



SCB
SAIGON COMMERCIAL BANK

TEAMWORK

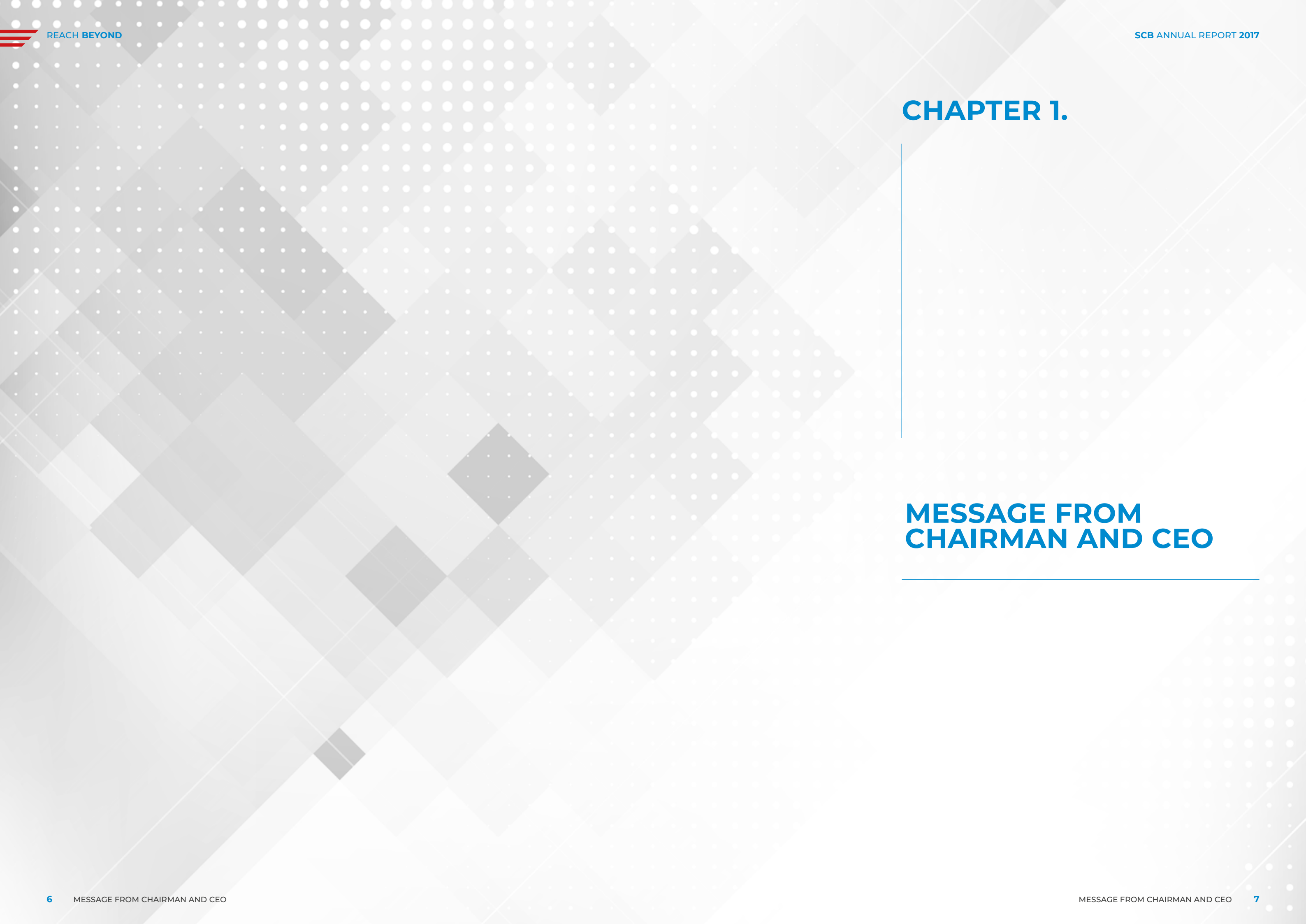
REACH **BEYOND**

ANNUAL REPORT 2017



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CHAPTER 1.

MESSAGE FROM CHAIRMAN AND CEO

MESSAGE FROM CHAIRMAN AND CEO,

DEAR SHAREHOLDERS, CUSTOMERS, PARTNERS AND COLLEAGUES,

2017 witnessed a vigorous change of Sai Gon Joint Stock Commercial Bank (SCB) toward becoming a leading retail bank in Vietnam. With efficient and inventive business schemes; support and trust from shareholders and customers, diligent and professional employees, SCB has reached a new horizon in modern banking operation while having asserted its present status in the conventional banking business. SCB's image and brand are increasingly well-known in communities, the hearts of its customers, and Vietnam banking industry.

Reforming organizational structure and operational procedures to heighten SCB governance in the Industry 4.0 era: Targeting the enhanced quality of product-service packages and customer service, SCB has specialized in retail segments by establishing centers that serve different retail businesses. These include: Customer Service Center, Business Center, Card & eBanking Center, Insurance Business Development Center. This was regarded as a leap in supporting the retail banking segment of SCB. Furthermore, SCB also focused on IT application in banking to optimize operation, shorten the processing time of customers' transactions, and improve the service quality in the Industry 4.0 era.

Upgrading infrastructure, developing IT system: In the digital era, SCB is fully aware of the crucial importance of technology to its development and competition. Thus, it is essential for SCB not only to equal its peers but also become a leader in developing banking information technology. In 2017, SCB and Dinosys signed a contract to upgrade Oracle's Core Banking and Digital Banking systems to best serve our customers in providing a variety of banking services.

This has well suited SCB's strategic shift in business activities to young customers while maintaining our commitments to senior customers - a core customer base in previous years. With 02 well-equipped modern data centers, SCB has been increasing its data processing capability, ensuring 24/7 operation of the entire system. SCB also applied new technology to facilitate routine transactions with iServices - Intelligent Services Processing system operating on mobile devices - tablets. Together with internal wireless network, iServices is able to directly record all customers' transactions conveniently and quickly.

SCB's famous motto "One stop for all services": With diversified products and increasing service quality, SCB has become a familiar destination for all customers with financial needs. SCB product-service packages can easily satisfy all the needs of different customer bases in a flexible and sensible way. Technology, human resource, and financial potential are well blended to bring to customers a new experience with satisfying utilities.



With the above efforts, SCB is proud to affirm its status as the 5th largest bank in total assets among Vietnamese credit institutions. Steady perennial growth in loans and deposits has clearly proved SCB to be trustworthy and professional as perceived by its customers. At the same time, the income structure has been reshaped to the standards of retail banks. The annual strong increase of non-interest incomes in total incomes has helped SCB become one of the banks with the highest ratio of non-interest incomes. SCB's brand and popularity are evident with 230 (sub)branches nation-wide and the network will continue to expand in the near future.

The story of a successful SCB will continue in the upcoming years, fostered by the efforts of the Board of Directors, Board of Management and all SCB employees. In 2018, SCB is projected to become a favored bank well-known for modern utilities, via the image "SCB - A modern, versatile and popular brand name". SCB will continue to develop technology-powered products to attract more customers.

Thanks to public trust, support from shareholders, customers and partners, SCB will continue to grow and achieve resounding success in the banking and finance sectors.

SCB would like to send shareholders, customers, partners and all employees our most sincere gratitude and best wishes.

CHAIRMAN OF THE
BOARD OF DIRECTORS

Dinh Van Thanh

CEO

Vo Tan Hoang Van



CHAPTER 2.

OVERVIEW OF SCB

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2. OVERVIEW OF SCB

2.1 GENERAL INFORMATION

Transaction name in Vietnamese	Ngân hàng TMCP Sài Gòn
Transaction name in English	Sai Gon Joint Stock Commercial Bank
Abbreviation	SCB
Operation License	283/GP-NHNN dated 26/12/2011
Head Office	927 Tran Hung Dao, Ward 1, District 5, Ho Chi Minh City
Telephone	(84-28) 39 230 666
Fax	(84-28) 39 225 888
SWIFT	SACLNVX
Website	www.scb.com.vn

2.2 SCOPE OF OPERATION AND NETWORK

Scope of operation

SCB provides all financial and banking services as stipulated in its Operation License and Business Registration Certificate to serve customers' needs under SCB's operational business strategy. Specifically:

ACCOUNT SERVICES	MONEY TRANSFER
CAPITAL MOBILIZATION SERVICES (SAVINGS, BONDS, NEGOTIABLE NOTES)	CARD SERVICES
LOAN SERVICES (SHORT, MEDIUM, LONG TERM)	COLLECTION SERVICES
GUARANTEE SERVICES	FOREIGN CURRENCY TRADING
DOCUMENT DISCOUNTING SERVICES	CORRESPONDENT BANKING SERVICES
INTERNATIONAL PAYMENT SERVICES	FACTORING SERVICES
	OTHER SERVICES UNDER THE BUSINESS REGISTRATION CERTIFICATE

Business network

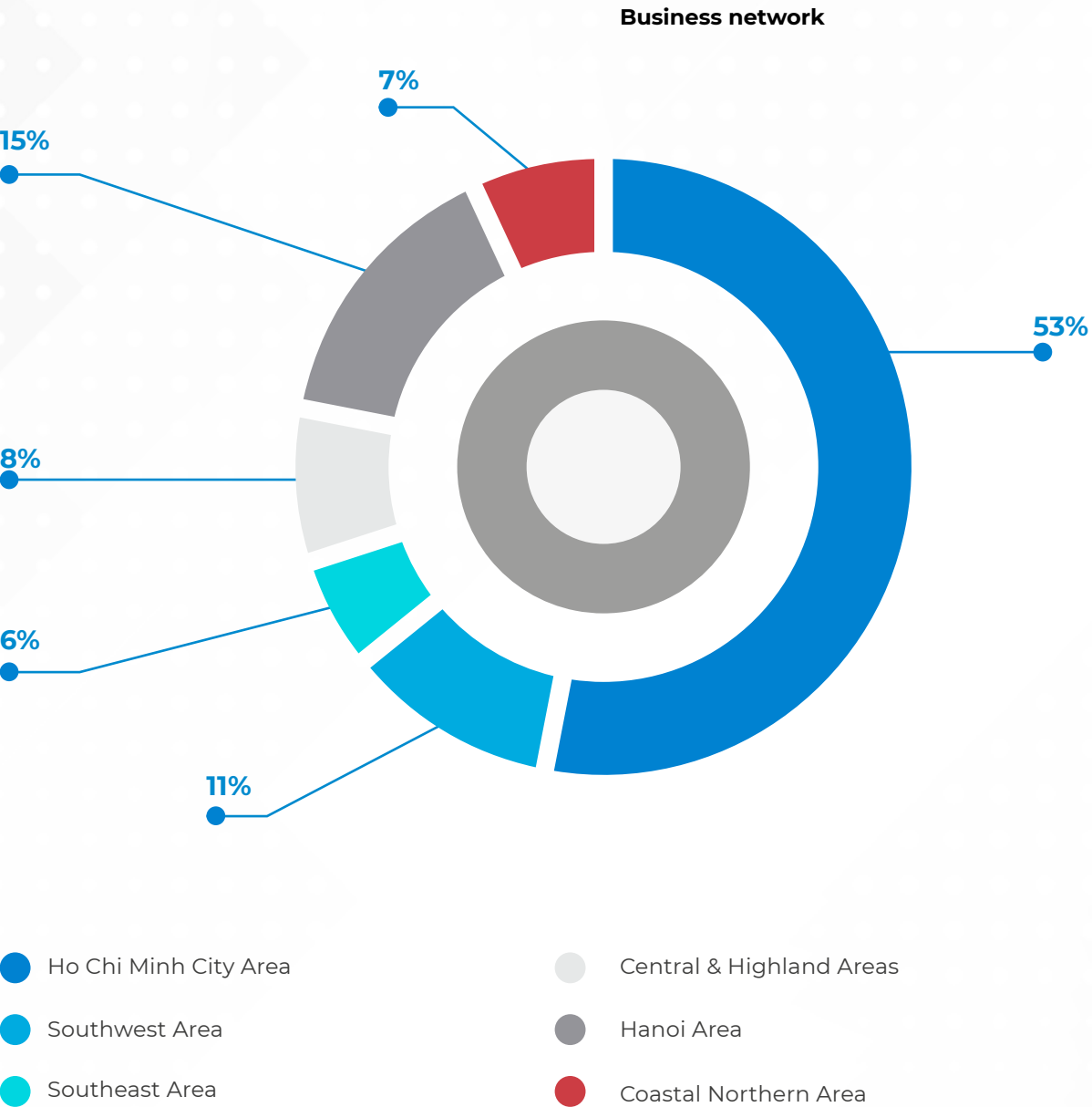
At the end of 2017, SCB has 231 units including Head Office and 230 branches and transaction offices operating in most regions, provinces and cities throughout the country.

SCB's operation network is synchronously and widely distributed in key areas to meet the current development needs as well as long-term strategy of the Bank.

In addition, SCB has also established correspondent relationships with more than 6,300 banks/branches in 78 countries and territories around the world.

50 Branches

180 Transaction
Offices



STRATEGIC VISION REACH BEYOND



2.3. OPERATIONAL ORIENTATION: VISION, MISSION, CORE VALUES

VISION

To gather and mobilize resources, creating sustainable values for our shareholders, customers, partners and employees in order to improve quality of life, bring prosperity to families and businesses in Vietnam and practically contribute to the revival and wealth of our nation.

MISSION

As a reliable, dedicated, and insightful partner, SCB satisfies customers with high-quality financial services and sustainable, long-term benefits.

CORE VALUES

INTEGRITY - TRANSPARENCY

SCB always conducts business with transparent information according to the highest ethical standards, legal regulations, and international practices.

CUSTOMER-CENTERED

With deep insights and great care, SCB's activities are customer-centered. SCB's employees are responsive to customers' needs and wisely offer customers with the best solutions.

SUSTAINABLE DEVELOPMENT

SCB is committed to creating sustainable values while placing major emphasis on the long-term interests of customers and shareholders.

INNOVATION - CREATIVITY

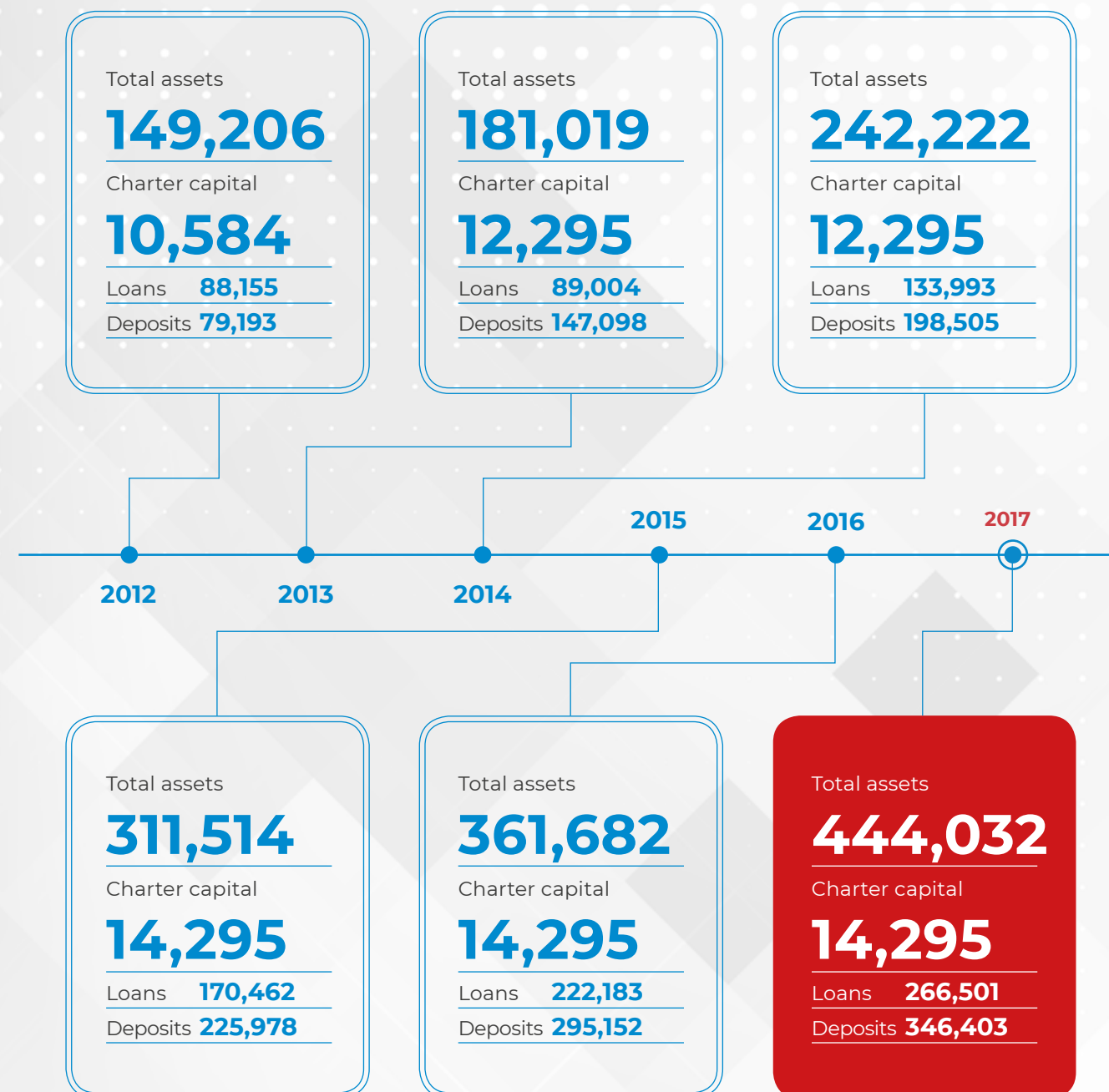
SCB continuously improves, diversifies services, applies modern technology to best serve customers. SCB cooperates, introduces, and consults customers on innovative, diverse, and effective products.

SHARING - COOPERATION

SCB closely cooperates with shareholders, customers, partners and employees to create and share sustainable benefits.

2.4. ESTABLISHMENT AND DEVELOPMENT

Unit: VND billion



2.5. SHAREHOLDERS

Number of shares allowed to be issued	1,429,480,104
Number of shares sold to the public	1,429,480,104
<i>Ordinary shares</i>	1,429,480,104
<i>Preference shares</i>	0
Number of treasury shares acquired	4,385,457
<i>Ordinary shares</i>	4,385,457
<i>Preference shares</i>	0
Number of shares in issue	1,425,094,647
<i>Ordinary shares</i>	1,425,094,647
<i>Preference shares</i>	0
Par value of shares in issue (VND)	10,000

SHAREHOLDER STRUCTURE AS OF 31/12/2017

Shareholder composition	Number of shareholders	Number of shares owned (VND10,000/share)	Ownership/charter capital ratio
A- FOREIGN SHAREHOLDERS	5	424,500,000	29.696%
<i>Institutional shareholders</i>	4	282,000,000	19.727%
<i>Individual shareholders</i>	-	-	-
Largest shareholders (institution)	1	142,500,000	9.969%
B- DOMESTIC SHAREHOLDERS	3,755	1,000,594,647	69.997%
<i>Institutional shareholders</i>	11	44,631,935	3.122%
<i>Individual shareholders</i>	3,743	773,016,112	54.077%
Largest shareholders (institution)	1	182,946,600	12.798%
C- SCB TREASURY SHARES		4,385,457	0.307%
TOTAL	3,760	1,429,480,104	100%



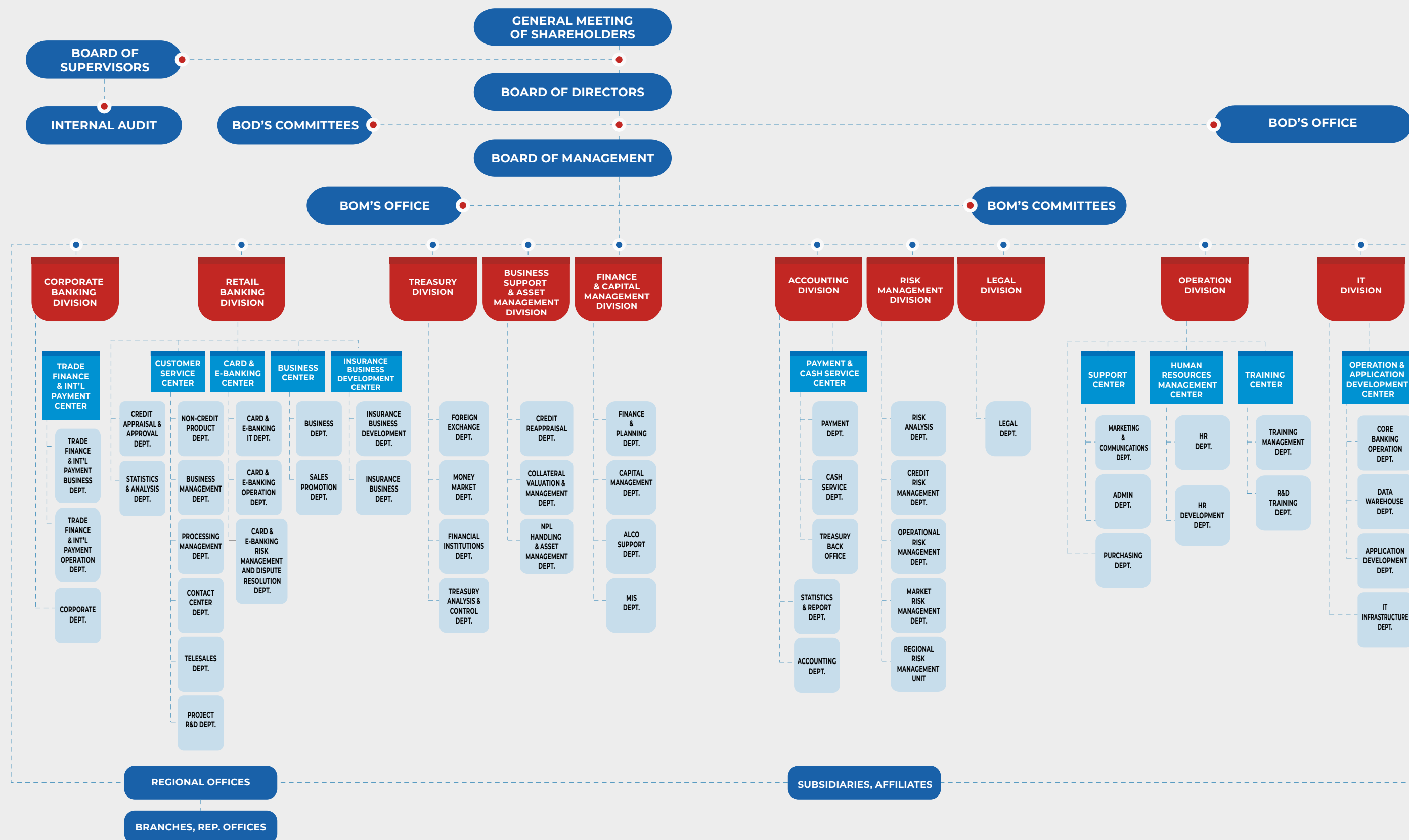
CHAPTER 3.

ORGANIZATIONAL STRUCTURE AND LEADERS

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3. ORGANIZATIONAL STRUCTURE AND LEADERS

3.1. ORGANIZATIONAL STRUCTURE





BOARD OF DIRECTORS

3.2. BOARD OF DIRECTORS



MR. DINH VAN THANH

CHAIRMAN

- ▶ Advanced Certificate in Banking Services - Banking Academy, HCM City;
- ▶ B.A. of Finance and Credit - Banking University, HCM City;
- ▶ Certificate of Chief Accountant;
- ▶ Certificate of Achievement of Business Banking Management Training Course - Vietnam Banks Association;
- ▶ Certificate of Real Estate Appraisal.

Mr. Dinh Van Thanh has over 24 years of experience in accounting, finance and banking governance. He held several positions such as Chief Accountant of Center for Agro Chemistry - Vietnam Academy of Sciences (now the Academy of Science of Vietnam); Deputy CFO of CINCO Commercial Center - HCMC Vanguard Youth Force; Deputy CEO, Vice Chairman of the Board of Directors and Chairman of Committee of Investment and Credit - Ficombank; Standing Vice Chairman of the Board of Directors, Chairman of Committee of Investment and Credit - Sai Gon Joint Stock Commercial Bank. He has been the Chairman of the Board of Directors of Sai Gon Joint Stock Commercial Bank since March, 2014.



MR. HENRY SUN KA ZIANG

VICE CHAIRMAN

- ▶ B.A. in Economics (Accounting) - Monash University, Australia;
- ▶ Diploma in Economic Systems - Western Australian Institute of Technology.

Mr. Henry Sun Ka Ziang has over 27 years of experience in finance and banking governance. He held several positions such as First Vice Chairman of Bank of America Ltd., (Asia); CFO - Dickson Construction Int'l Ltd.; CEO of SMELOAN Ltd., Egana International Technology Ltd; Independent Non-executive Member of the Board of Directors - Zhongda International Holdings Ltd; Get Nice Holdings Co., Ltd.; Chairman cum CEO of Noble Capital Group Ltd. He has been the Vice Chairman of the Board of Directors of Sai Gon Joint Stock Commercial Bank since May 2015.



MR. TA CHIEU TRUNG

VICE CHAIRMAN

- ▶ M.A. in Economics - University of Economics, Ho Chi Minh City;
- ▶ B.A. in Economics - University of Economics, Ho Chi Minh City;
- ▶ B.A. in Law - University of Law, Ho Chi Minh City.

Mr. Ta Chieu Trung has more than 17 years of experience in accounting and financial governance. He held various positions such as Chief Accountant of Binh Tien Imex Corp in Lao Cai; CFO - CIO, Deputy CEO and CEO of Viet Vinh Phu Financial Investment Joint Stock Company. Currently, he is the Vice Chairman of the Board of Directors of Sai Gon Joint Stock Commercial Bank.



MR. VO TAN HOANG VAN

MEMBER CUM CEO

- ▶ B.A. in Economics - University of Economics, Ho Chi Minh City.
- ▶ Member of the Association of Chartered Certified Accountants (ACCA);
- ▶ Independent Auditor Certificate (CPA Vietnam).

Mr. Vo Tan Hoang Van has over 24 years of experience in audit, finance - banking consultancy and governance. He served as the Manager, Director, Deputy CEO in charge of audit and banking consultancy at Ernst & Young Vietnam; Vice Chairman of Committee of Banking Strategy and Development - Sai Gon Joint Stock Commercial Bank; Deputy CEO, Acting CEO and Member of the Board of Directors (tenure 2012-2017) of Sai Gon Joint Stock Commercial Bank. He is now the Member of the Board of Directors cum CEO of Sai Gon Joint Stock Commercial Bank.



MR. CHIEM MINH DUNG

MEMBER CUM DEPUTY CEO

- ▶ B.A. in Economics - Ho Chi Minh City Open University.

Mr. Chiem Minh Dung has 23 years of experience in banking and finance. He started working at Sai Gon Joint Stock Commercial Bank in 2003 and held several positions such as Manager of Credit Dept., Manager of Transaction Office, Branch Deputy Director, and Branch Director. Currently, he is the Member of Board of Directors cum Deputy CEO in charge of Corporate Banking Division – Sai Gon Joint Stock Commercial Bank.



MS. NGUYEN THI PHUONG LOAN

MEMBER

- ▶ M.A. in Business Administration - AIT Institute (Thailand);
- ▶ Diploma - Volgograd Pedagogical University (former Soviet Union).

Ms. Nguyen Thi Phuong Loan has more than 30 years of teaching experience at University of Economics, Ho Chi Minh City. She was the Independent Member of the Board of Directors (tenure 2012-2017). Currently, she is the Member of the Board of Directors of Sai Gon Joint Stock Commercial Bank.



MR. NGUYEN TIEN THANH

INDEPENDENT MEMBER

- ▶ M.A., Asian Institute of Management – The Philippines;
- ▶ B.A. in Banking and Finance, National Economics University.

Mr. Nguyen Tien Thanh has 23 years of experience in banking, finance and securities services. He held many positions such as: Manager at Vietcombank, Securities Service Director/Manager, Deputy CEO cum Director of Ho Chi Minh Branch; Member of the Board of Directors cum Deputy CEO; Member of BOD cum CEO at Tan Viet Securities JSC. Currently, he is the Independent Member of the Board of Directors at Sai Gon Joint Stock Commercial Bank.



BOARD OF SUPERVISORS

3.3. BOARD OF SUPERVISORS



MS. PHAM THU PHONG

HEAD OF THE BOARD OF SUPERVISORS

- ▶ B.A. in Banking and Finance - Banking University of Ho Chi Minh City.

Ms. Pham Thu Phong has 22 years of experience in finance and banking. She held various positions such as: Deputy Credit Manager, Deputy Manager of Import-Export Payment Dept. – Vietinbank - Binh Tan Branch; Deputy Manager of Internal Supervisory Dept. and Deputy Manager of Internal Audit Dept., Member of the Board of Supervisors of Sai Gon Joint Stock Commercial Bank. She has been the Head of the Board of Supervisors of Sai Gon Joint Stock Commercial Bank since June 2012.



