANAGEMENT TO IDENTIFY, CONTROL, PREVENT AND MINIMIZE POTENTIAL LOSS THAT MAY ARISE.

THE MAIN RISKS



CREDIT RISK

Vietcombank is always proactive in researching and applying modern credit risk management methods in conformity with the best international practices, to be specific:

Vietcombank is one of the 10 banks selected by the SBV to implement Basel II in Vietnam. Closely following the roadmap, together with coordination, support for implementation by experienced and prestigious international consulting units, Vietcombank has achieved positive results, which are the basis for successfully implementing Basel II such as: (i) designing risk culture and appetite (ii) reviewing and consolidating risk management apparatus towards to international practices; (iii) separating functions of 3 Lines of Defense in risk management (iv) forming an organizational structure in data management; (v) building and/or reviewing document systems, credit risk management policies, credit risk quantitative models (such as Probability of Default (PD) models; Loss given default (LGD) models, etc).

Completing credit operating model toward centralizing and specializing by functions and separating business and risk management in conformity with international practices, conditions in Vietnam and development strategy of Vietcombank. This is a big step in Vietcombank's credit activities in all aspects - organizational, management models, human and technology systems.



Building and completing early warning system to help the Bank timely detect risks that may occur and, therefore, having prompt actions in customer management to minimize risks and increase inspection and supervision efficiency.

To promote the efficiency of Three Lines of Defense, Vietcombank has updated and enhanced capability of internal inspection and audit system, centralized internal inspection function at Head Office as well as established internal inspection teams at the areas and at the same time has deployed the project to improve internal auditing capability in order to meet the requirements of international standards and practices.

LIQUIDITY RISK

Vietcombank's liquidity risk management strictly complies with the SBV's regulations on solvency and liquidity ratios in banking operations. Vietcombank has more closely managed volatility of capital supply and demand and ensured balance between liquidity and profitability for the Bank.

Vietcombank always strictly aims at meeting international standards and practices in liquidity risk management. In 2017, Vietcombank actively fulfilled the liquidity risk management framework, implemented and improved liquidity gap management tools that integrate customer behavior models, early warning signs and tested liquidity stress according to scenarios and developed a corresponding contingency plan, etc.



MARKET RISK

For interest rate risk management, Vietcombank has set up a system of policies and processes to identify, measure, monitor, and report the risks in accordance with international practices. Vietcombank has measured and managed the difference in reprising gap between rate-sensitive assets and rate-sensitive liabilities, the sensitive of net interest income and the sensitive of economic value of equity and used the appropriate derivative product to minimize negative impact of interest rate fluctuations.

For transaction market risk management, Vietcombank has set up a centralized management policy for valuable papers, foreign exchange in the whole system and risk prevention methods to limit the impact of interest rate and currency fluctuations on the portfolio of the bank.

In 2017, Vietcombank continued to fulfill market risk management framework as required by Basel II, implemented and fulfilled market risk management models and applied some market risk limitations according to international practices.

OPERATIONAL RISK

The operational risk management (ORM) of Vietcombank has been constantly focused and improved towards advanced risk management standards in the world. Model, organizational structure, policies, and procedures of operational risk management under Basel II continued to be completed and implemented whole system. All new policies, regulations, products and activities of the bank, including outsourced activities were evaluated to ensure the prevention, detection and mitigation of operational risks before their issue and during implementation. Operational risk mitigation measures were implemented and monitored closely. Potential operational risk warnings were timely spread throughout the system based on internal and external operational risk incidents.

In addition, Vietcombank also focused on fraud risk management, with the development and implementation of a Fraud Risk Management (FRM) Framework, issuance of policies, procedures for fraud risk management and human resource related regulations to prevent and detect fraud risks. Vietcombank also deployed a denouncement mechanism.

In addition to measures to prevent, detect and mitigate operational risks, Vietcombank also conducted operational risk transfer through the operational risk insurance packages for its assets.





BUSINESS NETWORK

Branch	Address	Tel/Fax
An Giang	30-32 Hai Ba Trung Street, My Long Ward, Long Xuyen City, An Giang Province	02963.898999 - 02963.841075-02963.841816
Ba Dinh	521 Kim Ma Street, Ngoc Khanh Ward, Ba Dinh District, Ha Noi City	024.37665318
North Binh Duong	Lot D1-4-TT, NA3 Street, My Phuoc 2 IP, My Phuoc Ward, Ben Cat Town, Binh Duong Province	0274.3697979
Bac Giang	278 Hoang Van Thu Street, Dinh Ke Ward, Bac Giang City, Bac Giang Province	0204.3855576
North Ha Tinh	52 Tran Phu Street, Hong Linh Town, Ha Tinh Province	0239.6262555
Bac Lieu	14-15 Lot B, Ba Trieu Street, Ward 3, Bac Lieu City, Bac Lieu Province	0291.3955055
Bac Ninh	Nga 6, Dai Phuc Ward, Bac Ninh City, Bac Ninh Province	0222.3811880
North Sai Gon	Administrative Area, Road 7, Vinh Loc IP, Binh Hung Hoa Ward, Binh Tan District, HCMC	028.37654666
Ben Tre	55B3, Dong Khoi Boulevard, Phu Khuong Ward, Ben Tre City, Ben Tre Province	0275.6255888
Bien Hoa	22, 3A Street, Bien Hoa 2 IP, Bien Hoa City, Dong Nai Province	0251.3991944
Binh Dinh	66C Le Duan Street, Ly Thuong Kiet Ward, Quy Nhon City, Binh Dinh Province	0256.3526666 - 0256.3526526
Binh Duong	314 Binh Duong Boulevard, Phu Hoa Ward, Thu Dau Mot City, Binh Duong Province	0274.3831227
Binh Phuoc	744 Phu Rieng Do Street, Tan Xuan Ward, Dong Xoai Town, Binh Phuoc Province	0271.3558888
Binh Tay	129-129A Hau Giang Street, Ward 5, District 6, HCMC	028.39600477 - 028.39600478
Binh Thuan	50 Nguyen Tat Thanh Boulevard, Hung Long Ward, Phan Thiet City, Binh Thuan Province	0252.3739064 - 0252.3739065
Ca Mau	07 An Duong Vuong Street, Ward 7, Ca Mau City, Ca Mau Province	0290.3575857-0290.3835207
Can Tho	03-05-07 Hoa Binh Street, Tan An Ward, Ninh Kieu District, Can Tho City	0292 3820445
Chau Doc	20 Le Loi Street, Chau Phu B Ward, Chau Doc City, An Giang, Province	0296.3565603 - 0296.3561702
Chuong Duong	562 Nguyen Van Cu Street, Gia Thuy Ward, Long Bien District, Ha Noi City	024.3652.3333
Da Nang	140-142 Le Loi Street, Hai Chau Ward, Hai Chau District, Da Nang City	0236.3822110
Dak Lak	06 Tran Hung Dao Street, Thang Loi Ward, Buon Ma Thuot City, Dak Lak Province	02623.818444 - 0262.2240777-0262.3857899
Dong Anh	Nghia Lai Village, Uy No Commune, Dong Anh District, Ha Noi City	(024).38835999
Dong Nai	53-55 Vo Thi Sau Street, Quyet Thang Ward, Bien Hoa City, Dong Nai Province	0251.3823666
East Sai Gon	22F-24 Phan Dang Luu, Ward 06, Binh Thanh District, HCMC	028.38407924
Dong Thap	66, 30/4 Street, Ward 1, Cao Lanh City, Dong Thap Province	0277.3872110 - 0277.3872114
Dung Quat	East of Dung Quat IP, Binh Thuan Commune, Binh Son District, Quang Ngai Province	0255.3632333 - 0255.3632212-0255.3632797
Gia Dinh	423-425 Le Van Viet Street, Tang Nhon Phu A Ward, District 9, HCMC	028.37307799
Gia Lai	33 Quang Trung Street, Hoi Thuong Ward, Pleiku City, Gia Lai Province	0269.3875566
Go Vap	366A33 Phan Van Tri Street, Ward 5, Go Vap District, HCMC	028.3985 6868
Ha Long	166 Ha Long Road, Bai Chay Ward, Ha Long City, Quang Ninh Province	0203.3811808 - 0203.3811911
Ha Nam	Hai Ha Commercial and Service Center, Le Hoan Street, Hai Ba Trung Ward, Phu Ly City, Ha Nam Province	0226 361 6666
Ha Noi	Floor 1-5 , 11B Cat Linh Street, Quoc Tu Giam Ward, Dong Da District, Ha Noi City	024.39746666

Branch	Address	Tel/Fax
Ha Tay	Lot HH-03, Van Phuc Village, Ha Dong District, Ha Noi City	024.33554545
Ha Thanh	344 Ba Trieu Street, Le Dai Hanh Ward, Hai Ba Trung District, Ha Noi City	024.36503333
Ha Tinh	02 Nguyen Thi Minh Khai Street, Tran Phu Ward, Ha Tinh City, Ha Tinh Province	0239.3857003 - 0239.3777886
Hai Duong	66 Nguyen Luong Bang Street, Binh Han Ward, Hai Duong City, Hai Duong Province	0220.3896545
Hai Phong	275 Lach Tray Street, Dang Giang Ward, Ngo Quyen District, Hai Phong City	0225.3842658
Ho Chi Minh	VBB Building, No. 5 Me Linh Square, Ben Nghe Ward, District 1, HCMC	028.38297245 - 028.39141777
Hoan Kiem	23 Phan Chu Trinh Street, Phan Chu Trinh Ward, Hoan Kiem District, Ha Noi City	024 39335566
Hoang Mai	Floor 1-2, Tower 1, Times City, 458 Minh Khai, Vinh Tuy Ward, Hai Ba Trung District, Ha Noi City	024.38383383
Hue	78 Hung Vuong Street, Phu Nhuan Ward, Hue City, Thua Thien Hue Province	0234.3811900
Hung Vuong	664 Su Van Hanh Street, Ward 12, District 10, HCMC	028.38663983 - 028.38663984-028.386624810
Hung Yen	Ban Yen Nhan Town, My Hao District, Hung Yen Province	0221.3941886
Khanh Hoa	17 Quang Trung Street, Van Thanh Ward, Nha Trang City, Khanh Hoa Province	0221.3589368
Kien Giang	89, 3/2 Street, Vinh Bao Ward, Rach Gia City, Kien Giang Province	02973862749
Kon Tum	348 Tran Hung Dao Street, Kon Tum City, Kon Tum Province	0260.3703337
Ky Dong	13-13 Bis Ky Dong Street, Ward 9, District 3, HCMC	028.39318968
Lam Dong	33 Nguyen Van Cu Street, Ward 1, Da Lat City, Lam Dong Province	0263.3511811
Lang Son	Floor 1, Phu Loc Commercial Center, Phu Loc IV Project Area, Vinh Trai Ward, Lang Son City, Lang Son Province	0205.3859859
Lao Cai	79 Hoang Lien Street, Coc Leu Ward, Lao Cai City, Lao Cai Province	0214.3828396 - 0214.3828265
Long An	2A, Pham Van Ngu Street, Quarter 5, Ben Luc Town, Ben Luc District, Long An Province	0272.3633683
Long Khanh	165, Nguyen Van Cu Street, Xuan An Ward, Long Khanh Town, Dong Nai Province	02513.646151
Mong Cai	05, Hung Vuong Street, Tran Phu Ward, Mong Cai City, Quang Ninh Province	0203.3757575
South Binh Duong	121, DT 743B Street, Thong Nhat 1, Di An Ward, Di An Town, Binh Duong Province	0274.7307777
South Da Nang	137 Ngu Hanh Son Street, My An Ward, Ngu Hanh Son District, Da Nang City	0236.3932999
Nam Dinh	629 Tran Hung Dao Street, Loc Vuong Ward, Nam Dinh City, Nam Dinh Province	0228.3558666
South Ha Noi	Floor 1-3, Cau Tien Apartments, 1277 Giai Phong Street, Thinh Liet Ward, Hoang Mai District, Ha noi City	024.38699696
South Hai Phong	11 Hoang Dieu, Minh Khai Ward, Hong Bang District, Hai Phong City	0225 3552299 - 0225 3841080
South Sai Gon	Floor 1-4, V6 Building, Plot V, Himlam new urban area, 23 Nguyen Huu Tho, Tan Hung Ward, District 7, HCMC	028.37701634
Nghe An	21 Quang Trung Street, Vinh City, Nghe An Province	0238.3842033 - 02388685678
Nha Rong	Nguyen Lam Tower, 133 Duong Ba Trac Street, Ward 1, District 8, HCMC	028.38516688





