

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK
(Incorporated in the Socialist Republic of Vietnam)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017



SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

TABLE OF CONTENTS	PAGE
The Bank's information	1
Statement by the Board of Management	3
Auditor's report	4
Consolidated balance sheet (Form B02/TCTD-HN)	6
Consolidated income statement (Form B03/TCTD-HN)	9
Consolidated cash flow statement (Form B04/TCTD-HN)	10
Notes to the consolidated financial statements (Form B05/TCTD-HN)	11

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

THE BANK'S INFORMATION

Licence of Operation of Joint Stock Bank

No. 0051/NH-GP dated 25 March 1994

The Licence of Operation of Joint Stock Bank was issued by the State Bank of Vietnam ("the SBV") for a period of 99 years from the date of the Licence. The latest amendment to the Licence of Operation of Joint Stock Bank was issued on 14 July 2005.

Enterprise Registration Certificate No. 0200253985 dated 14 January 2005

The Enterprise Registration Certificate and its subsequent amendments were issued by Hanoi Department of Planning and Investment. The latest amendment to the Enterprise Registration Certificate (the 26th) was issued on 1 March 2016.

Board of Directors

Madame Nguyen Thi Nga	Chairwoman
Ms. Le Thu Thuy	Standing Vice Chairperson
Ms. Khuc Thi Quynh Lam	Vice Chairperson
Mr. Le Van Tan	Vice Chairperson
Mr. Le Tuan Anh	Vice Chairperson (resigned on 15 August 2017)
Mr. Hoang Minh Tan	Member
Mr. Alexandre Maymat	Member (resigned on 15 June 2017)
Ms. Thai Thi Phuong Hoa	Member (resigned on 21 April 2017)
Ms. Tran Thi Nguyet	Member (appointed on 21 April 2017)
Ms. Le Thi Thanh Binh	Member (appointed on 21 April 2017 and resigned on 15 August 2017)
Ms. Doan Thi Thanh Huong	Independent Member

Board of Supervisors

Mr. Bui Trung Kien	Chief Supervisor
Ms. Nguyen Thi Phuong	Member
Ms. Vu Thi Ngoc Quynh	Member

Board of Management

Mr. Nguyen Canh Vinh	General Director (appointed on 25 September 2017 and resigned on 8 February 2018)
Mr. Dang Bao Khanh	General Director (resigned on 5 July 2017)
Mr. Le Van Tan	Deputy General Director in charge (appointed on 4 July 2017)
Ms. Le Thu Thuy	First Deputy General Director
Mr. Le Quoc Long	Deputy General Director
Mr. Nguyen Tuan Cuong	Deputy General Director
Mr. Vu Dinh Khoan	Deputy General Director
Ms. Van Thi Hang	Deputy General Director (resigned on 1 November 2017)
Ms. Tran Thi Thanh Thuy	Deputy General Director
Ms. Duong Bich Hang	Deputy General Director (resigned on 1 January 2018)
Mr. Nguyen Ngoc Quynh	Deputy General Director
Ms. Nguyen Thi Thu Huong	Deputy General Director
Mr. Nguyen Huong Minh	Deputy General Director (appointed on 15 August 2017)

Legal Representative

Madame Nguyen Thi Nga	Chairwoman
-----------------------	------------

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

THE BANK'S INFORMATION (CONTINUED)

LICENCED ACTIVITIES

The principal activities of Southeast Asia Commercial Joint Stock Bank are to mobilise and receive short-term, medium-term and long-term deposits from organisations and individuals; to lend on a short-term, medium-term and long-term basis based on the nature and availability of the Bank's capital resources; to provide payment, treasury services and other banking services as approved by the SBV; to invest in subsidiaries, associates and other entities, to invest in bonds and to trade in foreign exchange transactions in accordance with prevailing regulations.

Registered Office

No. 25 Tran Hung Dao Street, Phan Chu Trinh Ward,
Hoan Kiem District, Hanoi, Vietnam

Auditor

Branch of PwC (Vietnam) Limited in Hanoi

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF MANAGEMENT OF SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Management of Southeast Asia Commercial Joint Stock Bank ("the Bank") is responsible for preparing consolidated financial statements which give a true and fair view of the financial position of the Bank as at 31 December 2017 and the results of its operations and cash flows for the year ended. In preparing these 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; and
- prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Bank will continue in business.

The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Bank and which enable consolidated financial statements to be prepared which comply with the accounting system applicable for credit institutions in Vietnam and other legal regulations on preparation and presentation of financial statements. The Board of Management is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements as set out on pages 6 to 56 which give a true and fair view of the financial position of the Bank as at 31 December 2017 and of the results of its operations and cash flows for the year ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and regulations applicable to banks and other credit institutions operating in SR Vietnam on the preparation and presentation of financial statements.

On behalf of the Board of Management,



Le Van Tan 
Deputy General Director in charge
Authorised signatory
Hanoi, SR Vietnam
30 March 2018



INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

We have reviewed the accompanying consolidated financial statements of Southeast Asia Commercial Joint Stock Bank ("the Bank") which were prepared on 31 December 2017 and approved by the Board of Management on 30 March 2018. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2017, the consolidated income statement, the consolidated cash flow statement for the year ended, and explanatory notes to the consolidated financial statements including significant accounting policies, as set out on pages 6 to 56.

The Board of Management's Responsibility to the Consolidated Financial Statements

The Board of Management of the Bank is responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and regulations on preparation and presentation of financial statements applicable to banks and other credit institutions operating in SR Vietnam, and for such internal control which the Board of Management determines is necessary to enable the preparation and fair presentation 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 the 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 standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the Bank's consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the consolidated 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 true and fair presentation of the consolidated 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 Board of Management, as well as evaluating the overall presentation of the consolidated 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 present fairly, in all material respects, the consolidated financial position of the Bank as at 31 December 2017, its consolidated financial performance and consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations on preparation and presentation of financial statements applicable to banks and other credit institutions operating in SR Vietnam.

Other matter

The consolidated financial statements of the Bank for the year ended 31 December 2016 were audited by another auditor, who issued an unqualified opinion on those consolidated financial statements on 30 March 2017.

For and on behalf of Branch of PwC (Vietnam) Limited in Hanoi



Nguyen Phi Lan
Audit Practising Licence No: 0537-2018-006-1
Authorised signatory

Do Duc Hau
Audit Practising Licence No: 2591-2018-006-1

Report reference number: HAN 1995
Hanoi, 31 March 2018

As indicated in Note 2.1 to the consolidated financial statements, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam, and furthermore their utilisation is not designed for those who are not informed about SR Vietnam's accounting principles, procedures and practices.

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

Form B02/TCTD-HN

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2017	2016
	Note	VND million	VND million
A ASSETS			
I Cash, gold, silver and precious stones	3	735,333	708,369
II Balances with the State Bank of Vietnam	4	3,409,370	2,364,806
III Placements with and loans to other credit institutions	5	17,229,949	15,215,142
1 Placements with other credit institutions		15,168,298	10,755,668
2 Loans to other credit institutions		2,061,651	4,459,474
IV Trading securities	6	4,460,342	-
1 Trading securities		4,460,342	-
V Derivative financial instruments and other financial assets	7	10,911	-
VI Loans to customers	8	69,921,052	58,445,297
1 Loans to customers		70,525,510	58,988,895
2 Provision for losses on loans to customers		(604,458)	(543,598)
VII Debt purchasing activities	9	41,832	50,575
1 Purchased debts		41,832	63,818
2 Provision for losses on purchased debts		-	(13,243)
VIII Investment securities	10	22,060,211	19,731,935
1 Available-for-sales investment securities		18,248,264	15,446,564
2 Held-to-maturity investment securities		4,876,430	4,897,110
3 Provision for diminution in value of investment securities		(1,064,483)	(611,739)
IX Investments in other entities and long-term investments	11	179,024	183,187
3 Investments in associates		72,000	72,000
4 Other long-term investments		107,024	111,187
X Fixed assets	12	374,686	347,157
1 Tangible fixed assets		230,084	243,208
a Historical cost		571,560	546,079
b Accumulated depreciation		(341,476)	(302,871)
2 Intangible fixed assets		144,602	103,949
a Historical cost		242,951	187,729
b Accumulated amortisation		(98,349)	(83,780)
XI Investment properties	13	260,921	290,134
a Historical cost		266,115	293,904
b Accumulated amortisation		(5,194)	(3,770)
XII Other assets	14	6,325,329	6,028,360
1 Other receivables		1,570,119	1,592,150
2 Fee and interest income receivables		2,525,250	2,130,200
4 Other assets		2,238,918	2,312,200
5 Provisions for losses on other assets		(8,958)	(6,190)
TOTAL ASSETS		125,008,960	103,364,962

The notes on pages 11 to 56 are an integral part of these consolidated financial statements.

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

Form B02/TCTD-HN

CONSOLIDATED BALANCE SHEET
(continued)

		As at 31 December	
		2017	2016
	Note	VND million	VND million
B LIABILITIES AND EQUITY			
I Borrowings from the State Bank of Vietnam	15	310,758	348,189
II Placements and borrowings from other credit institutions	16	32,601,506	20,779,035
1 Placements from other credit institutions		18,711,084	12,939,085
2 Borrowings from other credit institutions		13,890,422	7,839,950
III Deposits from customers	17	80,039,516	72,130,806
IV Derivative financial instruments and other financial liabilities	7	-	65,794
V Capital financed or entrusted for investments and loans that the Bank bears risk	18	393	393
VI Valuable papers in issue	19	3,728,000	2,900,000
VII Other liabilities	20	2,154,182	1,260,915
1 Fee and interest expense payables		1,797,500	1,187,167
3 Other liabilities		356,682	73,748
TOTAL LIABILITIES		118,834,355	97,485,132
VIII EQUITY	21	6,174,605	5,879,830
1 Capital		5,465,881	5,465,881
a Charter capital		5,465,826	5,465,826
g Other capital		55	55
2 Funds of credit institution		219,358	173,629
5 Undistributed earnings		489,366	240,320
TOTAL EQUITY		6,174,605	5,879,830
TOTAL LIABILITIES AND EQUITY		125,008,960	103,364,962

The notes on pages 11 to 56 are an integral part of these consolidated financial statements.


SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

Form B02/TCTD-HN

CONSOLIDATED BALANCE SHEET
(continued)

OFF BALANCE SHEET ITEMS

		As at 31 December	
	Note	2017 VND million	2016 VND million
I			
CONTINGENT LIABILITIES	37		
1 Borrowing guarantees		104,043	12,500
2 Letter of credit commitments		350,549	627,427
3 Other guarantees		1,095,660	662,703
II			
COMMITMENTS	37		
1 Foreign exchange transactions commitments		77,715,724	41,747,320
- Buying foreign currency commitments		12,821,780	3,350,333
- Selling foreign currency commitments		12,856,973	3,365,180
- Swap commitments		52,036,971	35,031,807
2 Other commitments		5,515,574	571,152



Nghiem Thi Thu Nga
Preparer



Nguyen Thi Hoai Phuong
Chief Accountant





Le Van Tan
Deputy General Director in charge
Authorised signatory
30 March 2018

The notes on pages 11 to 56 are an integral part of these consolidated financial statements.