MS. VO THI MUOI

SPECIALIZED MEMBER

- ▶ B.A. in Banking and Finance - Banking University of Ho Chi Minh City;
- ▶ Certificate of Banking Internal Auditor - Vietnam Chamber of Commerce and Industry (VCCI).

Ms. Vo Thi Muoi has 35 years of experience working in the banking sector. She held many important positions such as Chief Accountant, Manager of Internal Audit Dept., and Member of the Board of Directors of Vietnam Tin Nghia Joint Stock Commercial Bank; Specialized Member of the Board of Supervisor (tenure 2012-2017). Currently, she is a Specialized Member of the Board of Supervisors of Sai Gon Joint Stock Commercial Bank.



MR. TRAN CHAN NAM

SPECIALIZED MEMBER

- ▶ B.A. in Economics - Ho Chi Minh City University of Economics;
- ▶ B.A. in English - Ho Chi Minh City University of Social Sciences and Humanities.

Mr. Tran Chan Nam has 21 years of experience in trade, finance and banking. He held several positions such as Chief of Internal Auditor of CEP Fund; Credit Analyst - Asia Commercial Joint Stock Bank; Member of the Board of Supervisors of Ficombank; Specialized Member of the Board of Supervisor (tenure 2012-2017). He is now a Specialized Member of the Board of Supervisors of Sai Gon Joint Stock Commercial Bank.



MR. VU MANH TUONG

SPECIALIZED MEMBER

- ▶ M.B.A. at Griggs University – USA.;
- ▶ B.A. in Economics - University of Economics, Ho Chi Minh City;
- ▶ Certificate of Banking Internal Audit - Vietnam Chamber of Commerce and Industry;
- ▶ Certificate of Enterprise Governance - State Security Commission of Vietnam.

Mr. Vu Manh Tuong has 20 years of experience in accounting, banking and finance. He held many positions such as: Supervisor, Deputy Manager of Accounting Dept., Member of the Board of Supervisors of Ficombank; Head of CEO Secretariat, Assistant to Chairman of the Board of Directors, Chief of BOD Office cum Secretary to BOD, Vice President of HR & Remuneration Committee, President of Risk Handling & NPL Recovering Committee of Sai Gon J.S. Commercial Bank. Currently, he is a Specialized Member of the Board of Supervisors of Sai Gon J.S. Commercial Bank.



BOARD OF MANAGEMENT

3.4. BOARD OF MANAGEMENT



MR. VO TAN HOANG VAN

MEMBER OF BOD CUM CEO

- ▶ B.A. in Economics - University of Economics, Ho Chi Minh City.
- ▶ Member of the Association of Chartered Certified Accountants (ACCA);
- ▶ Independent Auditor Certificate (CPA Vietnam).

Mr. Vo Tan Hoang Van has over 24 years of experience in audit, finance – banking consultancy and governance. He served as the Manager, Director, Deputy CEO in charge of audit and banking consultancy at Ernst & Young Vietnam; Vice Chairman of Committee of Banking Strategy and Development – Sai Gon Joint Stock Commercial Bank; Deputy CEO, Acting CEO of Sai Gon Joint Stock Commercial Bank. He is now a Member of the Board of Directors cum CEO of Sai Gon Joint Stock Commercial Bank.



MR. DIEP BAO CHAU

COO

- ▶ M.A. in Economics - Banking University of Ho Chi Minh City;
- ▶ B.A. in Banking and Finance - Banking University of Ho Chi Minh City;
- ▶ B.A. in Foreign Language - University of Social Sciences and Humanities, Ho Chi Minh City.

Mr. Diep Bao Chau has 25 years of experience in the banking and financial sector. He joined SCB in 2007 and held several positions including being in charge of Risk Management Division, Deputy CEO – Sai Gon Joint Stock Commercial Bank. Currently, he is the COO and in charge of Operation Division – Sai Gon Joint Stock Commercial Bank.



MR. CHIEM MINH DUNG

MEMBER OF BOD CUM DEPUTY CEO

- ▶ B.A. in Economics - Ho Chi Minh City Open University.

Mr. Chiem Minh Dung has 23 years of experience in banking and finance. He started working at Sai Gon Joint Stock Commercial Bank in 2003 and held several positions such as Manager of Credit Dept., Manager of Transaction Office, Branch Deputy Director, and Branch Director. Currently, he is a Member of the Board of Directors cum Deputy CEO in charge of Corporate Banking Division – Sai Gon Joint Stock Commercial Bank.



MR. NGUYEN VAN THANH HAI

DEPUTY CEO

- ▶ B.A. in Banking and Finance - Banking University of Ho Chi Minh City.

Mr. Nguyen Van Thanh Hai has 24 years of experience in banking and finance. He joined SCB in 2003 and held a number of positions such as Deputy Manager of Credit and Guarantee; Branch Deputy Director and Branch Director – Sai Gon Joint Stock Commercial Bank. Currently, he is the Deputy CEO in charge of Retail Banking Division – Sai Gon Joint Stock Commercial Bank.



MR. LAI QUOC TUAN

DEPUTY CEO

- B.A. in Economics – Vietnam National University, Hanoi;
- B.A. in Law - Hanoi University of Social Sciences and Humanities.

Mr. Lai Quoc Tuan has 28 years of experience in banking and finance. He held various positions such as CFO - Hanoi Fortuna Joint Venture Company, Head of Credit & Investment - Securities - Postal Financial Company. In the banking sector, he held several positions such as Manager of Treasury Dept. - VIB Bank; Deputy Director of Ha Noi Branch - OCB Bank; Deputy General Director cum Branch Director - Nam A Bank; Deputy General Director in charge of the Northern region - Nam A Bank; Deputy General Director cum Director of Hanoi Branch - Vietnam Tin Nghia Commercial Joint Stock Bank. Currently, he is the Deputy CEO cum Director of Hanoi region - Sai Gon Joint Stock Commercial Bank.



MR. LE MINH HUAN

DEPUTY CEO

- Computer Engineer - University of Technology, Ho Chi Minh City.

Mr. Le Minh Huan has 17 years of experience in information technology, finance and banking. He held various positions such as Manager of Programming Dept., Assistant to General Director Ho Chi Minh City Center for Software Technology. In the banking field, he held several positions such as Deputy Manager of Informatics, Head of IT Project Deployment Committee, Manager of Card Issuance Dept., Manager of IT Dept.. Currently, he is the Deputy CEO in charge of IT Division.



MR. NGUYEN ANH PHUOC

DEPUTY CEO

- B.A. in Accounting, Vietnam University of Commerce;
- B.A. in Finance & Credit, Banking University, Ho Chi Minh City.

Mr. Nguyen Anh Phuoc has more than 20 years of experience in finance and banking. He held several positions such as Deputy Marketing and Consultancy Manager, Deputy Credit & Investment Manager, SME Credit Manager, Consumer Credit Manager, Appraisal & Collateral Manager - Sai Gon Joint Stock Commercial Bank, Chairman cum Director of SCBA; Credit Manager - Nam Viet Joint Stock Commercial Bank; Deputy Credit Appraisal Manager - Viet A Joint Stock Commercial Bank, Deputy Director of Sai Gon Branch, Director of Pham Ngoc Thach Branch - Sai Gon Joint Stock Commercial Bank. Currently, he is the Deputy CEO in charge of Business Support & Asset Management Division - Sai Gon Joint Stock Commercial Bank.



MR. NGUYEN DUC HIEU

DEPUTY CEO

- M.A. in Business Administration - Texas A&M University, U.S.A.;
- B.A. in Banking and Finance – Hanoi National Economics University.

Mr. Nguyen Duc Hieu has 24 years of experience in banking and finance. He held leadership positions in several credit institutions such as Standard Chartered Bank, VIB, OCB and Viet A Bank. Currently, he is the Deputy CEO in charge of Treasury Division – Sai Gon Joint Stock Commercial Bank.



MR. HOANG MINH HOAN

CFO

- ▶ M.A. in Economics - Ho Chi Minh City University of Economics;
- ▶ B.A. in Banking and Finance – Ho Chi Minh City University of Economics.

Mr. Hoang Minh Hoan has 17 years of experience in the banking sector. He held several positions such as Manager of Credit and Marketing Dept. - Binh Duong Branch - Indovina Joint Venture Bank; Branch Director, Director of Customer Relations Division and Deputy General Director - Vietnam Tin Nghia Joint Stock Commercial Bank; Manager of Capital Management Dept. and Director of Treasury Division - Sai Gon Joint Stock Commercial Bank. Currently, he is CFO of Sai Gon Joint Stock Commercial Bank.



MR. NGUYEN VAN HUNG

CHIEF ACCOUNTANT

- ▶ B.A. in Finance and Banking - Banking University, Ho Chi Minh City;
- ▶ B.A. in Economics - University of Economics, Ho Chi Minh City;
- ▶ Postgraduate Certificate - Fulbright Economics Teaching Program, Applied Economics for Public Policy.

Mr. Hung has more than 20 years of experience in the finance and banking sector. He held several positions such as: Deputy Head of Foreign Currency Trading Department of Transaction Center II - Vietinbank; Branch Deputy Director, Savings & Capital Mobilization Manager; Capital and Foreign Exchange Manager - Saigon Joint Stock Commercial Bank; Chief Accountant of Vietnam Tin Nghia Joint Stock Commercial Bank; Director of Accounting, Chief Accountant, Deputy General Director in charge of Corporate Banking Division of Saigon Commercial Joint Stock Bank; Deputy General Director cum Member of the Board of Directors of Bao Long Insurance Corporation; Deputy Director of Accounting Division of Saigon Joint Stock Commercial Bank. Currently, he is the Chief Accountant of Sai Gon Joint Stock Commercial Bank.



MR. LUU QUOC THANG

DEPUTY CEO IN CHARGE OF RISK MANAGEMENT DIVISION

- ▶ M.A. in Business Administration - University of South Columbia;
- ▶ B.A. in Economics - Ho Chi Minh City University of Economics;
- ▶ B.A. in Foreign Language - University of Foreign Language, Vietnam National University, Hanoi.

Mr. Luu Quoc Thang has 36 years of experience in trade, manufacturing, banking and finance; with 20 years of experience in banking. He held various positions such as Manager of Business Dept., Branch Director and Deputy General Director – Ficombank. Currently, he is the Deputy CEO in charge of Risk Management Division – Sai Gon Joint Stock Commercial Bank.



MR. LE THIET HUNG

DEPUTY CEO IN CHARGE OF LEGAL DIVISION

- ▶ M.A. in Banking and Finance - University of Applied Sciences, Northwestern Switzerland;
- ▶ B.A. in Banking and Finance - Banking University of Ho Chi Minh City;
- ▶ B.A. in Law - Ho Chi Minh City University of Law;
- ▶ Lawyer.

Mr. Le Thiet Hung has 25 years of experience in trade, manufacturing, law, banking and finance, including over 6 years of banking. He held several positions such as Deputy Manager, Manager of Legal and Compliance – Sai Gon Joint Stock Commercial Bank. Currently, he is the Deputy CEO in charge of Legal Division – Sai Gon Joint Stock Commercial Bank.

UNITE THE TEAM REACH BEYOND





CHAPTER 4.

SCB - BUSINESS HIGHLIGHTS IN 2017

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4. SCB – BUSINESS HIGHLIGHTS IN 2017

4.1. CHANGING FOR DEVELOPMENT

4.1.1. ORGANIZATIONAL STRUCTURE REFORM, BECOMING A LEADING RETAIL BANK

In 2017, SCB was projected to improve sales quality, develop retail segment. Along with the improvement of sales system and diversification of product and services packages, SCB leaders also emphasized the necessity of regulating SCB's organizational structure to match its business orientation as one of the top priorities.

Under that target, SCB has specialised in retail segments by establishing centers that serve different retail businesses: Customer Service Center, Business Center, Card & eBanking Center, Insurance Business Development Center:

O/N	CENTERS	OPERATIONAL TARGETS
01	Customer Service Center	<ul style="list-style-type: none">▶ Enhance customer service.▶ Develop non-credit product and service packages.▶ Expand the functions of vertical management.▶ Increase non-interest revenues and maintain stable growth in personal deposits.
02	Business Center	<ul style="list-style-type: none">▶ Research, develop credit products, give feedback and adjust products to meet customers' demands.▶ Manage, promote retail sales.▶ Directly carry out the sales of retail products.
03	Insurance Business Development Center	<ul style="list-style-type: none">▶ Promote Bancassurance at SCB.▶ Maximize development of current customer segments and expand potential customer bases, ensure profits from bancassurance to achieve overall business targets.
04	Card & eBanking Center	<ul style="list-style-type: none">▶ Research and develop payment card products.▶ Monitor, minimize, and manage risks related to payment card operations.



By establishing centers targeted for different retail functions, SCB finally addressed the shortcomings of the former structure and reinforced the capacity of vertical management. At the same time, customer service quality has been enhanced in many ways, enabling SCB to diversify its income sources, increase incomes from credit and non-credit activities in 2017 and the next years.

Not only being restructured to be specialized at Head Office, the retail banking sector also underwent changes at every (sub)branch in 2017, e.g., the setting up of the Personal Banking Department and Corporate Banking Department at crucial branches. For the rest, SCB split the Business Department into two teams in charge of personal banking and corporate banking separately. The comprehensive change in organizational structure is a milestone for SCB towards becoming a leading retail bank.

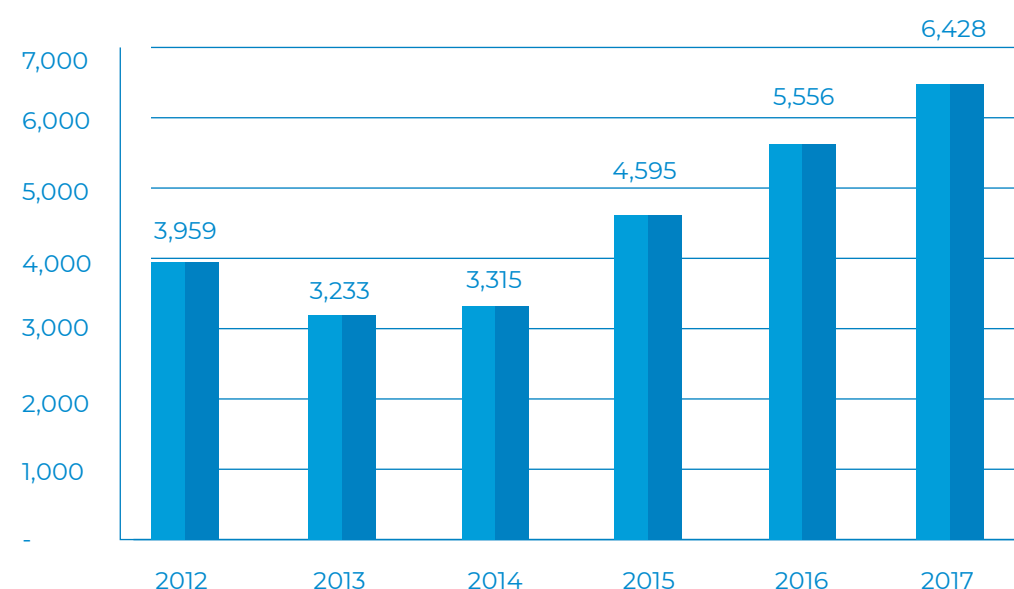


4.1.2. RECRUITMENT OF MORE THAN 1,000 EMPLOYEES – WELL PREPARED FOR SPEEDING UP

HUMAN RESOURCE IS THE MOST IMPORTANT FACTOR IN BUSINESS. IN 2017, SCB HIRED MORE THAN 1,000 NEW EMPLOYEES TO INCREASE ITS TOTAL EMPLOYEES TO 6,428 PERSONS WITH THE RATE OF EMPLOYEES IN SALES SECTOR TO 41% BY THE END OF 2017. BY INCREASING THE NUMBER OF EMPLOYEES IN CUSTOMER RELATIONSHIP TO BEST SERVE ITS CUSTOMERS, SCB HAS BEEN WELL PREPARED IN SPEEDING UP TO BE A LEADING RETAIL BANK.



Number of employees throughout the years



Along with diligent recruitment, fair compensation for talents has been noticed closely by bank leaders. In 2017, SCB officially launched the new salary system with 3P mechanism (Position – Person – Performance). By that, the income was paid to position, personal meritocracy and performance in line with Vietnamese and global standards.

In recognition of employees' valuable contribution to the bank, SCB creates a professional, modern working environment with reasonable compensation, ensuring harmonious benefits between employees and the bank. In addition to the policies under Labour Code and Social Insurance Law, SCB also implements other welfare policies including accident insurance, health insurance, etc.

Moreover, employees are also encouraged to participate in cultural activities - sports - propaganda education - mass activities, charity activities and other spiritual activities organized by the Union, Youth organization, and internal competitions to increase solidarity among the units.



4.1.3. TECHNOLOGY – KEY STRATEGY FOR COMPETITION

IN THE DIGITAL ERA, THE ADVANCED TECHNOLOGY IS KEY FOR THE PROCESS OF DEVELOPMENT AND COMPETITION. THEREFORE, SCB COMMITS TO EQUALIZE AND ADVANCE IN THE RACE OF DEVELOPING IT.

In 2017, SCB focused on developing IT capabilities to modernize all banking activities. IT infrastructure has been upgraded with the most modern technology, which serves to provide the best customer service. SCB signed a contract with Dinosys to upgrade its Core Banking and Digital Banking, satisfying the modernization and bringing the best experience and utilities to customers. Besides, SCB installed the entire IT system at 02 data centers. Consequently, the capability to process data will be ensured for endless operation of the Bank, satisfying the backup requirements in case of unexpected events..

Protecting the IT system is always SCB's top priority. SCB implemented the information security policies: delegate authority to access IT infrastructure (internal network, internet, etc.) on computers, protect the system from being affected by viruses, spywares, and malwares.

With that trend, SCB implemented other projects to improve governance and operation competence. Then, IT infrastructure would facilitate in developing and serving customers, creating a modern and professional image of the bank.

- ▶ Launching the PO project to monitor the automatic purchasing activities and efficient cost management; activating the project of cost aggregation and allocation to meet the increasing need of financial management and resource allocation in the bank system, helping in evaluating the efficiency of business tendencies to support SCB leaders' decisions.

- ▶ Operating and perfecting the new internal credit ranking system. Studying the plan to operate the Scorecard system for personal customers. With this system, all customers' transactions recorded on the system would be used for customer evaluation and customer service activities.

- ▶ Verifying the eBanking on SCB's website, upgrading Internet Banking & Mobile Banking: synchronizing products/services and customer experience on all channels, expanding partnership/payment services such as linked e-wallets, phonecards, gamecards: MOMO, VTCPay, bill payment intermediary partner, payment-collection agent in insurance, securities, markets, supermarkets, malls, etc.; online payment via domestic cards.

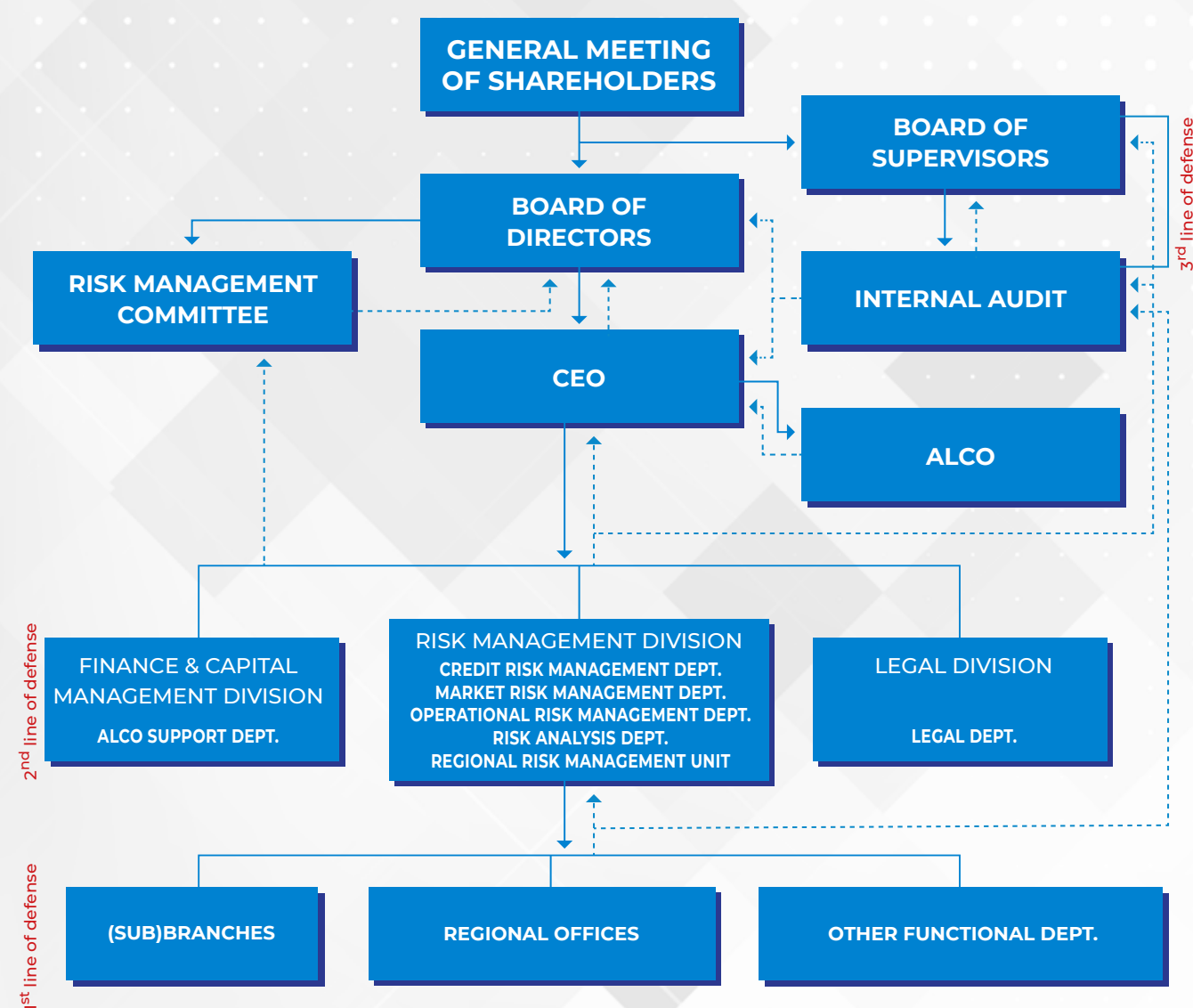
- ▶ Implementing international transfer, domestic tax payment, import-export tax payment, credit line inquiry, money remittance to listed accounts on eBanking.

- ▶ Designing new services on cards including instalments, prepaid, gift cards, cards for cash withdrawal, co-branded cards. Supplementing services of loan disbursement from card limit, cash withdrawal from ATM without cards. Introducing World MasterCard to customers.



4.1.4. ESTABLISHMENT OF RISK MANAGEMENT CULTURE AMONG EMPLOYEES

AIMING TO IMPROVE CAPACITY AND TARGET THE BEST STANDARDS OF RISK MANAGEMENT, IN 2017, SCB CONTINUED TO PERFECT ITS RISK MANAGEMENT STRUCTURE FOLLOWING THE THREE LINES OF DEFENSE MODEL AND FOSTER THE CULTURE OF COMPLIANCE AND RISK MANAGEMENT TO EACH EMPLOYEE.



NOTES: —→ managing - - - - -→ reporting

The three lines of defense risk management model at SCB ensures awareness and involvement of all units; all risks would be identified, assessed and solved in time during operation.

To pursue sustainable development supported by risk management model Basel II and comply with requirements of State Bank, in 2017, SCB implemented projects related to risk management:

- ▶ Loss Data Management (LEM).
- ▶ Key Risk Indicators (KRIs).
- ▶ Research on application of Basel II (RCSA).
- ▶ GAP evaluation as per requirements of Circular 41/2016/TT-NHNN regulating on capital adequacy ratio for banks.
- ▶ Test assesment of credit risk-exposed assets and capital required against operational and market risk as per Circular 41/2016/TT-NHNN regulating on capital adequacy ratio for banks.



4.2. IMPROVEMENT OF BANK'S IMAGE

4.2.1. SCB - OPERATING IN CUSTOMERS' INTEREST

LISTENING AND CARING FOR CUSTOMERS – KEY TO SUCCESS

To maintain customers' trust, listening, sympathizing and responding to customers' needs are SCB's motto in customer care. Every comment, recommendation is considered the greatest gifts to SCB. As such, all customer care channels have been constantly improved:

Hotline: 1800545438, 19006538 (24/7 operation)

Email: chamsockhachhang@scb.com.vn

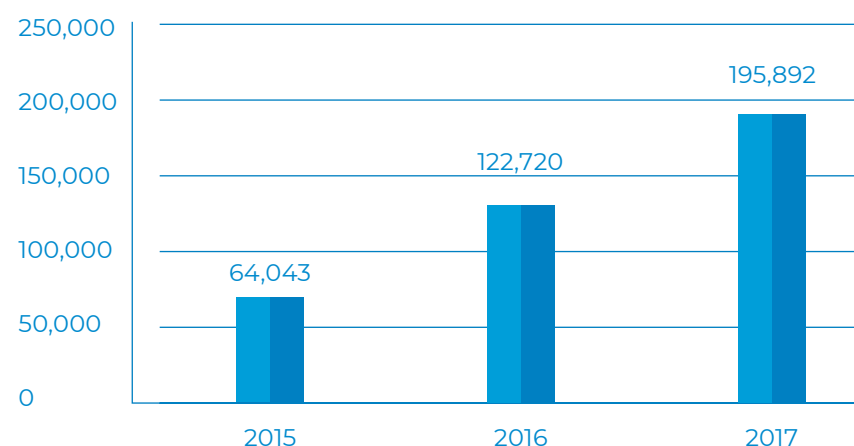
Fanpage và Zalo: “SCB Ngân hàng TMCP Sài Gòn”

Sections “**Contact**” and “**Comments**” on websites, Section “**Comments**” on Mobile Banking.



Statistics on comments and feedbacks

In 2017, to best serve customers, SCB added one more hotline number, 19006538, available 24/7 including holidays, to provide consultation and support to customers. Thanks to this hotline, comments and feedbacks could be immediately communicated between SCB and customers so that timely adjustment or innovation on products and services could be made to customer's satisfaction.



Besides, the Contact Center Department – an extended arm of SCB to contact (sub)branches' customers – continued to operate efficiently and at high performances. Teamed with dedicated and professional consultants and tellers, the Department has proven to be an efficient supporter to customers in exchanging and assessing comments and feedbacks and in assisting customer's choice of best products/services.

In addition, SCB also launched the program “Mystery Customer”, organized the contest “United SCB 2017” and many other outreach activities to further develop, specialize, and professionalize customer care.

SCB – MODERN BANK FOR YOUNG CUSTOMERS

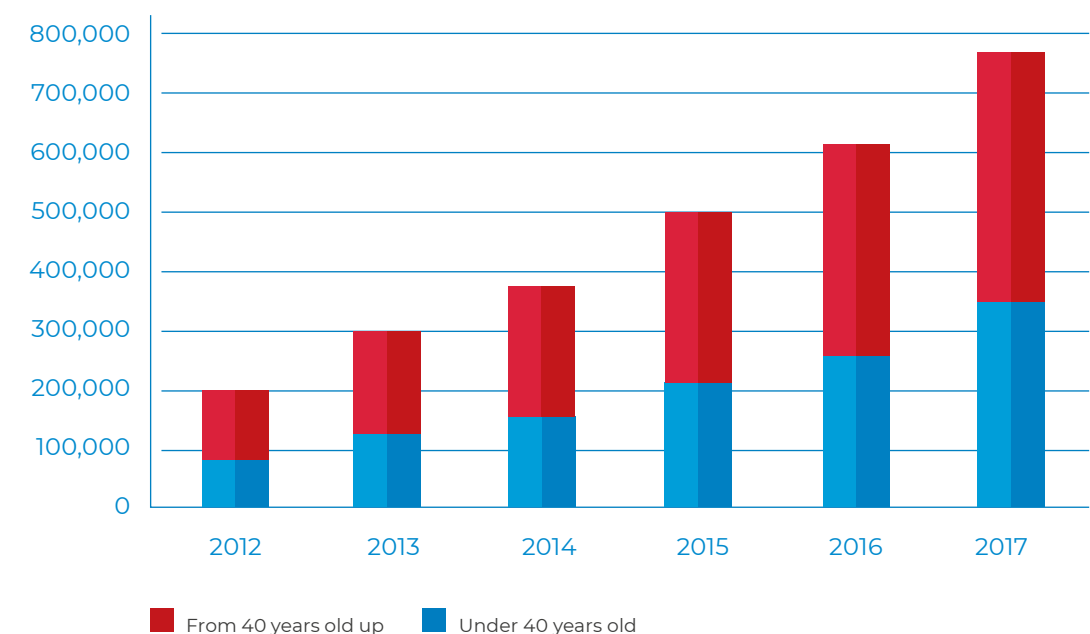
Ending 2017, there were 768,369 personal customers, an increase of 26% compared to 2016. In which, customers above and under 40 years old accounted for 54% and 46%, respectively. The two segments witnessed high growth compared to the previous year, 39% increase for customers under 40 years old and 17% for customers above 40 years old. The rapid increase of customers under 40 proves that SCB is innovative, adaptive to the ever-changing needs of the young customer segment and is able to attract them to its products and services.