BUSINESS NETWORK

Branch	Address	Tel/Fax
Nha Trang	21 Le Thanh Phuong Street, Van Thang Ward, Nha Trang City, Khanh Hoa Province	0258.3826279 - 0258.829689
Nhon Trach	Nguyen Huu Canh Street, Xom Ho Hamlet, Phu Noi Commune, Nhon Trach District, Dong Nai Province	0251.3521888 - 0251.3561628
Ninh Binh	872 Tran Hung Dao Street, Tan Thanh Ward, Ninh Binh City, Ninh Binh Province	0229.3894444
Ninh Thuan	47, 16/4 Street, Kinh Dinh Ward, Phan Rang - Thap Cham City, Ninh Thuan Province	0259.3922.755
Pho Hien	186 Chu Manh Trinh Street, Hien Nam Ward, Hung Yen City, Hung Yen Province	0221.3596666
Phu Quoc	1A, Hung Vuong Street, Quarter 1, Duong Dong Town, Phu Quoc District, Kien Giang Province	0297.3626264
Quy Nhon	433 Lac Long Quan Street, Tran Quang Dieu Ward, Quy Nhon City, Binh Dinh Province	0256.3541377
Phu Tho	1606A Hung Vuong Boulevard, Gia Cam Ward, Viet Tri City, Phu Tho Province	0210.3766666
Phu Yen	192-194-196 Hung Vuong Street, Ward 7, Tuy Hoa City, Phu Yen Province	0257.3811709
Quang Binh	03 Ly Thuong Kiet Street, Hai Dinh Ward, Dong Hoi City, Quang Binh Province	0232.3840380
Quang Nam	35 Tran Hung Dao Street, Tam Ky City, Quang Nam Province	0235.3813062
Quang Ngai	345 Hung Vuong Street, Tran Phu Ward, Quang Ngai City, Quang Ngai Province	0255.3828578
Quang Ninh	25/4 Street, Bach Dang Ward, Ha Long City, Quang Ninh Province	0203.3629215
Quang Tri	51 Tran Hung Dao, Dong Ha City, Quang Tri Province	0233.3555727
Sai Gon	69 Bui Thi Xuan, Pham Ngu Lao Ward, District 1, HCMC	028.38359323 - 028.38359262
Sai Thanh	2D-2E Ly Thuong Kiet Street, Ward 12, District 5, HCMC	028.39573378
Operation center	31-33 Ngo Quyen Street, Hang Bai Ward, Hoan Kiem District, Ha Noi City	024.39368547
Soc Son	51, Highway 3, Group 12, Soc Son Town, Soc Son District, Ha Noi City	024.35950000
Soc Trang	3 Tran Hung Dao Street, Cluster 6, Ward 3, Soc Trang City, Soc Trang Province	02993 883888 - 02993 883889
Song Than	79/8 Binh Duong 2 Quarter, An Binh Ward, Di An Town, Binh Duong Province	0274.37241627 - 0274.37245248 - 0274.3792158
Tan Binh	108 Tay Thanh Street, Tay Thanh Ward, Tan Phu District, HCMC	028.38157777
Tan Dinh	72 Pham Ngoc Thach Street, Ward 6, District 3, HCMC	(028) 38 208 762
West Can Tho	Lot 30A7A, Tra Noc IP, Binh Thuy District, Can Tho City	0292.3844 272
Tay Ho	565 Lac Long Quan Street, Xuan La Ward, Tay Ho District, Ha Noi City	024.37581111
Tay Ninh	313, 30/4 Street, Quarter 1, Ward 1, Tay Ninh City, Tay Ninh Province	0276.3818996 - 0276.3818997
West Sai Gon	321-323-325 Pham Hung Street, Him Lam Residential Area, Hamlet 4A, Binh Hung Commune, Binh Chanh District, HCMC	028 3758 9297
Thai Binh	Guest house - Headquarters 1 of Police Thai Binh Province - Le Quy Don Street, Le Hong Phong Ward, Thai Binh City, Thai Binh Province	02273.839.724
Thai Nguyen	10 Cach Mang Thang Tam Street, Phan Dinh Phung Ward, Thai Nguyen City, Thai Nguyen Province	0208.3658200

Branch	Address	Tel/Fax
Thang Long	Phu Tho PVOIL Building, 148 Hoang Quoc Viet Street, Nghia Tan Ward, Cau Giay District, Ha Noi City	024.3755.7194
Thanh Cong	Lot 3, Block 4.1cc, Hoang Dao Thuy Apartments, Nhan Chinh Ward, Thanh Xuan District, Ha Noi City	024.62578686
Thanh Hoa	05 Phan Chu Trinh Street, Dien Bien Ward, Thanh Hoa City, Thanh Hoa Province	0237.3728286
Thanh Xuan	448-450 Nguyen Trai Street, Thanh Xuan Trung Ward, Thanh Xuan District, Ha Noi City	024.35578589
Thu Duc	Linh Trung I Export Processing Zone, Linh Trung Ward, Thu Duc District, HCMC	028.38966806
Thu Thiem	55-56, Song Hanh Street, An Phu Ward, District 2, HCMC	028.73079668
Tien Giang	152 Dinh Bo Linh Street, Ward 2, My Tho City, Tien Giang Province	0273.3976999
Tra Vinh	05 Le Thanh Ton Street, Ward 2, Tra Vinh City, Tra Vinh Province	0294.3868780
Vinh	9 Nguyen Sy Sach Street, Ha Huy Tap Ward, Vinh City, Nghe An Province	0238.8699567
Vinh Long	5C, Hung Dao Vuong Street, Ward 1, Vinh Long City, Vinh Long Province	0270.3888288
Vinh Phuc	392A, Me Linh Street, Khai Quang Ward, Vinh Yen City, Vinh Phuc Province	0211.3720920
Vung Tau	27 Tran Hung Dao, Ward 1, Vung Tau City, Ba Ria - Vung Tau Province	0254.3852309 - 0254.3859874 - 0254.3859168

VCB LEASING

Floor 4, Building 25T1 N05, Hoang Dao Thuy Street, Cau Giay District, Ha Noi City
 [T] : (84.24) 9 289 289
 [F] : (84.24) 39 289 150

VCBS

Floor 12-17, VCB Tower, 198 Tran Quang Khai Street, Ha Noi City
 [T] : (84.24) 3936 6990
 [F] : (84.24) 3936 0262

VCB TOWER

Room 1406, Floor 14, VCB Tower, 198 Tran Quang Khai Street, Ha Noi City
 [T] : (84.24) 3934 0919
 [F] : (84.24) 3934 0920

VINAFICO

Floor 16, Golden Star Building, 20 Lockhart Road, Hong Kong
 [T] : (852) 2865 3905 7
 [F] : (852) 2865 3908

VCB MONEY

12112 Brookhurst St., Suite 11 Garden Grove, CA 92840, United States
 [T] : 1-714-979-1055
 [F] : 1-714-979-1278

REPRESENTATIVE OFFICE IN HCMC

Floor 33-34, VBB Building, 5 Me Linh Square, Ben Nghe Ward, District 1, HCMC
 [T] : (84.28) 3982 6468
 [F] : (84.28) 3939 3948

REPRESENTATIVE OFFICE IN SINGAPORE

1 Raffles Place, #26-03 OUB Centre, Singapore 048616
 [T] : +65 6323 7558
 [F] : +65 6323 7559

VCBF

Floor 15, VCB Tower, 198 Tran Quang Khai Street, Ha Noi City
 [T] : (84.24) 3936 4540
 [F] : (84.44) 3936 4542