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

Form B03/TCTD-HN

CONSOLIDATED INCOME STATEMENT

Code	Note	For the year ended 31 December	
		2017 VND million	2016 VND million
1 Interest and similar income	22	7,371,235	6,149,615
2 Interest and similar expenses	23	(5,398,816)	(4,306,583)
I Net interest income		1,972,419	1,843,032
3 Fee and commission income	24	212,709	149,651
4 Expenses on service activities	25	(147,231)	(105,456)
II Net gain from service activities		65,478	44,195
III Net gain/(loss) from dealing in foreign currencies	26	7,570	(15,548)
IV Net gain from trading of trading securities		57,643	-
V Net gain from trading of investment securities	27	89,671	36,589
5 Other incomes		2,201	3,559
6 Other expenses		(1,177)	(1,365)
VI Net other income	28	1,024	2,194
VII Income from investments in other entities	29	1,970	3,031
VIII General and administrative expenses	30	(1,268,553)	(1,119,317)
IX Operating profit before provisions for credit losses		927,222	794,176
X Provisions for credit losses		(545,991)	(648,279)
XI Profit before tax		381,231	145,897
7 Business income tax - current	31	(76,373)	(29,108)
8 Business income tax - deferred		-	-
XII Business income tax		(76,373)	(29,108)
XIII Net profit after tax		304,858	116,789
XV Basic earning per share		546	203


 Nghiem Thi Thu Nga
 Preparer


 Nguyen Thi Hoai Phuong
 Chief Accountant


 Le Van Tan
 Deputy General Director in charge
 Authorised signatory
 30 March 2018

The notes on pages 11 to 56 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

		For the year ended 31 December	
Code	Note	2017 VND million	2016 VND million
Cash flows from the operating activities			
01	Interest and similar income received	6,976,212	5,574,889
02	Interest and similar expenses paid	(4,788,510)	(3,769,439)
03	Fee and commission income received	64,026	46,855
04	Net amount received from dealing in foreign currencies and trading securities activities	158,240	21,041
05	Other income	873	1,686
06	Recovery of written-off loans	200	509
07	Payments to employees and for administrative expenses	(1,210,140)	(957,614)
08	Business income tax paid	(47,081)	(28,199)
Net cash inflows from operating activities before changes in working capital		1,153,820	889,728
Changes in operating assets			
09	Decrease/(increase) in placements with and loans to other credit institutions	2,397,823	(1,794,474)
10	Increase in trading securities	(7,241,362)	(3,384,445)
11	Increase in derivative financial instruments and other financial assets	(10,911)	-
12	Increase in loans to customers	(11,514,629)	(15,875,841)
13	Utilisation of provision for losses on loans and advances to customers	(48,986)	-
14	Decrease in other operating assets	98,082	169,247
Changes in operating liabilities			
15	(Decrease)/increase in borrowings from the State Bank of Vietnam	(37,431)	166,712
16	Increase in placements and borrowings from other credit institutions	11,822,471	2,705,995
17	Increase in deposits from customers	7,908,710	15,112,372
18	Increase in value papers in issue	828,000	-
19	Decrease in capital financed and entrusted for investments and loans that the Bank bears risks	-	(15,640)
20	(Decrease)/increase in derivative financial instruments and other financial liabilities	(65,794)	51,479
21	Increase/(decrease) in other operating liabilities	242,215	(52,458)
22	Payments from funds of credit institutions	1,399	-
I NET CASH FLOWS FROM OPERATING ACTIVITIES		5,533,407	(2,027,325)
Cash flows from investment activities			
01	Purchases of fixed assets	(97,472)	(48,922)
02	Proceeds from disposals of fixed assets	-	260
04	Purchases of investment properties	(21,264)	(19,000)
05	Proceeds from disposals of investment properties	63,354	44,816
08	Receipts from investment in other entities	4,163	-
09	Dividends and shares of profit received from long-term investments	1,970	3,031
II NET CASH FLOWS FROM INVESTMENT ACTIVITIES		(49,249)	(19,815)
Cash flows from financing activities			
III NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-
IV NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5,484,158	(2,047,140)
V CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		13,828,843	15,875,983
VII CASH AND CASH EQUIVALENTS AT END OF YEAR		19,313,001	13,828,843


Nghiem Thi Thu Nga
Preparer


Nguyen Thi Hoai Phuong
Chief Accountant


32
32
Le Van Tan
Deputy General Director in charge
Authorised signatory
30 March 2018

Nghiem Thi Thu Nga
Preparer

Nguyen Thi Hoai Phuong
Chief Accountant

Le Van Tan
Deputy General Director in charge
Authorised signatory
30 March 2018



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1 GENERAL INFORMATION OF THE BANK

Southeast Asia Commercial Joint Stock Bank (hereinafter referred to as "the Bank") is a joint stock bank registered in SR Vietnam. The Licence of Operation of Joint Stock Bank No. 0051/NH-GP was granted to the Bank by the State Bank of Vietnam ("the SBV") on 25 March 1994 for a period of 99 years from the date of the Licence.

The Bank obtained the Enterprise Registration Certificate No. 0200253985 which was issued by Hanoi Department of Planning and Investment as replacement for the Business Registration Certificate No. 0103006488 issued by Hai Phong Department of Planning and Investment on 14 January 2005. The latest amendment (the 26th) of the Enterprise Registration Certificate No. 0200253985 was issued on 1 March 2016. Pursuant to the latest amendment to the Enterprise Registration Certificate, the Bank's charter capital is 5,465,825,890,000 Dong.

The principal activities of the Bank are to mobilise and receive short-term, medium-term and long-term deposits from organisations and individuals; to lend on a short-term, medium-term and long-term basis based on the nature and availability of the Bank's capital resources; to provide payment, treasury services and other banking services as approved by the SBV; to invest in subsidiaries, associates and other entities, to invest in bonds and to trade in foreign exchange transactions in accordance with prevailing regulations.

The Bank's Head Office is located at No. 25 Tran Hung Dao Street, Phan Chu Trinh Ward, Hoan Kiem District, Hanoi, Vietnam. As at 31 December 2017, the Bank had 39 branches (as at 31 December 2016: 39 branches).

As at 31 December 2017, the Bank had 3,222 employees (as at 31 December 2016: 2,738 employees).

The Bank's interest in its subsidiary and associate is shown as follows:

Name	Enterprise Registration Certificate	Principal activities	% of ownership held by the Bank	Charter capital VND million
Subsidiary				
SeABank Asset Management Company Limited	Business Registration Certificate No. 01040044839 issued by Hanoi Department of Planning and Investment on 16 December 2008 and Business Registration Certificate No. 0103099985 re-issued on 10 March 2011.	Debt management and asset exploitation	100%	500,000
Associate				
Vietcombank-Cardif Life Insurance Company Limited	Establishment and Operation Licence No. 55GP/KDBH issued by Ministry of Finance on 23 October 2008.	Life insurance and reinsurance	12%	600,000

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of preparation of consolidated financial statements**

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and regulations applicable to banks and other credit institutions operating in SR Vietnam on the preparation and presentation of financial statements. The consolidated financial statements have been prepared under the historical cost convention.

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam. The accounting principles and practices utilised in SR Vietnam may differ from those generally accepted in countries and jurisdictions other than SR Vietnam.

2.2 Basis of consolidation

The Bank prepared its consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and regulations applicable to banks and other credit institutions operating in SR Vietnam.

Subsidiary

Subsidiary is entity over which the Bank has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank controls another entity.

Intercompany transactions, balances and unrealised gains and losses on transactions between the Bank and its subsidiary are eliminated when consolidated. Accounting policies of subsidiary have been changed at where necessary to ensure consistency with the policies adopted by the Bank.

Associates

Associates are all entities over which the Bank has significant influence but not control, generally accompanying a shareholding of between 11% and 50% of the shares with voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Bank's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. Unrealised gains and losses on transactions between the Bank and its associates are eliminated to the extent of the Bank's interest in the associates. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Bank.

In the consolidated financial statements, investments in associates are accounted for using the cost method when (i) the investment is expected to be disposed in the near future (less than 12 months), or (ii) the associates are operating under severe long-term restrictions that significantly impair its ability to transfer funds to the investor.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.3 Fiscal year**

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

2.4 Currency

The consolidated financial statements are measured in Vietnamese Dong ("VND" or "Dong") and presented in the consolidated financial statements as Vietnamese Dong million rounded to the nearest million.

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised as income or expense in the consolidated income statement.

Monetary assets and liabilities denominated in foreign currencies at period end are translated at the rates of exchange ruling at the period end date. Foreign exchange differences arising from these translations are recognised in the foreign exchange differences in the consolidated balance sheet at period end and transferred to the consolidated income statement at year end.

2.5 Derivatives

For foreign currency forward and swap contracts, at the effective date of the contracts, differences between Vietnamese Dong value equivalent to foreign currencies committed for trading at foreign exchange forward/swap rate and spot rate as at the effective date of the contracts are recorded as an asset – "Derivative financial instruments and other financial assets" if positive or a liability – "Derivative financial instruments and other financial liabilities" if negative. These differences are subsequently allocated into "Net gain/(loss) from dealing in foreign currencies" during the contract term. At the date of the consolidated financial statements, foreign currency commitments under the forward contracts are translated by using the official foreign exchange rates announced by the SBV. Gains or losses from the translation are recognised in "Foreign exchange differences" in the consolidated balance sheet during the year, and are transferred to the consolidated income statement as at year end.

2.6 Interest income and expenses

Interest income and expenses are recognised on an accruals basis. In the case that a loan customer is unable to pay both principal and interest at the maturity date as scheduled, interest income is derecognised and recorded in off-balance sheet. Interest income on overdue loan is recognised in the income statement on receipt.

2.7 Fee and commission income and expenses on service activities

Fees and commission income and expenses on service activities are incurred from payment services, treasury services and other services. Fees and commissions are recognised when the outcome of the transaction can be measured reliably and all four (4) following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Bank;
- The percentage of completion of the transaction can be measured reliably as at the balance sheet date; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.8 Loans to customers**

Loans to customers are stated at the amount of principal outstanding and provision for losses on loans to customers on the final working day of the year.

Short-term loans are those with a repayment date within one year of the loan disbursement date. Medium-term loans are those with a final repayment date between one and five years of the loan disbursement date and long-term loans are those with a final repayment date of more than five years from the loan disbursement date.

2.8.1 Classification of loans to customers

Loans are classified and provisions are made in accordance with Circular 02/2013/TT-NHNN dated 21 January 2013 ("Circular 02") and Circular 09/2014/TT-NHNN dated 18 March 2014 ("Circular 09"). According to Circular 02 and Circular 09, loans to customers are classified into five groups according to the loan repayment status and based on quantitative factors as follows:

Group 1: Current

- Undue debts which, according to the Bank's assessment, could be fully recovered, both principal and interest, when they fall due;
- Debts which are overdue for less than 10 days and according to the Bank's assessment, could be fully recovered, both overdue principal and interest, in accordance with the remaining payment schedule.