Personal customers in 2017

768,369 Customers

↑ 26% compared to late 2016

Proportion of personal customers in 2012-2017



In awareness of “SCB's and customer's benefits come together”, SCB has diversified its product portfolio to match each customer segment. In 2017, SCB carried out many programs to expand customer base, secure their benefits and trust.

With current customers, SCB analyzed and offered appropriate product packages that are favorable and easily acceptable, creating mutual benefit for the bank and customers. For new customers, SCB continually and consistently introduces new products and services, focusing on quality. Many promotional events, conferences and marketing activities are also organized to improve SCB's image among customers.



ISERVICE – A BREAKTHROUGH IN TRANSACTIONS AT COUNTERS

In 2017, SCB rolled out many products/services to meet various demands from customers. Significantly among them is a series of payment accounts including: Multi-function account, Loc phat account, etc. together with many utilities and preferences for customers.

Also, SCB made a breakthrough in technology, changing completely the traditional transaction procedure. That breakthrough technology is iService – Intelligent Service Processing on mobile – tablet platforms. Connecting to the internal wireless network, iService can record all customers' requests directly and easily. These recorded requests will turn into transaction orders on Core Banking. This new technology simplifies the process, saves time, and increases the productivity when serving customers at 230 (sub)branches nation-wide.



“ISERVICE IS A BREAKTHROUGH APPLICATION TECHNOLOGY IN TRANSACTIONS AT COUNTERS”. THIS IS CONFIRMATION, THAT AT SCB, CUSTOMERS WILL BENEFIT FROM THE BEST PRODUCTS AND ENJOY THE MOST PERFECT EXPERIENCES.



In addition to continuous innovation to provide the most convenient and perfect products and services, in line with current trends and customer needs, SCB also organized many promotional programs during 2017 to express customer appreciation. These programs included “Lucky Spring Harvest”, “Beloved Ones” for Women’s Day March 08, “Vietnamese Beauty Appreciation” for Vietnamese women on October 20, program on Autumn Festival, special care program for VIP customers on Lunar New Year. Every program represents different meaning for different customer segments. All were expected to bring joy, satisfaction, and thanks to loyal customers. Additionally, on customers’ birthdays, SCB sends lovely gifts and sincere wishes to customers.

EXPAND NETWORK, STANDARDIZE TRANSACTION ENVIRONMENT

In 2017, SCB continued to broaden transaction space at (sub)branches, bringing the most convenience and comfort to customers. Ending 2017, almost all business(sub)branches have been updated to uniform standards, representing a modern, professional and active working environment. Throughout 2017, SCB renovated 69 offices of (sub)branches and other 24 offices are under improvement process.

The significant event in the network expansion in 2017 was the State Bank’s approval of the establishment of 02 branches in Thanh Hoa and Thai Binh provinces and 09 transaction offices in other provinces/cities. This has proven SCB’s prestige and development when satisfying all regulations set forth by the State Bank. Among them, SCB officially organized the grand opening of Thuan An transaction office at Thuan An town, Binh Duong province at the end of 2017. SCB plans to put Thanh Hoa, Thai Binh branches and 08 other transaction offices into operation in 2018. The widespread network will help SCB best serve its customers.

4.2.2. ACCOLADES AND AWARDS IN 2017

Following the branding development activities in previous years, 2017 was a successful year when SCB affirmed its status as a leading bank in Vietnam. SCB achieved valuable domestic and international awards from well-known magazines:

DOMESTIC AWARDS:



TOP 09 BIGGEST PRIVATE TOP 44 BIGGEST ENTERPRISES IN VIETNAM

by VietnamNet newspaper and Vietnam Report.



ASIA - PACIFIC OUTSTANDING BRAND 2017

by VINABRA



STRONG DEVELOPMENT ENTERPRISE IN INTEGRATION AGE 2017

by Culture and Economy HR Development Institute.



TOP 10 QUALITY PRODUCTS 2017

by Vietnam Business Council.



BANK WITH CREATIVE PRODUCT AND SERVICE

by Vietnam Banks Association and IDG.



TRUSTED PRODUCT - SERVICE VIETNAM 2017

by Vietnam Economic Times.

INTERNATIONAL AWARDS:



FINALIST OF THE BANK PARTNER OF THE YEAR

by Asia Insurance Review Magazine.



BRAND EXCELLENCE IN CORPORATE GOVERNANCE BANK VIETNAM 2017

by Finance Digest Magazine.



BEST FOREIGN EXCHANGE PROVIDER - VIETNAM 2017

by European Magazine.



BEST COMMERCIAL BANK, VIETNAM - 2017

by World Finance Magazine.



SME BANK - VIETNAM 2017

by International Finance Magazine.



BEST BANKING TECHNOLOGY VIETNAM 2017

by Global Banking & Finance Review Magazine.



BEST CUSTOMER SERVICE BANK VIETNAM 2017

by Global Business Outlook Magazine.

EACH AWARD ACHIEVED BY SCB IS PROOF FOR STRONG POTENTIAL, APPROPRIATE BUSINESS ORIENTATION, AND ENDLESS EFFORT FROM SCB LEADERS AND EMPLOYEES.

SOCIAL RESPONSIBILITY COMMUNITY CONTRIBUTION



4.2.3. THE BANK WITH SOCIAL RESPONSIBILITY

IN ADDITION TO BUSINESS ACTIVITIES, SCB MAINTAINED TRADITION OF A BANK ASSOCIATED WITH SOCIAL ACTIVITIES. IN 2017, SCB CONTRIBUTED MORE THAN VND4 BILLION FOR COMMUNITY OUTREACH PROGRAMS AND SOCIAL ACTIVITIES, SUCH AS:

- ▶ Taking care of the merit families in Hoc Mon District, Binh Chanh Province, Wards 1 and 8, District 5, Ho Chi Minh City on the Lunar New Year.
- ▶ Supporting the Disabled Youth Association in Ho Chi Minh City on the Lunar New Year, Association Anniversary, International Children's Day and periodic meetings.
- ▶ Organizing the "Full-of-love Autumn Festival", giving gifts to 5,000 disadvantaged children.
- ▶ Supporting in building Truong Bon Historical Park to commemorate war heroes and martyrs.
- ▶ Co-organizing the "Sports Festival" at Ward 1, District 5, Ho Chi Minh City.
- ▶ Sponsoring the 3rd "Eternal Children" program to raise fund for houses of gratitude, savings books, gifts for Vietnamese Heroic Mothers, relatives of war heroes and martyrs, war invalids.
- ▶ Sponsoring the Banking Vietnam program.
- ▶ Sponsoring the Children Celebration program.
- ▶ Sponsoring victims of agent orange/dioxin at Ward 1, District 5, Ho Chi Minh City.
- ▶ Supporting the "Compassionate Hearts" fund of Vietnam Banking Union.
- ▶ Financing in building Classes of Hope for sick children at Vietnam National Children's Hospital.

- ▶ Cooperating with Ho Chi Minh City Blood Donation Center - Red Cross to organize "Blood donation day" 2017, attracting more than 300 SCB employees' registrations. Traditionally, it is SCB's annual event to contribute to society and the local communities.
- ▶ Supporting the fund "Gifts for children in hardship" - SCB has been joining hands in making significant contributions for children with difficult circumstances for many years.
- ▶ In other effort, SCB Union encouraged all employees to commit to a fund supporting households suffering from natural disasters. The fund which was raised to VND472 million, has been allocated to affected households in Khanh Hoa, Da Nang, Binh Dinh, Dak Lak provinces.



4.3. ASSERTING POSITION

4.3.1. STABLE GROWTH IN MOBILIZED FUNDS – SUBSTANTIATING CUSTOMERS' TRUST

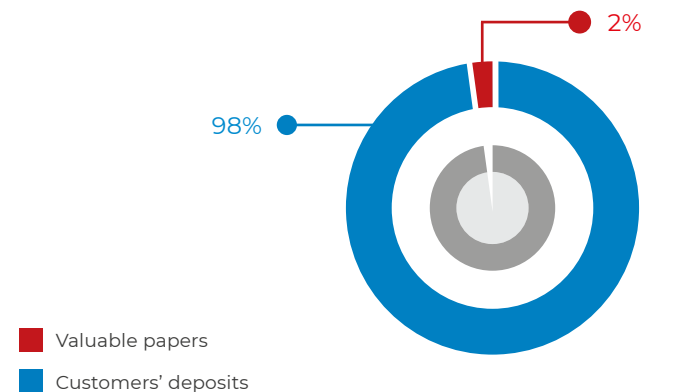
By 31/12/2017, funds mobilized from customers amounted to VND353,327 billion, an increase of VND51,664 billion, equivalent to 17.1% compared to the early year. Fund mobilized from personal customers and economic entities have grown consistently over the years and above the average rate of the banking industry.

Accordingly, customers' deposits reached VND346,403 billion, an increase of VND51,250 billion or 17.4%. Valuable papers were issued with total value of VND6,924 billion, an increase of VND414 billion or 6.4% compared to the early year. At the end of 2017, SCB was in the top Vietnamese banks in terms of personal and corporate deposits.

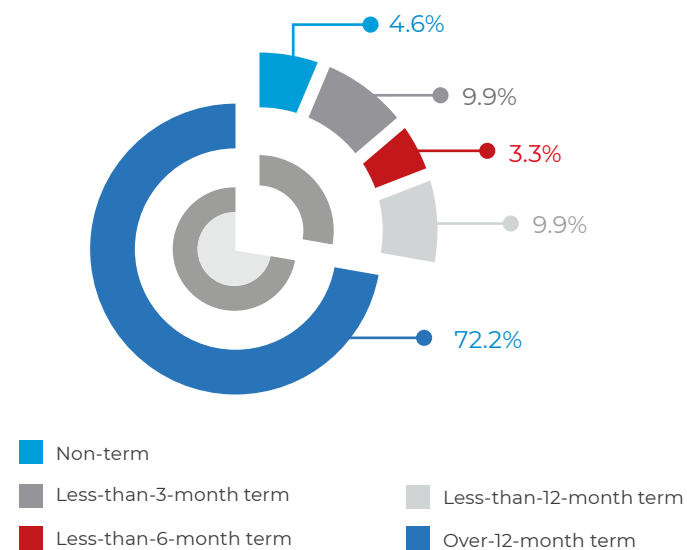
In structure of customers' deposits, the personal deposits accounted for nearly 90% of total deposits. Over-12 month-term deposits accounted for 73% total deposits. With such favorable structure, SCB took an exceptional edge over its peers.

In 2017, some core deposit products - such as "Phu Quy savings", "Longer terms – more benefits", "Golden terms – golden interest rates" - continued to attract a large number of customers. Meanwhile, new technology-based products, namely "Online deposits" or "iBank – Flexibility" also had their successful debut to customers, especially young adults.

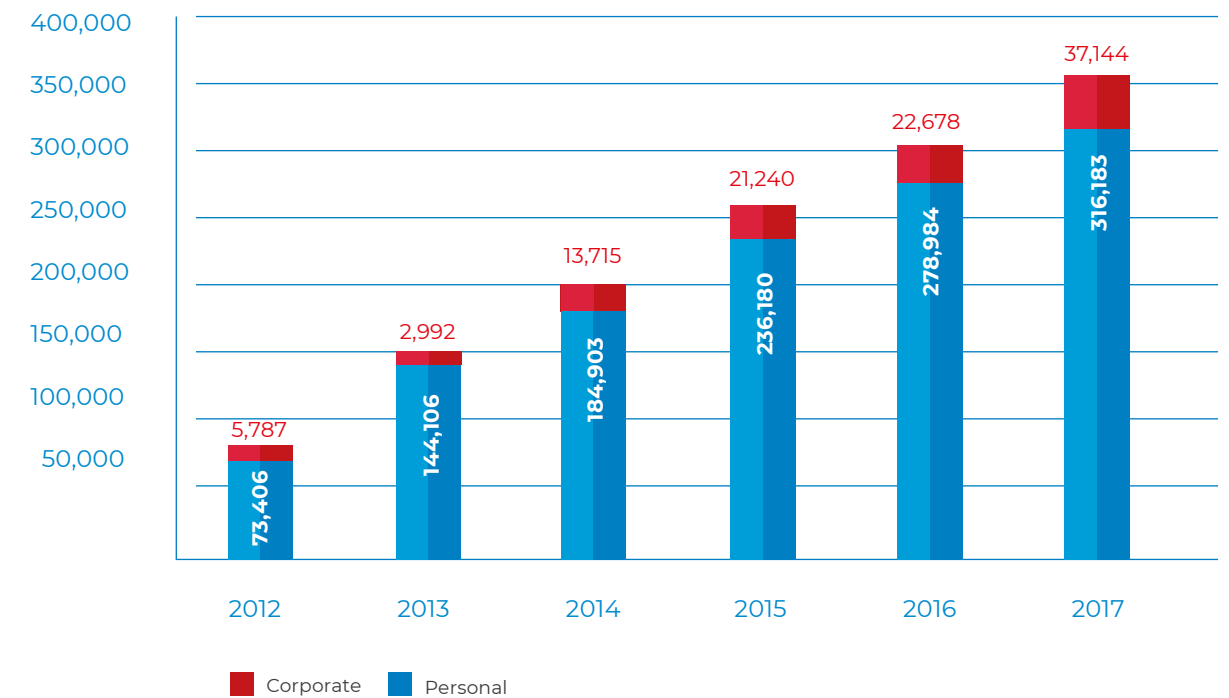
Structure of mobilized funds by categories (%)



Deposit structure by terms (%)



Structure of mobilized funds by customers (VND billion)



A stable deposit growth in 2017 ascertained SCB's increased credibility in the marketplace. SCB has strongly established itself as a trusted bank operating in the best interest of its customers.

4.3.2. EFFICIENT LENDING WITH LOW NPL RATIO

In the path to a modern and versatile retailing bank, in 2017, SCB adhered to the diversification of credit products to satisfy customers' increasing demand.

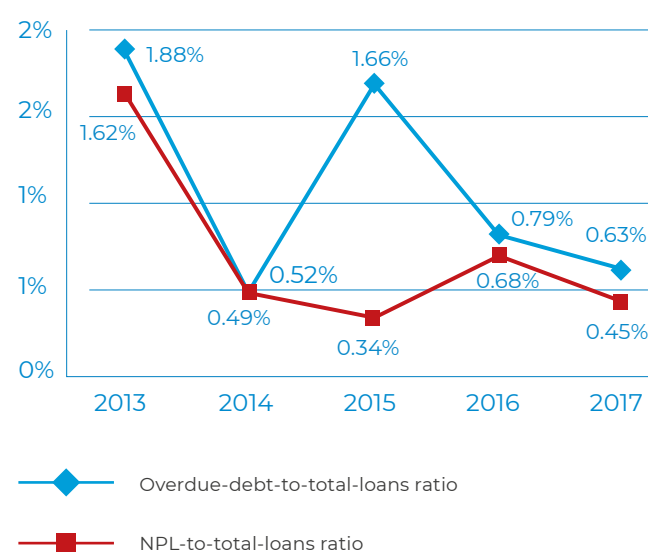
Consequently, many major products have been rolled out to personal customers and SMEs. Noticeably among these products are consumer loan, loan for small traders, loan for working capital, loan for capital contributed to enterprises or projects, etc. These loan products catered for customers of various sectors such as agriculture, forestry, aquaculture, hotels, restaurants, retailing, recreation, entertainment, construction, warehousing, etc.



With the diversity in customer segments, appropriateness of loan products to business cycles and demand, SCB's loan quality steadily improved. Up to the end of 2017, total loans amounted to VND266,501 billion. Loans were extended to customers of all regions throughout the country, from Ho Chi Minh City to Northern coastal areas, Hanoi, South East area, Western area, Central and Highland areas. Thanks to an efficient model of risk management, optimal system of credit rating, SCB always maintained low NPL and overdue debt ratios at 0.45% and 0.63% respectively at the end of 2017.

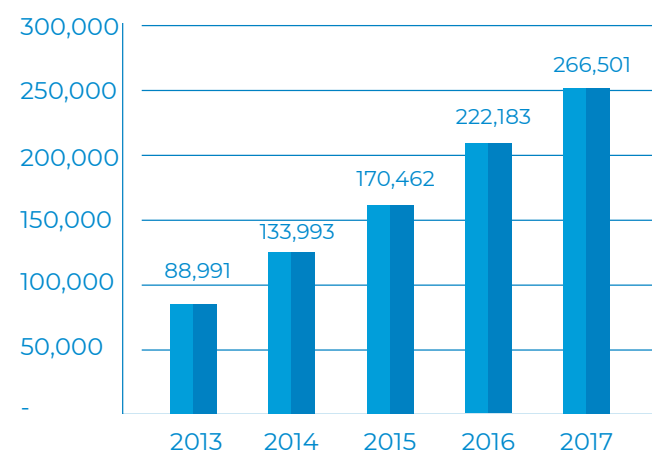
Total loan balance in
2017
266,501
VND billion

Overdue debt and NPL ratios (%)

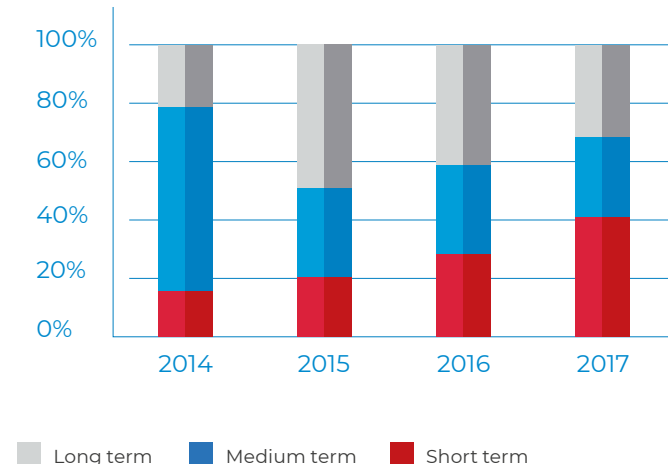


It is noteworthy that loan structure has been morphed in a positive trend in which short-term loans have increased and long-term loans have decreased. Such change reinforced SCB's competency to manage risk, ensure capital safety and speed up capital circulation and profitability.

Total loans over years (VND billion)



Loan structure by years (%)



INCREASE IN NON-INTEREST INCOME – CORE SOURCE FOR A STABLE INCOME COMPOSITON



4.3.3. A BREAKTHROUGH IN BANCASSURANCE

PARTICIPATING IN BANCASSURANCE ENABLE SCB TO INTRODUCE FINANCIAL FULL AND OPTIMAL PACKAGES OF FINANCIAL PRODUCTS TO CUSTOMERS

With a nationwide network of 230 branches and sub-branches, SCB has advantages in marketing and selling bancassurance products. In addition to diversification of income sources, bancassurance was also targeted by SCB management leaders to introduce full and optimal packages of financial products to customers.

Thanks to the employees' continued efforts, in 2017, SCB bancassurance has seen an extraordinary development. As of 31/12/2017, SCB sold 16,358 Manulife insurance policies to customers with a total year premium of VND294.11 billion. Throughout 2017, SCB sold 9,150 new policies with a total year premium of VND176.73 billion, a significant increase of 51% compared to 2016.

SCB has developed a wide range of bancassurance products by partnering with Manulife in life insurance, with Bao Long and Bao Viet in non-life insurance. As for non-life insurance, SCB has implemented 24-hour accident insurance, motorbike insurance, car insurance and especially international travel insurance for international travel combined with emergency help (SOS) - a new type of insurance in Vietnam. Besides, SCB also partnered with Bao Viet in 2 insurance products such as SCB An Gia Hanh Phuc and SCB An Gia Hung Thinh to provide solutions for full health coverage.

As a reward for its efforts in serving customers' interest, on 12/07/2017, SCB was named in the top 5 bancassurance providers in Asia.



4.3.4. 2017 – A PIVOTAL YEAR IN THE PATH TO BECOME A LEAD IN EBANKING

THE YEAR 2017 WAS SEEN AS A SUCCESSFUL YEAR FOR SCB INTERNATIONAL CREDIT CARDS ISSUANCE NUMBERS AND REVENUE.

In this year, SCB rolled out SCB World Mastercard – a prestigious card reflecting cardholders' elite lifestyle. Besides features available in payment and cash advance at millions of Mastercard's POS machines, cardholders were given many exclusive privileges such as access to high-class airport lounges worldwide, discount at 6 Golf courses in Vietnam, MasterCard Concierge service, and global travel insurance.

In other aspects, activities in payment cards were flourishing in 2017. The number of debit cards issued (domestic and international) increased 41% compared to 2016, contributing to completion of SCB's business target of 2017 and nourishing a new success for SCB in 2018.

As a result of SCB's efforts and achievements, in 11/2017, SCB was honorably awarded the title "Payment Growth Volume" by Visa International Service

Association. The award attested to SCB's credibility in the market and encouraged SCB's commitment to the improvement in quality of products & services.

The year 2017 also witnessed the blossom of SCB's modern banking services. For purpose of innovation in services, SCB upgraded its Mobile Banking system by developing a new and friendly interface. At the same time, SCB broadened eBanking utilities such as the service of Manulife premium collection. Via this service, Manulife premiums may be paid on SCB Internet Banking and Mobile Banking.

In aspect of non-cash payment, SCB continued to partner with VNPAY to connect online payment transactions to VNPayment gateway. In 2017, SCB also cooperated with Zion Co., Ltd. to connect to Zalopay e-Wallet through which customers may use connected cards to recharge, pay and transfer money from their e-Wallet to their current account at SCB. Furthermore, SCB completed connection to MoMo e-Wallet and Moca application for payment by scanning QR codes.

In incoming time, SCB will connect with Samsung Pay and AirPay e-Wallet to provide more payment utilities to customers. 24/7 fast money transfers will be available at transaction counters to provide customers with the most convenient services and maintain competitiveness in the market.



4.3.5. A STRONG LEAP IN FOREIGN EXCHANGE TRADING

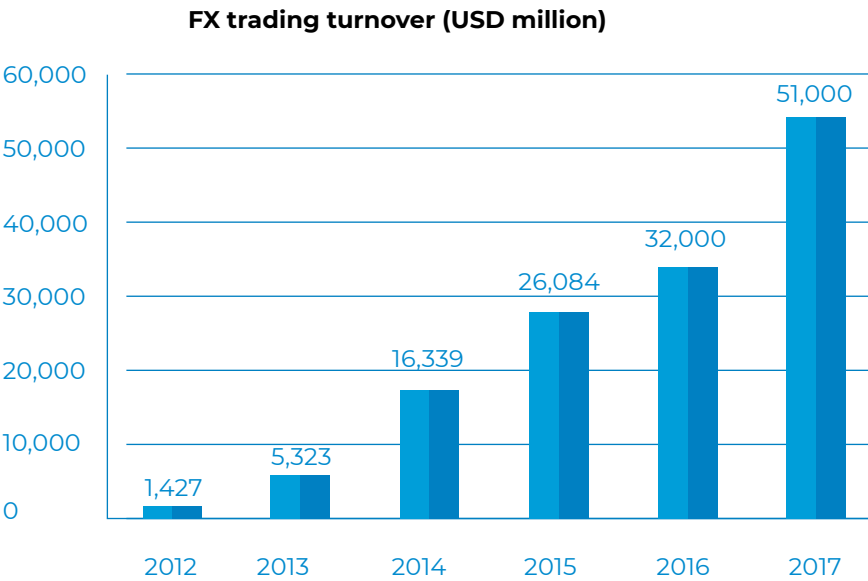
SCB IN PROCESS OF UPGRADING THE FOREIGN CURRENCY TRANSACTION SYSTEM TO BEST SERVE CUSTOMERS.

With a nationwide network, abundant sources of foreign currencies, modern equipments and simple procedures, SCB satisfied overseas remittance both personal demands - for overseas remittance (travel, medical care, school fee, routine expenses, residential settlement, donation to relatives, etc.) - and corporate demands (payment of imported goods) at competitive exchange rates.

Also in 2017, SCB put NZD, HKD, etc. into transactions to meet customers' demands. In addition to traditional transactions, SCB provided FX hedging tools via derivative products such as forward, swap, remittance with multi-currencies, etc. help customers prevent foreign exchange risks, take initiative in business plans in all cases of market volatility.

Simultaneously, FX transaction system was being upgraded to ensure safety and promptness of transactions.

The outcome of the year 2017 showed SCB's success in foreign exchange activities by leaps and bounds. FX trading turnover in 2017 reached over USD50 billion, an increase of 60% compared to the previous year. The turnover increased 36 times as much as that in 2012.



4.3.6. CURRENCY TRADING – A LEADING POSITION

IN 2017, WITH FAVORABLE CONDITIONS IN THE BOND MARKET SUCH AS BUOYANT TRANSACTIONS OF BOND BIDDING IN THE PRIMARY MARKET AND HIGH LIQUIDITY IN THE SECONDARY MARKET, SCB MANAGED WELL TO GRASP NEW BUSINESS OPPORTUNITIES, EXPAND PARTNERSHIP, CONTRIBUTING TO THE ACCOMPLISHMENT OF SCB'S BUSINESS TARGETS IN 2017.

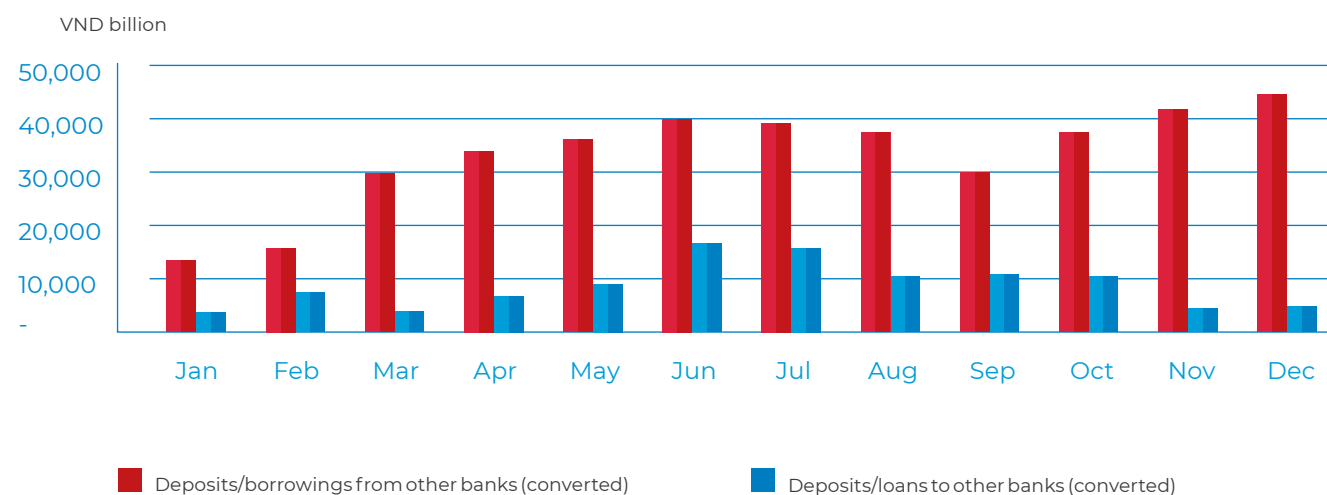
With multiple roles as a trading member of Hanoi Stock Exchange (HNX), a Government bond bidding member and a member of the Vietnam Bond Market Association (VBMA), SCB actively contributed to the bond market. In 2017, with the turnover of VND101,000 billion from G-bond bidding and transactions, SCB was listed in top 5 members at HNX. In the entire year 2017, net profit from securities trading was VND626 billion, accounted for 14% share in SCB's total income.

To this date, SCB's financial partnership is not only limited to credit institutions. SCB also cooperates with prestigious insurance companies, securities companies, investment funds, etc. in Vietnam and abroad. SCB offers G-bond bidding service to customers. It is expected that SCB would continue to be recognized by the Ministry of Finance as a G-bond bidding member and a market maker of VBMA in 2018. This would be the foundation for SCB to further develop bond-trading activities to increase SCB's income and prestige in the market.