VCB BONDAY

35 Nguyen Hue Street, District 1, HCMC
 [T] : (84.24) 3936 4540
 [F] : (84.44) 3936 4542

VCB BONDAY BEN THANH

05 Me Linh square, VCB Tower, Ben Nghe Ward, District 1, HCMC
 [T] : (84.28) 3915 6789
 [F] : (84.28) 3915 3354

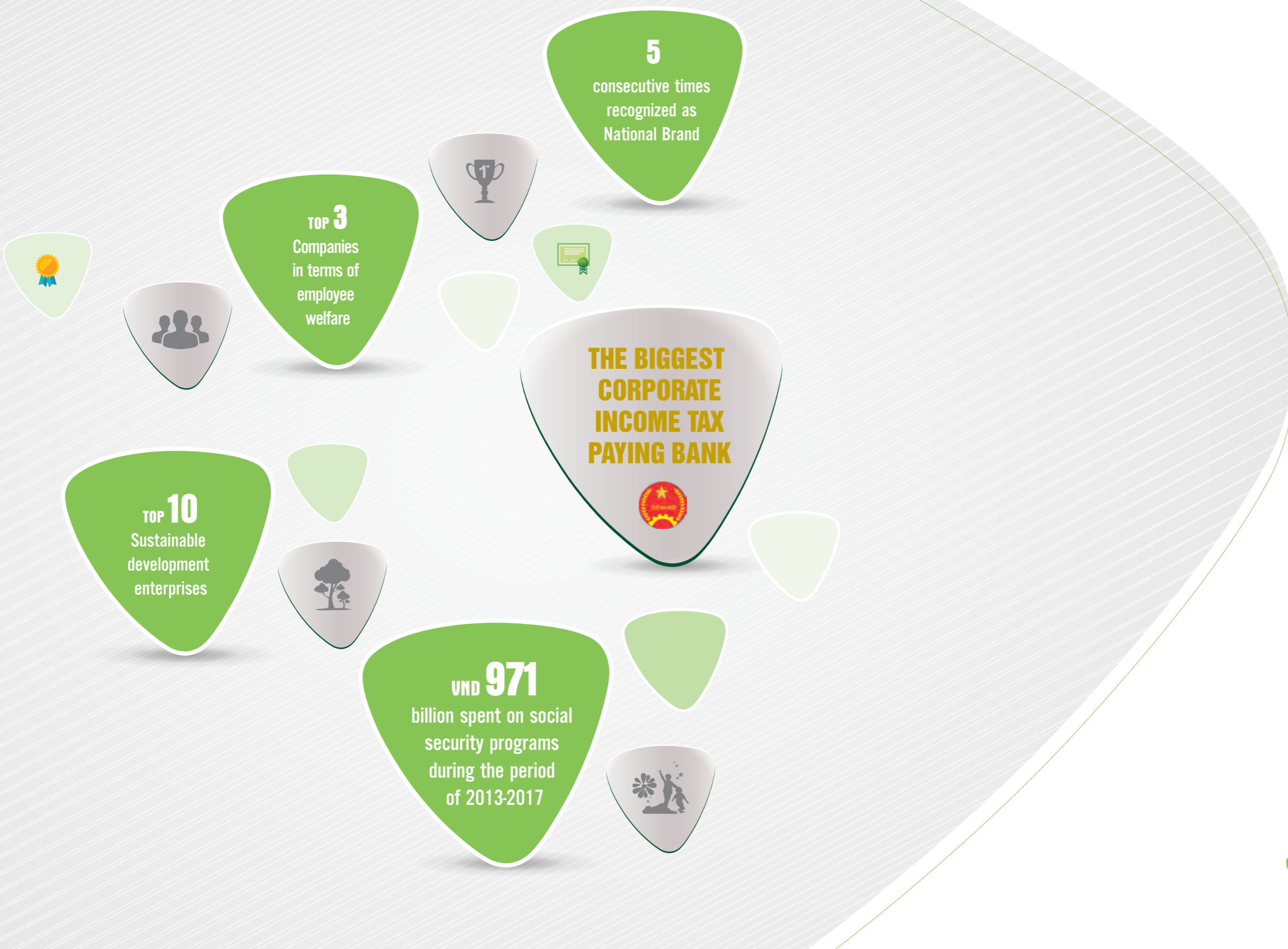
VCLI

Floor 11, Capital Tower, 109 Tran Hung Dao Street, Ha Noi City
 [T] : (84.24) 3936 8507

VCB REMITTANCE COMPANY

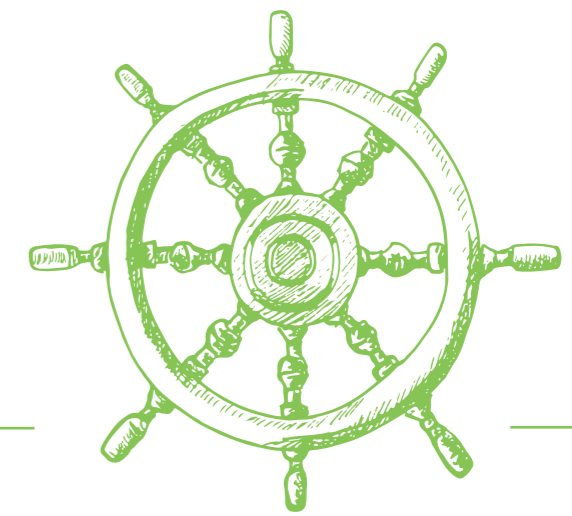
13 - 13 Bis, Ky Dong Street, Ward 9, District 3, HCMC
 [T] : (84.28) 3526 0888
 [F] : (84.28) 3526 0808





1

RESPONSIBILITY





SOCIAL ACTIVITIES OF VIETCOMBANK

With the throughout goal toward a Green bank and sustainable development for the community, Vietcombank's social activities are increasingly promoted with many practical and meaningful programs, contributing to the general development of the community and society.

The social activities have been performed by Vietcombank for many years and were participated by Head Office and all branches. The activities aim to share difficulties and improve living conditions for the poor in disadvantaged regions in the country.

In 2017, Vietcombank spent more than VND 132 billion for social security. In 2013 - 2017 period, the amount for this activity was over VND 971 billion.

 VND **971** BILLION

WAS THE AMOUNT VIETCOMBANK SPENT FOR SOCIAL SECURITY ACTIVITIES IN 2013 - 2017 PERIOD





SOCIAL ACTIVITIES OF VIETCOMBANK (CONTINUED)



GREEN MESSAGE FROM THE EARTH

This was a national action program aiming to remedy bomb and mine consequences after war which was deployed by National Steering Committee in line with Decision No. 504/QĐ-TTg of Prime Minister. The objectives of the program were to mobilize domestic and foreign resources to gradually minimize toward completely remedy effects of bombs and mines, serving the economic and social development, ensuring safety for the people, and supporting bomb and mine victims to integrate into the society. Vietcombank honorably accompanied the program.

VIETNAMESE NATIONAL TALENT

VIETCOMBANK HAS ACCOMPANIED VIETNAMESE NATIONAL TALENT PROGRAM FOR

05 YEARS.

Vietnamese National Talent Award is annually co-organized by Vietnam Association for Promoting Education and Dan Tri News, which initially aimed to encourage and honor talents in IT - communication. Over the years, Vietnamese National Talent Award has been increasingly expanded with many other fields such as Science and Technology, Medicine, Environment and talent encouragement.

Vietcombank has accompanied this award for 5 years (2013 - 2017) with a desire to join hands with the organizers to arouse creativity and researches of individuals and organizations to bring practical solutions to the community and promote the economic and social development in many fields.





SOCIAL ACTIVITIES OF VIETCOMBANK (CONTINUED)



LIGHT UP VIETNAMESE CHILDREN'S DREAMS



"Light up Vietnamese children's dreams" is an annual activity (which was initially organized in 2008), co-organized by Ho Chi Minh Communist Youth Union and Ho Chi Minh Young Pioneer Organization for poor and studious children, street children, and children in difficult circumstances. During the 10 years of deploying and organizing in many provinces and cities such as Ha Noi, Nghe An, Ho Chi Minh City, Can Tho, and Da Nang, the program has received special attention from the leaders and valuable supports from the organizations and individuals, for the purposes of joining hands with the community and sharing with the children in difficult circumstances, lighting up belief and determination for the children to overcome difficulties. Vietcombank has accompanied the program for 10 years as a co-organizer.

GREEN FOR LIFE

"Green for life" is a project aiming to enhance awareness of primary students in the importance of environmental protection, which was deployed by Vietcombank in some primary schools in Ha Noi in late 2016 and early 2017. The largest desire of the organizers of this project is to develop awareness of students in community responsibility through meaningful activities.

With familiar contents, the volunteers of "Green for life" program have skillfully inspired awareness of environmental protection for the children in Ha Noi via attractive and interesting interactive games. Participating in the program, the primary students not only engage in interesting activities but are also guided to identify organic and inorganic waste and put waste into light green and dark green bins provided by Vietcombank.

Through each specific activity, the students more clearly understand the necessity of waste sorting, biodegradable waste and non-biodegradable waste that must be properly handled to be recycled before being discharged into the environment. This helpful practical knowledge needs to be kept in mind by youngsters to frequently apply in their daily activities. In addition, the children also participate in meaningful games such as puzzles related to environmental protection.

These experiences have brought the students comfortable moments when they join hands to spread the message of protecting green - clean - beautiful environment. This is also the effort of Vietcombank to increasingly build the image of a Green bank with sustainable development for the community.





SOCIAL ACTIVITIES OF VIETCOMBANK (CONTINUED)



GIVING COWS TO PEOPLE LIVING IN MOUNTAINOUS AREAS BORDERING THE CENTRAL HIGHLANDS, HELPING THEM OUT OF POVERTY SUSTAINABLY



In 2015 - 2016, Vietcombank developed the project to award thousands of cows to the poor households in some communes in Central Highlands and bordering Central Highlands. The program was highly appreciated by the Central Highlands Steering Committee by its practicality and effectiveness in improving economic and living conditions for the people in mountainous areas, helping them develop economy and get out of poverty sustainably.



“TOWARD THE HOMELAND’S SEA AND ISLANDS”



Deeply understanding the importance of preserving national sea sovereignty, during more than half a century accompanying the national history to fight, build and protect homeland as well as develop economy and society, with the heart toward the homeland’ sea and islands, Vietcombank has had many meaningful activities such as: Launching the campaign “For beloved Truong Sa” to get donation up to VND 5 billion from the employees of Vietcombank in total VND 50 billion of donation from banking sector, improving living conditions of people, officers and soldiers on Truong Sa Islands, giving more strength and willpower for their mission of preserving national sea sovereignty; Donating the programs “Fishing nets of love for Hoang Sa and Truong Sa fishermen”, “Contribute stones to build Truong Sa”; Funding the project of connecting Co To island to electricity grid; Giving CQ-01 navy boat valued at VND 3 billion to officers and soldiers in Truong Sa Islands; Giving special propaganda loudspeaker system with value of more than VND 3 billion to Vietnam Coastal Guards; etc.





COMMUNITY AND SOCIAL ACTIVITIES

SOCIAL ACTIVITIES OF VIETCOMBANK (CONTINUED)

BESIDES, MANY OTHER PRACTICAL AND MEANINGFUL ACTIVITIES SUCH AS REGIONAL DEVELOPMENT PROGRAMS IN NORTHWEST, CENTRAL HIGHLANDS, AND SOUTHWEST; EDUCATIONAL AND HEALTHCARE DEVELOPMENT; BUILDING GRATITUDE HOUSES; SUPPORTING DISASTER FUND IN CENTRAL REGION; AND OTHERS PROGRAMS OF CARING FOR FAMILIES UNDER PREFERENTIAL TREATMENT AND HELPING THE POOR, THE DISABLED, POOR CHILDREN, AND THE OLD UNDER SPECIAL CIRCUMSTANCES ARE ALWAYS PAID ATTENTION AND IMPLEMENTED BY VIETCOMBANK.

Education and healthcare are two important areas that Vietcombank always gives special concern. Social welfare activities in these areas have been carried out by Vietcombank in many localities across the counties during the last time.



FOR EDUCATION

Not only building new schools, Vietcombank also takes lead in sponsoring learning and teaching equipment and upgrading facilities in schools. Furniture, library, computer room or fresh water tank, garage, sports grounds, etc. are simple but very practical for the schools that are in difficult situations. These significantly contribute in improving and raising teaching and learning quality for both teachers and students. Besides, empowering the poor students to help them rest in mind with a safer way to school is also taken care of by Vietcombank through donation of over 10,000 life jacket briefcases for poor students in flooded lands and wetlands; and many bicycles to poor pupils and students in other hardship areas.

Every year, Vietcombank also rewards scholarships to pupils and students with outstanding academic achievement or having great learning efforts despite difficult situations through the Scholarship Funds, Study Encouragement Funds, etc. Through these activities, Vietcombank wishes to contribute to lighting up trust for children who are less fortunate and lighting up passion and traditional fondness of learning of the Vietnamese younger generation.