Group 2: Special mentioned

- Debts which are overdue from 10 days to 90 days;
- First-time rescheduled debts.

Group 3: Sub-standard

- Debts which are overdue from 91 days to 180 days;
- First-time extended debts;
- Debts where the interest was waived or reduced because customers are not be able to fully repay interest in accordance with loan agreements.

Group 4: Doubtful

- Debts which are overdue from 181 days to 360 days;
- First-time rescheduled debts which are overdue for less than 90 days within the rescheduled payment term;
- Second-time rescheduled debts.

Group 5: Bad

- Debts which are overdue for more than 360 days;
- First-time rescheduled debts which are overdue for 90 days or more within the rescheduled payment term;
- Second-time rescheduled debts which are overdue within the second-time rescheduled payment term;
- Debts which are rescheduled for third time or more regardless of being overdue or not.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.8 Loans to customers (continued)****2.8.1 Classification of loans to customers (continued)**

When a customer owes more than one debt to the Bank and has any of its debts transferred to group with higher risks, the Bank classifies the remaining debts of this customer into group of debt with higher risks corresponding with their level of risks.

Debts shall be classified in a group with lower risks (including Group 1) in the following cases:

- i) Customers have made full repayment of the overdue principal and the interest (including interests on overdue principals) and the principals and interest of the following payment periods for at least 3 (three) months in respect of long and medium-term debts and 1 (one) month in respect of short-term debts since the date the overdue principals and interest are fully repaid; and
- ii) The Bank has sufficient basis of information and documents to assess and conclude that customers are capable of fully repaying the principals and the interest in a timely manner.

Debts shall be classified in a group with higher risks in the following cases:

- iii) Changes in environment and business field, which negatively impact the capability of customers to pay debt (natural calamities, epidemics, war, economic environment);
- iv) Norms on profitability, solvency, ratio of debts to capital, cash flows, capability of customers to pay debts deteriorating continuously or significantly adversely fluctuated after 3 (three) consecutive times of assessment and debt classification;
- v) Debts where acts of credit granting have been administratively sanctioned as prescribed by law;
- vi) Customers fail to supply fully, timely and truly financial information at the request of the Bank for an assessment regarding the capability of customers to pay their debts;
- vii) Debts which have been classified in Group 2, Group 3, Group 4 in accordance with points (iii), (iv) and (vi) for 1 (one) year or longer but not qualified to classify in a group with lower risks.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Loans to customers (continued)

2.8.2 Classification of payments for off-balance sheet commitments

Payments for off-balance sheet commitments are amounts that the Bank settled on behalf of customers when customers who are guaranteed by the Bank are not able to settle the amount when it falls due.

Overdue days are calculated as soon as the Bank implements its obligation under commitments. The amount of payments for off-balance sheet commitments is classified as follows:

Group 3: Sub-standard

- If overdue for less than 30 days;

Group 4: Doubtful

- If overdue from 30 days and less than 90 days;

Group 5: Loss

- If overdue for 90 days or more.

If a payment for off-balance sheet commitments is classified in a group with lower risks than a group in which the off-balance sheet commitments are classified, the Bank is obliged to reclassify the payment into the same group of the off-balance sheet commitments.

2.8.3 Provision for losses on loans to customers

The specific provision for losses in credit risk is calculated using set rates, which are applied to each group of debts. The rates are as follows:

Provision rates

Group 1 - Current	0%
Group 2 - Special mentioned	5%
Group 3 - Sub-standard	20%
Group 4 - Doubtful	50%
Group 5 - Bad	100%

The specific provision is calculated quarterly based on net credit exposure of each borrower, which equals the borrower's loan balance as at final working day of the previous quarter less discounted value of collateral assets. For the last quarter of the financial year, specific provision is calculated quarterly based on net credit exposure as at final working day of the second month of the last quarter of the financial year (30 November). The value of these collateral assets is determined in accordance with Circular 02 and Circular 09.

According to Circular 02, a general provision is also required for unidentified losses during classification of debts and making specific provisions. General provisions are determined as 0.75% of the total balance of loans to customers from Group 1 to Group 4 as at 30 November.

2.8.4 Provision for losses on off-balance sheet commitments

According to Circular 02 and Circular 09, the Bank is not required to make provisions for off-balance sheet commitments.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.8 Loans to customers (continued)****2.8.5 Utilisation of provision for handling credit risks**

Bad debts could be written off by utilising the provision in the following cases:

- Customer is an organisation which is dissolved, bankrupt as prescribed by law or an individual who is dead or is missing;
- Debts are classified in Group 5.

If, for at least 5 (five) years, after using provisions against credit risks and after all measures for debt recovery of the Bank have been implemented but debts are still irrevocable, the Bank shall be entitled to release the unsettled debts from the off-balance sheet accounts in accordance with the approval of Risk Handling Committee of the Bank for each specific case.

2.8.6 Purchased debtsRecognition of purchased debts

Purchased debts are stated at cost of purchase and provision for credit risks.

Purchased debts are initially recorded at the purchasing amount stated in the contracts. If the interest received from the purchased debts includes interest earned before the purchase, the Bank is required to allocate the interest received from the purchased debts based on the following principles: (i) deduct from the purchased value the amount of interest earned before the purchase; (ii) recognise in the income statement the interest earned for the period after the purchase.

Classification and provision for credit risk of purchased debts

Purchased debts are classified and their provision is made in the way similar to loans to customers.

Pursuant to Circular 02, the Bank classifies the purchased debts into a group of risks which is not lower than the group of risks that the debts have been classified before the purchase.

2.8.7 Foreclosed assets

Foreclosed assets are recognised in accordance with the Decision 479/2004/QĐ-NHNN dated 29 April 2004, Circular 10/2014/TT-NHNN dated 20 March 2014 which amended the Decision 479/2014/QĐ-NHNN, and by reference to the Civil Law 91/2015/QH13.

2.9 Term deposits with and loans to other credit institutions

Term deposits with and loans to other credit institutions are classified and their specific provision is made in the way similar to loans to customers as stated in Note 2.8.

General provision is not required for term deposits with and loans to other credit institutions.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.10 Investments in securities**

Investments in securities are classified into three (3) categories in accordance with Official Letter no. 2601/NHNN-TCKT dated 14 April 2009 issued by the SBV: i) trading securities, ii) held-to-maturity investment securities or iii) available-for-sale investment securities. The Bank is required to classify investment securities at the purchase date.

2.10.1 Trading securities

Trading securities are defined as debt securities or equity securities, which are acquired and held during less than one year to benefit from price differences. Trading securities are initially recognised at cost of acquisition. Provision is made for trading securities when there is a diminution in value of these securities. Gains or losses from the disposal of trading securities are recognised net in the income statement. The costs of trading securities disposed are determined by using the specific identification method.

2.10.2 Held-to-maturity investment securities

Held-to-maturity investment securities are debt securities, which the Bank acquires for purpose of interest receipt where the Bank has the positive intention and ability to hold until maturity. The post-acquisition reclassification is allowed to be carried out once at maximum for each securities in accordance with the Official Letter 2601/NHNN-TCKT dated 14 April 2009.

Held-to-maturity investment securities are initially stated at par value at the acquisition date. Any pre-acquisition accrued interest income (for debt securities with interest payment in arrears) or interest income received upfront awaiting for amortisation (for debt securities with interest payment in advance) are recorded in a separate account. Any discount/surplus which is a difference between the par value and an amount equal to par value plus (+) pre-acquisition cumulative interest income (if any) or minus (-) interest income received upfront awaiting for amortisation (if any) is also recorded in a separate account.

Subsequently, held-to-maturity investment securities are recognised at par value, any discount/surplus (if any) is allocated to the income statement using straight-line method over the estimated remaining term of securities.

Interest payment in arrears is recorded as follows: pre-acquisition cumulative interest income is recorded as a decrease in value of securities and the same amount is credited into accrued interest; post-acquisition cumulative interest income is recognised as the Bank's income on an accrual basis. Interest received upfront is recognised and allocated to net gain from trading of investment securities over the securities investment period.

Post-acquisition interest income of held-to-maturity investment securities is recognised in the income statement on an accrual basis. Pre-acquisition interest income of held-to-maturity investment securities is deducted against the value of those securities.

Periodically, held-to-maturity investment securities are required to be assessed on devaluation. Allowance for impairment of a securities classified as credit-risk bearing assets is determined in compliance with Circular 02. In case the security assets' market price can not be defined, the securities are not set up provision. Provision shall be recognised in "Net gain/(loss) from trading of investment securities" in the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Investments in securities (continued)

2.10.2 Held-to-maturity investment securities (continued)

Special bonds

The Bank has two types of special bond: i) special bonds issued by Vietnam Debt and Asset Trading Corporation ("DATC") and ii) special bonds issued by Vietnam Asset Management Company ("VAMC").

- i) Special bonds issued by DATC for the Bank to settle the debts of Shipbuilding Industry Corporation. The bond principal and interest are paid on the maturity dates. In case the Bank cannot identify market value of the bonds, the Bank is not required to make provision for DATC bonds.
- ii) Special bonds issued by VAMC related to bad-debt trading transactions between VAMC and credit institutions:

In accordance with the Official Letter No. 8499/NHNN-TCKT dated 14 November 2013 issued by the SBV providing guidance on the accounting treatment of the bad debt trading transactions between VAMC and credit institutions when the credit institutions carry out the bad debt selling transactions with VAMC, upon the completion of the procedures on the selling bad debts to VAMC, the Bank shall recognise the special bonds received from VAMC via selling procedures in the account "Held-to-maturity investment securities".

Periodically, the Bank shall calculate and make a provision for those special bonds in accordance with the Decree No. 53/2013/ND-CP ("Decree 53") dated 18 May 2013 issued by the Government and Circular No. 19/2013/TT-NHNN dated 6 September 2013 ("Circular 19") and Circular No. 14/2015/TT-NHNN dated 28 August 2015 ("Circular 14") issued by the SBV amending and supplementing a number of articles of Decree 53 and Circular 19. Accordingly, during the term of the special bonds, the Bank shall recognise the provision for those special bonds. Annually, within 5 working days preceding the date corresponding to the special bond maturity date, the Bank shall calculate a minimum specific provision for each individual special bond based on the following formula:

Specific provision made for the year = (Face value of the special bond x Number of years from the issuance date)/Term of the special bond - Accumulated bad debts collected up to the time of provision - Accumulated specific provision for special bonds up to the time of provision.