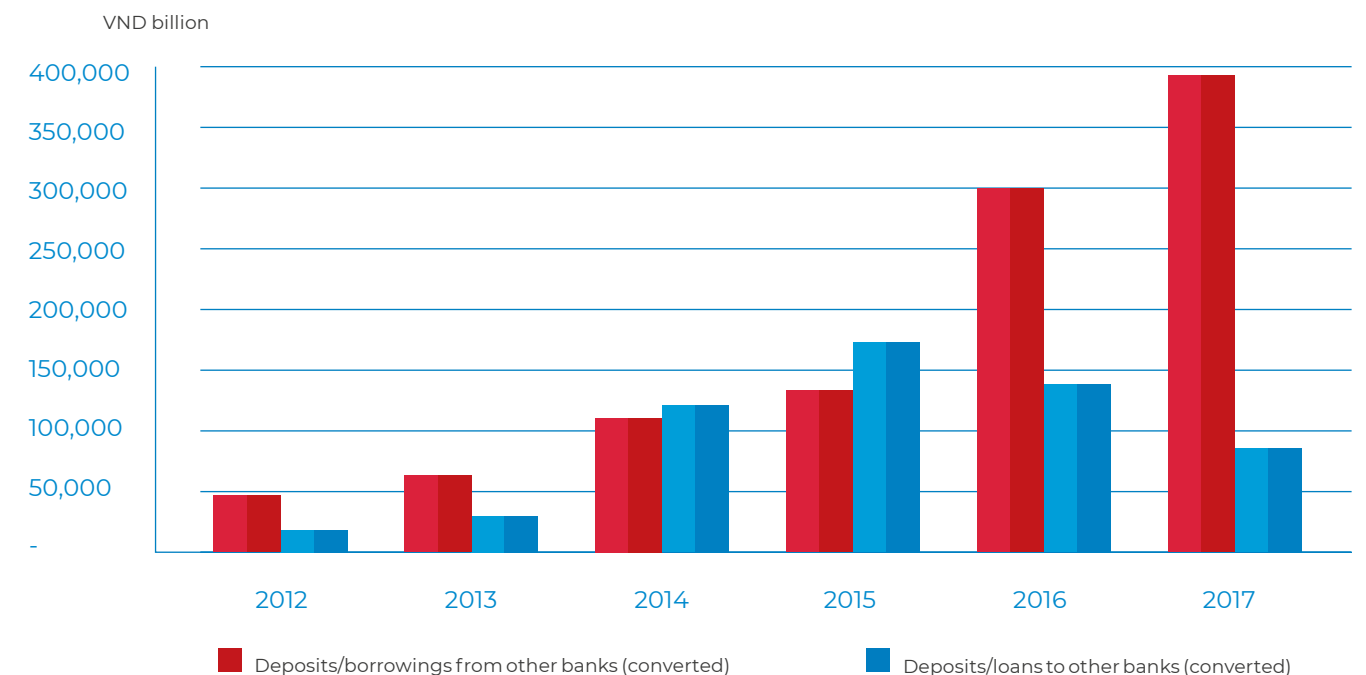
As for capital trading, on the basis of the satisfactory results in 2016 and the existing strength, in 2017, SCB expanded the relationship with domestic and international credit institutions, engaging in more inter-bank transactions. Inter-bank transaction turnover in 2017 reached VND488,204 billion, an increase of 18% compared to the previous year. Turnover of deposits/borrowing from other banks was VND390,348 billion. Turnover of deposits/loans to other banks was VND97,856 billion. The expansion of our relationship with our partners and the increase in transaction volume on the interbank market has actively enhanced the liquidity in the market and positively contributed to SCB's outstanding result in the currency trading sector.

Especially the year 2017 was considered a milestone in the infrastructure investment of SCB's currency trading sector when SCB completed investment in the project Treasury – FIS Front Arena. This project would enhance SCB's governance competence and competitiveness in the process of deeper economic integration.

Fund transaction turnover in monetary market in 2017



Fund transaction turnover in monetary market 2012-2017 (VND billion)



4.3.7. INTERNATIONAL PAYMENT – INTERNATIONAL INTEGRATION WITH CUSTOMERS

In international payment, SCB reaped numerous unprecedented successes in many operational sectors as outward & inward remittance, import-export financing, etc. With proper targeting to customers and a diverse range of customized products, SCB exceeded the turnover target of 2017. The international payment turnover reached USD2.8 billion and service fees reached VND153 billion, increasing 2.55 times compared to the previous year.

Turnover

2.8

USD billion

Service fees

153

VND billion



ADVANCED **TECHNOLOGY** UTMOST SECURITY





CHAPTER 5.

ORIENTATION IN 2018

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5. ORIENTATION IN 2018

5.1. SCB'S PORTRAIT IN 2018 – A MODERN, VERSATILE AND POPULAR BRAND NAME

IN 2018, SCB IS DIRECTED TO DEVELOP A BANK WITH MODERN AND TRENDY FACILITIES VIA THE MESSAGE “SCB – A MODERN, VERSATILE AND FRIENDLY BANK”.

We will be the bank of every family, suitable for many generations, and together with customers build a happy family.

In March 2018, SCB is putting into use a new website featured with outstanding attributes and launching a smart website to upgrade programs and modules for sale on this website.

Regarding the internal communications, SCB leaders appreciated the role of these activities under the message “Trust and unity to make SCB our home”. At present, SCB employees consider SCB as their second home. Therefore, they are dedicated to a stable development for SCB. For this purpose, SCB will build an inter-SCB page as a bridge of information exchange and relationship building among SCB employees at the head office and (sub) branches.

At the same time, SCB will regularly host road shows (e.g. breakfast with SCB, child painters, sales days, outdoor activities, etc.) to promote SCB brand name to the public.



5.2. A TARGET OF 2 MILLION PERSONAL CUSTOMERS IN 2020

In pursuit of becoming a modern and versatile bank, SCB targets to increase the number of customers to 2 million by 2020. To do so, SCB will attempt to obtain a base of 300,000 customers in 2018.

Currently, SCB's customers are present in various segments of different ages. With its well-known brand “One stop for all services”, SCB is committed to meeting all of customers' financial demands. SCB will boost the cross-selling activities, increase the average number of services used by each customer to 3 items. It is expected that each customer will bring VND400,000 to SCB in services rendered.

In 2018, a customer referral program based on high-quality and trusted services will be launched in SCB's entire system to expand the customer base. SCB will also introduce to customers of automatic payroll service the Payroll Schemes (20-200 customers). At the same time, SCB Internet Banking and Mobile Banking will be integrated for customers' convenience. SCB will provide personal finance consultation on ebanking and roll out “experience store” based on advanced technology to attract customers via Digital Banking.

Furthermore, the banking services still remain inaccessible to many in rural areas. Therefore, SCB will open more branches and transaction offices in these areas to attract more customers. SCB will promote branding activities on modern channels (social networking, digital, etc.) to appeal to more tech-friendly customers from 2020 onwards.

5.3. OUTSTANDING PRODUCTS, LEADING QUALITY

CONVENIENT, MODERN PRODUCTS AND PIONEERING SERVICES CONSTITUTE CORE AND REQUISITE FACTORS IN THE BANKING SECTOR.

Therefore, in 2018, SCB will conduct research to put into use new products, especially those unknown in the domestic market. SCB's business operation will be directed to retail products and services based on advanced information technology on par with the Industry 4.0 that would bring changes to distribution channels, sales networks and designs of banking services/products. Accordingly, SCB's products would meet 4 criteria: promptness, simplicity, convenience, and safety. On the other hand, SCB will implement the following activities:



- ▶ Review operational procedures to shorten the processing time.
- ▶ Perfect transaction features and procedure via Tablet to increase consultation time and excellent transactional experience.
- ▶ Adjust the procedure of credit card issuance & extension to include the issuance without income proof for cardholders of cards of prestigious banks.
- ▶ Innovate services of eBanking, business Master debit card.
- ▶ Put into operation program of business credit card.
- ▶ Implement the package of import-export finance (preferential fees, loan interest rates, exchange rates), promote the products UPAS L/C, bill negotiation with recourse of documents presented under export L/C or collection.
- ▶ Review and adjust the procedure of credit approval to enable the credit growth in (sub) branches and ensure the risks maintained within an acceptable limit



5.4. SCB'S OUTLOOK FOR TOP 10 WORKING PLACES

On the basis of the result of the strategic plan of human resources in 2017, SCB continues to implement important activities in human resources to drive SCB in the list of top 10 working places in Vietnam in 2018.

For this purpose, SCB will pay attention to the system of remuneration and welfares - one of the determining factors of the working environment. SCB will continue the innovation and adjustment of the remuneration system and non-financial policies to attract and retain talented candidates – SCB's most precious resource.

To supply qualified human resource for business targets, recruitment activities will enhance to meet the requirements of personnel on the basis of sufficiency, timeliness, and quality. SCB will come to set up a Digital Recruitment Brand with a modern and professional “ecosystem” of interactive recruitment channels.

In 2018, the training program will be standardized to apply the “active learning” method to case study resolutions, simulation bank, workshop, etc. E-learning will become an important channel for new recruits. SCB continues to host and attend seminars on professional topics to exchange experience among banks, partners. Employees' performance will be factored into the training assessment.

5.5. INFORMATION TECHNOLOGY – A FRONT RUNNER

IN THE COMMON TREND OF THE BANKING INDUSTRY, SCB EMPHASIZES THE DEVELOPMENT OF BANKING TECHNOLOGY TO DESIGN DIGITAL BANKING SERVICES AND CREATE EXCELLENT EXPERIENCES TO CUSTOMERS VIA NEW DISTRIBUTION CHANNELS.

As the customer base is constantly increasing and the technology-based products and services are becoming more sophisticated, it is likely more difficult for banks to perform the management and supervision of routine business. Therefore, SCB will focus on the enhancement of the security capacity and risk control. It is in SCB's regular targets to optimize business operation, minimize risks, reinforce safety, reduce costs, and increase profits. In addition, SCB will keep close track of trendy developments in the banking industry to make necessary updates to products, distribution channels in line with customer's behavioral changes by applying advanced technological information.



As for the attraction of customers and development of financial services, SCB implements supporting tools such as Touch Point, Customer Insights, Market Insights in Real Time, to understand customers' demands via interactive history between customers with such tools. Besides, in order to meet operational requirements, SCB will upgrade Core Banking & Digital Banking, set up customer service program, and scorecard management program, apply technological platforms to support trading transactions for SCB's own business and development of customers' base. In 2018, SCB will put into operation Treasury system, Vision FX, etc.

In optimizing the operational capacity based on the best use of resources, SCB emphasizes the capacity of financial management by operating ERP system, PO system, the project of cost aggregation and allocation, improving FTP and ALM systems. SCB will computerize processes, digitalize documents, and start the protocol of working on Office 365.

As for risk management, to ensure the safe and stable operation, SCB will implement the anti-laundering program, fraud identifying system. SCB will also upgrade IT infrastructure by building the centralized management featured with social exchange integration, ISO 27000, ITIL. In addition, SCB will perform centralized user management to ensure the users' authority and access in line with their duties.



CHAPTER 6.

AUDITED REPORTS

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6.1. CONSOLIDATED FINANCIAL STATEMENTS

SAI GON JOINT STOCK COMMERCIAL BANK

(Incorporated in the Socialist Republic of Vietnam)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Saigon Joint Stock Commercial Bank (the “Bank”) presents this report together with the Bank’s consolidated financial statements for the year ended 31 December 2017.

THE BOARDS OF DIRECTORS, SUPERVISORS AND MANAGEMENT

The members of the Boards of Directors, Supervisors and Management of the Bank who held office during the year and to the date of this report are as follows:

BOARD OF DIRECTORS

Mr. Dinh Van Thanh	Chairman (appointed on 18 April 2017)
Mr. Henry Sun Ka Ziang	Vice Chairman (appointed on 18 April 2017)
Mr. Ta Chieu Trung	Vice Chairman (appointed on 18 April 2017)
Mr. Vo Tan Hoang Van	Member (appointed on 18 April 2017)
Mr. Chiem Minh Dung	Member (appointed on 18 April 2017)
Ms. Nguyen Thi Phuong Loan	Member (appointed on 18 April 2017)
Mr. Nguyen Tien Thanh	Independent Member (appointed on 18 April 2017)

BOARD OF SUPERVISORS

Ms. Pham Thu Phong	Chief Supervisor (appointed on 18 April 2017)
Ms. Vo Thi Muoi	Member (appointed on 18 April 2017)
Mr. Tran Chan Nam	Member (appointed on 18 April 2017)
Mr. Vu Manh Tuong	Member (appointed on 18 April 2017)

BOARD OF MANAGEMENT

Mr. Vo Tan Hoang Van	Chief Executive Officer (“CEO”)
Mr. Diep Bao Chau	Chief Operation Officer (“COO”)
Mr. Nguyen Van Thanh Hai	Deputy CEO
Mr. Lai Quoc Tuan	Deputy CEO
Mr. Le Minh Huan	Deputy CEO
Mr. Nguyen Duc Hieu	Deputy CEO
Mr. Chiem Minh Dung	Deputy CEO
Mr. Nguyen Anh Phuoc	Deputy CEO (appointed on 13 January 2017)
Mr. Nguyen Van Hung	Chief Accountant
Mr. Hoang Minh Hoan	Chief Financial Officer (“CFO”)
Mr. Luu Quoc Thang	Chief Risk Management Officer (“CRMO”)
Mr. Le Thiet Hung	Chief Legal and Compliance Officer (“CCO”)
Mr. Pham Van Phi	Deputy CEO (resigned on 10 January 2017)

THE BOARD OF MANAGEMENT’S STATEMENT OF RESPONSIBILITY

The Board of Management of the Bank is responsible for preparing the consolidated financial statements, which give a true and fair view of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2017, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting. 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;
- ▶ state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- ▶ prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business; and
- ▶ design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimize errors and frauds.

The Board of Management is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the consolidated financial position of the Bank and its subsidiaries and that the consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting. The Board of Management is also responsible for safeguarding the assets of the Bank and its subsidiaries and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Management confirms that the Bank has complied with the above requirements in preparing these consolidated financial statements.

For and on behalf of the Board of Management,



VO TAN HOANG VAN
Chief Executive Officer

16 March 2018

INDEPENDENT AUDITORS' REPORT

To: The Shareholders, the Boards of Directors and Management
Saigon Joint Stock Commercial Bank

We have audited the accompanying consolidated financial statements of Saigon Joint Stock Commercial Bank (the “Bank”) prepared on 16 March 2018, as set out from page 5 to page 72, which comprise the consolidated balance sheet as at 31 December 2017, the consolidated income statement, the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Management’s Responsibility for the Consolidated Financial Statements

The Board of Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting and for such internal control as the management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free 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 auditors’ judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Bank’s preparation 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 the 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.

Opinion

In our opinion, the consolidated financial statements present fairly in all materials respects, the consolidated financial position of the Bank and its subsidiaries as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Matter

The Bank’s consolidated financial statements for the year ended 31 December 2016 were audited by another independent auditor whose report dated 24 March 2017 expressed an unmodified opinion on those statements.



LE ĐÌNH TU

Audit Partner

Audit Practising Registration Certificate

No. 0488-2018-001-1

BRANCH OF DELOITTE VIETNAM COMPANY LIMITED

16 March 2018

Ho Chi Minh City, S.R. Vietnam

LE THI MINH THI

Auditor

Audit Practising Registration Certificate

No. 3041-2014-001-1

CONSOLIDATED BALANCE SHEET

As at 31 December 2017

Unit: Million VND

	Notes	Closing balance	Opening balance
ASSETS			
Cash and gold	7	2,655,088	2,365,873
Balances with the State Bank of Vietnam	8	9,235,546	5,737,827
Placements with and loans to other credit institutions	9	24,048,346	11,407,028
Placements with other credit institutions	9.1	23,997,568	10,305,378
Loans to other credit institutions	9.2	50,778	1,101,650
Trading securities	10	61,926	64,696
Trading securities		71,678	79,227
Provision for impairment of trading securities		(9,752)	(14,531)
Loans to customers		264,150,725	220,071,514
Loans to customers	11	266,150,992	222,183,039
Provision for credit losses of loans to customers	13	(2,350,267)	(2,111,525)
Purchased debts	12	11,755	11,755
Purchased debts		12,374	12,374
Provision for credit losses of purchased debts		(619)	(619)
Investment securities	14	73,818,751	60,877,866
Available-for-sale investment securities		43,179,631	40,644,696
Held-to-maturity investment securities		34,146,232	23,642,213
Provision for impairment of investment securities		(3,507,112)	(3,409,043)
Long-term investments	15	28,626	69,109
Other long-term investments		28,788	69,388
Provision for impairment of long-term investments		(162)	(279)
Fixed assets		3,982,821	4,083,136
Tangible fixed assets	16.1	1,667,376	2,056,737
Cost		2,554,900	2,806,133
Accumulated depreciation		(887,524)	(749,396)
Intangible assets	16.2	2,315,445	2,026,399
Cost		2,517,313	2,178,419
Accumulated amortisation		(201,868)	(152,020)
Investment properties		-	52,734
Cost		-	53,429
Accumulated depreciation		-	(695)
Other assets	17	66,038,164	56,940,836
Receivables		24,202,072	20,225,546
Interest and fee receivables		41,664,912	36,366,433
Deferred tax assets	36	4,543	5,609
Other assets		716,957	634,943
Provision for impairment of other assets		(550,320)	(291,695)
TOTAL ASSETS		444,031,748	361,682,374

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

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2017

Unit: Million VND

	Notes	Closing balance	Opening balance
LIABILITIES			
Borrowings from the State Bank of Vietnam	18	38,134	5,633,342
Deposits and borrowings from other credit institutions	19	64,387,247	29,901,864
Deposits from other credit institutions	19.1	24,567,175	12,238,402
Borrowings from other credit institutions	19.2	39,820,072	17,663,462
Deposits from customers	20	346,402,517	295,152,233
Derivatives and other financial liabilities	21	37,444	172,318
Valuable papers issued	22	6,924,000	6,510,000
Other liabilities	23	10,712,081	8,851,209
Interest and fee payables		8,613,921	7,143,748
Other payables		2,098,160	1,707,461
TOTAL LIABILITIES		428,501,423	346,220,966
OWNERS' EQUITY			
Capital	25	14,312,486	14,303,049
Charter capital		14,294,801	14,294,801
Fund for capital expenditure		45	45
Share premium		95,912	95,912
Treasury shares		(87,709)	(87,709)
Other capitals		9,437	-
Reserves		467,604	449,129
Retained earnings		591,603	530,506
Non-controlling interest	26	158,632	178,724
TOTAL OWNERS' EQUITY		15,530,325	15,461,408
TOTAL LIABILITIES AND OWNERS' EQUITY		444,031,748	361,682,374

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

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2017

OFF-CONSOLIDATED BALANCE SHEET ITEMS

Unit: Million VND

	Notes	Closing balance	Opening balance
Guarantees for borrowings		74,531	69,531
Commitments on buying foreign currencies		1,608,907	1,938,644
Commitments on selling foreign currencies		1,407,219	826,367
Commitments on swap		26,557,088	19,987,095
Letters of credit		274,896	191,882
Other guarantees		12,030,115	1,086,732
Other commitments		1,218,130	1,398,246
	46	43,170,886	25,498,497







THAI KHANH VAN
Accounting Manager

NGUYEN VAN HUNG
Chief Accountant

VO TAN HOANG VAN
Chief Executive Officer

16 March 2018

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

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2017

Unit: Million VND

	Notes	Current year	Prior year
Interest and similar income	27	26,640,738	23,370,314
Interest and similar expenses	28	(24,749,315)	(20,435,410)
I. Net interest income		1,891,423	2,934,904
Income from services		1,510,784	1,088,291
Expense on services		(639,682)	(521,781)
II. Net profit from services	29	871,102	566,510
III. Net gain from foreign exchange trading	30	12,849	40,777
IV. Net gain from dealing of trading securities	31	15,499	11,169
V. Net gain from dealing of investment securities	32	610,271	238,502
Other operating income		1,047,050	261,395
Other operating expenses		(57,271)	(17,378)
VI. Net profit from other activities	33	989,779	244,017
VII. Income from capital contribution, share purchase	34	6,135	4,927
VIII. Operating expenses	35	(3,343,188)	(2,440,004)
IX. Net operating profit before credit provision expenses		1,053,870	1,600,802
X. Provision expense for credit loss	13	(889,878)	(1,464,825)
XI. Profit before tax		163,992	135,977
XII. Current corporate income tax expense	36	(38,467)	(55,916)
XIII. Deferred corporate income tax expense	36	(1,065)	(1,206)
XIV. Profit after tax		124,460	78,855
Attributable to:			
Common shareholders of the Bank		120,256	75,269
Non-controlling interest	25	4,204	3,586
XV. Basic earnings per share (VND/share)	37	40	15







THAI KHANH VAN
Accounting Manager

NGUYEN VAN HUNG
Chief Accountant

VO TAN HOANG VAN
Chief Executive Officer

16 March 2018

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2017
(Direct method)

Unit: Million VND

	Current year	Prior year
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and similar receipts	22,081,153	8,844,508
Interest and similar payments	(23,291,416)	(18,693,941)
Net receipts from services	869,421	566,510
Net receipts from trading securities, gold and foreign currencies	705,091	189,878
Expenses from other activities	(54,188)	(4,920)
Recovery from bad debts written-off or paid-off by risk fund	125,260	243,583
Payments to employees and for other operating expenses	(3,226,200)	(2,801,014)
Corporate income tax paid during the year	(29,835)	(46,941)
Net cash used in operating activities before changes in assets and working capital	(2,820,714)	(11,702,337)
Changes in operating assets		
Changes in placements with and loans to other credit institutions	1,185,877	(860,459)
Changes in trading securities	(3,784,464)	(122,350)
Changes in derivatives and other financial assets	-	295,339
Changes in loans to customers	(58,546,465)	(42,666,393)
Changes in provision of credit losses (credit, securities, long-term investments)	(274,624)	-
Changes in other operating assets	1,052,388	1,507,129
Changes in operating liabilities		
Changes in borrowings from the State Bank of Vietnam	(5,595,208)	(3,261,814)
Changes in deposits and borrowings from other credit institutions	34,485,383	6,694,328
Changes in deposits from customers	51,250,284	39,095,349
Changes in derivatives and other financial liabilities	(134,874)	172,318
Changes in other operating liabilities	395,539	354,941
Changes in the Bank's reserves	8,487	(3,116)
Net cash generated by/(used in) operating activities	17,221,609	(10,497,065)

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

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

For the year ended 31 December 2017
(Direct method)

Unit: Million VND

	Current year	Prior year
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(111,413)	(236,501)
Proceeds from sales, disposals of fixed assets	6,381	63,274
Purchase of investment properties	-	(6,301)
Proceeds from sales, disposals of investment properties	43,818	-
Receipts from investment in other entities	40,600	34,562
Dividends and profits received from long-term investments	6,018	4,927
Net cash used in investing activities	(14,596)	(140,039)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term valuable papers qualified for including in owners' equity	679,000	5,504,000
Payment for long-term valuable papers qualified for including in owners' equity	(265,000)	-
Dividends and profits distributed to non-controlling interest	(1,539)	-
Net cash generated by financing activities	412,461	5,504,000
Net increase/(decrease) in cash and cash equivalents	17,619,474	(5,133,104)
Cash and cash equivalents at the beginning of the year (Note 38)	17,847,078	23,055,409
Foreign exchange difference	(5,345)	(75,227)
Cash and cash equivalents at the end of the year (Note 38)	35,461,207	17,847,078







THAI KHANH VAN
Accounting Manager

NGUYEN VAN HUNG
Chief Accountant

VO TAN HOANG VAN
Chief Executive Officer

16 March 2018

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

6.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION

Saigon Joint Stock Commercial Bank (hereinafter referred to as “the Bank”) is a joint stock commercial bank incorporated in the Socialist Republic of Vietnam.

The Bank was established and operated pursuant to License No. 283/GP-NHNN issued by the State Bank of Vietnam (“SBV”) dated 26 December 2011, Business Registration Certificate No. 0311449990 dated 28 December 2011 and other amendments issued by Ho Chi Minh City Department of Planning and Investment. The Bank’s operation duration is ninety-nine (99) years since 01 January 2012.

Principal activities

The principal activities of the Bank are to carry out a full range of banking services including mobilising and receiving short, medium and long-term deposits from organisations and individuals; providing short, medium and long-term loans to organisations and individuals based on the Bank’s nature and capability of the capital resources; conducting foreign currency transactions; providing international trade finance services; discounting of commercial notes, bonds and valuable papers; providing settlement services; participating in currency market; conducting consultancy work in finance and banking; government bonds trading, corporate bonds; gold trading; cash management services, asset preservation; cabinets and safety deposit boxes for rent services; insurance agents; currency brokerage service and other banking services as allowed by the SBV.

Charter capital

The charter capital of the Bank as at 31 December 2017 was VND 14,294,801 million (as at 31 December 2016: VND 14,294,801 million).

Network

The head office of the Bank is located at No. 927 Tran Hung Dao Street, Ward 1, District 5, Ho Chi Minh City, Vietnam. As at 31 December 2017, the Bank has fifty (50) branches, one hundred and eighty (180) transaction offices located in 26 provinces and cities throughout Vietnam.

At the date of these consolidated financial statements, the Bank has completed the establishment of branches in Thai Binh province, Thanh Hoa province and opened two new transaction offices from 31 December 2017. Moreover, in order to improve the network and reduce duplicate branches in the same location, on 31 January 2018, the SBV approved on the closure of Ninh Kieu branch and Tra Vinh 1 branch of the Bank. The Bank is in process to cease the operations of these branches and, on the other hand, is preparing infrastructure and implementing legal procedures to bring into operation seven (07) new transaction offices.

Employees

Total employees of the Bank and its subsidiaries as at 31 December 2017 were 6,428 people (as at 31 December 2016: 5,556 people).

Subsidiaries

As at 31 December 2017, the Bank had two subsidiaries as follows:

Company name	Business Registration Certificate	Principal activities	Ownership of the Bank
Saigon Joint Stock Commercial Bank - Asset Management Company	Business Registration Certificate No. 0312083851 dated 11 December 2012	Bad debt management, acquisition and sale of debts, asset valuation and management	100.00%
Bao Long Insurance Corporation	Business Registration Certificate No. 059614 dated 02 August 1995	Insurance and reinsurance products distribution, loss adjustment, financial investment activities and other business operations in accordance with prevailing laws and regulations	81.80%

Disclosure of information comparability in the consolidated financial statements

Comparative figures are the figures of the audited consolidated financial statements for the year ended 31 December 2016.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying consolidated financial statements, expressed in Vietnam Dong (“VND”), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting. However, because of the large scale of the Bank’s operation, for the purpose of preparing these consolidated financial statements, the figures are rounded to and presented in million VND. This presentation does not materially affect the consolidated financial statements in terms of consolidated financial position, consolidated financial performance and consolidated cash flows. With regard to the number of shares (Note 25), basis earning per share (Note 37) and exchange rate of applicable foreign currencies against VND (Note 51), the Bank presented the items in unit.

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

Financial year

The Bank and its subsidiaries’ financial year begins on 01 January and ends on 31 December.

3. NEW ACCOUNTING GUIDANCE IN ISSUE NOT YET ADOPTED

On 29 December 2017, the State Bank of Vietnam issued Circular No. 22/2017/TT-NHNN amending and supplementing a number of articles of the accounting system of credit institutions issued under Decision No. 479/2004/QĐ-NHNN dated 29 April 2004 and financial reporting regime applicable to credit institutions issued under Decision No.16/2007/QĐ-NHNN dated 18 April 2007 by the Governor of the State Bank. Circular 22 takes effect from 01 April 2018. The Board of Management is considering the extent of impact of the adoption of Circular 22 on the Bank’s consolidated financial statements for future accounting periods.

4. THE CONTENTS OF THE APPROVAL OF THE STATE BANK OF VIETNAM (“SBV”) FOR RESTRUCTURING PLAN

According to the Restructuring Plan for the five-year period from 2015 to 2019, the SBV has given the Bank permission to continue the pending tasks of the Restructuring Plan for the period 2012 - 2014 and implement some activities of the Bank in relation to recognition of transactions, preparation and presentation of consolidated financial statements as follows:

- ▶ Allow the Bank to restructure loan repayment terms without changing the loan groups of certain loans under the Restructuring Plan for the period 2012 - 2014 as approved by the SBV.
- ▶ Continue disbursing loans to restructure accrued interest receivables of certain construction projects.
- ▶ Continue lending for completion of some pending projects under the Restructuring Plan.
- ▶ Allow the Bank to make provision for credit losses based on its financial capacity.

The Bank is implementing the above Restructuring Plan and periodically reports the progress to the SBV.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Bank in the preparation of these consolidated financial statements, are as follows:

5.1 Estimates

The preparation of consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to financial reporting requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the management's best knowledge, actual results may differ from those estimates.

5.2 Foreign currencies

According to the Bank and its subsidiaries' accounting system, all the transactions are recorded at original currencies. Monetary assets and liabilities denominated in foreign currencies are translated into VND using central rates announced by the SBV for US Dollar and the transfer buying rate of the Bank and its subsidiaries for other foreign currencies as at the balance sheet date (see list of exchange rates of some foreign currencies as at 31 December 2017 in Note 51 for more details). Income and expenses arising in foreign currencies are converted into VND at rates ruling at the transaction dates. At the year end, exchange differences arising from revaluing assets and liabilities denominated in foreign currencies into VND are recorded as “Net gain from foreign exchange trading” in the consolidated income statement.

5.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and enterprises controlled by the Bank (its subsidiaries) as at 31 December 2017. Control is achieved where the Bank has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Bank.

Intragroup transactions and balances are eliminated in full on consolidation.

Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

5.4 Business combinations

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency in the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the year of acquisition.