SOCIAL ACTIVITIES OF VIETCOMBANK (CONTINUED)





SOCIAL ACTIVITIES OF VIETCOMBANK (CONTINUED)

FOR HEALTHCARE

Not only funding construction of hospitals, healthcare centers, and buying necessary equipment for diagnosis and treatment, Vietcombank is also interested in sharing difficulties with patients by supporting surgery costs, visiting patients, especially poor children in difficult circumstances. The activities to provide meals to hospital patients in many localities are also regularly undertaken by Vietcombank's union group.

Besides the programs that Vietcombank coordinated with local authorities and agencies, each Vietcombank's staff is fully aware of daily contribution to many practical and meaningful programs to share the responsibility of building a more civilized and beautiful society.





SOCIAL ACTIVITIES OF VIETCOMBANK (CONTINUED)

WHILE PUTTING BUSINESS SAFETY AND EFFICIENCY ABOVE ALL, VIETCOMBANK ALSO HIGHLY APPRECIATES “COMPASSION” AS IT IS THE CORE VALUE OF THE BANK’S CULTURE. VIETCOMBANK ALWAYS CARES FOR AND DEVOTES A SIGNIFICANT RESOURCE FOR SOCIAL WELFARE WHICH IS ONE OF THE BANK’S ANNUAL IMPORTANT GOALS. THEREFORE, IF IN BUSINESS, VIETCOMBANK ALWAYS CONSIDERS “FAITHFULNESS” AS THE GUIDING PRINCIPLE, FOR SOCIAL ACTIVITIES, THE BANK TAKES THE WORD OF “MIND” AS THE ROOT. WE INCREASINGLY ENDEAVOR TO OFFER PRACTICAL AND PERMANENT VALUES IN THE AREAS OF COMMUNITY DEVELOPMENT TO CONTRIBUTE IN IMPROVING BETTER LIFE FOR THE POOR. THAT IS THE MESSAGE AND ALSO OUR COMMITMENT OF “TOGETHER FOR THE FUTURE” THAT VIETCOMBANK WOULD LIKE TO SEND TO ALL OUR VALUABLE CUSTOMERS AS WELL AS VIETNAMESE PEOPLE.



FIGURES RELATED TO SOCIAL SECURITY ACTIVITIES

Total figures

NO.	Content	YEAR (Unit: VND million)	
		2017	2013 - 2017
1	Total amount of donation to social security activities deployed by Vietcombank	132,499	971,567

Region

NO.	Region	YEAR 2017 (Unit: VND million)
1	Northwest region	31,805
2	Central Highlands	3,541
3	Southwest region	23,227
4	Other provinces/cities	73,926

Areas

NO.	Funding Purposes	Value realized in 2017 (Unit: VND million)
1	Education	53,436
2	Healthcare	8,971
3	Build houses for poor people/solidarity houses	33,351
4	Overcome disaster consequences	9,021
5	Other areas	27,720

Notable social welfare programs/projects deployed by Vietcombank in 2017

NO.	Program	Total
1	Sponsoring Lang Khe Preschool, Con Cuong District, Nghe An Province	VND 6.5 billion
2	Building houses for people with merit in Thai Binh Province	VND 4 billion
3	Building Khanh Thuong Preschool, Yen Mo District, Ninh Binh Province	VND 4.5 billion
4	Building Cam Dong Primary School, Cam Giang District, Hai Duong Province	VND 5.3 billion
5	Building houses for the poor in Tra Vinh Province	VND 5 billion

VND **1,035,293**

billion

Total assets



VND **52,558**

billion

Owner's equity



VND **726,734**

billion

Deposits



VND **11,341**

billion

Profit before tax



VND **557,668**

billion

Loans



**THE BANK
WITH THE BIGGEST
MARKET PRICE**

Forbes®

1

POSITION





JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE OF VIETNAM

Consolidated Financial Statements
for the year ended 31 December 2017

CONTENT

	Page
Bank Information	133 - 134
Report of the Board of Management	135
Independent Auditor's Report	136 - 137
Consolidated balance sheet	138 - 140
Consolidated statement of income	141 - 142
Consolidated statement of cash flows	143 - 144
Notes to the consolidated financial statements	145 - 219

ESTABLISHMENT AND OPERATION LICENCE

Establishment and Operation Licence No. 138/GP-NHNN dated 23 May 2008 issued by the Governor of the State Bank of Vietnam ("the SBV"), Decision No. 2719/QD-NHNN dated 27 December 2011, Decision No. 523/QD-NHNN dated 22 March 2012, Decision No. 1547/QD-NHNN dated 6 August 2014, Decision No. 2182/QD-NHNN dated 26 October 2015, Decision No. 95/QD-NHNN dated 18 January 2017, Decision No. 891/QD-NHNN dated 8 May 2017 and Decision No. 2293/QD-NHNN dated 31 October 2017 promulgated by the State Bank of Vietnam amending and supplementing the operations of Joint Stock Commercial Bank for Foreign Trade of Vietnam.

BUSINESS REGISTRATION CERTIFICATE

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

MEMBERS OF THE BOARD OF DIRECTORS DURING THE YEAR AND UNTIL THE ISSUING DATE OF THE CONSOLIDATED FINANCIAL STATEMENTS

Mr. Nghiem Xuan Thanh	Chairman	Appointed on 1 November 2014
Mr. Pham Quang Dung	Member	Reappointed on 25 April 2013
Ms. Nguyen Thi Dung	Member	Appointed on 25 April 2013
Mr. Nguyen Manh Hung	Member	Appointed on 26 December 2014
Mr. Nguyen My Hao	Member	Appointed on 28 April 2017
Mr. Pham Anh Tuan	Member	Appointed on 28 April 2017
Mr. Eiji Sasaki	Member	Appointed on 28 April 2017
Mr. Nguyen Danh Luong	Member	Retired on 1 November 2017
Ms. Le Thi Hoa	Member	Retired on 1 July 2017
Mr. Yutaka Abe	Member	Resigned on 28 April 2017

MEMBERS OF THE BOARD OF MANAGEMENT DURING THE YEAR AND UNTIL THE ISSUING DATE OF THE CONSOLIDATED FINANCIAL STATEMENTS

Mr. Pham Quang Dung	Chief Executive Officer ("CEO")	Appointed on 1 November 2014
Mr. Dao Minh Tuan	Deputy CEO	Reappointed on 15 June 2017
Mr. Dao Hao	Deputy CEO	Reappointed on 1 August 2015
Ms. Truong Thi Thuy Nga	Deputy CEO	Office term extended from 1 December 2017
Mr. Pham Manh Thang	Deputy CEO	Appointed on 10 March 2014
Ms. Nguyen Thi Kim Oanh	Deputy CEO	Appointed on 26 December 2014
Ms. Dinh Thi Thai	Deputy CEO	Appointed on 1 June 2015
Mr. Eiji Sasaki	Deputy CEO	Appointed on 15 December 2017
Ms. Phung Nguyen Hai Yen	Deputy CEO	Appointed on 15 December 2017
Mr. Le Quang Vinh	Deputy CEO	Appointed on 15 December 2017
Mr. Nguyen Danh Luong	Deputy CEO	Retired on 1 November 2017
Mr. Pham Thanh Ha	Deputy CEO	Resigned on 21 August 2017
Mr. Yutaka Abe	Deputy CEO	Resigned on 14 April 2017



**MEMBERS OF THE SUPERVISORY BOARD DURING THE YEAR AND UNTIL THE ISSUING DATE OF THE CONSOLIDATED FINANCIAL STATEMENTS**

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

CHIEF ACCOUNTANT**Mr. Le Hoang Tung**

Appointed on 15 December 2017

Ms. Phung Nguyen Hai Yen

In position until 15 December 2017

LEGAL REPRESENTATIVE

Since 1 November 2014

Mr. Nghiem Xuan Thanh

Title: Chairman of the Board of Directors

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

Since 8 January 2018

Ms. Phung Nguyen Hai Yen

Title: Deputy CEO

THE BANK'S HEAD OFFICE198 Tran Quang Khai Street
Hoan Kiem District, Hanoi, Vietnam**THE BANK'S AUDITOR**KPMG Limited
Vietnam

The Board of Management of Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank") presents this report and the consolidated financial statements of the Bank and its subsidiaries for year ended 31 December 2017.

THE BOARD OF MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

STATEMENT BY THE BOARD OF MANAGEMENT

The Board of Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2017, and of their consolidated results of operations and consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

For and on behalf of the Board of Management:

Ms. Phung Nguyen Hai Yen

Deputy CEO

Hanoi, 30 March 2018





TO: THE SHAREHOLDERS

JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE OF VIETNAM

We have audited the accompanying consolidated financial statements of Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank") and its subsidiaries, which comprise the consolidated balance sheet as at 31 December 2017, the consolidated statement of income and the consolidated statement of cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank's Board of Management on 30 March 2018, as set out on pages 138 to 219.

THE BANK'S BOARD OF MANAGEMENT'S RESPONSIBILITY

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

AUDITOR'S RESPONSIBILITY

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

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

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



AUDITOR'S OPINION

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

OTHER MATTER

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

KPMG LIMITED

Vietnam

Audit Report No.: 16-02-571/4



Truong Vinh Phuc

Practicing Auditor Registration

Certificate No. 1901-2018-007-1

Deputy General Director

Hanoi, 30 March 2018

Tran Dinh Vinh

Practicing Auditor Registration

Certificate No. 0339-2018-007-1



CONSOLIDATED BALANCE SHEET

as at 31 December 2017

Form B02/TCTD-HN

No.	Items	Note	31/12/2017 VND million	31/12/2016 VND million (restated)
A	ASSETS			
I	Cash on hand, gold, silver and gemstones	4	10,102,861	9,692,053
II	Balances with the State Bank of Vietnam	5	93,615,618	17,382,418
III	Balances with and loans to other credit institutions	6	232,973,403	151,845,570
1	Balances with other credit institutions		159,043,345	103,236,053
2	Loans to other credit institutions		73,930,058	48,609,517
IV	Trading securities	7	9,669,033	4,233,529
1	Trading securities		9,750,244	4,271,362
2	Allowance for trading securities		(81,211)	(37,833)
V	Derivative financial instruments and other financial assets	8	832,354	230,658
VI	Loans to customers		535,321,404	452,721,687
1	Loans to customers	9	543,434,460	460,808,440
2	Allowance for loans to customers	10	(8,113,056)	(8,086,753)
VIII	Investment securities	11	129,952,272	131,771,107
1	Available-for-sale securities		34,688,298	51,931,950
2	Held-to-maturity securities		95,404,021	80,019,284
3	Allowance for investment securities		(140,047)	(180,127)
IX	Long-term investments		3,552,828	3,627,814
2	Investments in joint-ventures	12(a)	861,567	803,098
3	Investments in associates	12(b)	10,434	9,645
4	Other long-term investments	12(c)	2,705,966	2,829,418
5	Allowance for long-term investments		(25,139)	(14,347)
X	Fixed assets		6,162,361	5,729,637
1	Tangible fixed assets	13	4,198,053	3,726,000
a	Cost		9,701,927	8,632,207
b	Accumulated depreciation		(5,503,874)	(4,906,207)
3	Intangible fixed assets	14	1,964,308	2,003,637
a	Cost		2,606,775	2,603,156
b	Accumulated amortisation		(642,467)	(599,519)
XII	Other assets		13,111,149	10,700,615
1	Receivables	15(a)	4,505,735	2,958,093
2	Accrued interest and fee receivables	15(b)	6,025,653	5,791,137
3	Deferred income tax assets		5,548	1,943
4	Other assets	15(c)	2,576,228	1,950,379
5	Allowance for other assets		(2,015)	(937)
	TOTAL ASSETS		1,035,293,283	787,935,088