The VAMC special bonds are redeemed in the following cases:

- The provision which has been made for special bonds is not lower than the carrying amount of outstanding principal of the bad debts being recognised by VAMC, including the following cases:
 - VAMC sells bad debts to other entities and individuals, including the selling back bad debts bought with special bonds to debt-selling credit institutions at market prices or agreed prices;
 - VAMC converts all purchased bad debts into charter capital, share capital of borrowers which are enterprises.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.10 Investments in securities (continued)****2.10.2 Held-to-maturity investment securities (continued)*****Special bonds (continued)***

ii) Special bonds issued by VAMC related to bad-debt trading transactions among credit institutions (continued):

- The special bonds are matured: When the special bonds are redeemed and the Bank receives the previously sold debts from VAMC, the Bank utilises the provision made annually for special bonds to settle bad debts. The difference between provisions made for special bonds and irrecoverable amount of debts is recorded as "Other operating income" in the consolidated income statement.

2.10.3 Available-for-sale investment securities

Available-for-sale investment securities are defined as debt securities or equity securities, which can be held for the trading or held-to-maturity purpose. The securities are not for frequent trading but can be sold at any time when it is considered favourable.

Available-for-sales investment securities are initially stated at par value as at acquisition date. Pre-acquisition accrued interest income (for debt securities with interest payment in arrears) or interest income received upfront (for debt securities with interest payment in advance) is recorded in a separate account. Any discount/premium which is the negative/positive difference between par value and the amount equal to par value plus (+) accumulative interest income before the purchasing date or minus (-) interest received upfront which is also recorded in a separate account.

Subsequently, available-for-sale debt securities are recorded at par value minus/plus remaining discount/premium after allocating into the separate income statement using the straight-line method over the remaining term of securities. Interest payment in arrears is recorded as follows: pre-acquisition cumulative interest income is recorded as a decrease in the value of such securities and the same amount is credited into the accrued interest income; post-acquisition cumulative interest income is recognised in the Bank's income, on an accrual basis. Interest received upfront is amortised into the separate income statement by using the straight-line method over the investment period.

Periodically, available-for-sale investment securities are required to be assessed on devaluation. Allowance for impairment of a securities classified as credit-risk bearing assets is determined in compliance with Circular 02. In case the securities' market price can not be defined, provision is not made for the securities. Provision shall be recognised in "Net gain/(loss) from trading of investment securities" in the income statement.

2.11 Investment in associates

Investments in associates are accounted for using equity method in the consolidated financial statements (Note 2.2).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Other long-term investments

Other long-term investments are investments of equal or less than 11% of the voting rights in the equity of other entities listed or unlisted, and the investments are held not for sale for 12 months or more from the balance sheet date. These investments are initially stated at cost of acquisition.

Subsequently, these other long-term investments are recorded at historical cost less provisions. Provisions for other long-term investments are made when the investees make loss (except the case in which such loss was anticipated in its business plan prior to the investments).

2.13 Provision for other assets

Provision for other assets is estimated based on the assessment of the Board of Management for other assets as at year end. The receivables which are assessed to be uncollectible will be written off.

2.14 Fixed assets

Tangible and intangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets up to the date the assets are ready to use.

Depreciation and amortisation

Fixed assets are depreciated using the straight-line method so as to write off the cost of the assets over their estimated useful lives or over the term of the Licence of Operation of Joint Stock Bank if shorter. The useful lives of fixed assets are:

Buildings	8 – 50 years
Machinery and equipment	6 – 15 years
Motor vehicles	8 – 10 years
Office equipment	5 – 8 years
Other tangible assets	5 – 8 years
Computer software	8 – 15 years

Land use rights which are granted for an indefinite term are carried at cost and are not amortised.

Disposals

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the income statement.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.15 Investment properties for leasing**

Investment properties for leasing are land use rights and buildings that the Bank holds for leasing. Cost of an investment property includes the purchase price and other costs directly attributable to obtaining the investment property.

Depreciation

Investment properties for leasing are depreciated on the straight-line method to write off the cost of the assets over their estimated useful lives. The principal annual rates used are:

Buildings	10 – 50 years
-----------	---------------

Land use rights with indefinite useful lives are not amortised.

2.16 Investment properties available for sale

Investment properties available for sale are land use rights that the Bank holds for price appreciation. Cost of an investment property available for sale includes the purchase price and other costs directly attributable to obtaining the investment property.

Depreciation

Investment properties available for sale are not depreciated. Impairment of investment properties available for sale is recognised when there are objective evidences of the impairment in the value of investment properties compared to the market price and the impairment allowance can be estimated reliably. Impairment allowance is recorded to cost of sales.

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the net book value and are recognised as income or expense in the income statement.

2.17 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.18 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, gold, silver, precious metals, cash at bank, demand deposits at the SBV, demand and term deposits at other credit institutions with an original maturity of three months or less.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.19 Provisions**

Provision is recognised when the Bank has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provision is measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expenses.

2.20 Provision for severance allowances

In accordance with Vietnamese Labour Laws, employees of the Bank who have worked regularly for full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Bank less the period during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Bank.

The severance allowance is accrued at the end of the reporting period on the basis that each employee is entitled half of an average monthly salary for each working year. The average monthly salary used for calculating the severance allowance is the employee's average salary for the six month period prior to the consolidated balance sheet date.

This allowance will be paid as a lump sum when the employees terminate their labour contracts in according with current regulations.

2.21 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profit and the current tax rates. Current and deferred tax should be recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.21 Current and deferred income tax (continued)**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between their carrying amounts in the financial statements and the tax bases of assets and liabilities. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.22 Share capital

Ordinary shares in issue are classified as equity. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction from the proceeds.

Undistributed earnings record the Bank's results (profit, loss) after business income tax at the reporting date.

Profit after tax can be distributed to investors/shareholders after approval by the General meetings of shareholders and after reserves had been fully made in accordance with the Bank's regulations and Vietnamese applicable laws.

The Bank is allowed to make additional reserves based on the following regulated ratios:

- Financial reserve fund: 10% of profit after tax but not exceeding 25% of the Bank's charter capital;
- Reserve for supplementary charter capital: 5% of profit after tax but not exceeding the Bank's charter capital.

2.23 Related parties

Related parties are organisations or individuals which directly or indirectly related to other organisations or individuals in following cases:

- i) A parent company with its subsidiaries and vice versa; a credit institution with its subsidiaries and vice versa; subsidiaries of the same parent company or the same credit institution; management, members of Board of Supervisors of the parent company or credit institution, individuals or organisations which are authorised to appoint these persons with subsidiaries and vice versa;
- ii) Companies or credit institutions with their management or members of Board of Supervisors or individuals or organisations which are authorised to appoint these persons with subsidiaries and vice versa;

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Related parties (continued)

- iii) Companies or credit institutions with individuals or organisations which own 5% or more of charter capital or share capital with voting right of those companies or credit institutions and vice versa;
- iv) Individuals with their wives, husbands, fathers, mothers, children, brothers, sisters;
- v) Companies or credit institutions with individuals mentioned in (iv) above of management, members of Board of Supervisors, capital contributing members or shareholders holding 5% or more of charter capital or share capital with voting right of those companies or credit institutions and vice versa; and
- vi) Individuals who are authorised to represent for organisations, individuals mentioned above with organisations, individuals who authorise; and among individuals authorised to represent shares of the same organisation.

In considering each possible related party relationship, the Bank considers the substance of the relationship, and not merely the legal form.

2.24 Capital financed or entrusted for investments and loans which the Bank bears risk

Undertaking entrustment is an act of the Bank to receive capital financed, entrusted investments and loans from domestic or foreign governments, organisations, individuals and use the received amount according to assigning purposes. The Bank is responsible for repayment of the amount when they fall due.

Capital financed and entrusted for investments and loans are recorded as liabilities in the consolidated financial statements.

3 CASH, GOLD, SILVER AND PRECIOUS STONES

	31.12.2017 VND million	31.12.2016 VND million
Cash in VND	589,544	585,768
Cash in foreign currencies	144,084	121,326
Gold	1,705	1,275
	<u>735,333</u>	<u>708,369</u>

4 BALANCES WITH THE STATE BANK OF VIETNAM ("THE SBV")

	31.12.2017 VND million	31.12.2016 VND million
Deposit at the SBV		
- In VND	3,112,384	2,135,458
- In foreign currencies	296,986	229,348
	<u>3,409,370</u>	<u>2,364,806</u>

Balances at the SBV also include other deposits for clearing and settlement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**5 PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS****5.1 Placements with other credit institutions**

	31.12.2017 VND million	31.12.2016 VND million
Demand deposits		
- In VND	7,822,347	3,517,927
- In foreign currencies	610,166	411,661
	<u>8,432,513</u>	<u>3,929,588</u>
Term deposits		
- In VND	5,367,860	5,380,000
- In foreign currencies	1,367,925	1,446,080
	<u>6,735,785</u>	<u>6,826,080</u>
Provisions	-	-
	<u>15,168,298</u>	<u>10,755,668</u>

5.2 Loans to other credit institutions

	31.12.2017 VND million	31.12.2016 VND million
In VND		
- Discounting and rediscounting loans	2,061,651	767,089
- Morgaging and pledging loans	-	3,360,000
	<u>2,061,651</u>	<u>4,127,089</u>
In foreign currencies	-	332,385
Provisions	-	-
	<u>2,061,651</u>	<u>4,459,474</u>

5.3 Analysis of quality of placements with and loans to other credit institutions

	31.12.2017 VND million	31.12.2016 VND million
Group 1 - Current	<u>8,797,436</u>	<u>11,285,554</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

6 TRADING SECURITIES

6.1 Debt securities

	31.12.2017 VND million	31.12.2016 VND million
Bonds issued by other local credit institutions	290,044	-
Government bonds	4,170,298	-
	<u>4,460,342</u>	<u>-</u>
Provisions	-	-
	<u>4,460,342</u>	<u>-</u>

6.2 Listing status of debt securities

	31.12.2017 VND million	31.12.2016 VND million
Listed	<u>4,460,342</u>	<u>-</u>

7 DERIVATIVES AND OTHER FINANCIAL ASSETS/LIABILITIES

31.12.2017				
	Total contract value (at the foreign exchange rate at the contract date) VND million	Total book value (at the exchange rate at 31 December)		
		Assets VND million	Liabilities VND million	Net value VND million
Monetary derivative financial instruments				
- Forward contracts	4,992,218	4,994,841	4,970,925	23,916
- Swap contracts	22,186,849	22,353,762	22,366,767	(13,005)
	<u>27,179,067</u>	<u>27,348,603</u>	<u>27,337,692</u>	<u>10,911</u>
31.12.2016				
	Total contract value (at the foreign exchange rate at the contract date) VND million	Total book value (at the exchange rate at 31 December)		
		Assets VND million	Liabilities VND million	Net value VND million
Monetary derivative financial instruments				
- Forward contracts	1,371,058	1,355,181	1,348,520	6,661
- Swap contracts	11,446,119	11,240,384	11,312,839	(72,455)
	<u>12,817,177</u>	<u>12,595,565</u>	<u>12,661,359</u>	<u>(65,794)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8 LOANS TO CUSTOMERS

8.1 By type of loans

	31.12.2017 VND million	31.12.2016 VND million
Loans to local corporations and individuals	69,375,485	57,805,409
Loans given from financed funds and trusted investments	1,283	1,283
Loans to overseas corporations and individuals	430,560	437,021
Loans awaiting for resolution (*)	718,182	745,182
	<u>70,525,510</u>	<u>58,988,895</u>

(*) Loans awaiting for resolution included long-term loans to Shipbuilding Industry Corporation, formerly known as Vietnam Shipbuilding Industry Group – Vinashin. These loans have been separately monitored and provision has been made in accordance with the direction and guidance of the SBV.