The non-controlling interests are initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

5.5 Goodwill

Goodwill represents the excess of the cost of acquisition over the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill is recognised as an intangible asset and is amortised on the straight-line basis over its estimated period of benefit of 10 years (as per VAS 11 - Business Combination, the maximum estimated useful life should not exceed 10 years).

Goodwill arising on the acquisition of subsidiaries is presented separately as an intangible asset in the consolidated balance sheet.

On disposal of a subsidiary, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

5.6 Derivatives

The Bank and its subsidiaries involve in currency forward contracts and currency swap contracts.

For foreign currency forward and swap contracts, the difference between equivalent VND amounts of commitments on buying/selling foreign currency using forward exchange rate and spot exchange rate as at effective date of the contract is recognised immediately at the effective date of the contract in the “Interest and fee receivables” item or “Interest and fee payables” item in the consolidated balance sheet.

The difference is subsequently allocated to “Net gain from foreign exchange trading” item using the straight-line method over the term of the contracts.

At the year end, commitments of foreign currency forward and swap contracts are revaluated using the central rates announced by the SBV for US Dollar and the transfer buying rates announced by the Bank for other foreign currencies. At the year end, exchange differences arising from the translation of foreign currency denominated balances of forward contracts are recognised in the “Net gain from foreign exchange trading” item in the consolidated income statement.

5.7 Interest income and expenses

Interest income and expenses are recognised in the consolidated income statement on an accrual basis. The recognition of accrued interest income is suspended when a loan is classified in groups 2 to 5 according to prevailing regulations. Suspended interest income is reversed and monitored as off-balance-sheet item, and recognised in the consolidated income statement upon actual receipt.

5.8 Fees and commissions

Fees and commission consist of fees received from settlement services, treasury services, guarantees services, and other services. Fees on guarantees services are recognised on advance receipt and straight-line method allocation. Fees on settlement services, treasury services and other services are recognised when services are provided.

5.9 Income from investments

Interest income from investments in securities are recognised on accrual basis.

5.10 Revenue from the sales of goods and services

Revenue from the sales of goods

Revenue from the sales of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer, normally at the same time when goods are transferred to the buyer.

Revenue from rendering services

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Outcome of such transaction is determined by reference to the percentage of completion of the transaction at the balance sheet date over the total estimated time for each transaction. If the outcome of such transaction cannot be measured reliably, revenue should be recognised by recoverably recorded expenditures.

Rental income

Rental income from operating lease is recognised into operation result under straight-line method during the leasing period.

5.11 Premium, insurance expenses, recognition of reinsurance activities and technical reserves

On 15 May 2017, the Ministry of Finance issued Circular No. 50/2017/TT-BTC ("Circular 50") on guidelines for the Government's Decree No. 73/2016/ND-CP dated 01 July 2016 on details of the implementation of the Law on insurance business and the Law on amendments, supplements to certain articles of the Law on insurance business. Circular 50 has been effective since 01 July 2017. The subsidiary of the Bank – Bao Long Insurance Joint Stock Company ("the Company") has applied Circular 50 in the preparation and presentation of financial statements for the year ended 31 December 2017.

Gross written premium is recognised in accordance with Circular 50.

Specifically, gross written premium is recognised as revenue at the point of time when the following conditions are met:

- (a) The insurance contract has been entered into by the insurer and the insured, and the insured has paid premium fully; or
- (b) There is evidence about coverage acceptance and full payment; or
- (c) The insurance policy has been entered into by the insurer and the insured and there is an agreement between the Company and the insured for term payment of insurance premium, which in such case the insurer still should recognise as revenue the premium payables according to agreement in the insurance policy. The credit term (including extension period) shall not exceed 30 days from policy inception date.

For instalment policies, the Company shall record insurance premium of the first instalment on the insurance policy's inception date. The premium payment period of the first premium instalment (including extension period) shall not exceed 30 days from the inception date. The Company shall only record the remaining instalments when the policy holder makes full payment as agreement in the insurance contract.

In case that the policyholder cannot make a full premium payment as agreement in the insurance policy, if the Company do not have any agreement with policyholder to record the premium according to the regulation in Item d, Point 1.1, Clause 1, Article 21, Circular 50, insurance contract shall be automatically terminated after contractual premium payment date. The Company shall not agree with the policy holder to change the payment term and the term of the insurance premiums throughout the insurance contract.

Prepaid premium before effective date of insurance policy at year-end is recorded as "Other payables and liabilities" on the consolidated balance sheet.

Claim expenses are recognised at the point of time when the claim documents are completed and approved by authorised personnel. In case that the final claim amount has not been finalised but the Company are certain that the loss is within its insured liabilities and has paid an advance to the customer as per their request, such advance would also be recognised as claim advance in "Other assets" on the consolidated balance sheet.

Commission expenses are recognised when incurred. Commission expense is calculated at the percentage of premium occurring and recognised in the income statement in the year. The percentage of commission over the gross written premium for specific line of insurance is stipulated in Circular 50. At the end of the year, the part of insurance commission which is not included in expense of the current year corresponding with unearned premium of direct insurance must be determined and allocated in the subsequent years using registered and approved method for unearned premium reserve by the Ministry of Finance.

Recognition of reinsurance activities

(i) Reinsurance ceded

Reinsurance premium ceded under treaty reinsurance agreements is recognised when gross written premium within the scope of the treaty agreements is recognised.

Reinsurance premium ceded under facultative reinsurance agreements is recognised when the facultative reinsurance agreement has been entered into by the Company and when gross written premium within the scope of the facultative agreements is recognised.

Reinsurance recovery is recognised when there is evidence of liability on the part of the reinsurer.

Reinsurance commission is recognised when there is a corresponding reinsurance premium ceded. At the end of the financial year, the part of reinsurance commission which is not included in revenue of

the current year corresponding with unearned premium of reinsurance ceded must be determined and allocated in the subsequent years using registered and approved method by the Ministry of Finance for unearned premium reserve.

(ii) *Reinsurance assumed*

Reinsurance assumed under treaty arrangement:

- Premium and expenses relating to reinsurance assumed under treaty arrangements are recognised when the statement of account is received from the cedant.

Reinsurance assumed under facultative arrangement:

- Reinsurance premium assumed is recognised when the facultative reinsurance agreement has been entered into by the Company and a statement of account (for each facultative reinsurance agreement) has been received from the cedant;
- Claim expenses for reinsurance assumed is recognised when there is an evidence of liability of the Company and when a statement of account has been sent to the Company; and
- Reinsurance commission is recognised when reinsurance premium is assumed and when a statement of account has been sent to the Company. At the end of each financial year, the part of reinsurance commission which is not included in expense of current year corresponding with unearned premium of reinsurance assumed must be determined and allocated in the subsequent years using registered and approved provisioning method by the Ministry of Finance for unearned premium reserve.

Technical reserves

The technical reserves include (i) unearned premium reserve, (ii) claims reserve and (iii) catastrophe reserve. The reserving methodologies are based on guidance under Circular 50 and Official Letter No. 792/BTC-QLBH issued by the Ministry of Finance on 19 January 2018 (“Official Letter 792”) approving the reserving methodologies of the Company. Details of such reserving methodologies as at 31 December 2017 are as follows:

a. *For general insurance policies:*

(i) *Unearned premium reserve*

According to Official Letter 792, the unearned premium reserve (“UPR”) is calculated as follows: Reserving method is based on a ratio of the term of insurance contracts (the 1/24 method). Such method assumes the premiums of all insurance contracts issued by the Company and assumed reinsurance contract received within the month are evenly distributed within a month, in other words, all contracts of a particular month are assumed to take effect in the middle of that month. The UPR is calculated by the formula:

Unearned premium reserve = Retained premiums x Proportion of unearned premiums

(ii) *Claim reserve*

Claim reserve includes the reserve for outstanding claims under insurance liabilities and for claims incurred but not reported.

- Outstanding claim reserve under insurance liabilities incurred but not reported is established based on the estimated claim payments for each claim for which the insurer is liable, which is either notified to the

insurer or requested for payment but is still unresolved at the end of the fiscal year, after deducting the amount recoverable from reinsurers; and

- Reserve for incurred but not reported (“IBNR”) claims for which the insurer is liable is applying the rate equal to 3% of total retained premiums for each insurance product.

(iii) *Catastrophe reserve*

According to Official Letter 792, catastrophe reserve is accrued annually until such reserve reaches 100% of the retained premiums of the current financial year. The Company has elected to adopt the policy of providing for the catastrophe reserve at 1% of total retained premium for each insurance product.

On 28 December 2005, the Ministry of Finance issued Decision No. 100/2005/QD-BTC governing the publication of four new accounting standards, one of which is Vietnamese Accounting Standard (“VAS”) 19 - Insurance Contract. Following the issuance of this Standard, starting from January 2006, the provision of catastrophe reserve is no longer required since it represents “possible claims under contracts that are not in existence at the reporting date”. However, since the Ministry of Finance has not issued detailed guidance for the implementation of VAS 19 and in accordance with the provision set out in Decree No. 73/2016/ND-CP issued by the Government of Vietnam on 1 July 2016 (“Decree 73”) regarding financial regulations for insurance enterprises and Circular 50, non-life insurance enterprises are required to make catastrophe reserve at 1% to 3% of retained premium for each insurance product. Accordingly, the Company has elected to adopt the policy of providing for the catastrophe reserve at 1% of total retained premium for each insurance product for the year ended 31 December 2017.

b. *For health insurance policies:*

(i) *Mathematical reserve*

According to Official Letter 792, the mathematical reserve applied for policies with term of more than one (1) year is calculated as follows:

- For health insurance policies (except for health insurance policies covering death or total permanent disability only):

Reserving method is based on a ratio of the term of insurance contracts (the 1/8 method). Such method assumes the premiums of all insurance contracts issued by the Company and assumed reinsurance received within the quarter are evenly distributed among three months of each quarter, in other words, all contracts of a particular quarter are assumed to take effect in the middle of that quarter. The mathematical reserve is calculated by the formula:

Mathematical reserve = Retained premiums x Proportion of unearned premiums

- For health insurance policies covering death or total permanent disability only:

Reserving method is based on a ratio of the term of insurance contracts (the daily method). Such method assumes the premiums of all insurance contracts issued by the Company and assumed reinsurance received within a day are evenly distributed at the end of the day, in other words, all contracts of a particular day are assumed to take effect at the end of the day. The mathematical reserve is calculated by the formula:

Mathematical reserve =
$$\frac{\text{Insurance premium} \times \text{Number of unexpired days of insurance policy or reinsurance agreement}}{\text{Total days of insurance policy or reinsurance agreement}}$$

(ii) *Unearned premium reserve*

According to Official Letter 792, the unearned premium reserve (“UPR”) is applied for policies with term of less than one (1) year and calculated as follows: Reserving method is based on a ratio of the term of insurance contracts (the 1/24 method). Such method assumes the premiums of all insurance contracts issued by the Company and assumed reinsurance received within the month are evenly distributed within such month, in other words, all contracts of a particular month are assumed to take effect in the middle of that month. The UPR is calculated by the formula:

Unearned premium reserve = Retained premiums x Proportion of unearned premiums

(iii) *Claim reserve*

Claim reserve includes the reserve for outstanding claims under insurance liabilities and for claims incurred but not reported.

- ▶ Outstanding claim reserve under insurance liabilities is established based on the estimated claim payments for each claim for which the insurer is liable, which is either notified to the insurer or requested for payment but is still unresolved at the end of the fiscal year, after deducting the amount recoverable from reinsurers; and
- ▶ Reserve for incurred but not reported (“IBNR”) claims for which the insurer is liable is established by applying the rate equal to 3% of total retained premium for each insurance product.

(iv) *Resilience reserve*

According to Official Letter 792, resilience reserve is accrued annually at 1% of total retained premiums for each insurance product.

5.12 Income and expenses from the sale of debts

Income and expenses from the sale of debts are recognised in accordance with Decision No. 59/2006/QD-NHNN (“Decision 59”) issued by the SBV promulgating regulations on sale and purchase of debts by credit institutions. From 01 September 2015, income and expenses arising from sale of debts are recognised following Circular No. 09/2015/TT-NHNN (“Circular 09”) providing guidance on the purchase and sale of debts of credit institutions and foreign bank branches.

According to Decision 59 and Circular 09, the difference between the price of debts purchased or sold and their book value are recorded as follows:

- ▶ For debts recorded in the consolidated balance sheet:
 - * If the sale price is higher than the book value of the debt, the difference shall be recorded in the consolidated income statement of the Bank;
 - * If the purchase or sale price is lower than the book value of the debt, the difference shall be used to offset against the indemnity paid by an individual or guarantor (in case such individual or guarantor is determined to be responsible for the damage and obliged to make indemnity under prevailing regulations), or the compensation paid by the insurer, or use of outstanding provision recognised as expense previously. The remaining balance (if any) shall be recognised as an operating expense of the Bank in the year.
- ▶ For debts written off and monitored off the balance sheet, the proceeds from sale of debts shall be recognised as other income of the Bank.

Book value of debts purchased and sold is the book value of the principal, interest and related financial obligations (if any) of debts recorded in the consolidated balance sheet or off the balance sheet at the date of debt purchase or sale; or the book value at the date of writing-off of debts; or the book value of debts written off previously at the date of debt purchase and sale.

Debt purchase or sale price is the sum of money to be paid by a debt purchaser to a debt seller under a debt purchase or sales contract.

5.13 Loans and Provision for credit losses

Loans are recorded at their outstanding principal amounts less any write-offs and provisions for impaired loans.

In accordance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 (“Circular 02”) and Circular No. 09/2014/TT-NHNN dated 18 March 2014 (“Circular 09”) by the SBV, credit institutions are required to make loan classification and credit risk provisioning. Loan classification and credit risk provisioning in compliance with Circular 02 and Circular 09 are applied to assets (hereinafter referred to as “debts”) including:

- * Loans;
- * Finance leases;
- * Discounts, rediscounts of negotiable instruments and other valuable papers;
- * Factoring;
- * Credit issuance under form of credit card issuance;
- * Payments on behalf of customers under off-balance sheet commitments;
- * Cost and entrusted amounts for purchase of unlisted corporate bonds on securities market or unregistered on trading market of unlisted public companies (Upcom) (hereinafter referred to as unlisted bonds), excluding purchase of unlisted bonds by entrustment amount which the trustors bear risks.
- * Entrusted credit facilities;
- * Deposits (excluding deposits for payment) at domestic credit institutions, foreign bank branches in Vietnam as prescribed by law and deposits at foreign credit institutions.

The Bank implements the classification of debts under quantitative method in accordance with Article 10 of Circular 02. Accordingly, loans to customers are graded using the following risk classifications: *Current*, *Special-mentioned*, *Sub-standard*, *Doubtful* and *Loss* based on the overdue status.

Credit risk exposure of loans to customers is calculated by subtracting the determined value of collateral which is subject to certain accepted discount rates in accordance with Circular 02 from the remaining value of loan.

The Bank has made provision for credit loss of loans to customers reasonably in accordance with the Restructuring Plan as approved by the SBV (*Note 4*).

Specific provision is established based on the net loan exposure of loans using the prescribed provision rates applicable to that loan classification as follows:

Group	Category	Provision rate
1	Current	0%
2	Special-mentioned	5%
3	Sub-standard	20%
4	Doubtful	50%
5	Loss	100%

For customers who have two or more debts with the Bank and any of which is classified into the group of higher risk, the other debts should also be classified into the group with higher risk equivalent to the risk.

When the Bank participates in a syndicated loan as a participant, it classifies loans (including syndicated loans) of the customer into the higher between the risk group assessed by the leading bank and by the Bank.

According to Clause 3a, Article 10 of Circular 02 modified by Clause 11, Article 1 of Circular 09, rescheduled debts are remained risk classification group when all following conditions are satisfied:

- ▶ Debts and credit granting do not violate legislations;
- ▶ Restructure of time limit for debt payment is conformable with purpose of project as described in the credit contract;
- ▶ Customers uses capital for a proper purpose;
- ▶ Customer has a plan on debt payment which is feasible, conformable with conditions of production, business and service;
- ▶ The Bank satisfies regulations of the State Bank on limitations, rate of safety assurance in activities of the Bank, including the maximum rate of short-term capital sources used for medium-term and long-term debts in case of restructuring short-term debts into medium-term or long-term.

Only when satisfying all above requirements, the Bank can restructure time limit for debt payment of customers, and remain their current loan classification. Debt rescheduling is conducted once for a debt. Clause 3a, Article 10 of Circular 02 takes effect on 20 March 2014 and ceases to be effective on 1 April 2015.

Loans will be classified at the end of each quarter for the first three quarters and on 30 November for the last quarter of the fiscal year for the provision of credit loss purpose.

General provision is made for undetermined loan loss on classification of debts. Accordingly, the amount of general provision which have to set up is defined by 0.75% of total balances of debts from group 1 to group 4, except for deposits with domestic credit institutions, foreign bank branches in Vietnam as prescribed by law and deposits at foreign credit institutions and loans, purchases with defined term of valuable papers for other credit institutions, foreign bank branches in Vietnam.

Use of provision

The provision is recorded in the consolidated income statement as an expense and will be used to write off bad debts. The Bank must set up Risk Settlement Committee to write off bad debts if they are classified in Group 5, or if the borrowers are liquidated or bankrupted legal entities, or if individual borrowers have deceased or are missing.

Classification of off-balance-sheet commitments

The Bank classifies guarantee, acceptances of payment and unconditional, irrevocable loan commitments with specific effective date (collectively referred to as “off-balance-sheet commitments”) as stipulated in Article 10 of Circular 02. Accordingly, off-balance-sheet commitments are classified by risk levels as follows: Current, Special mention, Substandard, Doubtful and Loss based on overdue status and other qualitative factors.

5.14 Purchased debts

Purchased debts are recognised at the amount which has been paid for debt purchase and classified into the group of risk extent not lower than the group into which such debt had been classified before purchased. If the interest collected including the interest before the Bank’s purchase, the interest is recognised using the principle: (i) reduce the value of purchased debts by the interest incurred before the purchase date; (ii) recognise the interest income in the year by the amount incurred after the purchase date.

The Bank classifies loan group and make provision against credit risks for purchased debts in accordance with regulations on provisions making and using against credit risks presented in Note 5.13.

5.15 Loans sold to Vietnam Asset Management Company (“VAMC”)

The Bank sells loans to VAMC at the carrying amount in accordance with Decree No. 53/2013/ND-CP effective from 09 July 2013 on “Establishment, structure and operations of Vietnam Asset Management Company”, Circular No. 19/2013/TT-NHNN dated 06 September 2013 providing on “Regulations on selling, purchasing and writing-off of bad debts of Vietnam Asset Management Company”, Circular No. 14/2015/TT-NHNN and Circular No. 08/2016/TT-NHNN amending, supplementing Circular No. 19/2013/TT-NHNN and Official Letter No. 8499/NHNN-TCKT on “Accounting guidance on selling and purchasing of bad debt transactions between VAMC and credit institutions”. Accordingly, selling price equals to the outstanding loan balance minus unused balance of specific provision and receipts are under form of special bonds issued by VAMC.

Upon the sale of loans to VAMC, the Bank writes off loan balances and corresponding specific provisions and recognises special bonds issued by VAMC at par value determined as the difference between the loan balance sold and corresponding specific provision. When receiving loans previously sold to VAMC, the Bank uses annual specific provisions for special bonds to write off bad debts and recognises the difference between provision for credit losses and the remaining outstanding loan balance/bond value in “Other income” of the consolidated income statement.

5.16 Trading securities

Trading securities are debt, equity and other securities acquired by the Bank for resale in the short-term period (within 1 year) for benefits from price variance.

Trading securities are initially recognised at cost on the transaction date and continuously presented at cost in subsequent years.

Interest earned and dividends received in the holding year of trading securities are recognised in the consolidated income statement on a cash basis.

Trading securities are provided for impairment when their carrying value is higher than the market value in compliance with Circular No. 228/2009/TT-BTC (“Circular 228”) issued on 7 December 2009 and Circular No. 89/2013/TT-BTC (“Circular 89”) issued on 28 June 2013. In case market prices of securities are not available or cannot be determined reliably, no provision is made. Provision for impairment of trading securities is recognised as “Net gain from dealing of trading securities” in the consolidated income statement.

Provision for credit losses of corporate bonds which are not listed on the stock market or not registered on the unlisted public companies market is made in accordance with Circular 02 as described in Note 5.13.

5.17 Available-for-sale securities

Available-for-sale securities include Debt and Equity securities that are acquired by the Bank for the investment and available-for-sale purposes, not regularly traded but can be sold when there is a benefit. For Equity securities, the Bank neither is the founding shareholder, the strategic partner nor have the ability to make certain influence on establishing and making the financial and operating policies of the investees through a written agreement on assignment of its personnel to the Board of Directors/Management.

Equity securities are initially recognised at cost at the purchase date and continuously presented at cost in subsequent years.

Available-for-sale Debt securities are initially recognised at par value as at the transaction date. Accumulative interest income before the purchasing date (for debt securities with interest paid in arrears) or interest income received upfront awaiting amortisation (for debt securities with interest paid in advance) is recorded in a consolidated account. Any discount or premium which is the difference between the cost and the amount equal to par value plus (+) accumulative interest income before the purchasing date for debt securities with interest paid in arrears or minus (-) interest income received upfront awaiting amortisation for debt securities with interest paid in advance (if any) is also recorded in a consolidated account.

Subsequently, available-for-sale Debt securities are recorded at par value less/plus remaining discount/premium (if any) after being amortised to the consolidated income statement using the straight-line method over the remaining term of securities. Interest paid in arrears is recorded as follows: accumulative interest income before the purchasing date is recorded as a decrease in value of such securities and the same amount is credited into the accrued interest income; accumulative interest income after the purchasing date is recognised as the Bank’s income based on an accrual basis. Interest received upfront is amortised to the income statement using the straight-line method over the investment year.

Periodically, available-for-sale investment securities are reviewed for impairment loss. Securities that are classified as credit risk-weighted assets must be made provision according to Circular 02. Securities that are not classified as credit risk-weighted assets are made provision for impairment when their carrying values are higher than their market values determined in accordance with Circular No. 228 and Circular No. 89. In case the market values are undeterminable, no provision will be made. Provision for impairment of investment securities is recorded in the consolidated income statement as “Net gain from dealing of investment securities”.

5.18 Held-to-maturity securities

Special bonds issued by VAMC

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

During their term, the Bank periodically calculates and makes provision annually in accordance with Circular No. 14/2015/TT-NHNN dated 28 August 2015 (“Circular 14”) issued by the SBV amending and supplementing some articles of Circular No. 19/2013/TT-NHNN dated 06 September 2013 about purchase, sales and settlement of bad debts of Vietnam Asset Management Company.

In accordance with Circular 14, each year, within 5 consecutive working days prior to the maturity date of special bonds, credit institutions conducting sales of bad debts to VAMC are obliged to fully make a minimum of specific provision of the mentioned year for each special bond using the below formula:

$$X_{(m)} = \frac{Y}{n} \times m - (Z_m + X_{m-1})$$

In which:

- * $X_{(m)}$ is minimum provision for special bonds in the mth year;
- * X_{m-1} is accumulated specific provision for special bonds in the m-1th year;
- * Y is face value of special bonds;
- * n is term of special bonds (years);
- * m is number of years from the bond issuance date to the provision date;
- * Z_m is accumulated bad debt recoveries at the provision date (mth year). Credit institutions should co-operate with VAMC to determine the recovery of the bad debts.

If $(Z_m + X_{m-1}) \geq (Y/n \times m)$, the specific provision ($X_{(m)}$) will be zero (0).

Specific provision for each special bond is recognised in the consolidated income statement in “Provision expense for credit losses”. General provision is not required for the special bonds.

Other held-to-maturity securities

Other held-to-maturity securities include Debt securities which are acquired by the Bank with the purpose of earning interest and which the Bank has the intention and ability to hold to maturity. Held-to-maturity investments have fixed or determinable payments and maturity date. In case these securities are sold before maturity, they will be transferred to trading securities or available-for-sale securities.

Held-to-maturity investment securities are recognised similarly to available-for-sale debt securities.

Periodically, held-to-maturity investment securities are subject to impairment review. Securities that are classified as credit risk-weighted assets are made provision in accordance with Circular 02. Securities that are not classified as credit risk-weighted assets will be made provision for impairment when their carrying values are higher than their market values determined in accordance with Circular 228 and Circular 89 issued by the Ministry of Finance. In case the market values are undeterminable, no provision will be made. Provision for impairment is recorded as “Net gain from dealing of investment securities” in the consolidated income statement.

Reclassification

According to Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 by the State Bank of Vietnam, reclassification after transaction date is made not more than once for each group of investment securities. In special cases or in case a large amount of securities has to be reclassified (greater than or equal to 50% total value of the portfolio), the Bank will disclose the effect of reclassification on total assets, liabilities, equity, income and expenses of the Bank in the consolidated financial statements.

5.19 Other long-term investments

Other long-term investments are investments in other entities in which the Bank and its subsidiaries hold less than or equal to 11% of voting rights and investments under business co-operation contracts. These investments are initially recorded at cost at the investment date.

Provision for impairment of other long-term investments is made when the investee is operating at a loss (except that the loss was previously expected in the business plan) in accordance with Circular 228 and Circular 89. Accordingly, provision is the difference between the actual capital contribution of the investors to the investees and their actual owners’ equity of the business entity multiplied (x) by the actual holding percentage of the Bank and its subsidiaries over total actual capital contribution to the investees determined in the investees' balance sheet on the provision-making date.

Provision is reversed when the recoverable amount of the investment increases after the provision is made. Provision is reversed up to the gross value of the investment before the provision is made.

5.20 Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specific date in the future are not derecognised from the consolidated financial statements. The corresponding cash received is recognised in the consolidated balance sheet as a liability item. The difference between the sale price and repurchase price is treated as interest expense and is amortised on the straight-line basis to the consolidated income statement over the term of the agreement.

Conversely, securities purchased under agreements to resell at a specific date in the future are not recognised in the consolidated financial statements. The corresponding cash paid is recognised in the consolidated balance sheet as an asset item. The difference between the purchase price and resale price is treated as interest income and is amortised on a straight-line basis to the consolidated income statement over the term of the agreement.

5.21 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises any directly attributable costs of bringing the fixed asset to working condition for its intended use.

Expenditures for improvements and renewals of assets are recorded to the cost of the assets while expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

When tangible fixed assets are sold or liquidated, their costs and accumulated depreciation are removed from the consolidated balance sheet and any gain or loss resulting from their disposal is included in the consolidated income statement.

Depreciation of tangible fixed assets is calculated on a straight-line basis over the estimated useful life of the assets as follows:

	Years
Buildings and structure	5 - 50
Machineries and equipment	3 - 15
Motor vehicles	6 - 10
Office equipment	3 - 10
Other assets	4 - 10

5.22 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation.

The cost of an intangible asset comprises any directly attributable costs of bringing the asset to working condition for its intended use.

Expenditures for improvements and renewals of assets are recorded to the cost of the assets while other expenditures are charged to the consolidated income statement as incurred.

When intangible assets are sold or disposed, their cost and accumulated amortisation are deducted from the balance sheet item and any gains or losses resulting from their disposal are included into the consolidated income statement.

Land use rights which are granted for a definite term are amortised, using the straight-line method over the terms indicated in the land use right certificate. Land use rights which are granted for indefinite term are carried out at cost and not amortised under current regulations.

Computer software is amortised on a straight-line basis over their estimated useful lives from three years to eight years.

5.23 Receivables

Receivables classified as credit risk assets

Receivables classified as credit risk assets are recognised at cost. Overdue receivables are classified and made provision for credit risk by the Bank in accordance with laws and regulations on setting up of provisions and using of provision against credit risk presented in Note 5.13.

Other receivables

Other receivables of the Bank are initially and subsequently recognised at cost.

Provision for other overdue receivables is set up based on the aging schedule of overdue receivables or expected losses which may occur in case where the receivables have not been due for payment but the economic organisation is bankrupted or liquidated; or individual debtor is missing, run away, being prosecuted, under a trial or serving sentences or dead. Provision expense is recognised into “*Operating expenses*” for the year.

The Bank makes provision for other overdue receivables in compliance with Circular 228 issued by Ministry of Finance as follows:

Overdue	Provision rate
From over six (06) months up to less than one (01) year	30%
From one (01) year up to less than two (02) years	50%
From two years up to less than three (03) years	70%
From three (03) years and above	100%

5.24 Prepaid expenses

Prepaid expenses consist of short-term or long-term prepaid expenses on the consolidated balance sheet which are considered to generate economic benefit in the future and amortised over the years during which the amount are prepaid or economic benefits are generated in relation to these expenses.

5.25 Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and gold, deposits with the SBV, demand and time deposits at other credit institutions with an original maturity not exceeding three months and other short-term valuable papers that can be rediscounted with the SBV.

5.26 Due to other credit institutions, due to customers and value papers issued

Deposits from other credit institutions, customer deposits and valuable papers issued are disclosed at the principal amounts outstanding at the end of financial year.

5.27 Payables and accruals

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Bank and its subsidiaries.