CONSOLIDATED BALANCE SHEET

as at 31 December 2017 (continued)

Form B02/TCTD-HN

No.	Items	Note	31/12/2017 VND million	31/12/2016 VND million (restated)
B	LIABILITIES AND SHAREHOLDERS' EQUITY			
I	Amounts due to the Government and the SBV	16	171,385,068	54,151,413
II	Deposits and borrowings from other credit institutions	17	66,942,203	72,238,405
1	Deposits from other credit institutions		55,803,878	53,282,230
2	Borrowings from other credit institutions		11,138,325	18,956,175
III	Deposits from customers	18	708,519,717	590,451,344
V	Funds for finance, entrusted investments and entrusted loans	19	23,153	-
VI	Valuable papers issued	20	18,214,504	10,286,376
VII	Other liabilities		17,650,679	12,661,994
1	Accrued interest and fee payables	21(a)	8,467,337	6,454,174
2	Deferred income tax liabilities		20,052	18,461
3	Other liabilities	21(b)	9,163,290	6,189,359
	TOTAL LIABILITIES		982,735,324	739,789,532
VIII	Shareholders' equity			
1	Capital		36,321,931	36,022,846
a	Charter capital		35,977,686	35,977,686
g	Other capital		344,245	45,160
2	Reserves		7,253,682	5,936,667
3	Foreign exchange differences		94,485	84,245
4	Differences upon asset revaluation		83,285	83,285
5	Retained profits		8,715,252	5,874,992
a	Previous year's retained profits		2,476,000	1,204,902
b	Current year's retained profits		6,239,252	4,670,090
6	Non-controlling interest		89,324	143,521
	TOTAL SHAREHOLDERS' EQUITY	22(a)	52,557,959	48,145,556
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,035,293,283	787,935,088





CONSOLIDATED BALANCE SHEET

as at 31 December 2017 (continued)

Form B02/TCTD-HN

No.	Items	Note	31/12/2017 VND million	31/12/2016 VND million (restated)
OFF-BALANCE SHEET ITEMS				
1	Credit guarantees		265,179	222,549
2	Foreign exchange commitments		74,729,089	24,605,699
	<i>Forward buying commitments</i>		8,223,247	9,019,812
	<i>Forward selling commitments</i>		66,505,842	15,585,887
4	Letters of credit		45,239,213	43,914,997
5	Other guarantees		51,953,402	36,670,024
6	Other commitments		284,135	63,624

Hanoi, 30 March 2018

Prepared by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Approved by:

Ms. Phung Nguyen Hai Yen

Deputy Director of
Accounting Policy Department

Chief Accountant



Deputy CEO

CONSOLIDATED STATEMENT OF INCOME

for the year ended 31 December 2017

Form B03/TCTD-HN

No.	Items	Note	2017 VND million	2016 VND million (restated)
1	Interest and similar income	24	46,158,768	37,718,211
2	Interest and similar expenses	25	(24,221,222)	(19,185,461)
I	Net interest income		21,937,546	18,532,750
3	Fee and commission income		5,378,176	4,326,483
4	Fee and commission expenses		(2,839,967)	(2,219,778)
II	Net fee and commission income	26	2,538,209	2,106,705
III	Net gain from trading of foreign currencies	27	2,042,417	1,850,118
IV	Net gain from trading securities	28	476,400	495,768
V	Net loss from investment securities	29	(19,742)	(89,416)
5	Other income		2,355,831	2,294,727
6	Other expenses		(256,301)	(376,349)
VI	Net other income	30	2,099,530	1,918,378
VII	Income from capital contribution and equity investments	31	331,761	71,556
	TOTAL OPERATING INCOME		29,406,121	24,885,859
VIII	TOTAL OPERATING EXPENSES	32	(11,866,345)	(9,939,012)
IX	Net operating profit before allowance for credit losses		17,539,776	14,946,847
X	Allowance for credit losses	33	(6,198,415)	(6,368,707)
XI	PROFIT BEFORE TAX (CARRIED TO THE NEXT PAGE)		11,341,361	8,578,140





CONSOLIDATED STATEMENT OF INCOME

for the year ended 31 December 2017 (continued)

Form B03/TCTD-HN

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

Hanoi, 30 March 2018

Prepared by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Approved by:

Ms. Phung Nguyen Hai Yen

Deputy Director of
Accounting Policy Department

Chief Accountant



Deputy CEO

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2017 (Direct method)

Form B04/TCTD-HN

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





CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2017 (Direct method - continued)

Form B04/TCTD-HN

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

Hanoi, 30 March 2018

Prepared by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Approved by:

Ms. Phung Nguyen Hai Yen

Deputy Director of
Accounting Policy Department

Chief Accountant



Deputy CEO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017

Form B05/TCTD-HN

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

1. REPORTING ENTITY

(a) Establishment and operations

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

The principal activities of the Bank in accordance with Decision No. 2719/QĐ-NHNN dated 27 December 2011, Decision No. 2182/QĐ-NHNN dated 26 October 2015, Decision No. 891/QĐ-NHNN dated 8 May 2017 and Decision No. 2293/QĐ-NHNN dated 31 October 2017 supplementing Establishment and Operation Licence No. 138/GP-NHNN on the contents of the Bank's operations are to mobilise and receive short, medium and long-term deposits from organisations and individuals; lend to organisations and individuals up to the nature and capability of the Bank's capital resources; conduct settlement and cash services; provide other banking services as approved by the SBV; invest in associates, joint-ventures and other companies; invest in stocks and bonds and real-estate business in accordance with the relevant regulations; trade in and supply interest rates derivatives in accordance with the relevant regulations; purchase debts; trade in and provide foreign exchange services in the domestic and international markets in accordance with the relevant regulations of the State Bank of Vietnam.

(b) Charter capital

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

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

(c) Location and network

The Bank's Head Office is located at 198 Tran Quang Khai Street, Hoan Kiem District, Hanoi. As at 31 December 2017, the Bank had one (1) Head Office, one (1) Training Centre, one (1) cash processing center, and one hundred and one (101) branches nationwide, four (4) local subsidiaries, two (2) overseas subsidiaries, three (3) joint-ventures, one (1) associate, one (1) overseas representative office located in Singapore and one (1) representative office located in Ho Chi Minh City (as at 31 December 2016, the Bank had one (1) Head Office, one (1) Training Centre and one hundred and one (101) branches nationwide, three (3) local subsidiaries, two (2) overseas subsidiaries, three (3) joint-ventures, one (1) associate, one (1) overseas representative office located in Singapore and one (1) representative office located in Ho Chi Minh City).

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

(d) Subsidiaries, joint-ventures and associates

Subsidiaries

Subsidiaries	Operating Licence	Business sector	Ownership percentage
Vietcombank Finance Leasing Company Limited	Operating Licence No. 05/GP-CTCTTC dated 25 May 1998 granted by the SBV	Financial leasing	100%
Vietcombank Securities Company Limited	Operating Licence No. 09/GPHDKD dated 24 April 2002, the most recent amendment No. 25/GPDC-UBCK dated 11 June 2013 granted by the State Securities Commission ("SSC")	Securities	100%
Vietnam Finance Company Limited	Business Registration No. 0226 issued by Hong Kong Monetary Authority dated 7 March 1978. First amendment dated 3 November 1992, second amendment dated 19 September 1995	Financial services	100%
Vietcombank Money Inc.	Business Registration No. E0321392009-6 dated 15 June 2009 granted by the Authority of the State of Nevada, United States	Remittance	87.5%
Vietcombank Tower 198 Ltd	Investment Licences No. 1578/GP dated 30 May 1996 and No. 1578/GPDC1 dated 18 April 2006 granted by the Ministry of Planning and Investment	Office leasing	70%
Vietcombank Remittance Company Limited	Enterprise Registration Certificate No. 0314633162 dated 20 September 2017 granted by Ho Chi Minh City Department of Investment and Planning	Receipt of remittance	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

Joint-ventures

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

Associates

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

(e) Number of employees

As at 31 December 2017, Vietcombank had 16,227 employees (31 December 2016: 15,615 employees).



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

(a) Purpose of preparing the consolidated financial statements

The Bank has subsidiaries as disclosed in Note 1(d). The Bank prepared these consolidated financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular No. 155/2015/TT-BTC dated 6 October 2015 of the Ministry of Finance on disclosure of information on the securities market. In addition, as required by the Circular, the Bank has prepared the separate financial statements of the Bank for the year ended 31 December 2017 ("the separate financial statements") dated 30 March 2018.

(b) Basis of financial statement preparation

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

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

(c) Accounting period

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

(d) Foreign currency transactions

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

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

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

(e) Basis of consolidation**(i) Subsidiaries**

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

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

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

(ii) Associates and joint-ventures

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

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

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

(f) Cash and cash equivalents

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

(g) Deposits with and loans to other credit institutions

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

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

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

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

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

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

(h) Loans to customers

(i) Loans to customers

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

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

(ii) Specific allowance for credit risk

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

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

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

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

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

(iii) General allowance for credit risk

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

(iv) Bad debts written-off

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

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

(i) Investments

(i) Trading securities

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

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

(ii) Investment securities

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





Available-for-sale investment securities

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

Held-to-maturity investment securities

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

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

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

(iii) Other long-term investments

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

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

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

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



(j) Repurchase and reverse repurchase agreements

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

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

(k) Tangible fixed assets

(i) Cost

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

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

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

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

(ii) Depreciation

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

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





(l) Intangible fixed assets

(i) Land use rights

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

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

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

Land use rights not recognised as intangible assets comprise:

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

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

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

(ii) Copyrights, patents and other intangible fixed assets

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



(m) Other assets

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

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

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

(n) Deposits and borrowings from other credit institutions

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

(o) Deposits from customers

Deposits from customers are stated at cost.

(p) Valuable papers issued

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

(q) Severance allowance

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

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

(r) Bonus and welfare funds

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

(s) Capital and reserves

(i) Ordinary shares

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

(ii) Share premium

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

(iii) Treasury shares

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

(iv) Reserves

Reserves are for specific purposes and appropriated from net profit after tax of the Bank and Vietcombank Finance Leasing Company Limited ("VCBL") at prescribed rates as below:

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

(v) Foreign exchange difference

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

(t) Income and expenses

(i) Interest income and interest expenses

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

Interest expenses are recorded on an accrual basis.