8.2 By type of customers

	31.12.2017 VND million	31.12.2016 VND million
State-owned enterprises	1,547,476	928,973
One member limited liability companies wholly owned by the State	1,145,608	2,156,309
Other limited liability companies	16,632,246	13,967,228
Joint stock companies in which the State owns more than 50% of share capital	2,814,448	1,215,312
Other joint stock companies	30,501,015	25,700,731
Partnership companies	27,267	-
Private enterprises	1,039,049	1,142,135
Foreign invested companies	2,927,944	1,928,956
Cooperatives and cooperative unions	16,461	17,500
Household business, individuals	13,764,053	11,754,920
Business and administrative units, parties, unions and associations	109,943	176,831
	<u>70,525,510</u>	<u>58,988,895</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**8 LOANS TO CUSTOMERS (CONTINUED)****8.3 By quality of loans**

	31.12.2017 VND million	31.12.2016 VND million
Group 1 – Current	69,089,510	57,082,270
Group 2 – Special mentioned	123,079	156,742
Group 3 – Substandard	203,597	739,728
Group 4 – Doubtful (*)	116,282	21,930
Group 5 – Bad	274,860	243,043
Loans awaiting for resolution (Note 8.1)	718,182	745,182
	<u>70,525,510</u>	<u>58,988,895</u>

(*) The balance included a loan for the purchase of vessels. The Bank has monitored the loans under the direction and guidance of the SBV.

8.4 By term

	31.12.2017 VND million	31.12.2016 VND million
Short-term loans	13,180,554	9,489,934
Medium-term loans	30,951,570	28,384,397
Long-term loans	25,675,204	20,369,382
Loans awaiting for resolution (Note 8.1)	718,182	745,182
	<u>70,525,510</u>	<u>58,988,895</u>

8.5 By currency

	31.12.2017 VND million	31.12.2016 VND million
In VND	67,378,911	56,532,858
In foreign currencies	3,146,599	2,456,037
	<u>70,525,510</u>	<u>58,988,895</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8 LOANS TO CUSTOMERS (CONTINUED)

8.6 By business sectors

	31.12.2017 VND million	31.12.2016 VND million
Agriculture, forestry and aquaculture	871,305	1,238,341
Mining and quarrying	1,787,743	1,374,204
Manufacturing and processing	7,775,449	7,444,362
Manufacturing and distribution of electricity, petroleum, hot water, air and air conditioners	3,469,337	1,527,707
Water supply, wastage disposal and management	13,506	25,032
Construction	1,562,693	3,170,979
Wholesale, retail, repairing of cars and other motor vehicles	10,813,668	12,487,074
Transportation and warehouse	2,827,899	2,092,807
Hospitality services	6,815,451	4,558,072
Communication and information	69,334	130,946
Financial intermediation, bank and insurance	137,757	235,027
Real estates	5,280,320	3,778,208
Professionals, science and technology	4,401,953	2,385,343
Administrative and supporting services	562,411	600,512
Activities of Communist Party, social political organizations, State management, security and defences, compulsory social services	75,996	126,354
Education and training	143,996	239,146
Health care and social work	166,775	270,779
Recreational, culture, sporting activities	7,419,081	4,870,980
Other services	6,261,811	4,985,600
Household services, manufacturing household consumer goods and services	10,069,025	7,447,422
	<u>70,525,510</u>	<u>58,988,895</u>

8.7 Provision for losses on loans to customers

	General provisions VND million	Specific provisions VND million	Total VND million
As at 1 January 2016	292,532	73,716	366,248
Charge for the year	120,709	57,149	177,858
Utilisation during the year	-	(508)	(508)
As at 31 December 2016	413,241	130,357	543,598
Charge/(reversal) for the year	93,213	(5,353)	87,860
Utilisation during the year	-	(27,000)	(27,000)
As at 31 December 2017	<u>506,454</u>	<u>98,004</u>	<u>604,458</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9 DEBT PURCHASING ACTIVITIES

	31.12.2017 VND million	31.12.2016 VND million
Debts purchased (*)	63,818	63,818
Provisions	-	(479)
Debt handling	(21,986)	(12,764)
	<u>41,832</u>	<u>50,575</u>
Debt purchased, net	<u>41,832</u>	<u>50,575</u>

(*) The debt was purchased by the Bank from another commercial joint stock bank. The Bank's Debt Handling Committee assessed that the collateral assets for the debt are sufficient to compensate for the possible risks that may occur.

10 INVESTMENT SECURITIES

10.1 Available-for-sale investment securities

	31.12.2017 VND million	31.12.2016 VND million
Debt securities		
Government bonds	9,340,171	8,576,889
Bonds issued by local credit institutions	4,195,438	3,919,675
Bonds issued by local economic corporations	3,012,655	1,350,000
Certificate of deposits issued by local credit institutions	1,700,000	1,600,000
	<u>18,248,264</u>	<u>15,446,564</u>
Provisions for losses on available-for-sale investment securities		
General provisions	(20,346)	(16,989)
	<u>18,227,918</u>	<u>15,429,575</u>

10.2 Held-to-maturity investment securities

	31.12.2017 VND million	31.12.2016 VND million
Value of securities		
Special bonds issued by DATC	319,364	319,364
	<u>319,364</u>	<u>319,364</u>
Special bonds issued by VAMC		
- Par value of special bonds	4,557,066	4,577,746
- Provision for special bonds	(1,044,137)	(594,750)
	<u>3,512,929</u>	<u>3,982,996</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

10 INVESTMENT SECURITIES (CONTINUED)

10.3 Disclosure on listing status of investment securities

	31.12.2017 VND million	31.12.2016 VND million
Available-for-sale investment securities		
Government bonds:		
- Listed	9,340,171	8,576,889
Debt securities issued by local credit institutions		
- Listed	795,438	519,675
- Unlisted	3,400,000	3,400,000
Debt securities issued by local economic entities		
- Unlisted	3,012,655	1,350,000
Certificate of deposits issued by local credit institutions		
- Unlisted	1,700,000	1,600,000
Held-to-maturity investment securities		
Debt securities issued by local economic entities		
- Unlisted	4,876,430	4,897,110
	<u>23,124,694</u>	<u>20,343,674</u>

10.4 Analysis of quality of securities classified as credit-risk bearing assets

	31.12.2017 VND million	31.12.2016 VND million
Group 1 - Current	<u>23,124,694</u>	<u>20,343,674</u>

11 INVESTMENTS IN OTHER ENTITIES AND LONG-TERM INVESTMENTS

11.1 By types of investments

	31.12.2017 VND million	31.12.2016 VND million
Investments in associates	72,000	72,000
Other long-term investments	107,024	111,187
Less: Provisions for diminution in value of and long-term investments	-	-
	<u>179,024</u>	<u>183,187</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11 INVESTMENTS IN OTHER ENTITIES AND LONG-TERM INVESTMENTS (CONTINUED)

11.2 Investment in associates

Name	31.12.2017		31.12.2016	
	Cost VND million	Holding percentage (%)	Cost VND million	Holding percentage (%)
Vietcombank-Cardif Life Insurance Company Limited	72,000	12.00	72,000	12.00

On 12 April 2017, Board of Directors approved the sales of all shares in this associate. All of the shares is expected to be sold within the next 12 months since the signing date of the financial statements.

11.3 List of other long-term investments

Name	31.12.2017		31.12.2016	
	Cost VND million	Holding percentage (%)	Cost VND million	Holding percentage (%)
Investments in other entities				
Vietnam National Financial Switching Joint Stock Company	2,000	0.83	2,000	0.83
Bao Minh Securities Joint Stock Company	15,000	5.00	15,000	5.00
Vietnam Agribank Gold Corporation - Joint Stock Company	24,102	10.00	24,102	10.00
Nam Dinh Oil and Gas Petroleum Joint Stock Company	-	-	4,163	6.25
Thua Thien Hue Oil and Gas Petroleum Joint Stock Company	4,800	6.00	4,800	6.00
Saigon Oil and Gas Petroleum Joint Stock Company	10,000	5.00	10,000	5.00
Vung Tau Oil and Gas Production and Processing Joint Stock Company	10,000	8.33	10,000	8.33
Phu My Oil and Gas Production and Processing Joint Stock Company	11,000	2.20	11,000	2.20
Tay Ninh Oil and Gas Petroleum Joint Stock Company	12,470	9.59	12,470	9.59
Thai Binh Oil and Gas Petroleum Joint Stock Company	8,512	7.81	8,512	7.81
Thai Binh Petroleum Service Joint Stock Company	1,640	7.81	1,640	7.81
Hanoi Oil and Gas Petroleum Joint Stock Company	7,500	3.00	7,500	3.00
	<u>107,024</u>		<u>111,187</u>	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

12 FIXED ASSETS

12.1 Tangible fixed assets

	Buildings VND million	Plant and machinery VND million	Motor vehicles VND million	Office equipment VND million	Others VND million	Total VND million
Historical cost						
At 1 January 2017	3,763	267,090	185,121	81,122	8,983	546,079
New purchases	-	6,991	18,812	1,421	954	28,178
Other increases	-	205	489	2,001	363	3,058
Disposals	(208)	(739)	-	(1,598)	(96)	(2,641)
Other decreases	(843)	(1,508)	(154)	(609)	-	(3,114)
At 31 December 2017	2,712	272,039	204,268	82,337	10,204	571,560
Accumulated depreciation						
At 1 January 2017	2,712	118,100	120,507	54,210	7,342	302,871
Charge for the year	254	20,639	13,154	6,767	615	41,429
Other increases	-	41	432	1,346	317	2,136
Disposals	(208)	(739)	-	(1,549)	(96)	(2,592)
Other decreases	(581)	(1,028)	(143)	(616)	-	(2,368)
At 31 December 2017	2,177	137,013	133,950	60,158	8,178	341,476
Net book value						
At 1 January 2017	1,051	148,990	64,614	26,912	1,641	243,208
At 31 December 2017	535	135,026	70,318	22,179	2,026	230,084

Cost of fully depreciated tangible fixed assets but still in use as at 31 December 2017 was VND 107,555 million (as at 31 December 2016: VND 78,520 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

12 FIXED ASSETS (CONTINUED)

12.2 Intangible fixed assets

	Computer software VND million	Land use rights VND million	Total VND million
Historical cost			
As at 1 January 2017	174,927	12,802	187,729
New purchases	69,292	-	69,292
Transfer to investment properties (Note 13) (*)	-	(12,802)	(12,802)
Disposals	(1,268)	-	(1,268)
As at 31 December 2017	<u>242,951</u>	<u>-</u>	<u>242,951</u>
Accumulated amortisation			
As at 1 January 2017	83,780	-	83,780
Charge for the year	15,838	-	15,838
Disposals	(1,269)	-	(1,269)
As at 31 December 2017	<u>98,349</u>	<u>-</u>	<u>98,349</u>
Net book value			
As at 1 January 2017	<u>91,147</u>	<u>12,802</u>	<u>103,949</u>
As at 31 December 2017	<u>144,602</u>	<u>-</u>	<u>144,602</u>

Cost of fully amortised intangible fixed assets but still in use as at 31 December 2017 was VND 501 million (as at 31 December 2016: VND 1,769 million).