5.28 Employee benefits

Post-employment benefits: Post-employment benefits are paid to retired employees of the Bank by the Social Insurance Agency, which belongs to the Ministry of Labour - Invalids and Social Affairs. The Bank is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 17.5% of an employee’s basic salary on a monthly basis. In addition, the Bank has no further obligation.

Severance allowance and retrenchment benefits

Severance allowance: The Bank has the obligation, under Article 48 of the Vietnam Labor Code amended on 18 June 2012, to pay allowance to employees who serve for 12 months or more, equal to a half month’s salary for each year of employment. The average monthly salary used to calculate the allowance is the average monthly salary of the latest 6 months to resignation. Working time serving as the basis for calculating unemployment allowance shall be the total of actual working time for the Bank subtracting the time when the employees pay unemployment insurance contributions as prescribed by law, and the working time when severance pay is offered by the Bank.

Retrenchment benefits: The Bank has the obligation, under Article 49 of the Vietnam Labour Code to pay allowance to employees who are retrenched as a result of organisational restructuring or technological changes. In such cases, the Bank shall pay to the employees an allowance for loss of work equivalent to the aggregate amount of one month’s salary for each year of employment, but no less than two months’ salary.

While the obligations under Section 48 and 49 are compulsory, the implementation of these Sections is subject to specific guidance issued by the Ministry of Finance in implementing circulars. In accordance with Circular No. 180/2012/TT-BTC dated 24 October 2012 providing the guidance of treatment of allowance, the Bank could record an allowance directly in general and administrative expenses when incurred.

Unemployment insurance: According to Circular No. 04/2013/TT-BLDTBXH dated 01 March 2013 amending certain articles of Circular No. 32/2010/TT-BLDTBXH dated 25 October 2010 of the Ministry of Labour - Invalids and Social Affairs, guiding the implementation of certain articles of the Government’s Decree No. 127/2008/ND-CP dated 12 December 2008 detailing and guiding the implementing Law on Social Insurance, the Bank is obliged to pay unemployment insurance at 1% of salary fund of each employee to pay simultaneously to the Unemployment Insurance Fund.

5.29 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other year (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using balance sheet method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities’ examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

5.30 Equity and Reserves

Common stocks

Common stocks are classified as owner’s equity. Incurred expenses that directly relate to the issuance of common stocks are recognised as a decrease in owner’s equity.

Share premium

When capital is received from shareholders, the difference between selling price and par value is recorded as share premium in owner’s equity.

Treasury shares

When issued stocks are repurchased, the aggregate amount paid, including expenses that directly relate to the repurchase of stocks, after deducting taxes, is recorded as treasury shares and stated as a decrease in owner’s equity.

Reserves

Reserves are used for specific purposes and are appropriated from the Bank’s profit after tax based on the following regulated ratios:

- ▶ Charter capital supplementary reserve: 5% of profit after tax but not exceeding the Bank’s charter capital;
- ▶ Financial reserve fund: 10% of profit after tax but not exceeding 25% of the Bank’s charter capital;
- ▶ Compulsory reserve funds are appropriated to supplement charter capital and ensure liquidity capacity of the Bank’s subsidiary (“Company”). Statutory reserve funds are appropriated by 5% of annual profit after tax, but not exceeding 10% of the Company’s charter capital according to Decree 73.
- ▶ Bonus fund for the Board of Management, bonus and welfare funds are established in accordance with the Decision approved in the Annual General Shareholders’ Meetings.

These reserves are appropriated at the closing date of each financial year.

5.31 Fiduciary assets

Entrusted operations that the Bank bears no risks

The Bank provides services of holding assets in trust or in a fiduciary capacity. Assets held in trust or in a fiduciary capacity are not reported in the consolidated financial statements since they are not assets of the Bank.

Entrusted operations that the Bank bears all risks

The Bank receives entrusted funds from the trustors in order to grant loans to borrowers. The Bank records loan balance granted from entrusted funds in the loans to customers account. The accounting policy for loans granted to customers is in accordance with regulations of the State Bank of Viet Nam as presented in Note 5.13.

5.32 Off-consolidated balance sheet commitments and guarantees

In the ordinary course of business, the Bank always enters into various off-balance sheet financial commitments. These commitments are in the form of loan or bank overdraft which have been approved. The Bank also provides the financial guarantees to guarantee the contract performance process for the third parties. Such transactions are recorded in the consolidated financial statements when they are funded or when related fees are incurred or received.

According to Circular 02 and Circular 09, guarantee amounts, payment acceptance, lending commitments which are irrevocable (hereinafter referred to as off-balance sheet commitments) must be classified at specific time as prescribed in Article 10 of Circular 02 for management and supervision of quality of credit extension activity. Accordingly, off-balance sheet commitments are graded from group 1 to group 5 by using the following risk classifications: Current, Special-mentioned, Sub-standard, Doubtful and Loss based on the overdue status and other qualitative factors.

5.33 Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rental charges applicable to such operating leases are charged to the consolidated income statement as incurred over the lease term.

5.34 Related parties

The parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making decisions on financial and operating policies. A party is considered as a related party with the Bank and its subsidiaries if:

- a. Directly or indirectly through one or more intermediaries, the party:
 - * Has capability to control the Bank or is controlled by the Bank and its subsidiaries (including the holding company and subsidiaries);
 - * Has contributed capital to the Bank and its subsidiaries that accordingly, gives it significant influence over the Bank;
 - * Has joint control over the Bank and its subsidiaries;
- b. The party is a joint venture in which the Bank and its subsidiaries is a venture;
- c. The party is a close member of the Board of Directors, Board of Supervisors and Board of Management of the Bank and its subsidiaries;
- d. The party is a close member of the family of any individual referred to in (a) or (c);
- e. The party is a bank that is controlled, jointly controlled or significantly influenced by, or of which, significant voting power in such Bank resides with, directly or indirectly, any individual referred to in (c) or (d).

5.35 Offsetting

Financial assets and financial liabilities are offset and reported at the net amount in the consolidated balance sheet if, and only if, the Bank has an enforceable legal right to offset financial assets against financial liabilities and the Bank has intention to settle on a net basis, or the realization of the assets and settlement of liabilities is made simultaneously.

5.36 Financial instruments

Initial recognition

Financial assets: At the date of initial recognition, financial assets are recognised at cost plus transaction costs that are directly attributable to the acquisition of the financial assets. Financial assets of the Bank comprise cash and gold, balances with the State Bank of Vietnam, placements with and loans to other credit institutions, trading securities, loans to customers, investment securities, capital contribution and long-term investments, investment property and other financial assets.

Financial liabilities: At the date of initial recognition, financial liabilities are recognised at cost plus transaction costs that are directly attributable to the issue of the financial liabilities. Financial liabilities of the Bank comprise borrowings from the State Bank of Vietnam, deposits and borrowings from other credit institutions, deposits from customers, derivatives and other financial liabilities, valuable papers issued and other financial liabilities.

Subsequent re-measurement

The Bank and its subsidiaries has not assessed fair value of its financial assets and liabilities as at the balance sheet date since there is no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 06 November 2009 (“Circular 210”) and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards (“IFRS”) on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS. Accordingly, the financial instruments are subsequently re-measured at cost.

6. BUSINESS COMBINATIONS

Acquisition of additional interest in Bao Long Insurance Corporation

In the year, the Bank additionally purchased 8,799,771 shares in Bao Long Insurance Corporation (“Bao Long”) with the amount of VND 87,998 million, increasing its proportioning ownership and voting rights held in Bao Long to 81.80% as at 31 December 2017 (31 December 2016: 78.68%), which was approved by the SBV under Official Letter No. 244/TB-NHNN.m dated 29 December 2016.

The difference between the consideration paid and the additional shares in net assets of Bao Long amounting to VND 26,784 million at the acquisition date was recognised as Retained earnings under the Owners’ equity.

7. CASH AND GOLD

	Closing balance Million VND	Opening balance Million VND
Cash on hand in VND	1,506,783	1,261,792
Cash on hand in foreign currencies	1,088,994	1,041,949
Gold	59,311	62,132
	2,655,088	2,365,873

8. BALANCES WITH THE STATE BANK OF VIETNAM (“SBV”)

	Closing balance Million VND	Opening balance Million VND
Current account at the SBV		
In VND	7,615,137	5,222,286
In foreign currencies	1,620,409	515,541
	9,235,546	5,737,827

Balances with the State Bank of Vietnam (“the SBV”) include current accounts and compulsory reserves. During the year, compulsory reserves in VND and current accounts in foreign currencies earn interest at rates of 1.20% p.a. and 0.05% p.a., respectively.

The compulsory reserve per month is determined by the average compulsory reserve deposit balance of previous month multiplying by compulsory reserve ratios, respective to deposit’s terms and currencies. The Bank’s average demand deposit balance per month at the State Bank of Vietnam should be not lower than the required compulsory reserve.

The compulsory reserve rates at the reporting date were as follows:

Currency and term	Closing balance	Opening balance
Demand deposits and term deposits with maturity term less than 12 months in VND	3%	3%
Term deposits with maturity term from 12 months and above in VND	1%	1%
Demand deposits and term deposits with maturity term less than 12 months in foreign currencies	8%	8%
Term deposits with maturity term from 12 months and above in foreign currencies	6%	6%

During the year, the Bank has complied with the notification of the SBV regarding compulsory reserves.

9. PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	Closing balance Million VND	Opening balance Million VND
Placements with other credit institutions	23,997,568	10,305,378
Loans to other credit institutions	50,778	1,101,650
	24,048,346	11,407,028

9.1 Placements with other credit institutions

	Closing balance Million VND	Opening balance Million VND
Demand deposits	22,220,073	8,879,177
In VND	20,254,041	7,769,514
In foreign currencies	1,966,032	1,109,663
Term deposits	1,777,495	1,426,201
In VND	431,995	562,000
In foreign currencies	1,345,500	864,201
	23,997,568	10,305,378

Demand deposits with other credit institutions include:

	Closing balance Million VND	Opening balance Million VND
Demand deposits with domestic credit institutions in VND	20,254,041	7,769,514
Demand deposits with domestic credit institutions in foreign currencies	1,025,292	296,497
Demand deposits with overseas credit institutions in foreign currencies	940,740	813,166
	22,220,073	8,879,177

Term deposits with other credit institutions include:

	Closing balance Million VND	Opening balance Million VND
Term deposits with domestic credit institutions in VND	431,995	562,000
Term deposits with domestic credit institutions in foreign currencies	1,345,500	864,201
	1,777,495	1,426,201

Annual interest rates of deposits in other credit institutions at the year end are as follows:

	Closing balance	Opening balance
Demand deposits in VND	0.00% - 1.00%	0.00% - 1.00%
Demand deposits in foreign currencies	0.00% - 0.15%	0.00% - 0.15%
Term deposits in VND	5.50% - 11.50%	5.20% - 12.00%
Term deposits in foreign currencies	1.60% - 2.60%	0.70% - 1.20%

9.2 Loans to other credit institutions

	Closing balance Million VND	Opening balance Million VND
In VND	50,778	1,101,650
	50,778	1,101,650

Annual interest rates of loans to other credit institutions at the year-end are as follows:

	Closing balance	Opening balance
In VND	5.00%	3.20% - 3.85%

9.3 Term deposits with and loans to other credit institutions by quality

Term deposits with and loans to other credit institutions by quality are as below:

	Closing balance Million VND	Opening balance Million VND
Current	1,828,273	2,527,851
Term deposits with other credit institutions	1,777,495	1,426,201
Loans to other credit institutions	50,778	1,101,650

10. TRADING SECURITIES

	Closing balance Million VND	Opening balance Million VND
Equity securities		
Issued by domestic economic entities (listed)	66,852	74,401
Issued by domestic economic entities (unlisted)	4,826	4,826
Provision for impairment of trading securities	(9,752)	(14,531)
Net value	61,926	64,696

11. LOANS TO CUSTOMERS

	Closing balance Million VND	Opening balance Million VND
Loans to domestic economic entities and individuals	266,465,942	222,149,421
Payables on behalf of customers	25,514	25,219
Loans from discount of valuable papers	7,036	5,899
Frozen loans and loans pending for resolution	2,500	2,500
	266,500,992	222,183,039

Annual interest rates of loans to customers at the year-end are as follows:

	Closing balance	Opening balance
Loans to customers in VND	3.50% - 17.50%	4.00% - 18.00%
Loans to customers in foreign currencies	2.50% - 8.50%	2.50% - 8.00%

11.1 Analysis of loans by quality

	Closing balance Million VND	Opening balance Million VND
Current	264,815,166	220,437,561
Special-mentioned	494,729	243,740
Sub-standard	188,001	544,312
Doubtful	193,363	29,801
Loss	809,733	927,625
	266,500,992	222,183,039

11.2 Analysis of loans by original term

	Closing balance Million VND	Opening balance Million VND
Short-term loans	109,438,206	65,911,031
Medium-term loans	75,383,955	66,915,365
Long-term loans	81,678,831	89,356,643
	266,500,992	222,183,039

11.3 Analysis of loans by currency

	Closing balance Million VND	Opening balance Million VND
In VND	265,560,085	221,507,934
In foreign currencies	940,907	675,105
	266,500,992	222,183,039

11.4 Analysis of loans by type of customer and ownership

	Closing balance		Opening balance	
	Million VND	%	Million VND	%
Households and individuals	111,161,485	41.71	135,122,330	60.81
Other joint-stock companies	143,734,218	53.94	77,872,435	35.05
Other limited liability companies	8,260,981	3.10	5,458,058	2.46
Private companies	1,842,206	0.69	1,973,361	0.89
Foreign-invested companies	702,725	0.26	1,060,080	0.48
State-owned limited liability companies	3,422	0.00	600,593	0.27
Administrative units, party, unions and associations	63,540	0.03	44,021	0.02
State-owned companies	619,242	0.23	24,542	0.01
Cooperatives and unions of cooperatives	105,986	0.04	16,758	0.01
Joint stock companies with the State ownership of 50% or more	4,042	0.00	9,546	0.00
Others	3,145	0.00	1,315	0.00
	266,500,992	100.00	222,183,039	100.00

11.5 Analysis of loans by industry

	Closing balance		Opening balance	
	Million VND	%	Million VND	%
Other services	181,040,476	67.93	178,874,418	80.51
Construction	69,296,898	26.00	19,868,793	8.95
Real estate trading	4,886,716	1.83	10,029,970	4.52
Agriculture, forestry and fisheries	4,099,065	1.54	3,736,609	1.68
Trading, repair of motor vehicles, motorcycles and other vehicles	3,091,908	1.16	3,356,660	1.51
Restaurants and hotels	2,416,053	0.91	2,999,819	1.35
Household work, production and consumer service	446,376	0.17	1,630,781	0.73
Recreational, cultural and sporting activities	24,310	0.01	626,663	0.28
Transportation and warehousing	654,225	0.25	568,749	0.26
Manufacturing and processing	469,602	0.18	444,260	0.20
Health and social support activities	27,526	0.01	16,913	0.01
Mining exploration	6,221	0.00	9,903	0.00
Electricity, gas, hot water and air-conditioning supply/distribution	8,278	0.00	9,599	0.00
Water supply, waste and sewage management and treatment	5,586	0.00	5,940	0.00
Administrative activities and supporting service	6,662	0.00	2,512	0.00
Education and training	19,205	0.01	1,019	0.00
Specialised, science and technology activities	607	0.00	431	0.00
Information and communication	412	0.00	-	-
Finance, banking and insurance	866	0.00	-	-
	266,500,992	100.00	222,183,039	100.00

12. PURCHASED DEBTS

	Closing balance Million VND	Opening balance Million VND
Purchased debts in VND	12,374	12,374
Provision for credit losses of debts purchased (Note 13)	(619)	(619)
	11,755	11,755

Balances and interest of the purchased debts are as follows:

	Closing balance Million VND	Opening balance Million VND
Loan balances purchased	12,289	12,289
Interest of purchased debts	56	56
	12,345	12,345

Result of the loan classification as at 30 November 2017 and provision for purchased debts as required by Circular 02 and Circular 09 are as follows:

Loan classification	Loan balance Million VND	Specific provision Million VND	General provision Million VND	Total Million VND
Loss	12,374	619	-	619

13. PROVISION FOR CREDIT LOSS EXPENSES

Breakdown of provision for credit losses at the year ended is as follow:

	Notes	Closing balance Million VND	Opening balance Million VND
Provision for special bonds issued by VAMC	14.6	3,492,106	3,369,115
Provision for credit loss of loans to customers		2,350,267	2,111,525
Provision for purchased debts	12	619	619
Provision for unlisted bonds		15,006	15,906
Provision for overdue receivables	17.5	520,030	255,315
		6,378,028	5,752,480

Provision expenses during the year comprised of:

	Notes	Current year Million VND	Previous year Million VND
Provision expense for special bonds issued by VAMC	14.6	122,991	384,465
Provision expense for loans to customers		503,072	878,680
Reversal of provisions for debts purchased		-	(28,500)
Reversal of provision for unlisted bonds		(900)	(12,597)
Provision expense for overdue receivables	17.5	264,715	242,777
Total provision for credit loss expenses		889,878	1,464,825

Result of the loan classification as at 30 November 2017 and provision for credit losses of loans to customers as required by Article 10 of Circular 02, Circular 09 and Restructuring Plan approved by the SBV for the period 2015-2019 are as follows:

	Outstanding balance Million VND	Specific provision Million VND	General provision Million VND	Total provision Million VND
Current	269,094,425	-	2,018,209	2,018,209
Special-mentioned	578,215	8,833	4,337	13,170
Sub-standard	147,249	9,533	1,104	10,637
Doubtful	185,658	34,697	1,392	36,089
Loss	981,080	272,162	-	272,162
	270,986,627	325,225	2,025,042	2,350,267

Changes in provision for loans to customers in the current year are as follows:

	Specific provision Million VND	General provision Million VND	Total provision Million VND
Opening balance	503,111	1,608,414	2,111,525
Provision charged up to 30 November 2017	177,612	594,381	771,993
Reversal of provisions charged up to 30 November 2017	(42,327)	(177,571)	(219,898)
Provision used to write off bad debts up to 30 November 2017	(163,780)	-	(163,780)
Balance as at 30 November 2017	474,616	2,025,224	2,499,840
Provision charged of December 2017	4,432	-	4,432
Reversal of provisions of December 2017	(53,273)	(182)	(53,455)
Provision used to write off bad debts in December 2017	(100,550)	-	(100,550)
Balance as at 31 December 2017	325,225	2,025,042	2,350,267

Changes in provision for loans to customers during previous year are as follows:

	Specific provision Million VND	General provision Million VND	Total Million VND
Opening balance	20,149	1,213,324	1,233,473
Provision charged up to 30 November 2016	498,418	404,419	902,837
Reversal of provisions up to 30 November 2016	(150,413)	(9,329)	(159,742)
Provision used to resolve debts sold to VAMC up to 30 November 2016	(628)	-	(628)
Balance as at 30 November 2016	367,526	1,608,414	1,975,940
Provision charged in December 2016	135,585	-	135,585
Balance as at 31 December 2016	503,111	1,608,414	2,111,525

14. INVESTMENT SECURITIES

	Closing balance Million VND	Opening balance Million VND
Available-for-sale investment securities		
Debt securities	43,152,491	40,581,910
Issued by the Government	41,852,159	39,381,520
Issued by other local credit institutions	1,300,332	1,200,390
Equity securities	27,140	62,786
Issued by other local credit institutions	18,140	18,140
Issued by domestic economic entities	9,000	44,646
	43,179,631	40,644,696
General provision for available-for-sale securities	(9,002)	(9,003)
Provision for impairment of available-for-sale securities	-	(24,022)
Net amount	43,170,629	40,611,671
Held-to-maturity investment securities by par value, in which:	34,146,232	23,642,213
Debt securities	10,297,425	9,089,444
Issued by other local credit institutions	9,695,905	8,417,941
Issued by domestic economic entities	601,520	671,503
General provision for held-to-maturity securities	(6,004)	(6,903)
Net amount	10,291,421	9,082,541
Special bonds issued by VAMC		
Face value of special bonds	23,848,807	14,552,769
Provision for special bonds	(3,492,106)	(3,369,115)
Net amount	20,356,701	11,183,654
Total net amount	73,818,751	60,877,866

14.1 Available-for-sale debt securities

	Closing balance		Opening balance	
	Face value Million VND	Carrying value Million VND	Face value Million VND	Carrying value Million VND
<i>Debt securities issued by the Government – Government bonds (a)</i>	41,545,273	41,852,159	39,339,873	39,381,520
<i>Debt securities issued by the local credit institutions (b)</i>	1,300,000	1,300,332	1,200,000	1,200,390
	42,845,273	43,152,491	40,539,873	40,581,910
General provision for available-for-sale unlisted bonds		(9,002)		(9,003)
		43,143,489		40,572,907

- a. Government bonds in VND have term from 3 to 15 years and bear interest at rates from 4.40% to 11.50% p.a. Interest is paid annually. Currently, the Bank uses some Government bonds amounting to VND 38,486,063 million as collaterals to guarantee its relating obligations at other credit institutions (Note 19.2).
- b. Debt securities issued by the local credit institutions are bonds issued by local banks have term from 2 to 7 years and bear interest at rates from 7.40% to 9.25% p.a, interest is paid annually.

14.2 Available-for-sale equity securities

	Closing balance Million VND	Opening balance Million VND
Equity securities issued by other local credit institutions	18,140	18,140
Equity securities issued by domestic economic entities	9,000	44,646
Vietnam Mechanisation Electrification & Construction Joint Stock Company (MCG)	-	9,352
Danang Housing Investment Development Joint Stock Company (NDN)	-	9,180
Hua Na Hydroelectric Joint Stock Company (HUANA)	9,000	9,000
Viet Hai Shipping and Real Properties Corporation (VSP)	-	5,956
Vietnam Petroleum Transport Joint Stock Company (VIP)	-	4,446
Cavico Vietnam Mining and Construction Joint Stock Company (MCV)	-	4,337
Sai Son Cement Joint Stock Company (SCJ)	-	2,375
	27,140	62,786
Provision for available-for-sale equity securities	-	(24,022)
Net amount	27,140	38,764

14.3 Held-to-maturity securities (excluded special bonds issued by VAMC)

	Closing balance		Opening balance	
	Face value Million VND	Carrying value Million VND	Face value Million VND	Carrying value Million VND
Debt securities issued by other local credit institutions	9,694,000	9,695,905	8,415,000	8,417,941
Bank bills (a)	9,644,000	9,645,905	8,365,000	8,367,941
Bonds issued by a finance company	50,000	50,000	50,000	50,000
Debt securities issued by domestic economic entities				
Corporate bonds	601,520	601,520	671,503	671,503
	10,295,520	10,297,425	9,086,503	9,089,444
Provision for held-to-maturity unlisted bonds		(6,004)		(6,903)
General provision		(4,501)		(5,400)
Specific provision		(1,503)		(1,503)
		10,291,421		9,082,541

(a) These are bills issued by a bank which have term of 11 months and bear interest at rates from 7.50% p.a to 7.60% p.a.

14.4 Special bonds issued by Vietnam Asset Management Company (“VAMC”)

Special bonds issued by VAMC are used to buy bad debts of the Bank which have term of five (5) years to ten (10) years and bear interest at rate of 0%. Changes in special bonds issued by VAMC in the current year are as follows:

	Current year Million VND	Prior year Million VND
Opening balance	14,552,769	17,763,882
Increase in the year (Note 38)	12,762,438	195,679
Decrease in the year	(3,466,400)	(3,406,792)
Closing balance	23,848,807	14,552,769

14.5 Analysis of securities classified as credit risk assets by quality

	Closing balance Million VND	Opening balance Million VND
Current	11,596,254	10,288,331
Debt securities issued by other local credit institutions (Note 14.1 and Note 14.3)	10,996,237	9,618,331
Debt securities issued by domestic economic entities (Note 14.3)	600,017	670,000
Loss (Note 14.3)	1,503	1,503
	11,597,757	10,289,834

14.6 Provision for investment securities

Changes in provision for investment securities in the year are as follows:

	Current year Million VND	Prior year Million VND
Opening balance	3,409,043	3,056,605
Available-for-sale securities	33,025	43,452
Held-to-maturity securities (excluded special bonds issued by VAMC)	6,903	28,503
Special bonds issued by VAMC (Note 13)	3,369,115	2,984,650
Charge/(reversal) in the year	98,069	352,438
Available-for-sale securities (Note 32)	(13,729)	(10,427)
Held-to-maturity securities (excluded special bonds issued by VAMC) (Note 13)	(900)	(21,600)
Special bonds issued by VAMC (Note 13)	122,991	384,465
Provision used to write off securities	(10,294)	-
Closing balance	3,507,112	3,409,043
Available-for-sale securities	9,002	33,025
Held-to-maturity securities (excluded special bonds issued by VAMC)	6,004	6,903
Special bonds issued by VAMC (Note 13)	3,492,106	3,369,115

14.7 Listing status of investment securities

	Current year Million VND	Prior year Million VND
Available-for-sale securities		
Debt securities		
Issued by the Government		
- Listed	41,852,159	39,381,520
Issued by other local credit institutions		
- Unlisted	1,300,332	1,200,390
Equity securities		
Issued by other local credit institutions		
- Unlisted	18,140	18,140
Issued by domestic economic entities		
- Listed	-	31,309
- Unlisted	9,000	13,337
Held-to-maturity securities		
Debt securities issued by other local credit institutions		
- Unlisted	9,695,905	8,417,941
Debt securities issued by domestic economic entities (including special bonds issued by VAMC)		
- Unlisted	24,450,327	15,224,272
	77,325,863	64,286,909

15. OTHER LONG-TERM INVESTMENTS

	Closing balance Million VND	Opening balance Million VND
Other long-term investments	28,788	69,388
Provision for impairment of other long-term investments	(162)	(279)
	28,626	69,109

Detail of other long-term investments is as follows:

	Closing balance		Opening balance	
	Cost Million VND	Ownership %	Cost Million VND	Ownership %
Tan Viet Securities Joint Stock Company (TVSI)	-	-	38,500	11.00
Saigon Ha Long Hotel Tourism Joint Stock Company	9,900	5.69	9,900	5.69
Vietnam Credit Information Joint Stock Company (PCB)	7,962	6.64	7,962	6.64
Saigon - Kim Lien Joint Stock Company	7,326	9.90	7,326	9.90
Vietnam Investment Fund (VIF)	2,100	2.49	4,200	2.49
Saigon - Vinh Long Tourism Joint Stock Company	1,500	1.00	1,500	1.82
	28,788		69,388	
Provision for impairment of other long-term investments	(162)		(279)	
	28,626		69,109	

16. FIXED ASSETS

16.1 Tangible fixed assets

	Buildings and structures Million VND	Machineries and equipment Million VND	Motor vehicles Million VND	Office equipment Million VND	Other tangible fixed assets Million VND	Total Million VND
Cost						
Opening balance	2,038,185	586,084	130,333	33,288	18,243	2,806,133
Purchases	2,714	48,319	15,363	835	3,945	71,176
Disposals	(125)	(12,591)	(7,073)	(837)	(2,514)	(23,140)
Reclassification	(299,269)	-	-	-	-	(299,269)
Closing balance	1,741,505	621,812	138,623	33,286	19,674	2,554,900
Accumulated depreciation						
Opening balance	358,688	257,236	102,069	22,695	8,708	749,396
Charged in the year	62,358	79,126	9,714	2,724	2,784	156,706
Disposals	(125)	(10,056)	(5,405)	(874)	(2,118)	(18,578)
Closing balance	420,921	326,306	106,378	24,545	9,374	887,524
Net book value						
Opening balance	1,679,497	328,848	28,264	10,593	9,535	2,056,737
Closing balance	1,320,584	295,506	32,245	8,741	10,300	1,667,376

Other information of tangible fixed assets:

	Closing balance Million VND	Opening balance Million VND
Commitments to purchase major fixed assets	211,830	632,517
Net carrying value of tangible fixed assets temporarily not in use	314,291	309,925
Fully depreciated tangible fixed assets still in use	310,078	192,655

16.2 Intangible assets

	Land use rights Million VND	Computer software Million VND	Other assets Million VND	Total Million VND
Cost				
Opening balance	1,894,845	283,574	-	2,178,419
Purchases	-	38,415	1,822	40,237
Disposals	(612)	-	-	(612)
Reclassification	299,269	-	-	299,269
Closing balance	2,193,502	321,989	1,822	2,517,313
Accumulated amortisation				
Opening balance	18,992	133,028	-	152,020
Charged in the year	2,502	47,130	216	49,848
Closing balance	21,494	180,158	216	201,868
Net book value				
Opening balance	1,875,853	150,546	-	2,026,399
Closing balance	2,172,008	141,831	1,606	2,315,445

Cost of intangible assets fully amortised but still in use as at 31 December 2017 is VND 13,344 million (As at 31 December 2016: VND 8,086 million).