(ii) Fees and commissions and dividend income

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

(iii) Share dividends

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

(iv) Uncollectible income

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

(u) Lease

(i) Lessee

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

(ii) Lessor

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

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

(v) Taxation

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

(w) Related parties

Related parties of Vietcombank include:

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

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

(x) Segment reporting

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

(y) Off-balance sheet items

(i) Foreign exchange contracts

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

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

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



**(ii) Interest swap contracts**

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

(iii) Commitments and contingent liabilities

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

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

(z) Offsetting

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

(aa) Basic earnings per share

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

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

**3 PRESENTATION OF FINANCIAL INSTRUMENTS IN ACCORDANCE WITH CIRCULAR NO. 210/2009/TT-BTC**

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

Financial assets of Vietcombank mainly include:

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

Financial liabilities of Vietcombank mainly include:

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

(a) Classification of financial assets and liabilities

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

Financial assets are classified as:

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

Financial liabilities are classified as:

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

(b) Recognition

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

(c) Derecognition

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

(d) Measurement and disclosures of fair value

In accordance with Circular 210, Vietcombank has to disclose the fair value of financial assets and financial liabilities to compare with the book value of those financial assets and financial liabilities as presented in Note 43(b).

The preparation and presentation of the fair value of the financial instruments are only for the purpose of presenting in Note 43(b). The financial instruments of Vietcombank are still recognised and recorded in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting as described in the notes above.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

4. CASH ON HAND, GOLD, SILVER AND GEMSTONES

	31/12/2017 VND million	31/12/2016 VND million
Cash on hand in VND	8,185,268	7,550,927
Cash on hand in foreign currencies	1,917,103	2,140,681
Valuable papers in foreign currencies	490	445
	10,102,861	9,692,053

5. BALANCES WITH THE STATE BANK OF VIETNAM

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

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

The monthly average balance of the demand deposits of the Bank with the SBV must not be less than the monthly balance of CRR. The amount of monthly balance of CRR is calculated by the monthly average balances of deposits which require compulsory reserve of the Bank multiplied by their respective CRR rates applicable to the Bank.

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

Type of deposits	31/12/2017	31/12/2016
Deposits in VND with terms of less than 12 months	3%	3%
Deposits in VND with terms of 12 months and above	1%	1%
Deposits in foreign currencies with terms of less than 12 months	8%	8%
Deposits in foreign currencies with terms of 12 months and above	6%	6%
Deposits from overseas credit institutions in foreign currencies	1%	1%

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

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

6. BALANCES WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	31/12/2017 VND million	31/12/2016 VND million
Balances with other credit institutions		
Demand deposits in VND	136,596	35,746
Demand deposits in foreign currencies	44,995,386	32,965,428
Term deposits in VND	58,303,507	48,491,747
Term deposits in foreign currencies	55,607,856	21,743,132
	159,043,345	103,236,053
Loans to other credit institutions		
Loans in VND	71,438,839	47,986,807
Loans in foreign currencies	2,491,219	622,710
	73,930,058	48,609,517
	232,973,403	151,845,570

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

	31/12/2017 VND million	31/12/2016 VND million
Current debt	187,841,421	118,844,396

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

7. TRADING SECURITIES

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

Trading securities by listing status were as follows:

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

Movements in allowance for trading securities were as follows:

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

8. DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER FINANCIAL ASSETS

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

9. LOANS TO CUSTOMERS

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

Loan portfolio by debt group was as follows:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

Loan portfolio by term was as follows:

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

Loan portfolio by type of borrowers was as follows:

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

Loan portfolio by industry sectors was as follows:

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





10. ALLOWANCE FOR LOANS TO CUSTOMERS

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

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

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

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

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

11. INVESTMENT SECURITIES

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

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

	31/12/2017 VND million	31/12/2016 VND million
Available-for-sale securities		
<i>Debt securities</i>		
Government bonds	25,153,866	39,127,435
Treasury bills and the SBV bills	2,000,000	-
Debt securities issued by other local credit institutions	7,426,242	12,496,325
Debt securities issued by local economic entities	100,000	300,000
<i>Equity securities</i>		
Equity securities issued by other local credit institutions	8,190	8,190
	34,688,298	51,931,950
Allowance for available-for-sale securities (i)	(16,500)	(17,250)
Total available-for-sale securities	34,671,798	51,914,700

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

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

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

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

(b) Held-to-maturity securities

	31/12/2017 VND million	31/12/2016 VND million
Held-to-maturity securities		
Government bonds	73,423,370	62,660,834
Debt securities issued by other local credit institutions	7,647,900	2,400,099
Debt securities issued by local economic entities	14,332,751	14,958,351
	95,404,021	80,019,284
Allowance for held-to-maturity securities (ii)	(123,547)	(162,877)
Total held-to-maturity securities	95,280,474	79,856,407

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

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

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

12. LONG-TERM INVESTMENTS

(a) Investments in joint ventures

As at 31 December 2017:

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

As at 31 December 2016:

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

- (i) The Bank owns 52% of the total contributed capital of Vietcombank - Bonday - Ben Thanh Company Limited and 51% of the total contributed capital of Vietcombank Fund Management. These companies' charters require a consensus among related parties on all important decisions on the companies' operational and financial matters. Hence, owning more than half of the companies' contributed capital does not mean that the Bank has control over these companies. The investments in these two companies are classified into "Investment in joint-ventures" rather than "Investment in subsidiaries".
- (ii) The Bank owns 45% of the total contributed capital of Vietcombank - Cardif Life Insurance Company Limited. This company's charter requires a consensus among related parties on all important decisions on this company's operational and financial matters. Therefore, the investment in the company is classified into "Investment in joint-ventures" rather than "Investment in associates".

(b) Investments in associates

As at 31 December 2017:

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

As at 31 December 2016:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

(c) Other long-term investments

As at 31 December 2017:

	Business sector	Ownership percentage (%)	Cost VND million
Vietnam Export - Import Commercial Joint Stock Bank	Banking	8.19%	582,065
Military Commercial Joint Stock Bank	Banking	6.97%	1,242,989
Orient Commercial Joint Stock Bank	Banking	3.97%	144,802
Small and Medium Enterprises Credit Guarantee Fund	Credit guarantee services	0.80%	1,864
Petrolimex Insurance Corporation	Insurance	8.03%	67,900
Petrovietnam Drilling and Well Services Corporation	Drilling	0.21%	5,496
Vietnam Credit information Joint Stock Company (PCB)	Credit information services	6.64%	7,962
Cement Finance Company	Financial services	10.91%	70,950
Vietnam Infrastructure development and financial investment JSC.	Highway investment	1.97%	75,000
National Payment Corporation of Vietnam	Card services	1.83%	4,400
Vietnam Airlines JSC.	Aviation	1.83%	499,602
SWIFT, MASTER and VISA	Card and settlement services	-	2,936
			2,705,966
Allowance for other long-term investments			(25,139)
			2,680,827





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

(c) Other long-term investments (continued)

As at 31 December 2016

	Business sector	Ownership percentage (%)	Cost VND million
Vietnam Export - Import Commercial Joint Stock Bank	Banking	8.19%	582,065
Saigon Bank for Industry and Trade	Banking	4.30%	123,452
Military Commercial Joint Stock Bank	Banking	7.04%	1,242,989
Orient Commercial Joint Stock Bank	Banking	4.72%	144,802
Small and Medium Enterprises Credit Guarantee Fund	Credit guarantee services	0.80%	1,864
Petrolimex Insurance Corporation	Insurance	10.04%	67,900
Petrovietnam Drilling and Well Services Corporation	Drilling	0.21%	5,496
Vietnam Credit information Joint Stock Company (PCB)	Credit information services	6.64%	7,962
Cement Finance Company	Financial services	10.91%	70,950
Vietnam Infrastructure development and financial investment JSC.	Highway investment	1.97%	75,000
Vietnam National Financial Switching JSC.	Card services	1.83%	4,400
Vietnam Airlines JSC.	Aviation	1.83%	499,602
SWIFT, MASTER and VISA	Card and settlement services	-	2,936
			2,829,418
Allowance for other long-term investments			(14,347)
			2,815,071

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

13. TANGIBLE FIXED ASSETS

Year ended 31 December 2017:

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

14. INTANGIBLE FIXED ASSETS

Year ended 31 December 2017:

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

Included in intangible fixed assets were assets costing VND539,560 million which were fully depreciated as of 31 December 2017, but still in use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

15. OTHER ASSETS

(a) Receivables

	31/12/2017 VND million	31/12/2016 VND million (restated)
Internal receivables	942,915	862,386
External receivables (i)	3,562,820	2,095,707
	4,505,735	2,958,093

(i) External receivables

	31/12/2017 VND million	31/12/2016 VND million (restated)
Advances for purchase of fixed assets	436,817	109,277
Receivables from the State Budget in relation to the interest subsidy program	252,797	195,883
Income tax overpaid	134	67
Deductible value added tax	18,425	2,129
Advances for other taxes	2	2
Construction in progress (*)	428,340	404,096
Other receivables	2,426,305	1,384,253
	3,562,820	2,095,707





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

(*) *Construction in progress*

	31/12/2017 VND million	31/12/2016 VND million
Construction in progress	428,340	404,096
<i>In which, large constructions include:</i>	353,210	290,262
Nam Dinh Branch's office construction	133,500	-
Ninh Binh Branch's office construction	60,000	-
Hung Yen Branch's office construction	-	128,871
East Sai Gon Branch's office construction	58,321	45,323
Binh Thuan Branch's office construction	57,643	37,623
Tra Vinh Branch's office construction	22,906	12,014
Kon Tum Branch's office construction	20,785	1,327
Vung Tau Branch's office construction	55	30,112
Binh Duong Branch's office construction	-	14,170
Khanh Hoa Branch's office construction	-	11,072
Thai Binh Branch's office construction	-	9,750

(b) *Accrued interest and fee receivables*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

(c) *Other assets*

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

16. **AMOUNTS DUE TO THE GOVERNMENT AND THE SBV**

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





17. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

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

18. DEPOSITS FROM CUSTOMERS

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

Deposits from customers by customer types were as follows:

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

19. FUNDS FOR FINANCE, ENTRUSTED INVESTMENTS AND ENTRUSTED LOANS

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

20. VALUABLE PAPERS ISSUED

	31/12/2017 VND million	31/12/2016 VND million
Certificates of deposits		
Short-term in foreign currencies	170	168
Medium-term in VND	325	324
Medium-term in foreign currencies	2,298	4,931
Bonds and bills		
Short-term in VND	47	47
Short-term in foreign currencies	30	103
Medium-term in VND	7,211,622	4,280,791
Medium-term in foreign currencies	12	12
Long-term in VND	11,000,000	6,000,000
	18,214,504	10,286,376





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

21. OTHER LIABILITIES

(a) Accrued interest and fee payables

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

(b) Other liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

(i) Internal payables

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

(ii) External payables

	31/12/2017 VND million	31/12/2016 VND million (restated)
Tax payables	484,827	249,781
- Corporate income tax payables	276,569	124,533
- Value added tax payables	37,539	36,749
- Other tax payables	170,719	88,499
Unearned interest income	36,021	32,966
Payables for construction and acquisition of fixed assets	357,244	128,468
Deposit in custody relating to pending payments	161,561	161,071
Other payables to customers	532,487	525,297
Other pending items in settlement	355,780	346,219
Other payables to the State relating to interest subsidy program	64,528	64,528
Borrowings from the Ministry of Finance	702,162	651,693
Other payables	1,805,913	785,839
	4,500,523	2,945,862