(*) This represents the land use right which the Company has used for leasing and transferred to investment properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

13 INVESTMENT PROPERTIES

13.1 Investment properties for leasing

	Land use rights VND million	Plant and buildings VND million	Total VND million
Historical cost			
As at 1 January 2017	182,896	38,416	221,312
Transfer from other credit assets	-	2,176	2,176
Transfer from intangible fixed assets (Note 12.2)	12,802	-	12,802
As at 31 December 2017	195,698	40,592	236,290
Accumulated depreciation			
As at 1 January 2017	-	3,770	3,770
Charged for the year	-	1,424	1,424
As at 31 December 2017	-	5,194	5,194
Net book value			
As at 1 January 2017	182,896	34,646	217,542
As at 31 December 2017	195,698	35,398	231,096

As at 31 December 2017, the fair values of investment properties for leasing based on valuation certificates provided by independent valuers were higher than their book values.

13.2 Investment properties available for sales

	Land use rights VND million
Historical cost	
As at 1 January 2017	72,592
Transfer from other credit assets	18,923
Disposals	(59,392)
Other increases	166
Impairment allowance	(2,464)
As at 31 December 2017	29,825
Net book value	
As at 1 January 2017	72,592
As at 31 December 2017	29,825

As at 31 December 2017, the fair values of investment properties available for sale based on valuation certificates provided by independent valuers were higher than their book values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**14 OTHER ASSETS****14.1 Other receivables**

	31.12.2017 VND million	31.12.2016 VND million
Accrued interest receivable on DATC special bonds	122,299	93,870
Receivables from selling investments	714,622	776,874
Investment cooperation contract (*)	-	350,000
Receivables from VN Post	105,860	-
Asset exploitation right (**)	295,844	-
Other receivables	331,494	371,406
	<u>1,570,119</u>	<u>1,592,150</u>

(*) The investment cooperation contract was liquidated in accordance with Liquidation Minutes No. 13644a/2017/CN-DNA dated 28 December 2017.

(**) Asset exploitation right is related to the right to use the commercial floors at Berriver Long Bien Project which is authorized by the Bank to its subsidiary to exploit.

14.2 Fee and interest income receivables

	31.12.2017 VND million	31.12.2016 VND million
Interest receivables from deposit	13,523	19,306
Interest receivables from securities investment	575,518	618,075
Interest receivables from credit activities	1,923,630	1,459,038
Interest receivables from derivative financial instruments	12,579	33,781
	<u>2,525,250</u>	<u>2,130,200</u>

14.3 Other assets

	31.12.2017 VND million	31.12.2016 VND million
Foreclosed assets (*)	1,458,516	1,736,678
Expenses awaiting for allocation (**)	780,402	575,522
	<u>2,238,918</u>	<u>2,312,200</u>

(*) Foreclosed assets include assets which were valued by an independent valuation company or SeABank Asset Management Company Limited. According to the assessment of the Board of Management, value of some foreclosed assets was recorded appropriately and reflected fair value of those assets at the time of foreclosed assets transfer. A number of foreclosed assets amounting to VND 118,507 million were valued based on the agreement between the Bank and the customers.

(**) Expenses awaiting for allocation mainly include prepayments for office rental.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**14 OTHER ASSETS (CONTINUED)****14.4 Provision for losses on other assets**

	31.12.2017 VND million	31.12.2016 VND million
Other provisions	(8,958)	(6,190)

15 BORROWINGS FROM THE STATE BANK OF VIETNAM

	31.12.2017 VND million	31.12.2016 VND million
Borrowings from the SBV		
Loans in accordance with Decree No. 61/2014/NQ-CP issued by the Government for supporting house purchases of prioritised subjects	310,758	348,189

16 PLACEMENTS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS**16.1 Placements from other credit institutions**

	31.12.2017 VND million	31.12.2016 VND million
Demand deposits		
- In VND	7,852,858	3,532,368
- In foreign currencies	25,163	27,198
Term deposits		
- In VND	8,390,980	8,471,000
- In foreign currencies	2,442,083	908,519
	18,711,084	12,939,085

16.2 Borrowings from other credit institutions

	31.12.2017 VND million	31.12.2016 VND million
Denominated in VND		
- Discounting and rediscounting borrowings	11,331,304	3,454,321
- Mortgaging and pledging borrowings	2,404,000	4,025,000
Denominated in foreign currencies		
- Mortgaging and pledging borrowings	155,118	360,629
	13,890,422	7,839,950

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

17 DEPOSITS FROM CUSTOMERS

17.1 By type of deposit

	31.12.2017 VND million	31.12.2016 VND million
Demand deposits		
- In VND	3,990,822	3,970,906
- In foreign currencies	1,819,948	2,904,670
Term deposits		
- In VND	70,886,608	61,609,982
- In foreign currencies	3,199,701	3,490,657
Specialised fund deposits	52,919	75,100
Marginal deposits	89,518	79,491
	<u>80,039,516</u>	<u>72,130,806</u>

17.2 By type of customers

	31.12.2017 VND million	31.12.2016 VND million
State-owned enterprises	1,679,309	619,768
One member limited liability companies wholly owned by the State	6,925,546	8,313,986
Other limited liability companies	4,619,502	2,741,540
Joint stock companies in which the State owns more than 50% of share capital	3,764,862	3,855,392
Other joint stock companies	5,735,831	5,322,955
Partnership companies	13,068	9,216
Private enterprises	125,229	340,168
Foreign invested companies	903,893	1,614,965
Cooperatives and cooperative unions	4,901	4,316
Household business, individuals	55,931,669	49,183,490
Business and administrative units, parties, unions and associations	335,706	125,010
	<u>80,039,516</u>	<u>72,130,806</u>

18 CAPITAL FINANCED OR ENTRUSTED FOR INVESTMENTS AND LOANS THAT THE BANK BEARS RISK

	31.12.2017 VND million	31.12.2016 VND million
Capital financed, entrusted for investment in VND	<u>393</u>	<u>393</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

19 VALUABLE PAPERS

	31.12.2017 VND million	31.12.2016 VND million
By maturity		
- Under 5 years	800,000	-
- From 5 years and above	2,928,000	2,900,000
	<u>3,728,000</u>	<u>2,900,000</u>

20 OTHER LIABILITIES

	31.12.2017 VND million	31.12.2016 VND million
Interest payables for deposits of customers and borrowings from other credit institutions	1,765,840	1,162,958
Interest payables for valuable papers	10,104	9,532
Interest payables for capital financed or entrusted for investments and loans	94	94
Interest payables for derivative financial instruments	21,462	14,583
	<u>1,797,500</u>	<u>1,187,167</u>
Tax payables to the State Budget	52,597	23,317
Payables to card union services	170,008	5,406
Other payables and liabilities	130,718	44,666
Bonus and welfare funds	3,359	359
	<u>356,682</u>	<u>73,748</u>
	<u>2,154,182</u>	<u>1,260,915</u>

SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK

Form B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

21 OWNERS' CAPITAL

21.1 Movements in owners' equity

	Charter capital VND million	Other owners' capital VND million	Financial reserve fund VND million	Reserve for supplementary charter capital VND million	Other funds VND million	Undistributed earnings VND million	Total VND million
As at 1 January 2016	5,465,826	55	67,547	88,556	8	146,869	5,768,861
Appropriation to bonus and welfare funds	-	-	-	-	-	(5,237)	(5,237)
Profit for the year	-	-	-	-	-	116,789	116,789
Appropriation to reserves in the year	-	-	11,678	5,839	-	(17,517)	-
Profit received from subsidiaries	-	-	-	-	-	-	-
Other decreases	-	-	5	2	(6)	(584)	(583)
As at 31 December 2016	5,465,826	55	79,230	94,397	2	240,320	5,879,830
Appropriation to bonus and welfare funds (*)	-	-	-	-	-	(9,474)	(9,474)
Profit for the period	-	-	-	-	-	304,858	304,858
Appropriation to reserves in the year	-	-	30,485	15,244	-	(45,729)	-
Other decreases	-	-	-	-	-	(609)	(609)
As at 31 December 2017	5,465,826	55	109,715	109,641	2	489,366	6,174,605

(*) Appropriation to bonus and welfare funds for the period was determined by shareholders in the Annual General shareholders' meeting and the appropriation plan of 2016 net profit of the Bank in accordance with the Resolution No. 2923/2017/TTr-BTGD approved by Board of Directors on 25 March 2017.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

21 OWNERS' CAPITAL (CONTINUED)

21.2 Detail of owners' capital

	31.12.2017		31.12.2016	
	Ordinary shares VND million	%	Ordinary shares VND million	%
Shareholding owned by shareholders	<u>5,465,826</u>	<u>100%</u>	<u>5,465,826</u>	<u>100%</u>

Par value of the Bank's ordinary share is VND 10,000 per share.

Pursuant to the Bank's Business Registration Certificate No. 0200253985 dated 14 January 2005, the charter capital of the Bank's is VND 5,465,826 million. As at 31 December 2017 and 31 December 2016, the charter capital has been fully contributed.

During the year, the Bank has completed the transfer of all shares of Societe Generale Bank SA (SG) and fulfilled the reporting requirements in accordance with Official Letter No. 1352/CUCL5 dated 21 July 2017 of the SBV.