17. OTHER ASSETS

	Notes	Closing balance Million VND	Opening balance Million VND
Receivables, including:		24,202,072	20,225,546
- Receivables	17.1	24,082,087	20,098,869
- Purchases of fixed assets	17.2	102,335	113,723
- Work in progress		17,650	12,954
Interest and fee receivables	17.3	41,664,912	36,366,433
Deferred corporate income tax asset		4,543	5,609
Other assets	17.4	716,957	634,943
		66,588,484	57,232,531
Provision for impairment of other assets	17.5	(550,320)	(291,695)
		66,038,164	56,940,836

17.1 Receivables

	Closing balance Million VND	Opening balance Million VND
Long-term receivables from disposals of pledged assets (a)	9,452,104	9,561,650
Receivables from transfer of shares under reverse repurchase agreements (b)	7,548,000	7,548,000
Short-term receivables from resale of pledged assets (c)	-	1,180,000
Receivables from the sales of debt (d)	829,437	829,437
Receivables from the sales of debts in 2017 (e)	1,309,480	-
Receivables from the sales of debts purchased back from VAMC (f)	3,512,460	-
Advance for investments (g)	350,000	350,000
Receivables from insurance activities of Bao Long	225,505	198,034
Receivables from transferring assets purchase right (h)	170,000	170,000
Receivables from sales of assets agreements	28,226	35,727
Deposits for international card transactions	57,047	47,507
Advances for card transactions	60,700	28,264
Advances for business operations of Bao Long	14,787	12,720
Claim advances	32,970	15,008
Insurance deposit	12,000	10,000
Advances for corporate income tax	5,952	11,718
Deposits to bid foreclosed assets	-	2,772
Advances for value added tax	4,853	2,492
Other receivables	468,566	95,540
	24,082,087	20,098,869

- (a) These represent receivables from disposals of foreclosed assets which will be collected within 5 years, starting from 2014. These receivables are guaranteed by real estates.
- (b) These are receivables from disposals of shares under previous reverse repurchase agreements (“repo”) which will be collected within 8 years, starting from 28 November 2014. These receivables are guaranteed by shares.
- (c) During the year 2016, the Bank received collaterals for replacing the debt obligations with the loan net-off-value of VND 1,980,000 million. These assets were then bought back by the guarantor (the asset owner) at the price equal to the loan net-off-value and the paid amount was VND 800,000 million as the transferring agreement took effect. The opening balance was paid in the year 2017 according to the contract.
- (d) These are receivables from the sales of debts to Saigon Investment and Asset Management Joint Stock Company. The payment is made within 5 years, starting from 04 December 2015. In 2017, the Bank agreed to adjust the schedule payment for customer as well as classified these receivables and made provision for credit losses in compliance with regulations (Note 17.5).
- (e) These represent receivables from selling loans in December 2017 which have been fully collected by the Bank at the date of these consolidated financial statements.
- (f) These represent receivables from selling debts purchased back from VAMC to the third parties which

will be collected within 1 month to 18 months since the date of contracts. These receivables are secured by collaterals received back from VAMC. These contracts earned an income of VND 913,900 million which was recorded as “Other operating income” in the consolidated income statement (Note 33) from the difference between selling price and book value of debts.

- (g) This represents the advance to a securities firm for brokerage and investment in Government bonds.
- (h) These are receivables from Saigon Joint Stock Commercial Bank - Asset Management Company arising on previous transactions of transferring asset buying rights to Asia Investment and Asset Management Joint Stock Company, which is deferred for payment within 5 years, starting from 7 October 2016. The collaterals are these asset buying rights.

17.2 Purchases of fixed assets

	Closing balance Million VND	Opening balance Million VND
Construction at 1F Thai Ha, Hanoi	90,000	90,000
Others	12,335	23,723
	102,335	113,723

The purchase of these assets has been partially or fully paid in accordance with the agreements.

17.3 Interest and fee receivables

Included in interest and fee receivables are accrued interest receivables of some loans which are paid annually, over one year and at the maturity dates of credit contracts in line with the repayment terms as presented in Note 45.3 - Liquidity risk.

17.4 Other assets

	Closing balance Million VND	Opening balance Million VND
Real estates as pledged assets waiting for solution (a)	215,000	215,000
Reinsurance ceded premium reserve of Bao Long	167,615	128,970
Real estates as pledged assets (b)	76,332	78,550
Prepaid and deferred expenses	123,977	106,531
Project capital contribution (c)	41,000	41,000
Entrusted investment (d)	30,000	-
Foreclosed assets	10,818	10,818
Other assets	52,215	54,074
	716,957	634,943

- (a) This is a real estate that the Bank received for replacing the debt obligation of a customer. The Bank is in process to complete the transferring to a third party.
- (b) These are collaterals obtained by the Bank to write off bad debts according to statutory regulations, and the borrowers or guarantors (the asset's owners) have not completed transferring the ownership to the Bank.

- (c) This is an investment in accordance with the investment co-operation agreement of Bao Long Insurance Corporation (“Bao Long”), dated 08 December 2011 in order to implement a construction project. This investment matured on 30 June 2012 and has been extended to 30 June 2016. On 27 December 2016, the investee transferred the ownership of the collateral-real estate to the representative of Bao Long as the repayment for the investment. Upon the completion of transfer procedure, the representative will transfer the asset back to Bao Long to settle the collateral for recovery of the investment. Therefore, management of the Bank believes that this investment will be fully collected in the near future.
- (d) This is an investment in accordance with the investment trust agreement dated 20 November 2017 with Vietnam Investment Fund Management Joint Stock Company in order to manage and invest capital as per the investment strategy. As at 31 December 2017, investment portfolio was as follows:

Types of securities	Quantity	Transaction amount (VND)	Total transaction amount (VND Million)
Shares of Techcombank	100,000	58,000	5,800
Shares of Ton Dong A Joint Stock Company	150,000	34,000	5,100
Shares of HDBank	168,000	32,000	5,376
Shares of Techcombank	50,000	60,000	3,000
	468,000		19,276

17.5 Provision for impairment of other assets

Results of classification of other assets as at 30 November 2017 is as follows:

	Closing balance Million VND	Opening balance Million VND
Current debt	3,512,460	-
Doubtful debt	-	829,437
Bad debt	829,437	-
	4,341,897	829,437

Breakdown of provision for other assets as at 30 November 2017 is as follows:

	Closing balance Million VND	Opening balance Million VND
Provision for credit losses (Note 13)	520,030	255,315
- General provision	21,843	6,221
- Specific provision	498,187	249,094
Provision for other assets	30,290	36,380
	550,320	291,695

Changes in provision for other assets in the year are as follows:

	Closing balance Million VND	Opening balance Million VND
Opening balance	291,695	377,592
Provision charged for credit losses in the year (Note 13)	264,715	242,777
Provision used to write off bad debts	(8,913)	-
Charge/(Reversal) of provision for other assets in the year (Note 35)	2,823	(328,674)
Closing balance	293,512	291,695

18. BORROWINGS FROM THE STATE BANK OF VIETNAM

	Closing balance Million VND	Opening balance Million VND
Borrowings on discount, rediscount of valuable papers	-	5,589,992
Refinancing for house supporting project	35,834	41,050
Refinancing for shrimp and catfish raising project	2,300	2,300
	38,134	5,633,342

19. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

	Closing balance Million VND	Opening balance Million VND
Deposits from other credit institutions	24,567,175	12,238,402
Borrowings from other credit institutions	39,820,072	17,663,462
	64,387,247	29,901,864

19.1 Deposits from other credit institutions

	Closing balance Million VND	Opening balance Million VND
Demand deposits		
In VND	20,019,475	7,546,812
Term deposits		
In VND	4,458,000	4,470,000
In foreign currencies	89,700	221,590
	24,567,175	12,238,402

19.2 Borrowings from other credit institutions

	Closing balance Million VND	Opening balance Million VND
Borrowings from other domestic credit institutions in VND	700,000	-
Borrowings from other domestic credit institutions in foreign currencies	6,763	-
Borrowings from other foreign credit institutions in foreign currencies	75,824	35,042
Borrowings through discount and re-discount operations (*)	39,037,485	17,628,420
	39,820,072	17,663,462

(*) Borrowings through discount and re-discount operations are the repurchase agreement of valuable papers with the maturity from 0.5 month to 6 months, and the interest rates ranging from 1.35% to 4.80% per annum.

This borrowings balance was pledged by Government bonds of the Bank as described in *Note 14.1*, section a.

20. DEPOSITS FROM CUSTOMERS

20.1 Breakdown by type of deposits

	Closing balance Million VND	Opening balance Million VND
Demand deposits		
Demand deposits in VND	8,448,210	6,090,313
Demand deposits in foreign currencies	7,290,709	322,972
Demand savings in VND	42,766	57,323
Demand savings in foreign currencies	26,247	60,704
Term deposits		
Term deposits in VND	32,226,832	21,277,136
Term deposits in foreign currencies	86,193	47,205
Term savings in VND	290,743,184	261,155,856
Term savings in foreign currencies	4,598,698	5,960,435
Margin deposits		
Margin deposits in VND	2,703,783	100,474
Margin deposits in foreign currencies	219	17,642
Deposits for specific purpose		
Deposits for specific purpose in VND	83,948	50,071
Deposits for specific purpose in foreign currencies	151,728	12,102
	346,402,517	295,152,233

Annual interest rates of customer deposits at the year-end are as follows:

	Closing balance	Opening balance
Demand deposits in VND	0.00% - 1.00%	0.00% - 1.00%
Demand savings in VND	1.00%	1.00%
Demand deposits in foreign currencies	0.00% - 0.10%	0.00% - 0.10%
Demand savings in foreign currencies	0.00% - 0.10%	0.00% - 0.10%
Term deposits in VND	1.00% - 8.55%	1.00% - 8.25%
Term savings in VND	1.00% - 8.60%	1.20% - 8.60%
Term deposits in foreign currencies	0.00%	0.00%
Term savings in foreign currencies	0.00% - 2.42%	0.00% - 2.90%

Demand deposit interest rate will be applied for saving deposits withdrawn before the maturity date.

20.2 Breakdown by customer and type of business

	Closing balance Million VND	Opening balance Million VND
Deposits from business entities	37,025,416	22,685,355
Private enterprises and others	25,038,423	18,408,586
State-owned enterprises	3,494,813	3,905,043
Foreign-invested enterprises	8,492,180	371,726
Deposits from individuals	309,377,101	272,466,878
	346,402,517	295,152,233

21. DERIVATIVES AND OTHER FINANCIAL LIABILITIES

	Nominal amount (using the exchange rate at the effective date) Million VND	Carrying value (using the exchange rate at the balance sheet date)	
		Assets Million VND	Liabilities Million VND
Current derivative financial instruments as at 31 December 2017			
Forward	3,471,695	-	12,916
Swap	26,558,526	-	24,528
Net value			37,444
Current derivative financial instruments as at 31 December 2016			
Forward	2,344,451	-	42,556
Swap	16,770,583	-	129,762
Net value			172,318

22. VALUABLE PAPERS ISSUED

	Closing balance Million VND	Opening balance Million VND
Bonds	2,670,000	3,637,000
Certificates of deposit	4,254,000	2,873,000
	6,924,000	6,510,000

These are valuable papers issued to individuals under certificates with face value from VND 1 billion, term of 7 years, interest paid in arrears on an annual basis which is adjusted annually.

23. OTHER LIABILITIES

	Closing balance Million VND	Opening balance Million VND
Interest and fee payables	8,613,921	7,143,748
Other payables and liabilities	2,098,160	1,707,461
	10,712,081	8,851,209

Other payables and liabilities include:

	Closing balance Million VND	Opening balance Million VND
Internal payables		
Payables to employees	245,960	318,843
Bonus and welfare funds	113,060	70,748
External payables		
Provisions related to insurance activities of Bao Long	801,108	676,361
Payables related to insurance activities of Bao Long	175,018	178,969
Payables related to purchase of fixed assets	177,378	160,549
Money in custody pending for payment	83,836	137,714
Unearned revenue	20,912	29,830
Payables related to card operations	206,196	24,649
Taxes and other payables to the State budget	1,700	23,103
Value added tax payables	14,704	14,535
Payable for advance on house payment of customer	-	9,136
Payables to shareholders	3,793	3,549
Corporate income tax payables	5,406	2,540
Payables pending for payment	186,013	16,748
Other payables	63,076	40,187
	2,098,160	1,707,461

24. STATUTORY OBLIGATIONS

	Opening (advances)/ payables Million VND	Other adjustments Million VND	Amounts incurred during the year		Closing (advances)/ payables Million VND
			Payables Million VND	Paid Million VND	
Value added tax	12,043	(176)	101,337	(98,567)	14,637
Corporate income tax	(9,179)	1,696	36,771	(29,835)	(547)
Personal income tax	5,359	-	85,003	(81,967)	8,395
	8,223	1,520	223,111	(210,369)	22,485

25. OWNER'S EQUITY AND RESERVES
25.1 Statement of changes in owner's equity

Movements in owner's equity of the Bank and its subsidiaries during the current year are as follows:

	Charter capital Million VND	Share premium Million VND	Treasury shares Million VND	Other capitals Million VND	Development investment reserve Million VND	Financial reserve Million VND	Capital supplementary reserve Million VND	Other funds Million VND	Fund for capital expenditure Million VND	Retained earnings Million VND	Total Million VND
Opening balance	14,294,801	95,912	(87,709)	-	3,750	292,633	151,508	1,238	45	530,506	15,282,684
Net profit for the year	-	-	-	-	-	-	-	-	-	120,256	120,256
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(1,539)	(1,539)
Appropriation to bonus and welfare funds	-	-	-	-	-	-	-	-	-	(53,630)	(53,630)
Difference arising from acquisition of additional shares in a subsidiary	-	-	-	-	-	-	-	-	-	26,784	26,784
Increase in charter capital of subsidiary from retained earnings	-	-	-	9,437	-	-	-	-	-	(11,995)	(2,558)
Cost from shares issuance in subsidiary	-	-	-	-	-	-	-	-	-	(304)	(304)
Temporary appropriation to reserves	-	-	-	-	620	10,442	5,531	1,882	-	(18,475)	-
Closing balance	14,294,801	95,912	(87,709)	9,437	4,370	303,075	157,039	3,120	45	591,603	15,371,693

In the current year, the Bank and its subsidiaries appropriated to Bonus and Welfare funds with an amount of VND 53,630 million in accordance with Resolution of General Shareholders No. 165/ND-DHDCD.17 dated 18 April 2017.

Details of shares issued by the Bank are as follows:

	Closing balance Shares	Opening balance Shares
Number of authorized shares	1,429,480,104	1,429,480,104
Number of issued shares	1,429,480,104	1,429,480,104
Ordinary shares	1,429,480,104	1,429,480,104
Number of treasury shares	4,385,457	4,385,457
Ordinary shares	4,385,457	4,385,457
Number of outstanding shares	1,425,094,647	1,425,094,647
Ordinary shares	1,425,094,647	1,425,094,647
Par value of outstanding shares (VND)	10,000	10,000

The Bank has one kind of common share that has no fixed interest. The shareholders of common shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the Bank's shareholders meetings. All shares rank equally with regard to the Bank's residual assets.

On 11 October 2017, shareholders of the Bank approved to increase the charter capital from VND 14,294,801 million to VND 15,999,801 million by issuing 170,500,000 shares with face value of VND 10,000/share for existing shareholders. The purpose of increasing charter capital is to invest in fixed assets, modernise the information technology infrastructure, construct and repair branches as well as finance the working capital. At the date of the report, the Bank is in process to request approval from the State Bank of Vietnam and the State Securities Commission of Vietnam for this increase in charter capital.

25.2 Reserves of the Bank

The Bank makes the statutory reserves in compliance with Law on Credit Institutions No. 47/2010/QH12, Decree No. 57/2012/ND-CP and the Charter of the Bank. Statutory reserves are made based on the Bank's performance of the year as follows:

	Basis for calculation	Maximum balance	Purpose
Supplementary capital reserve	5% of profit after tax	100% of charter capital	Supplement capital, invest in construction, purchase fixed assets for business operations
Financial reserve	10% of profit after tax	25% of charter capital	Cover remaining losses of assets incurred in business operations
Other reserves	Subject to resolution of the Annual general meeting of shareholders	Not defined	Subject to resolution of the Annual general meeting of shareholders

25.3 Dividends

During the year, the Bank has neither declared nor paid dividends to the shareholders.

Movements in owner's equity of the Bank and its subsidiaries during the prior year are as follows:

	Charter capital Million VND	Share premium Million VND	Treasury shares Million VND	Development investment reserve Million VND	Financial reserve Million VND	Capital supplementary reserve Million VND	Other funds Million VND	Fund for expenditure capital Million VND	Retained earnings Million VND	Total Million VND
Opening balance	14,294,801	95,912	(87,709)	3,512	285,924	148,034	766	45	499,512	15,240,797
Net profit for the year	-	-	-	-	-	-	-	-	75,269	75,269
Appropriation to bonus and welfare funds	-	-	-	-	-	-	-	-	(57,265)	(57,265)
Difference arising from acquisition of additional shares in a subsidiary	-	-	-	-	-	-	-	-	24,072	24,072
Cost from shares issuance in subsidiary	-	-	-	-	-	-	-	-	(189)	(189)
Temporary appropriation to reserves	-	-	-	238	6,709	3,474	472	-	(10,893)	-
Closing balance	14,294,801	95,912	(87,709)	3,750	292,633	151,508	1,238	45	530,506	15,282,684

26. NON-CONTROLLING INTEREST

	Current year Million VND	Prior year Million VND
Opening balance	178,724	211,311
Profit in the year	4,204	3,586
Acquisition of additional equity in Bao Long	(26,784)	(64,446)
Capital contribution in the year	-	28,337
Cost sharing from new shares issued by Bao Long	(70)	(64)
Bao Long's increased charter capital from retained earnings	2,558	-
Closing balance	158,632	178,724

27. INTEREST AND SIMILAR INCOME

	Current year Million VND	Prior year Million VND
Interest income from loans to customers and other credit institutions	23,195,736	19,927,806
Interest income from investments in debt securities	3,141,364	3,243,833
Interest income from deposits	258,822	183,950
Income from guarantees	32,695	14,087
Income from other credit activities	12,121	638
	26,640,738	23,370,314

28. INTEREST AND SIMILAR EXPENSES

	Current year Million VND	Prior year Million VND
Interest expense on deposits	23,352,898	19,275,474
Interest expense on borrowings	789,353	672,604
Interest expense on valuable papers issued	572,674	319,023
Interest expense from other activities	34,390	168,309
	24,749,315	20,435,410

29. NET PROFIT FROM SERVICES

	Current year Million VND	Prior year Million VND
Income from services		
Insurance activities	845,235	704,220
Settlement services	361,482	178,530
Guarantee transactions and treasury services	4,746	2,259
Agency services	97,070	142,272
Other services	202,251	61,010
	1,510,784	1,088,291

	Current year Million VND	Prior year Million VND
Expenses on services		
Insurance activities	(131,276)	(99,549)
Settlement services	(87,478)	(54,254)
Guarantee transactions and treasury services	(8,660)	(7,456)
Agency services	(7,429)	(6,087)
Other services	(404,839)	(354,435)
	(639,682)	(521,781)
Net profit from services	871,102	566,510

30. NET GAIN FROM FOREIGN EXCHANGE TRADING

	Current year Million VND	Prior year Million VND
Gain from foreign exchange trading		
Income from spot foreign exchange trading	213,318	262,506
Income from gold trading	4,906	43,141
Income from currency derivatives	235,745	389,399
	453,969	695,046
Expense on foreign exchange trading		
Expenses on spot foreign exchange trading	(135,271)	(343,880)
Expenses on gold trading	(1,852)	(2,845)
Expenses on currency derivatives	(303,997)	(307,544)
	(441,120)	(654,269)
Net gain from foreign exchange trading	12,849	40,777

31. NET GAIN FROM DEALING IN TRADING SECURITIES

	Current year Million VND	Prior year Million VND
Income from dealing in trading securities	23,852	23,750
Expense from dealing in trading securities	(13,132)	(8,172)
Charge/(Reversal) of provision for impairment of trading securities	4,779	(4,409)
	15,499	11,169

32. NET GAIN FROM DEALING OF INVESTMENT SECURITIES

	Current year Million VND	Prior year Million VND
Income from dealing of investment securities	816,423	586,893
Expense for dealing of investment securities	(198,224)	(351,415)
Expense for trading investment securities	(21,657)	(16,406)
Reversal of provision for impairment of investment securities (Note 14.6)	13,729	19,430
	610,271	238,502

33. NET PROFIT FROM OTHER ACTIVITIES

	Current year Million VND	Prior year Million VND
Other operating income	1,047,050	261,395
Income from selling bad debts (*)	913,900	-
Recovery from bad debts written-off	125,260	243,583
Income from disposals of fixed assets	1,207	5,354
Income from card issuance	-	6,711
Income from investing fixed assets	-	957
Other income	6,683	4,790
Other operating expenses	(57,271)	(17,378)
Tax arrears and penalties	-	(5,323)
Expenses on debts sold and assets pledged	(436)	(4,342)
Disposal of fixed assets expense	(52,079)	-
Other expenses	(4,756)	(7,713)
Net profit from other activities	989,779	244,017

(*) Income from selling bad debts was the difference between selling price and book value of debts and was recorded as other receivables (section f, Note 17.1).

34. INCOME FROM CAPITAL CONTRIBUTION, SHARE PURCHASE

	Current year Million VND	Prior year Million VND
Dividends and profit received during the year	6,019	4,927
Reversal of provision for capital contribution and long-term investment	116	-
	6,135	4,927

35. OPERATING EXPENSES

	Current year Million VND	Prior year Million VND
Tax payment and other fees	6,884	12,441
Personnel expenses	1,395,267	1,135,476
- Salary and allowances	1,223,444	943,573
- Salary-related allowances	100,920	84,237
- Meal allowances	51,089	82,602
- Other allowances	4,610	3,607
- Uniform allowances	15,204	21,457
Expenses for assets	542,644	425,962
- Depreciation and amortisation charged	205,941	162,418
- Repair and maintenance expenses	102,624	53,802
- Insurance coverage for assets	5,871	3,169
- Office rental expenses	166,728	147,839
- Tools and equipment expenses	61,480	58,734
Expense for general affairs and administration	83,981	63,960
- Union activities	62,126	49,298
- Business trip expenses	21,854	14,662
Deposit insurance expense	435,168	368,639
Other operating expenses	876,421	762,200
- General management expense	500,355	442,729
- Meeting and conference expenses	163,992	136,631
- Marketing, advertising and promotion expenses	156,185	129,520
- Printing expense	44,588	38,822
- Telecommunication expense	7,199	10,954
- Training expense	4,103	3,445
- Provision for capital contribution and long-term investment	-	99
Charge/(reversal) of provision for other risks (Note 17.5)	2,823	(328,674)
	3,343,188	2,440,004

36. CORPORATE INCOME TAX EXPENSE

	Current year Million VND	Prior year Million VND
Current corporate income tax expense		
- Corporate income tax expense based on current taxable profit	36,771	30,669
- Adjustment of previous years corporate income tax expense to current corporate income tax	1,696	25,247
Total current corporate income tax expense	38,467	55,916

The current corporate income tax for the year is calculated as follows:

	Current year Million VND	Prior year Million VND
Profit before tax from operating	163,992	135,977
Adjustments due to consolidation of financial statements	8,161	2,625
Profit before tax after adjustments on consolidation of financial statements	172,153	138,602
Adjustments:		
Less:		
Non-taxable dividends income	(14,692)	(6,650)
Other adjustments	(10)	(40)
Add:		
Non-deductible expenses	26,404	21,433
Taxable profit	183,855	153,345
<i>Taxable profit at normal tax rate of 20%</i>	<i>183,855</i>	<i>153,345</i>
Current corporate income tax expense of the Bank and its subsidiaries	36,771	30,669

The Bank and its subsidiaries have the obligation to pay corporate income tax at the rate of 20% of current year taxable profit.

Tax declarations of the Bank and its subsidiaries are subject to examination by the tax authorities. Due to the ambiguity associated with the applicability of tax laws and regulations in Vietnam, amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

Deferred corporate income tax expense

The followings are the deferred tax assets recognised by the Bank and its subsidiaries, and the movements thereon, during the current and previous years:

	Consolidated balance sheet (Million VND)		Effect on the consolidated income statement (Million VND)	
	Closing balance	Opening balance	Current year	Prior year
Decrease in gross written premium according to Circular 50	634	714	(79)	(619)
Performance bonus for employees	-	1,000	(1,000)	180
Provision for impairment of long-term investments	832	817	15	-
Provision for impairment of doubtful debts	616	454	162	(435)
Other provisions	527	527	-	-
Accrued expenses	276	432	(157)	(118)
Severance allowance	560	567	(6)	35
Taxable profit from house and land use right selling in previous year not yet accrued by end of this year	797	797	-	-
Provision for Vinashin bonds	301	301	-	-
Expense paid to Direct Money	-	-	-	(249)
Deferred tax asset/Deferred tax expense	4,543	5,609	(1,065)	(1,206)

37. BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit after tax attributable to ordinary shareholders of the Bank (after adjustments for appropriation of bonus and welfare funds) by the weighted average number of ordinary shares outstanding during the year.

Data used in computation of basic earnings per share of the Bank is as follows:

	Current year	Prior year (Restated)
Net profit after tax attributable to the common shareholders to calculate basis earnings per share (<i>million VND</i>)	120,256	75,269
Decrease due to appropriation to Bonus and Welfare funds (<i>million VND</i>) (*)	(62,589)	(53,630)
Net profit after tax attributable to the common shareholders to calculate basis earnings per share (<i>million VND</i>)	57,667	21,639
Weighted average number of outstanding ordinary shares (<i>shares</i>)	1,425,094,647	1,425,094,647
Basic earnings per share (VND/share)	40	15

(*) Net profit after tax to calculate basic earnings per share in 2016 has been restated in comparison with figures in the audited consolidated financial statements for the year 2016 to present the actual appropriation to Bonus and Welfare funds from retained earnings of 2016 in accordance with Resolution of General Shareholders No. 165/NQ-DHDCD.17 dated 18 April 2017.

Appropriation to Bonus and Welfare funds in 2017 is estimated by one month of average salary in 2017 according to Resolution of shareholders No. 165/NQ-DHDCD.17 dated 18 April 2017 in order to enhance the comparability between two years.

38. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated cash flow statement comprise the following amounts on the consolidated balance sheet:

	Closing balance Million VND	Opening balance Million VND
Cash and gold	2,655,088	2,365,873
Balances with the State Bank of Vietnam	9,235,546	5,737,827
Demand deposits with other credit institutions (<i>Note 9.1</i>)	22,220,073	8,879,177
Deposits with other credit institutions with term of three months or less (<i>Note 9.1</i>)	1,350,500	864,201
	35,461,207	17,847,078

Additional information for cash flows:

	Current year Million VND	Prior year Million VND
Significant non-cash transactions excluded from the consolidated cash flow statement		
Total restructured loan balance in the consolidated balance sheet under the Restructuring Plan approved by the SBV	-	9,115,581
Debts sold to VAMC for special bonds (Note 14.4)	(12,762,438)	(195,679)
Settlement of special bonds	2,706,680	3,406,792
Income from selling debts (Note 33)	913,900	-
Selling debts (Note 17.1)	(1,309,480)	-
	(10,451,338)	12,326,694

39. EMPLOYEES' INCOME

	Current year	Prior year
I. Total average number of employees (people)	5,957	5,310
II. Employees' income (million VND)		
1. Total salary	997,534	762,288
2. Other income	190,728	222,323
3. Total income (3=1+2)	1,188,262	984,611
4. Average salary per month (million VND/person)	13.95	11.96
5. Average income per month (million VND/person)	16.62	15.45

40. CONCENTRATION OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY GEOGRAPHICAL REGIONS

	Domestic Million VND	Overseas Million VND	Total Million VND
Assets as at 31 December 2017			
Placements with and loans to other credit institutions	23,107,606	940,740	24,048,346
Trading securities - gross	71,678	-	71,678
Loans to customers - gross	266,500,992	-	266,500,992
Purchased debts - gross	12,374	-	12,374
Investment securities - gross	77,325,863	-	77,325,863
Long-term investments - gross	28,788	-	28,788
Liabilities as at 31 December 2017			
Deposits and borrowings from other credit institutions	64,311,423	75,824	64,387,247
Deposits from customers	346,402,517	-	346,402,517
Valuable papers issued	6,924,000	-	6,924,000
Off-balance-sheet commitments as at 31 December 2017	43,208,578	-	43,208,578

41. SEGMENT REPORT

41.1 Main segment report: by geographical region

	South Million VND	North Million VND	Central Million VND	Total segment reported	Eliminations (*) Million VND	Total Million VND
For the year ended 31 December 2017						
Interest and similar income	94,680,311	9,378,370	1,607,448	105,666,129	(79,025,391)	26,640,738
Interest and similar expenses	(94,658,479)	(7,769,584)	(1,346,643)	(103,774,706)	79,025,391	(24,749,315)
Net interest income	21,832	1,608,786	260,805	1,891,423	-	1,891,423
Non-interest income	2,432,863	56,120	16,652	2,505,635	-	2,505,635
TOTAL OPERATING INCOME	2,454,695	1,664,906	277,457	4,397,058	-	4,397,058
TOTAL OPERATING EXPENSES	(2,629,585)	(577,763)	(135,840)	(3,343,188)	-	(3,343,188)
Profit before credit loss expenses	(174,890)	1,087,143	141,617	1,053,870	-	1,053,870
Credit loss expenses	(855,116)	(22,324)	(12,438)	(889,878)	-	(889,878)
PROFIT BEFORE TAX	(1,030,006)	1,064,819	129,179	163,992	-	163,992
Corporate income tax expenses	(39,532)	-	-	(39,532)	-	(39,532)
NET PROFIT FOR THE YEAR	(1,069,538)	1,064,819	129,179	124,460	-	124,460
As at 31 December 2017						
ASSETS						
Cash, gold and balances with the SBV	11,417,893	346,613	126,128	11,890,634	-	11,890,634
Placements with and loans to other credit institutions	24,047,691	90	565	24,048,346	-	24,048,346
Trading securities	61,926	-	-	61,926	-	61,926
Loans to customers	259,388,729	3,202,944	1,559,052	264,150,725	-	264,150,725
Purchased debts	11,755	-	-	11,755	-	11,755
Investments	73,847,377	-	-	73,847,377	-	73,847,377
Other assets	69,924,474	206,942	32,732	70,164,148	(143,163)	70,020,985
TOTAL ASSETS	438,699,845	3,756,589	1,718,477	444,174,911	(143,163)	444,031,748
LIABILITIES						
Borrowings from the SBV	38,134	-	-	38,134	-	38,134
Deposits and borrowings from other credit institutions	59,873,495	4,513,752	-	64,387,247	-	64,387,247
Deposits from customers	223,019,524	106,518,947	16,864,046	346,402,517	-	346,402,517
Derivatives and other financial liabilities	37,444	-	-	37,444	-	37,444
Valuable papers issued	3,689,000	3,235,000	-	6,924,000	-	6,924,000
Other liabilities	137,705,923	(111,575,930)	(15,274,749)	10,855,244	(143,163)	10,712,081
TOTAL LIABILITIES	424,363,520	2,691,769	1,589,297	428,644,586	(143,163)	428,501,423

(*) Eliminations with internal transactions

41.2 Secondary segment report: by business sector

The Board of Management of the Bank considered, assessed and determined that it is not necessary to prepare a segment report by business lines since the main operations of the Bank are mobilizing and receiving short, medium and long-term deposits from organisations and individuals; providing short, medium and long-term loans to organisations and individuals and other banking services as allowed by the SBV. The business performance is presented in the revenue and operating expense in the consolidated income statement.