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

22. OWNERS' EQUITY

(a) Statement of changes in equity

	Charter capital VND million	Other capital VND million	Reserves		Investment and development fund VND million	Total VND million	Foreign exchange differences VND million	Differences upon asset revaluation VND million	Retained profits VND million	Non- controlling interest VND million	Total VND million
			Supple- mentary charter capital reserve VND million	Financial reserve VND million							
Balance as at 1/1/2017 (restated)	35,977,686	45,160	1,952,746	3,913,260	70,661	5,936,667	84,245	83,285	5,874,992	143,521	48,145,556
Net profit for the year	-	-	-	-	-	-	-	-	9,091,070	19,518	9,110,588
Reserves temporarily appropriated from profit for 2017	-	-	442,458	884,916	-	1,327,374	-	-	(1,327,374)	-	-
Bonus and welfare funds temporarily appropriated for 2017	-	-	-	-	-	-	-	-	(1,501,302)	-	(1,501,302)
Adjustment for reserves appropriation for 2016 according to the Resolution of General Meeting of shareholders	-	-	2	4	-	6	-	-	(224,072)	-	(224,066)
Appropriation to funds of subsidiaries	-	-	8,452	11,888	-	20,340	-	-	(42,596)	(449)	(22,705)
Utilisation during the year	-	-	-	(8,803)	-	(8,803)	-	-	-	-	(8,803)
Adjustment of equity-accounted joint ventures and associates	-	-	-	-	-	-	-	-	(583)	-	(583)
Dividends paid during the year	-	-	-	-	-	-	-	-	(2,878,215)	(18,727)	(2,896,942)
Decrease of subsidiaries' capital	-	-	-	-	-	-	-	-	-	(54,708)	(54,708)
Increase of subsidiaries' capital (*)	-	299,085	(21,884)	-	-	(21,884)	-	-	(277,201)	-	-
Foreign currency differences	-	-	-	-	-	-	10,240	-	-	185	10,425
Other movements	-	-	-	(18)	-	(18)	-	-	533	(16)	499
Balance as at 31/12/2017	35,977,686	344,245	2,381,774	4,801,247	70,661	7,253,682	94,485	83,285	8,715,252	89,324	52,557,959

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

(b) Details of shareholders of the Bank

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

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

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

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

23. DIVIDENDS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

24. INTEREST AND SIMILAR INCOME

	2017 VND million	2016 VND million (restated)
Interest income from loans to customers	36,165,352	29,024,053
Interest income from deposits	1,974,911	1,521,011
Interest income from trading and investing in debt securities	7,197,869	6,563,613
- from investment securities	6,936,567	6,446,456
- from trading securities	261,302	117,157
Interest income from finance lease	253,228	216,949
Income from guarantee activities	390,347	313,407
Income from debts trading activities	-	66,752
Other income from credit activities	177,061	12,426
	46,158,768	37,718,211

25. INTEREST AND SIMILAR EXPENSES

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

26. NET FEE AND COMMISSION INCOME

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

27. NET GAIN FROM TRADING OF FOREIGN CURRENCIES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

28. NET GAIN FROM TRADING SECURITIES

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

29. NET LOSS FROM INVESTMENT SECURITIES

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

30. NET OTHER INCOME

	2017 VND million	2016 VND million (restated)
Other income		
Income from recoveries of loans previously written off	2,185,100	2,122,701
Income from debts trading activities	-	57,110
Other income	170,731	114,916
	2,355,831	2,294,727
Other expenses		
Expenses from interest rate swap transactions	(85,028)	(132,417)
Expenses from debts trading activities	-	(2,026)
Expenses for social activities	(106,832)	(216,968)
Other expenses	(64,441)	(24,938)
	(256,301)	(376,349)
	2,099,530	1,918,378





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

31. INCOME FROM CAPITAL CONTRIBUTION AND EQUITY INVESTMENTS

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

32. OPERATING EXPENSES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

33. ALLOWANCE FOR CREDIT LOSSES

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

34. CORPORATE INCOME TAX

(a) Reconciliation of effective tax rate

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

(b) Applicable tax rates

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

35. BASIC EARNINGS PER SHARE

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

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

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

(b) Weighted average number of ordinary shares

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

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

(c) Basic earnings per share

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

36. CASH AND CASH EQUIVALENTS

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

37. EMPLOYEES' BENEFITS

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

38. OBLIGATIONS TO THE STATE BUDGET

	Balance as at 1/1/2017		Occurrence during the year		Balance as at 31/12/2017		
	VND million (restated)	VND million	Incurred VND million	Paid VND million	Payable VND million	Advances VND million	Total VND million
Value added tax	34,620		364,252	(379,758)	37,539	(18,425)	19,114
Current corporate income tax	124,466		2,234,430	(2,082,461)	276,569	(134)	276,435
<i>In which:</i>							
- Corporate income tax of the Bank	124,533		2,234,378	(2,082,342)	276,569	-	276,569
- Adjustments on tax of previous years	(11)		52	(119)	-	(78)	(78)
- Vinafico's tax obligation in 2008	(56)		-	-	-	(56)	(56)
Deferred tax liabilities	18,461		1,591	-	20,052	-	20,052
Other taxes	88,497		881,887	(799,667)	170,719	(2)	170,717
	266,044		3,482,160	(3,261,886)	504,879	(18,561)	486,318

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

39. ASSETS AND VALUABLE PAPERS FOR PLEDGING, MORTGAGING AND DISCOUNT, RE-DISCOUNT

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

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

40. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

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

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

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

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

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

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

41. SIGNIFICANT TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(a) Significant transactions with related parties

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

(b) Significant balances with related parties

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

42. SEGMENT REPORTING

(a) Geographical segment reporting

Year ended 31 December 2017:	The North VND million	The Middle and Central Highland VND million	The South VND million	Overseas VND million	Elimination VND million	Total VND million
1 Interest and similar income	65,206,586	11,444,290	31,275,800	37,660	(61,805,568)	46,158,768
2 Interest and similar expenses	(55,727,008)	(8,274,306)	(22,018,642)	(12,604)	61,811,338	(24,221,222)
I Net interest income	9,479,578	3,169,984	9,257,158	25,056	5,770	21,937,546
3 Fee and commission income	3,022,788	491,677	1,950,460	27,650	(114,399)	5,378,176
4 Fee and commission expenses	(2,758,199)	(21,157)	(77,496)	(10,323)	27,208	(2,839,967)
II Net fee and commission income	264,589	470,520	1,872,964	17,327	(87,191)	2,538,209
III Net gain from trading of foreign currencies	1,542,001	74,641	424,565	1,210	-	2,042,417
IV Net gain from trading securities	482,170	-	-	-	(5,770)	476,400
V Net loss from investment securities	(19,742)	-	-	-	-	(19,742)
5 Other income	925,959	304,469	1,135,143	605	(10,345)	2,355,831
6 Other expenses	(200,279)	(24,889)	(31,133)	-	-	(256,301)
VI Net other income	725,680	279,580	1,104,010	605	(10,345)	2,099,530
VII Income from capital contribution and equity investments	331,761	-	-	-	-	331,761
Total operating income	12,806,037	3,994,725	12,658,697	44,198	(97,536)	29,406,121
VIII Total operating expenses	(7,865,647)	(1,091,651)	(2,963,507)	(43,076)	97,536	(11,866,345)
IX Net profit before allowances for credit losses	4,940,390	2,903,074	9,695,190	1,122	-	17,539,776
X Allowances for credit losses	(1,558,949)	(760,192)	(3,879,355)	81	-	(6,198,415)
XI Profit before tax	3,381,441	2,142,882	5,815,835	1,203	-	11,341,361
7 Current corporate income tax expenses	(640,489)	(428,576)	(1,163,261)	(2,052)	-	(2,234,378)
8 Deferred corporate income tax benefits	3,605	-	-	-	-	3,605
XII Corporate income tax expenses	(636,884)	(428,576)	(1,163,261)	(2,052)	-	(2,230,773)
XIII Profit after tax	2,744,557	1,714,306	4,652,574	(849)	-	9,110,588

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

42 SEGMENT REPORTING (CONTINUED)

(b) Business segment

Year ended 31 December 2017:		Banking financial services VND million	Non-banking financial services VND million	Securities VND million	Others VND million	Elimination VND million	Total VND million
1	Interest and similar income	107,386,440	300,838	184,080	29,752	(61,742,342)	46,158,768
2	Interest and similar expenses	(85,768,709)	(117,769)	(82,856)	-	61,748,112	(24,221,222)
I	Net interest income	21,617,731	183,069	101,224	29,752	5,770	21,937,546
3	Fee and commission income	5,113,031	7,411	232,642	137,987	(112,895)	5,378,176
4	Fee and commission expenses	(2,760,506)	(852)	(43,397)	(60,916)	25,704	(2,839,967)
II	Net fee and commission income	2,352,525	6,559	189,245	77,071	(87,191)	2,538,209
III	Net gain from trading of foreign currencies	2,040,601	1,816	-	-	-	2,042,417
IV	Net gain from trading securities	471,229	-	10,941	-	(5,770)	476,400
V	Net loss gain from investment securities	(19,742)	-	-	-	-	(19,742)
5	Other income	2,347,077	18,430	88	581	(10,345)	2,355,831
6	Other expenses	(256,298)	-	(3)	-	-	(256,301)
VI	Net other income	2,090,779	18,430	85	581	(10,345)	2,099,530
VII	Income from capital contribution and equity investments	319,043	-	12,718	-	-	331,761
	Total operating income	28,872,166	209,874	314,213	107,404	(97,536)	29,406,121
VIII	Total operating expenses	(11,639,315)	(100,889)	(191,986)	(31,691)	97,536	(11,866,345)
IX	Net operating profit before allowance for credit losses	17,232,851	108,985	122,227	75,713	-	17,539,776
X	Allowance for credit losses	(6,187,511)	(10,904)	-	-	-	(6,198,415)
XI	Profit before tax	11,045,340	98,081	122,227	75,713	-	11,341,361
7	Current corporate income tax expenses	(2,172,125)	(19,233)	(25,507)	(17,513)	-	(2,234,378)
8	Deferred corporate income tax benefits	-	-	3,605	-	-	3,605
XII	Corporate income tax expenses	(2,172,125)	(19,233)	(21,902)	(17,513)	-	(2,230,773)
XIII	Profit after tax	8,873,215	78,848	100,325	58,200	-	9,110,588

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN





43. DISCLOSURE OF FINANCIAL INSTRUMENTS

(a) Collateral disclosure

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

(b) Fair value disclosure

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

The following table presents book value and fair value of Vietcombank's financial assets and liabilities as at 31 December 2017:

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

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





43 DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Risk management policies for financial instruments

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

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

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

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

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

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

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

(i) Credit risk

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

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

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



43 DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(i) Credit risks (continued)

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

	Neither past due nor impaired VND million	Past due but not impaired VND million	Impaired and allowance made VND million	Total VND million
Balances with the SBV	93,615,618	-	-	93,615,618
Balances with and loans to other credit institutions – gross	232,973,403	-	-	232,973,403
Balances with other credit institutions	159,043,345	-	-	159,043,345
Loans to other credit institutions	73,930,058	-	-	73,930,058
Trading securities	9,304,388	-	-	9,304,388
Loans to customers – gross	530,523,725	1,918,788	10,991,947	543,434,460
Investment securities – gross	130,084,129	-	-	130,084,129
Available-for-sale investment securities	34,680,108	-	-	34,680,108
Held-to-maturity investment securities	95,404,021	-	-	95,404,021
Other assets	10,389,978	-	-	10,389,978
	1,006,891,241	1,918,788	10,991,947	1,019,801,976

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



43 DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(ii) Interest rate risk

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

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

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

- » Cash, gold, silver and gemstones, long-term investments, and other assets (including fixed assets and other assets) are classified as free of interest items;
- » Trading securities are classified as "Up to 1 month" items;
- » The actual interest re-pricing terms of investment securities are subject to issuers' terms and conditions on interest rate of issuing institution for each security type;
- » The actual interest re-pricing term of balances with, funds for finance, entrusted investments and entrusted loans and loans to other credit institutions, loans to customers, amounts due to the Government and the State Bank of Vietnam, deposits and borrowings from other credit institutions, deposits from customers, entrusted investments and entrusted loans and other liabilities are identified as follows:
 - Items with fixed interest rate during the contractual term: the actual interest re-pricing term is based on the contractual maturity date subsequent to the end of the annual accounting period;
 - Items with floating interest rate: the actual interest re-pricing term is based on the nearest re-pricing term subsequent to the end of the annual accounting period.
- » The actual interest re-pricing term of valuable papers issued is based on valuable papers' maturities and the Bank's interest rate for each issuance.