21.3 Shares

	2017 Number of shares	2016 Number of shares
Number of shares in issue		
- Ordinary shares	<u>546,583,000</u>	<u>546,583,000</u>

21.4 Earning per shares

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Company and held as treasury shares:

	31.12.2017	31.12.2016
Net profit attributable to shareholders (million VND)	304,859	116,789
Less amount allocated to bonus and welfare funds (million VND)	(6,198)	5,839
Weighted average number of ordinary shares in issue (shares)	<u>546,582,589</u>	<u>546,582,589</u>
Basic earnings per share (VND/share)	<u>546</u>	<u>203</u>

22 INTEREST AND SIMILAR INCOME

	2017 VND million	2016 VND million
On deposits	162,005	76,245
On loans	5,797,143	4,989,712
On trading and investment in debt securities	1,323,889	1,023,753
On guarantee services	17,747	8,555
On other credit activities	70,451	51,350
	<u>7,371,235</u>	<u>6,149,615</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**23 INTEREST AND SIMILAR EXPENSES**

	2017 VND million	2016 VND million
On deposits	4,785,366	3,856,682
On borrowings	351,615	193,823
On valuable papers in issue	245,072	244,500
On other credit activities	16,763	11,578
	<u>5,398,816</u>	<u>4,306,583</u>

24 FEE AND COMMISSION INCOME

	2017 VND million	2016 VND million
Fee income from settlement services	46,722	38,195
Fee income from treasury services	5,200	3,183
Commission fees on insurance brokerage	12,197	6,681
Others	148,590	101,592
	<u>212,709</u>	<u>149,651</u>

25 EXPENSES ON SERVICE ACTIVITIES

	2017 VND million	2016 VND million
Settlement services	13,633	9,194
Treasury services	10,337	7,286
Other services	123,261	88,976
	<u>147,231</u>	<u>105,456</u>

26 NET GAIN/(LOSS) FROM DEALING IN FOREIGN CURRENCIES

	2017 VND million	2016 VND million
Income from dealing in foreign currencies		
- Income from spot foreign currency trading	152,610	53,472
- Income from gold trading	285	205
- Income from currency derivative instruments	237,700	20,082
Expenses from dealing in foreign currencies		
- Expenses from spot foreign currency trading	(42,912)	(39,124)
- Expenses from gold trading	(218)	(3)
- Expenses from currency derivative instruments	(339,895)	(50,180)
Net gain/(loss) from dealing in foreign currencies	<u>7,570</u>	<u>(15,548)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

27 NET GAIN FROM TRADING OF INVESTMENT SECURITIES

	2017 VND million	2016 VND million
Income from trading in investment securities	105,550	46,867
Expenses for trading in investment securities	(12,523)	(10,278)
Reversal of provision for losses on investment securities	(3,356)	-
	<u>89,671</u>	<u>36,589</u>
Net gain from trading of investment securities	<u>89,671</u>	<u>36,589</u>

28 NET OTHER INCOME

	2017 VND million	2016 VND million
Other income		
- Income from other business activities	2,201	3,559
Other expenses		
- Expenses from other business activities	(1,177)	(1,365)
	<u>1,024</u>	<u>2,194</u>
Net other income	<u>1,024</u>	<u>2,194</u>

29 INCOME FROM INVESTMENTS IN OTHER ENTITIES

	2017 VND million	2016 VND million
Dividends received from other long-term investments	<u>1,970</u>	<u>3,031</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

30 GENERAL AND ADMINISTRATIVE EXPENSES

	2017 VND million	2016 VND million
Tax, duties and fees	21,966	18,521
Staff costs	547,997	436,915
- Salaries, allowance and lunch support	506,320	403,343
- Salary related contribution	34,648	26,558
- Benefits in kind	489	358
- Other employees' expenses	6,540	6,656
Expenses for assets	311,470	284,106
- Depreciation and amortisation	57,046	50,509
- Others	254,424	233,597
Administrative expenses	158,746	169,568
- Per diem	20,690	12,518
- Other expenses	138,056	157,050
Deposit insurance premiums	72,394	55,449
Provision expenses (excluding provision for credit risk expenses, provision for securities risk expenses)	2,768	-
Others	153,212	154,758
	<u>1,268,553</u>	<u>1,119,317</u>

31 BUSINESS INCOME TAX

The tax on the Bank's profit before tax differs from theoretical amount that would arise using the applicable tax rate of 20% as follows:

	2017 VND million	2016 VND million
Net accounting profit before tax	<u>381,231</u>	<u>145,897</u>
Adjustment for:		
- Income from dividends and share of profits not subject to tax	(1,208)	(2,259)
- Expenses not deductible for tax purposes	1,843	1,903
Taxable income from normal business activities	381,866	145,541
Business income tax rate	20%	20%
Total business income tax charge	<u>76,373</u>	<u>29,108</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

32 CASH AND CASH EQUIVALENTS

	31.12.2017 VND million	31.12.2016 VND million
Cash and cash equivalent at vault	735,333	708,369
Balances with the SBV	3,409,370	2,364,806
Placements with other credits institutions (including demand deposits and term deposits with an original maturity of 3 months or less)	15,168,298	10,755,668
	<u>19,313,001</u>	<u>13,828,843</u>

33 EMPLOYEES REMUNERATION

	2017 VND million	2016 VND million
Average number of employees	<u>2,983</u>	<u>2,661</u>
Employees remuneration		
Total salary fund	506,320	403,343
Bonus	935	3,967
Total remuneration	<u>507,255</u>	<u>407,310</u>
Average salary per employee per month	14.14	12.63
Average income per employee per month	<u>14.17</u>	<u>12.76</u>

34 OBLIGATIONS TO THE STATE'S BUDGET

Items	As at 1.1.2017 VND million	Movements during the period		As at 31.12.2017 VND million
		Receivable/Payable VND million	Payments VND million	
Tax receivables				
Value added tax	<u>9,666</u>	<u>1,567</u>	<u>(2,532)</u>	<u>8,701</u>
Tax payables				
Value added tax	945	8,681	(8,301)	1,325
Business income tax	18,333	76,373	(47,081)	47,625
Personal income tax	1,541	31,218	(27,759)	5,000
Other taxes	-	8,378	(8,378)	-
	<u>20,819</u>	<u>124,650</u>	<u>(91,519)</u>	<u>53,950</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

35 ASSETS AND VALUABLE PAPERS HELD AS COLLATERALS AND FOR DISCOUNTING AND REDISCOUNTING

	31.12.2017 VND million	31.12.2016 VND million
Real estates	88,142,080	83,947,485
Machinery and equipment	975,447	1,025,777
Vehicle	13,682,830	9,509,906
Valuable papers	13,301,234	10,917,415
Other collaterals	88,578,256	71,549,613
	<u>204,679,847</u>	<u>176,950,196</u>

36 CONCENTRATIONS OF ASSETS AND LIABILITIES BY GEOGRAPHICAL AREA

As at 31.12.2017						
	Total loan balances with customer and other credit institutions VND million	Total deposits (assets) VND million	Total deposits (liabilities) VND million	Derivative financial instruments VND million	Credit commitments (net) VND million	Trading and investment securities VND million
Domestic	72,156,601	18,329,080	116,661,198	10,911	1,550,252	27,585,036
Overseas	430,560	248,588	18,582	-	-	-
	<u>72,587,161</u>	<u>18,577,668</u>	<u>116,679,780</u>	<u>10,911</u>	<u>1,550,252</u>	<u>27,585,036</u>

37 CONTINGENT LIABILITIES AND COMMITMENTS

In normal process of business, the Bank usually uses financial instruments related to off-balance sheet items. These financial instruments mainly include guarantees and letters of credit. These instruments also create credit risk for the Bank in addition to the credit risk recognized in the balance sheet.

Credit risk of off-balance sheet financial instruments is defined as the ability of bank to pay on behalf of the customers as they fail to carry out their obligations.

Guarantee commitment is the commitment that the Bank grants to its customers for dealing with a third party including loan guarantee, payment guarantee, contract performance guarantee, bid security.

Commercial letter of credit is a type of transaction in which the Bank provides financial instruments to its clients, usually the buyer/importer and seller/exporter. According to payment terms classification, there are two types: Prepayments letter and Deferred payment letter.

Credit risk for letters of credit is usually low, provided that the Bank can control the goods. Deferred payment letter of credit maybe higher risk than prepayment letter of credit. When the Bank makes a payment under the letter of credit or guarantee commitment but the customer fails to make payment to the Bank, the Bank shall have the right to provide compulsory loan in accordance with the previously signed agreement of the Bank and its customers.

The Bank often requires collateral to secure credit-related financial instrument when necessary. Collateral values ranged from 0% to 100% of the value of a commitment granted, depending on the level of trust of clients assessed by the Bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

37 CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

	2017 VND million	2016 VND million
Borrowing guarantees	104,043	12,500
Foreign exchange transactions commitments		
- Buying foreign currency commitments	12,821,780	3,350,333
- Selling foreign currency commitments	12,856,973	3,365,180
- Swap commitments	52,036,971	35,031,807
Letter of credit commitments	350,549	627,427
Other guarantees	1,095,660	662,703
Other commitments	5,515,574	571,152
	<u>84,781,550</u>	<u>43,621,102</u>

38 RELATED PARTY DISCLOSURES

38.1 Significant related party transactions

The list of related parties with significant transactions and/or significant balances with the Bank during the year and as at 31 December 2017 is as follow:

Related parties	Relationship
i. Big C Thang Long International Trade and Supermarket Service Company	Same member of Board of Directors/Board of Members
ii. Opera Hotel Company Limited	Same member of Board of Directors/Board of Members
iii. Hanoi Trading Service Fashion Joint Stock Company	Same member of Board of Members
iv. Societe Generale Bank S.A.	Same member of Board of Members

During the year, the following significant transactions were carried out with related parties:

	2017 VND million	2016 VND million
Opera Hotel Company Limited		
Interest expenses paid to the Bank	569	1,750
Interest income on deposits received from the Bank	<u>1,961</u>	<u>882</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**38 RELATED PARTY DISCLOSURES (CONTINUED)****38.2 Significant year end balances with related parties**

	31.12.2017 VND million	31.12.2016 VND million
Opera Hotel Company Limited		
Demand deposits at the Bank	134,451	96,193
Term deposits at the Bank	56,115	24,215
Borrowings from the Bank	-	17,203
	<u> </u>	<u> </u>
Big C Thang Long International Trade and Supermarket Service Company		
Demand deposits at the Bank	5,295	4,355
Term deposits at the Bank	687,577	731,836
	<u> </u>	<u> </u>
Hanoi Fashion Trading Service Joint Stock Company		
Demand deposits at the Bank	838	1,192
Term deposits at the Bank	47,300	24,300
	<u> </u>	<u> </u>
Societe Generale Bank S.A.		
Demand deposits of the Bank	3,373	16,213
Demand deposits at the Bank	-	24,448
	<u> </u>	<u> </u>

39 FINANCIAL RISK MANAGEMENT**39.1 Risk management policies relating to financial instruments**

The Bank has its exposures to the following risks from its use of financial instruments:

- Credit risk;
- Market risk (foreign exchange risk and interest rate risk); and
- Liquidity risk.

Risk management framework

The Bank's Board of Directors is responsible to approve, issue and amend, supplement risk strategies, risk management procedures, risk limits on annual or as necessary.

Risk measurement and reporting systems

Monitoring and controlling risks is primarily performed based on limits set by the Bank and in accordance with safety regulations of the SBV. These limits reflect the business strategy and operational environment of the Bank as well as the level of risk that the Bank is willing to accept. Information compiled from all the businesses are examined and processed in order to manage and identify risks early.