The following table presents the interest rate re-pricing terms of Vietcombank's assets and liabilities as at 31 December 2017:





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

43 DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(ii) Interest rate risk (continued)

	Overdue VND million	Free of interest VND million	Up to 1 month VND million	From 1 to 3 months VND million	From over 3 months to 6 months VND million	From over 6 months to 12 months VND million	From over 1 year to 5 years VND million	Over 5 years VND million	Total VND million
Assets									
I Cash on hand, gold, silver and gemstones	-	10,102,861	-	-	-	-	-	-	10,102,861
II Balances with the State Bank of Vietnam	-	-	93,615,618	-	-	-	-	-	93,615,618
III Balances with and loans to other credit institutions - gross	-	342,551	194,099,786	24,221,210	3,455,884	1,166,465	9,687,507	-	232,973,403
IV Trading securities - gross	-	445,856	9,304,388	-	-	-	-	-	9,750,244
V Derivative financial instruments and other financial assets	-	-	-	832,354	-	-	-	-	832,354
VI Loans to customers - gross	4,585,850	-	136,312,274	190,400,868	134,793,655	50,901,816	25,880,118	559,879	543,434,460
VII Investment securities - gross	-	-	2,865,431	3,754,383	7,481,502	7,361,237	76,189,267	32,440,499	130,092,319
VIII Other long-term investments - gross	-	3,577,967	-	-	-	-	-	-	3,577,967
IX Fixed assets	-	6,162,361	-	-	-	-	-	-	6,162,361
X Other assets - gross	-	13,113,164	-	-	-	-	-	-	13,113,164
Total assets	4,585,850	33,744,760	436,197,497	219,208,815	145,731,041	59,429,518	111,756,892	33,000,378	1,043,654,751
Liabilities									
I Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	-	-	223,572,873	8,805,484	4,650,151	1,298,763	-	-	238,327,271
II Deposits from customers	-	22,799	392,353,563	116,798,766	104,491,082	90,564,536	4,282,108	6,863	708,519,717
IV Funds for finance, entrusted investments and entrusted loans	-	-	-	153	-	-	1,640	21,360	23,153
V Valuable papers issued	-	-	2,017	-	-	3,220,387	14,252,100	740,000	18,214,504
VI Other liabilities	-	17,650,679	-	-	-	-	-	-	17,650,679
Total liabilities	-	17,673,478	615,928,453	125,604,403	109,141,233	95,083,686	18,535,848	768,223	982,735,324
Interest sensitivity gap - on balance sheet	4,585,850	16,071,282	(179,730,956)	93,604,412	36,589,808	(35,654,168)	93,221,044	32,232,155	60,919,427



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

43 DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(iii) Currency risk

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

43 DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(iii) Currency risk (continued)

	VND million	USD million	EUR million	Other currencies VND million	Total VND million
Assets					
I Cash on hand, gold, silver and gemstones	8,185,268	1,345,517	281,095	290,981	10,102,861
II Balances with the State Bank of Vietnam	77,675,012	15,940,606	-	-	93,615,618
III Balances with and loans to other credit institutions - gross	129,878,942	75,960,809	21,827,430	5,306,222	232,973,403
IV Trading securities - gross	9,750,244	-	-	-	9,750,244
V Derivative financial instruments and other financial assets	61,595,944	(60,522,893)	(171,207)	(69,490)	832,354
VI Loans to customers - gross	457,398,574	84,734,916	141,579	1,159,391	543,434,460
VII Investment securities - gross	74,029,819	56,062,500	-	-	130,092,319
VIII Long-term investments - gross	3,577,967	-	-	-	3,577,967
IX Fixed assets	6,162,361	-	-	-	6,162,361
X Other assets - gross	11,240,963	1,781,388	50,640	40,173	13,113,164
Total assets	839,495,094	175,302,843	22,129,537	6,727,277	1,043,654,751
Liabilities					
I Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	175,475,376	40,611,363	17,597,016	4,643,516	238,327,271
II Deposits from customers	572,968,721	128,587,593	4,382,048	2,581,355	708,519,717
IV Funds for finance, entrusted investments and entrusted loans	23,153	-	-	-	23,153
V Valuable papers issued	18,211,995	2,509	-	-	18,214,504
VI Other liabilities	15,577,170	2,021,213	26,742	25,554	17,650,679
Total liabilities	782,256,415	171,222,678	22,005,806	7,250,425	982,735,324
FX position on balance sheet	57,238,679	4,080,165	123,731	(523,148)	60,919,427





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

43 DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(iv) Liquidity risk

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

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

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

The following table analyses the remaining terms to maturity of Vietcombank's assets and liabilities as at 31 December 2017:





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

43 DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(iv) Liquidity risk (continued)

	Overdue		Not overdue					Total VND million
	Over 3 months VND million	Up to 3 months VND million	Up to 1 month VND million	From over 1 month to 3 months VND million	From over 3 months to 12 month VND million	From over 1 year to 5 years VND million	Over 5 years VND million	
Assets								
I Cash on hand, gold, silver and gemstones	-	-	10,102,861	-	-	-	-	10,102,861
II Balances with the State Bank of Vietnam	-	-	93,615,618	-	-	-	-	93,615,618
III Balances with and loans to other credit institutions - gross	-	-	194,131,417	24,164,184	2,680,525	11,997,277	-	232,973,403
IV Trading securities - gross	-	-	9,750,244	-	-	-	-	9,750,244
V Derivative financial instruments and other financial assets	-	-	-	832,354	-	-	-	832,354
VI Loans to customers - gross	2,691,053	1,894,798	45,327,702	119,756,136	165,406,550	110,207,307	98,150,914	543,434,460
VII Investment securities - gross	-	-	2,573,430	988,383	8,875,820	81,269,187	36,385,499	130,092,319
VIII Long-term investments - gross	-	-	-	-	-	-	3,577,967	3,577,967
IX Fixed assets	-	-	-	-	-	-	6,162,361	6,162,361
X Other assets - gross	-	-	-	13,113,164	-	-	-	13,113,164
Total assets	2,691,053	1,894,798	355,501,272	158,854,221	176,962,895	203,473,771	144,276,741	1,043,654,751
Liabilities								
I Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	-	-	222,504,598	8,751,684	4,031,038	1,953,730	1,086,221	238,327,271
II Deposits from customers	-	-	204,482,711	124,412,793	210,522,090	33,359,982	135,742,141	708,519,717
IV Funds for finance, entrusted investments and entrusted loans	-	-	153	-	-	1,640	21,360	23,153
V Valuable papers issued	-	-	2,017	-	-	7,352,100	10,860,387	18,214,504
VI Other liabilities	-	-	-	17,650,679	-	-	-	17,650,679
Total liabilities	-	-	426,989,479	150,815,156	214,553,128	42,667,452	147,710,109	982,735,324
Net liquidity gap	2,691,053	1,894,798	(71,488,207)	8,039,065	(37,590,233)	160,806,319	(3,433,368)	60,919,427

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

44. CORRESPONDING FIGURES

(a) Restatement by the State Audit of Vietnam

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

(i) Impact on total assets

	31/12/2016 VND million (restated)	31/12/2016 VND million (as previously reported)	Difference VND million
Loans to customers	452,721,687	452,684,316	37,371
Loans to customers	460,808,440	460,808,468	(28)
Allowance for loans to customers	(8,086,753)	(8,124,152)	37,399
Fixed assets	5,729,637	5,639,382	90,255
Tangible fixed assets	3,726,000	3,717,046	8,954
Cost	8,632,207	8,621,996	10,211
Accumulated depreciation	(4,906,207)	(4,904,950)	(1,257)
Intangible fixed assets	2,003,637	1,922,336	81,301
Cost	2,603,156	2,518,777	84,379
Accumulated amortisation	(599,519)	(596,441)	(3,078)
Other assets	10,700,615	10,800,045	(99,430)
Receivables	2,958,093	2,950,677	7,416
Accrued interest and fee receivables	5,791,137	5,786,098	5,039
Deferred tax assets	1,943	1,943	-
Other assets	1,950,379	2,062,264	(111,885)
Allowance for other assets	(937)	(937)	-
Total impact			28,196

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

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

	31/12/2016 VND million (restated)	31/12/2016 VND million (as previously reported)	Difference VND million
Other liabilities	12,661,994	12,677,844	(15,850)
Accrued interest and fee payables	6,454,174	6,454,174	-
Deferred tax liabilities	18,461	18,461	-
Other liabilities	6,189,359	6,205,209	(15,850)
Retained profits	5,874,992	5,830,946	44,046
Previous years' retained profits	1,204,902	1,204,902	-
Current year's retained profits	4,670,090	4,626,044	44,046
Total shareholders' equity	48,145,556	48,101,510	44,046
Total impact			28,196

(iii) Impact on off-balance sheet commitments:

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

(iv) Impact on consolidated statement of income:

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

Form B05/TCTD-HN

45. DISCLOSURE ON CHANGES IN PROFIT

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

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

46. EVENTS AFTER THE CONSOLIDATED FINANCIAL STATEMENTS DATE

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

47. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Hanoi, 30 March 2018

Prepared by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Approved by:

Ms. Phung Nguyen Hai Yen


Deputy Director of
Accounting Policy Department


Chief Accountant


Deputy CEO





JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE OF VIET NAM

198 Tran Quang Khai Street, Hoan Kiem District, Ha Noi City, Viet Nam

Tel: (+84) 24 3934 3137 Fax: (+84) 24 3826 9067

Swift: BFTV VNVX Website: www.vietcombank.com.vn