The Bank's Board of Management is responsible for the operation of the execution and implementation of the risk management activities at the Bank.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****39 FINANCIAL RISK MANAGEMENT (CONTINUED)****39.2 Credit risk**

Credit risk is the risk due to the counterparty of the Bank in the lending activities, investment activities or the counterparty that the Bank grants commitments, guarantees v.v being unable or unwilling to deliver on its payment obligations to the Bank, which leads to the financial loss to the Bank. Credit risk arises mainly from lending activities related to loans to customers, investment activities including investment in debt securities. The Bank monitors and controls credit risk by setting acceptable risk limits by business sectors.

Collaterals

The value of collateral depends on the assessment by the Bank as well as collateral valuation companies. The Bank has guidance on the acceptance of collateral and valuation of collateral.

Commitments and guarantees

To meet the financial needs of the customers, the Bank enters into commitments and guarantee services. These obligations are recorded off balance sheet and are provided for when risk arises.

Placements with and loans to other credit institutions

Placements with and loans to other credit institutions of the Bank are mainly held with notable credit institutions.

39.3 Market risk

Market risk is the risk arising from adverse changes in market value of assets, financial instruments which causes losses to the Bank. Objective of market risk management is to monitor and control market risks within an acceptable level while maximizing profits.

(a) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of a financial instrument fluctuates due to changes in foreign exchange rates against Vietnamese Dong, the reporting currency of the Bank.

The Bank sets limits to monitor positions by currency. Currency positions are monitored on a daily basis to ensure positions of each currency being maintained within the established limits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

39.3 Market risk (continued)

(a) Foreign exchange risk (continued)

As at 31 December 2017

	VND VND million	EUR VND million	USD VND million	Others VND million	Total VND million
Assets					
Cash, gold, silver and precious stone	589,751	19,501	119,506	6,575	735,333
Balances with the SBV	3,112,384	-	296,986	-	3,409,370
Placements with and loans to other credit institutions (*)	15,251,859	252,261	1,717,597	8,232	17,229,949
Trading securities (*)	4,460,342	-	-	-	4,460,342
Derivative instruments and other financial assets (*)	60,365	(54,711)	5,257	-	10,911
Loans and advances to customers (*)	67,378,911	8,262	3,138,337	-	70,525,510
Debt purchasing activities	41,832	-	-	-	41,832
Investment securities (*)	23,124,694	-	-	-	23,124,694
Investments in other entities and other long-term investments (*)	179,024	-	-	-	179,024
Fixed assets	374,686	-	-	-	374,686
Investment properties	260,921	-	-	-	260,921
Other assets (*)	6,112,582	518	221,187	-	6,334,287
Total assets	120,947,351	225,831	5,498,870	14,807	126,686,859
Liabilities and equity					
Borrowings from the SBV	310,758	-	-	-	310,758
Placements and borrowings from other credit institutions	29,979,178	385	2,621,943	-	32,601,506
Deposits from customers	74,964,027	219,224	4,855,524	741	80,039,516
Capital financed or entrusted for investments and loans that the Bank bears risk	393	-	-	-	393
Valuable papers in issue	3,728,000	-	-	-	3,728,000
Other liabilities	2,087,038	3,173	63,661	310	2,154,182
Capital and reserves	6,174,605	-	-	-	6,174,605
Total liabilities and equity	117,243,999	222,782	7,541,128	1,051	125,008,960
Total currency gap	3,703,352	3,049	(2,042,258)	13,756	1,677,899

(*) This item does not include the provisions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

39.3 Market risk (continued)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Bank exposes to interest rate risk when there is a gap between maturity date and interest repricing date of assets, liabilities and off-balance sheet commitments. The Bank monitors interest rate risk by maintaining a balance of interest sensitivity gap between assets and liabilities (as shown in interest rate analysis below).

The following table shows the Bank's assets and liabilities categorized by the earlier of contractual repricing date or maturity date at the reporting date. The expected repricing and maturity date may differ significantly from the contractual dates, especially with regard to the maturity of deposits from customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

39.3 Market risk (continued)

(b) Interest rate risk (continued)

As at 31 December 2017	Non-interest bearing VND million	Overdue VND million	Up to 1 month VND million	1-3 months VND million	3-6 months VND million	6-12 months VND million	1-5 years VND million	Over 5 years VND million	Total VND million
Assets									
Cash, gold, silver and precious stone	735,333	-	-	-	-	-	-	-	735,333
Balances with the SBV	-	-	3,409,370	-	-	-	-	-	3,409,370
Placements with and loans to other credit institutions (*)	-	-	10,560,884	6,669,065	-	-	-	-	17,229,949
Trading securities (*)	4,460,342	-	-	-	-	-	-	-	4,460,342
Derivative instruments and other financial assets (*)	10,911	-	-	-	-	-	-	-	10,911
Loans and advances to customers (*)	-	1,436,000	5,247,353	28,578,397	23,914,230	6,747,152	4,482,966	92,412	70,525,510
Debt purchasing activities	-	41,832	-	-	-	-	-	-	41,832
Investment securities (*)	4,557,066	-	-	601,844	2,722,832	2,042,937	5,767,889	7,432,126	23,124,694
Investments in other entities and other long-term investments (*)	179,024	-	-	-	-	-	-	-	179,024
Fixed assets	374,686	-	-	-	-	-	-	-	374,686
Investment properties	260,921	-	-	-	-	-	-	-	260,921
Other assets (*)	6,334,287	-	-	-	-	-	-	-	6,334,287
Total assets	16,912,570	1,477,832	19,217,607	35,849,306	26,664,062	8,790,089	10,250,855	7,524,538	126,686,859
Liabilities									
Borrowings from the SBV	-	-	25,240	60,968	224,550	-	-	-	310,758
Placements and borrowings from other credit institutions	-	-	21,841,724	10,249,853	474,997	34,932	-	-	32,601,506
Deposits from customers	-	-	23,103,502	10,340,096	7,157,978	9,435,754	29,992,156	10,030	80,039,516
Capital financed or entrusted for investments and loans that the Bank bears risk	-	-	-	-	-	-	393	-	393
Valuable papers in issue	-	-	-	-	28,000	800,000	2,900,000	-	3,728,000
Other liabilities	2,154,182	-	-	-	-	-	-	-	2,154,182
Total liabilities	2,154,182	-	44,970,466	20,650,917	7,885,525	10,270,686	32,892,549	10,030	118,834,355
Interest gap of balance sheet items	14,758,388	1,477,832	(25,752,859)	15,198,389	18,778,537	(1,480,597)	(22,641,694)	7,514,508	7,852,504

(*) This item does not include the provisions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**39 FINANCIAL RISK MANAGEMENT (CONTINUED)****39.4 Liquidity risk**

Liquidity risk is the risk arising from the inability of the Bank in to meet obligations as they fall due.

To mitigate liquidity risk, the Bank has arranged diversified funding sources in addition to its deposit base which could be accessed in a stress scenario and will not send undue alarm to the market place. Moreover, the Bank maintains a portfolio of liquid and diversified assets that can be easily liquidated or used as collateral in the event of an unforeseen interruption of cash flows. In addition, the Bank also maintains a compulsory reserves with the SBV.

Analysis of assets and liabilities by remaining contractual maturities

The following table provides an analysis of the monetary assets and liabilities of the Bank into relevant maturity groups based on the remaining period from the balance sheet date to maturity date. The actual maturities of monetary assets or liabilities may differ from contractual terms based on addenda to the contracts which may exist.

The following table analyses the Bank's non-derivative financial liabilities into relevant maturity groups based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

39.4 Liquidity risk (continued)

	Overdue		Current					Total VND million
	Over 3 months VND million	Up to 3 months VND million	Up to 1 month VND million	Above 1 month to 3 months VND million	Above 3 months to 12 months VND million	Above 1 year to 5 years VND million	Over 5 years VND million	
As at 31 December 2017								
Assets								
Cash, gold, silver and precious stone	-	-	735,333	-	-	-	-	735,333
Balances with the SBV	-	-	3,409,370	-	-	-	-	3,409,370
Placements with and loans to other credit institutions (*)	-	-	10,560,884	6,669,065	-	-	-	17,229,949
Trading securities (*)	-	-	4,460,342	-	-	-	-	4,460,342
Derivative instruments and other financial assets (*)	-	-	(1,989)	(1,680)	14,580	-	-	10,911
Loans and advances to customers (*)	1,312,921	123,079	1,282,152	2,452,592	10,071,975	37,142,976	18,139,815	70,525,510
Debt purchasing activities	41,832	-	-	-	-	-	-	41,832
Investment securities (*)	-	-	-	301,844	1,653,114	8,260,544	12,909,192	23,124,694
Investments in other entities and other long-term investments (*)	-	-	-	-	-	-	179,024	179,024
Fixed assets	-	-	-	-	-	-	374,686	374,686
Investment properties	-	-	-	-	-	-	260,921	260,921
Other assets (*)	-	-	356,265	850,097	1,973,273	3,154,652	-	6,334,287
Total assets	1,354,753	123,079	20,802,357	10,271,918	13,712,942	48,558,172	31,863,638	126,686,859
Liabilities								
Borrowings from the SBV	-	-	25,240	60,967	224,551	-	-	310,758
Placements and borrowings from other credit institutions	-	-	21,841,724	10,249,853	509,929	-	-	32,601,506
Deposits from customers	-	-	23,185,002	10,258,596	16,593,732	29,992,156	10,030	80,039,516
Capital financed or entrusted for investments and loans that the Bank bears risk	-	-	-	-	-	393	-	393
Valuable papers in issue	-	-	-	-	28,000	800,000	2,900,000	3,728,000
Other liabilities	-	-	218,470	228,507	477,911	1,229,294	-	2,154,182
Total liabilities			45,270,436	20,797,923	17,834,123	32,021,843	2,910,030	118,834,355
Net liquidity gap	1,354,753	123,079	(24,468,079)	(10,526,005)	(4,121,181)	16,536,329	28,953,608	7,852,504

(*) This item does not include the provisions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

40 CONTINGENT LIABILITIES

The Bank has a guarantee at a branch of the Bank for which the Bank is waiting for the investigation results of the competent authorities. The determination of the responsibilities and obligations of the involved parties will be made in accordance with the conclusions of the competent authorities. On 17 October 2013, the People's Court of Hoan Kiem District issued Decision No. 19/2013/KDTM-ST to temporarily suspend the settlement of this case. Based on the results of the internal reconciliation, review and control procedures carried out up to the date of the separate financial statements, the Board of Management believes that the Bank is not required to make any provision for this guarantee since the Bank is not liable, either directly or consequentially, for any financial losses related to this guarantee.

41 EVENTS AFTER THE BALANCE SHEET DATE

On 1 February 2018, the Bank won the auction to acquire 100% of the shareholding of Post and Telecommunication Finance Co., Ltd. in accordance with Decision No. 30/QĐ/VNPT-HDTV dated 26 February 2018.

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



Nghiêm Thị Thu Nga
Preparer



Nguyễn Thị Hoài Phương
Chief Accountant



Lê Văn Tân
Deputy General Director in charge
Authorised signatory