42. ASSETS AND VALUABLE PAPERS PLEDGED, DISCOUNTED AND RE-DISCOUNTED

42.1 Assets and valuable papers of customers and other credit institutions pledged, discounted and re-discounted

(a) Types and book value of collaterals of customers at the year end are as follows:

	Book value	
	Closing balance Million VND	Opening balance Million VND
Real estates	376,910,649	269,384,266
Valuable papers	33,759,802	33,341,225
Motor vehicles	4,444,742	3,125,071
Inventories	1,763,513	1,747,428
Machineries and equipment	314,375	342,010
Other assets	68,771,790	57,405,454
	485,964,871	365,345,454

(b) Assets and valuable papers of credit institutions pledged and re-discounted:

	Face value	
	Closing balance Million VND	Opening balance Million VND
Valuable papers (face value)	50,000	1,100,000

42.2 The Bank's assets and valuable papers pledged, discounted and re-discounted at other credit institutions

Details of the Bank's assets and valuable papers pledged, discounted and re-discounted at other credit institutions at the year end are as follows:

	Closing balance Million VND	Opening balance Million VND
Government bonds (Note 14.1, Section a)	38,486,063	23,952,966
	38,486,063	23,952,966

43. RISK MANAGEMENT POLICY FOR FINANCIAL INSTRUMENTS

The Bank's objective is to manage its risk adequately within the approved limits. Therefore, the use of financial instruments, including receiving deposits from customers and investing in high-quality assets to achieve sufficient interest margins, is the core activity of the Bank. From risk management perspective, this primarily involves maintaining loans to commercial and retail borrowers of varied creditworthiness, in both local and foreign currencies, as well as off-balance sheet commitments such as guarantees and letters of credit. The Bank also places its mobilized funds in loans to other credit institutions. Foreign exchange and interest rate exposures are managed through the use of position limits, avoiding undue concentrations and entering into counterbalancing positions in order to offset exposures.

By holding high quality financial instruments, the Bank is able to manage significant risks in its operating activities and to maintain an adequate liquidity position.

For credit risk management purpose, the Bank has effectively utilised its Credit management manual providing regulations and requirements for lending and guidance to standardise the credit activities at the Bank. Liquidity risk is limited by maintaining a large amount of high-quality financial instruments, cash and cash equivalents in the form of Nostro account, balances with the SBV and placements with other credit institutions. Prudential ratios are also used in liquidity risk management. The Bank assesses the interest rate gap and compares it to the benchmark of domestic and foreign markets on a regular basis in order to timely adapt with unforeseen movements. Additionally, the more effective utilisation of internal risk management enables the Bank to effectively oversee changes in capital and reduce potential mistakes and also unnecessary procedures.

44. CREDIT RISK

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations.

The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank has established a credit quality review process to provide early identification of possible changes in the financial position and creditworthiness of counterparties based on qualitative and quantitative indicators. Counterparty limits are established by the use of a credit rating system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision.

The actual rate of balances with the SBV, placements with and loans to other credit institutions, loans to customers, deposits and borrowings from other credit institutions and deposits from customers are presented at *Note 8, Note 9, Note 11, Note 19 and Note 20*, respectively.

44.1 Financial assets neither past due nor impaired

The Bank's financial assets which are neither past due nor impaired comprise loans to customers classified as Current loans in accordance with Circular 02 and Circular 09; securities, receivables and other financial assets which are neither past due nor require provision in accordance with Circular No. 228 and Circular No. 89.

The Bank believes that it can fully and timely recover these financial assets in the near future.

44.2 Financial assets past due but not impaired

The age of financial assets past due but not impaired are presented below:

	Overdue			
	Less than 90 days Million VND	From 91 to 180 days Million VND	From 181 to 360 days Million VND	Over 360 days Million VND
Loans to customers	113,392	6,740	7,818	235,897

Loans to customers past due but not impaired are those which are overdue but not required to make provision as the Bank currently holds adequate collaterals such as responding deposits, real estates, movable assets, valuable papers and other types of collaterals.

45. MARKET RISKS

45.1 Interest rate risk

Interest rate risk is the possibility of income or asset value of the Bank to be affected when market interest rate change.

Interest rate risk of the Bank is possibly derived from investment activities, fund mobilisation and lending activities.

Re-pricing term of the effective interest rate is the remaining year from the date of the consolidated financial statements to the nearest re-pricing date of interest rate applicable to assets and equity.

The following assumptions and conditions are used in analysis of the re-pricing year of interest rates of the Bank's assets and liabilities:

- ▶ Cash and gold; investment and trading in equity securities; long-term investment and other assets (including fixed assets, investment properties and other assets) are classified as non-interest bearing items.
- ▶ The re-pricing term of balances with the SBV is considered as up to 1 month.
- ▶ The re-pricing term of investment securities is considered based on the re-pricing term of each kind of investment securities at the year end.
- ▶ The re-pricing term of placements with and loans to other credit institutions; loans to customers; borrowings from the Government and SBV; deposits and borrowings from other credit institutions; deposits from customer are determined as follows:

Items which bear fixed interest rate during the contractual term: The re-pricing term is determined based on the time to maturity from the balance sheet date.

Items which bear floating interest rate: The re-pricing term is determined based on the time to the nearest interest rate re-pricing date from the balance sheet date.

- ▶ The re-pricing term of valuable papers is determined based on the time to the nearest interest rate re-pricing date from the balance sheet date.
- ▶ The re-pricing term of grants, trusted funds and borrowings at risk of the credit institution is determined based on the re-pricing date as stated in the contracts (if any) or actual maturity dates.

- ▶ With the prudent point of view that maturity term of deposits which were mobilised from the First market close before the financial reporting date (being due but not yet settled by the customers), is the liabilities that the Bank and its subsidiaries must make the highest priority to settle payment for counter parties or clients. Accordingly, the entire balances of these mobilised items were set to re-pricing immediately to ensure measuring timely and fully the impact of market interest to the Bank's profit.

Interest management policy of the Bank:

For interbank lending (short-term), investment interest rate is based on the fluctuation of market and the cost of fund of the Bank.

The Bank forecasts fluctuation of market interest rate and the fund balancing ability in order to make appropriate investment decisions.

Interest rate for fund mobilisation is determined based on the following principles: market price, business orientation of the Bank's Management, the Bank's balance of fund and regulations of the State Bank of Vietnam. The Bank's fund mobilisation mainly has short period of interest rate re-pricing.

Interest rate for credit activities is determined at the rate that sufficiently recovers cost of capital, operating expenses, risk analysis, value of collaterals, market interest rates, competitiveness and business effectiveness of the Bank. The Head Office sets the interest rate floor for each year; business units proactively and appropriately determine interest rates applied to customers for each year but no less than the interest rate floor based on judgment and analysis of credit risk and the given profit target to be achieved.

The Bank manages interest rate risk at 2 levels: transaction level and portfolio level.

Management tools and interest monitoring of the Bank:

- ▶ Adjust the term of interest re-pricing of loans in accordance with the term of revaluating of the capital. Control the difference of the term of revaluating in the permitted extent;
- ▶ All loan contracts must have provisions of interest risk hedging to ensure that the Bank always in the active position to face with the unusual changes of the market, loan interest rate must ensure the accurate reflection of capital mobilisation expenses of the Bank;
- ▶ Monitor through fund transfer pricing (FTP).

45.1 Interest rate risk (Continued)

With experience and quick adaptability of the Bank's Board of Management, the Bank has managed its mobilisation as well as lending interest rates in a prudent and flexible manner to ensure business efficiency and increase the market share.

	Overdue Million VND	Non- interest bearing Million VND	Interest re-ricing year					Total Million VND
			Up to 1 month Million VND	From 1 to 3 months Million VND	From 3 to 6 months Million VND	From 6 to 12 months Million VND	From 1 to 5 years Million VND	Over 5 years Million VND
Assets								
Cash and gold	-	2,655,088	-	-	-	-	-	2,655,088
Balances with the SBV	-	-	9,235,546	-	-	-	-	9,235,546
Placements with and loans to other credit institutions – gross	-	-	23,565,430	55,778	296,138	-	131,000	24,048,346
Trading securities - gross	-	-	71,678	-	-	-	-	71,678
Loans to customers - gross	1,685,826	-	110,591,352	145,256,083	731,785	8,150,465	85,481	266,500,992
Investment securities - gross	-	23,875,946	-	150,773	3,898,083	8,387,448	31,110,113	77,325,863
Other long-term investments - gross	-	28,788	-	-	-	-	-	28,788
Fixed assets	-	3,982,821	-	-	-	-	-	3,982,821
Other assets – gross (*)	995,747	65,605,111	-	-	-	-	-	66,600,858
Total assets	2,681,573	96,147,754	143,464,006	145,462,634	4,926,006	16,537,913	31,326,594	450,449,980
Liabilities								
Borrowings from the SBV	-	-	2,300	8,151	13,500	14,183	-	38,134
Deposits and borrowings from other credit institutions	-	-	45,577,805	17,041,852	1,752,694	14,896	-	64,387,247
Deposits from customers	-	-	68,391,338	41,643,977	48,906,084	66,511,423	120,949,620	346,402,517
Derivatives and other financial liabilities	-	-	-	37,444	-	-	-	37,444
Valuable papers issued	-	-	-	-	-	-	6,924,000	6,924,000
Other liabilities	-	10,712,081	-	-	-	-	-	10,712,081
Total liabilities	-	10,712,081	113,971,443	58,731,424	50,672,278	66,540,502	127,873,620	428,501,423
Interest sensitivity gap	2,681,573	85,435,673	29,492,563	86,731,210	(45,746,272)	(50,002,589)	(96,547,026)	21,948,557

(*) Include the debt purchased – gross on the consolidated balance sheet

45.1 Interest rate risk (Continued)

Interest rate sensitivity

With the assumption that all other variables are held constant, movements in the interest rates of floating-interest rate-loans would affect the Bank's profit before tax and equity for the year as follows:

	Increase/(decrease) in basic point	Effect on profit before tax (in the next month) VND million	Effect on equity VND million
Exchange	+10	1,229	(344,000)
Exchange	-10	(1,229)	344,000

The increase/(decrease) in basic point used to analyze the interest rate sensitivity is assumed according to observable conditions of the current market.

45.2 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Bank was incorporated and operates in Vietnam, so VND is the reporting currency. The major currency in which the Bank transacts is also VND. However, some transactions are executed by gold or denominated in USD, EUR and other foreign currencies. The Bank's management has set limits to control the positions of the currencies. Positions are monitored on a daily basis and hedging strategies are used to ensure that positions of the currencies are maintained within established limits.

The exchange rates of key foreign currencies to VND at the reporting date are presented at Note 51.

45.2 Currency risk (Continued)

Classification of assets and liabilities denominated in foreign currencies translated into VND as at year end is as follows:

	EUR equivalent Million VND	USD equivalent Million VND	Gold equivalent Million VND	Other currencies equivalent Million VND	Total Million VND
Assets					
Cash and gold	194,894	518,506	59,311	375,593	1,148,304
Balances with the SBV	-	1,620,409	-	-	1,620,409
Placements with and loans to other credit institutions - gross	171,310	2,954,147	-	185,961	3,311,418
Derivatives and other financial assets	135,500	5,787,657	-	211,200	6,134,357
Loans to customers - gross	-	965,588	7,181	-	972,769
Other assets – gross	801	145,689	-	2,754	149,244
Total assets	502,505	11,991,996	66,492	775,508	13,336,501
Liabilities					
Deposits and borrowings from other credit institutions	-	172,287	-	-	172,287
<i>In which: deposits and borrowing from overseas credit institutions</i>	-	75,824	-	-	75,824
Deposits from customers	483,590	10,982,775	-	687,430	12,153,795
Derivatives and other financial liabilities	-	-	-	15,270	15,270
Other liabilities	1,405	50,099	-	17,985	69,489
Total liabilities	484,995	11,205,161	-	720,685	12,410,841
On-balance sheet foreign exchange position	17,510	786,835	66,492	54,823	925,660
Off-balance sheet foreign exchange position	93,672	(1,658,730)	-	190,710	(1,374,348)
On and off-balance sheet foreign exchange position	111,182	(871,895)	66,492	245,533	(448,688)

45.3 Liquidity risk

Liquidity risk is the risk which the Bank has difficulties in meeting the obligations of financial liabilities. Liquidity risk occurs when the Bank cannot afford to settle debt obligations at the due dates in the normal or stress conditions. To manage the liquidity risk exposure, the Bank has diversified the mobilisation of deposits from various sources in addition to its basic capital resources. In addition, the Bank has established policy for control of liquidity assets flexibly; monitor the future cash flows and daily liquidity. The Bank has also evaluated the estimated cash flows and the availability of current collateral assets in case of obtaining more deposits.

The maturity term of assets and liabilities represents the remaining period of assets and liabilities as calculated from the balance sheet date to the settlement date in accordance with contractual terms and conditions.

The following assumptions and conditions are applied in the analysis of maturity of the Bank's assets and liabilities:

- ▶ Balances with the SBV are classified as demand deposits which include compulsory deposits. The balance of compulsory deposits depends on the proportion and terms of the Bank's customer deposits and regulations of the SBV in each period.
- ▶ The maturity term of investment securities is calculated based on the maturity date and liquidity of each kind of securities.
- ▶ The maturity term of placements with and loans to other credit institutions; and loans to customers is determined on the maturity date as stipulated in contracts. The actual maturity term may be altered because loan contracts may be extended.
- ▶ The maturity term of long-term investments is considered as from one to five years because these investments do not have specific maturity date.
- ▶ The maturity term of deposits and borrowings from other credit institutions and customer deposits are determined based on features of these items or the maturity date as stipulated in contracts. Vostro account and demand deposits are transacted as required by customers, and therefore, being classified as current accounts. The maturity term of borrowings and term deposits is determined based on the maturity date in contracts. In fact, these amounts may be rotated, and therefore, they last beyond the original maturity date.
- ▶ The maturity term of fixed assets is classified in the above five-year category as most of the Bank's fixed assets are buildings, structures and land use rights.

45.3 Liquidity risk (Continued)

	Overdue		Current				Total Million VND
	Up to 3 months Million VND	Above 3 months Million VND	Up to 1 month Million VND	1 - 3 months Million VND	3 - 12 months Million VND	1 - 5 years Million VND	Above 5 years Million VND
Assets							
Cash and gold	-	-	2,655,088	-	-	-	2,655,088
Balances with the SBV	-	-	9,235,546	-	-	-	9,235,546
Placements with and loans to other credit institutions - gross	-	-	23,565,430	55,778	296,138	131,000	24,048,346
Trading securities - gross	-	-	71,678	-	-	-	71,678
Loans to customers - gross	494,729	1,191,097	10,337,745	31,507,778	83,413,567	48,140,660	266,500,992
Investment securities - gross	-	-	43,179,631	-	9,675,905	13,506,702	77,325,863
Other long-term investments - gross	-	-	-	-	-	28,788	28,788
Fixed assets	-	-	-	-	-	-	3,982,821
Other assets – gross (*)	636,922	358,825	1,632,364	4,336,438	7,752,289	22,170,551	66,600,858
Total assets	1,131,651	1,549,922	90,677,482	35,899,994	101,137,899	83,977,701	450,449,980
Liabilities							
Borrowings from the SBV	-	-	2,300	8,151	27,683	-	38,134
Deposits and borrowings from other credit institutions	-	-	45,577,805	17,041,852	1,767,590	-	64,387,247
Deposits from customers	-	-	68,391,338	41,643,977	115,417,506	120,949,621	346,402,517
Derivatives and other financial liabilities	-	-	-	37,444	-	-	37,444
Valuable papers issued	-	-	-	-	-	10,000	6,924,000
Other liabilities	-	-	1,274,683	1,850,242	4,832,971	2,455,383	10,712,081
Total liabilities	-	-	115,246,126	60,581,666	122,045,750	123,415,004	428,501,423
Net liquidity gap	1,131,651	1,549,922	(24,568,644)	(24,681,672)	(20,907,851)	(39,437,303)	21,948,557

(*) Include the debt purchased – gross on the consolidated balance sheet

45.3 Liquidity risk (Continued)

In addition to the liquidity risk management based on the maturity year as presented above, the Bank has focused on managing the liquidity risk in accordance with the active liquidity method together with measuring and controlling tightly the renewal rate of customer deposits. The Bank has set the warning level for the renewal rate of deposits to ensure the rate is controlled under the Bank's objectives. The liquidity risk was managed under the renewal rate of customer deposits as at 31 December 2017 as follows:

	Overdue		Current				Total Million VND
	Up to 3 months Million VND	Above 3 months Million VND	Up to 1 month Million VND	1 - 3 months Million VND	3 - 12 months Million VND	1 - 5 years Million VND	Above 5 years Million VND
Assets							
Cash and gold	-	-	2,655,088	-	-	-	2,655,088
Balances with the SBV	-	-	9,235,546	-	-	-	9,235,546
Placements with and loans to other credit institutions – gross	-	-	23,565,430	55,778	296,138	131,000	24,048,346
Trading securities - gross	-	-	71,678	-	-	-	71,678
Loans to customers - gross	494,729	1,191,097	10,337,745	31,507,778	83,413,567	48,140,660	266,500,992
Investment securities - gross	-	-	43,179,631	-	9,675,905	13,506,702	77,325,863
Other long-term investments - gross	-	-	-	-	-	28,788	28,788
Fixed assets	-	-	-	-	-	-	3,982,821
Other assets - gross (*)	636,922	358,825	1,632,364	4,336,438	7,752,289	22,170,551	66,600,858
Total assets	1,131,651	1,549,922	90,677,482	35,899,994	101,137,899	83,977,701	450,449,980
Liabilities							
Borrowings from the SBV	-	-	2,300	8,151	27,683	-	38,134
Deposits and borrowings from other credit institutions	-	-	45,577,805	17,041,852	1,767,590	-	64,387,247
Deposits from customers	-	-	28,773,618	14,235,195	52,951,479	250,442,150	346,402,517
Derivatives and other financial liabilities	-	-	-	37,444	-	-	37,444
Valuable papers issued	-	-	-	-	-	10,000	6,924,000
Other liabilities	-	-	1,274,683	1,850,242	4,832,971	2,455,383	10,712,081
Total liabilities	-	-	75,628,406	33,172,884	59,579,723	252,907,533	428,501,423
Net liquidity gap	1,131,651	1,549,922	15,049,076	2,727,110	41,558,176	(168,929,832)	21,948,557

(*) Include the debt purchased – gross on the consolidated balance sheet
The Bank applies the possibility of renewal of customer deposits at the rate of 80% (According to the Bank's statistics, the renewal rate in 2017 ranges from 80% to 85%).

45.4 Market price risk

Except for the assets and liabilities presented above, the Bank has no other market price risks which have risk level accounting for 5% of net profit or the value of assets, liabilities accounting for 5% of total assets.

46. CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of business, the Bank is a party to financial instruments which are recorded as off-balance sheet items. These financial instruments mainly comprise guarantee commitments and commercial letters of credit. These instruments involve elements of credit risk out of the items recognised in the consolidated balance sheet.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss because any other party to a financial instrument fails to perform in accordance with the terms of the contract.

Financial guarantees are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party including guarantee for borrowings, settlement, contract performance and bidding. The credit risk involved in issuing guarantees is essentially the same as that involved in extending loans to other customers.

Commercial at sight letters of credit represents a financing transaction by the Bank to its customer who is usually the buyer/importer of goods and the beneficiary is typically the seller/exporter. Credit risk from this type of letters of credit is limited as the merchandise shipped serves as collateral for the transaction.

Deferred payment letters of credits represent the amounts at risk should the contract be fully effected but the client defaults on repayment to the beneficiary. Deferred payment letters of credit that are defaulted by clients are recognised by the Bank as granting of a compulsory loan with a corresponding liability representing the financial obligation of the Bank and its subsidiaries to pay the beneficiaries and to fulfill the guarantor obligation.

Guarantee commitment is the commitment issued by the Bank to guarantee the performance of the customers to a third party including guarantee for borrowings, settlement, performing contracts and bidding. Credit risk of the borrowing guarantee, settlement guarantee in general is essentially the same as that involved in extending loans to other customers, while risk arising from other guarantees is lower.

Risk of the Letter of credit is usually lower, in condition that the Bank can control goods. Deferred Letter of credit may have contingent risk higher than at sight Letter of Credit. Deferred payment letters of credit that were defaulted by clients are recognised by the Bank as granting of a compulsory loan with a corresponding liability representing the financial obligation of the Bank to pay the beneficiaries and to fulfill the guarantor obligation.

The Bank requires margin deposits to support credit-related financial instruments when it is deemed necessary. The margin deposit required varies from nil to 100% of the value of a commitment granted, depending on the creditworthiness of clients as assessed by the Bank.

The currency trading commitments are commitments to purchase, sell at spot and currency swap commitments. Commitments to purchase, sell at spot are commitments to purchase, sell currency according to exchange rate dealt and make payment within 2 (two) days since transaction date. Currency swap commitments are commitments to purchase and sell with the notional principal amount (only two currencies used for transaction) to one client, including one transaction for term payment at spot and one transaction for term payment in the future with the exchange rate of both transactions determined at spot transaction date.

Details of outstanding commitments and contingent liabilities as at year-end are as follows:

	Closing balance Million VND	Opening balance Million VND
Guarantees for loans	74,531	74,531
Commitments on buying foreign currencies	1,608,907	1,938,644
Commitments on selling foreign currencies	1,407,219	826,367
Commitments on swap	26,557,088	19,987,095
Letters of credit	285,588	223,651
Other guarantees	12,057,115	1,130,945
- <i>Guarantees for payment</i>	<i>11,104,728</i>	<i>588,305</i>
- <i>Guarantees for contract performance</i>	<i>384,419</i>	<i>132,126</i>
- <i>Guarantees for bidding</i>	<i>100,508</i>	<i>25,811</i>
- <i>Other guarantees</i>	<i>467,460</i>	<i>384,703</i>
Other commitments	1,218,130	1,398,246
	43,208,578	25,579,479
<i>Less: Margin deposits</i>	<i>(37,692)</i>	<i>(80,982)</i>
Contingent liabilities and commitments	43,170,886	25,498,497

Capital risk management

The Bank manages its capital to ensure that the Bank will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The capital structure of the Bank consists of net debt, equity attributable to the Bank's shareholders (comprising contributed capital, reserves and retained earnings).

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial assets, financial liabilities and equity instrument are disclosed in Note 5.

The carrying amount and fair value of the Bank's financial instruments as at 31 December 2017 are presented as below:

	Carrying amount		Fair value (*)	
	Closing value Million VND	Opening value Million VND	Closing value Million VND	Opening value Million VND
Cash and gold	2,655,088	2,365,873	2,655,088	2,365,873
Balances with the State Bank of Vietnam	9,235,546	5,737,827	9,235,546	5,737,827
Placements with and loans to other credit institutions	24,048,346	11,407,028	24,048,346	11,407,028
Trading securities	61,926	64,696	(*)	(*)
Loans to customers	264,150,725	220,071,514	(*)	(*)
Purchased debts	11,755	11,755	(*)	(*)
Available-for-sale securities	43,170,629	40,611,671	(*)	(*)
Held-to-maturity securities	30,648,122	20,266,195	(*)	(*)
Long-term investments	28,626	69,109	(*)	(*)
Investment properties	-	52,734	(*)	(*)
Other financial assets	65,196,679	56,149,845	(*)	(*)
Borrowings from the State Bank of Vietnam	38,134	5,633,342	(*)	(*)
Deposits and borrowings from other credit institutions	64,387,247	29,901,864	(*)	(*)
Deposits from customers	346,402,517	295,152,233	(*)	(*)
Derivatives and other financial liabilities	37,444	172,318	(*)	(*)
Valuable papers issued	6,924,000	6,510,000	(*)	(*)
Other liabilities	10,712,081	7,736,172	(*)	(*)

(*) Since Vietnam Accounting Standards and Accounting System provides no specific guidance on the fair value determination of financial instruments, the fair value of these items cannot be determined.

Financial assets used as collaterals

Details of financial assets of the Bank which are used as collaterals of the loans or being transferred under repurchase agreements with the SBV and other credit institutions are as follows:

	Closing balance		Opening balance	
	Carrying value Million VND	Related obligations Million VND	Carrying value Million VND	Related obligations Million VND
Government bonds	38,486,063	39,037,485	23,952,966	23,218,413
	38,486,063	39,037,485	23,952,966	23,218,413

48. OPERATING LEASE COMMITMENTS, OPERATING FOR LEASING COMMITMENTS AND FIDUCIARY ASSETS

48.1 Operating lease commitments – the Bank as lessee

	Closing balance Million VND	Opening balance Million VND
Irrevocable operating lease commitments		
Due within one year	122,907	128,613
Due from one to five years	261,083	195,211
Due after five years	49,036	7,508
	433,026	331,332

48.2 Operating lease commitments – the Bank as lessor

	Closing balance Million VND	Opening balance Million VND
Irrevocable operating for leasing commitments		
Due within one year	29,084	21,979
Due from one to five years	24,234	29,177
	53,318	51,156

48.3 Fiduciary assets

	Closing balance Million VND	Opening balance Million VND
Gold kept on behalf of customers	338,686	694,153

49. RELATED PARTY BALANCES AND TRANSACTIONS

Significant transactions with related parties during the year are as follows:

Related party	Transactions	Current year Million VND	Prior year Million VND
Companies in which the Bank has long-term investments			
Saigon - Kim Lien Joint Stock Company	Deposits taken	31,197	35,032
	Deposits disbursed	(32,665)	(33,111)
	Dividend income	137	-
Saigon Ha Long Hotel Tourism Joint Stock Company	Deposits taken	41,469	39,222
	Deposits disbursed	(42,588)	(41,300)
	Dividend income	569	-

Related party	Transactions	Current year Million VND	Prior year Million VND
Major shareholders			
Viet Vinh Phu Financial Investment Joint Stock Company	Deposits taken	140,385	90,530
	Deposits disbursed	(137,404)	(90,408)
Noble Capital Group	Deposits taken	183	-
The Boards of Directors, Supervisors and Management	Remuneration, salary and bonus	43,298	35,222

Receivables and payables with the related parties at the year-end are as follows:

Related party	Transaction	Receivables/(Payables)	
		Closing balance Million VND	Opening balance Million VND
Companies in which the Bank has long-term investment			
Saigon - Kim Lien Joint Stock Company	Deposits	(7,194)	(8,662)
Saigon Ha Long Hotel Tourism Joint Stock Company	Deposits	(9,665)	(10,784)
Major shareholders			
Viet Vinh Phu Financial Investment Joint Stock Company	Deposits	(32,464)	(29,483)
Noble Capital Group	Deposits	(18,084)	(17,901)

50. SUBSEQUENT EVENTS

There have been no significant events occurring after 31 December 2017, which would require adjustments or disclosures to be made in the consolidated financial statements.

51. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VND

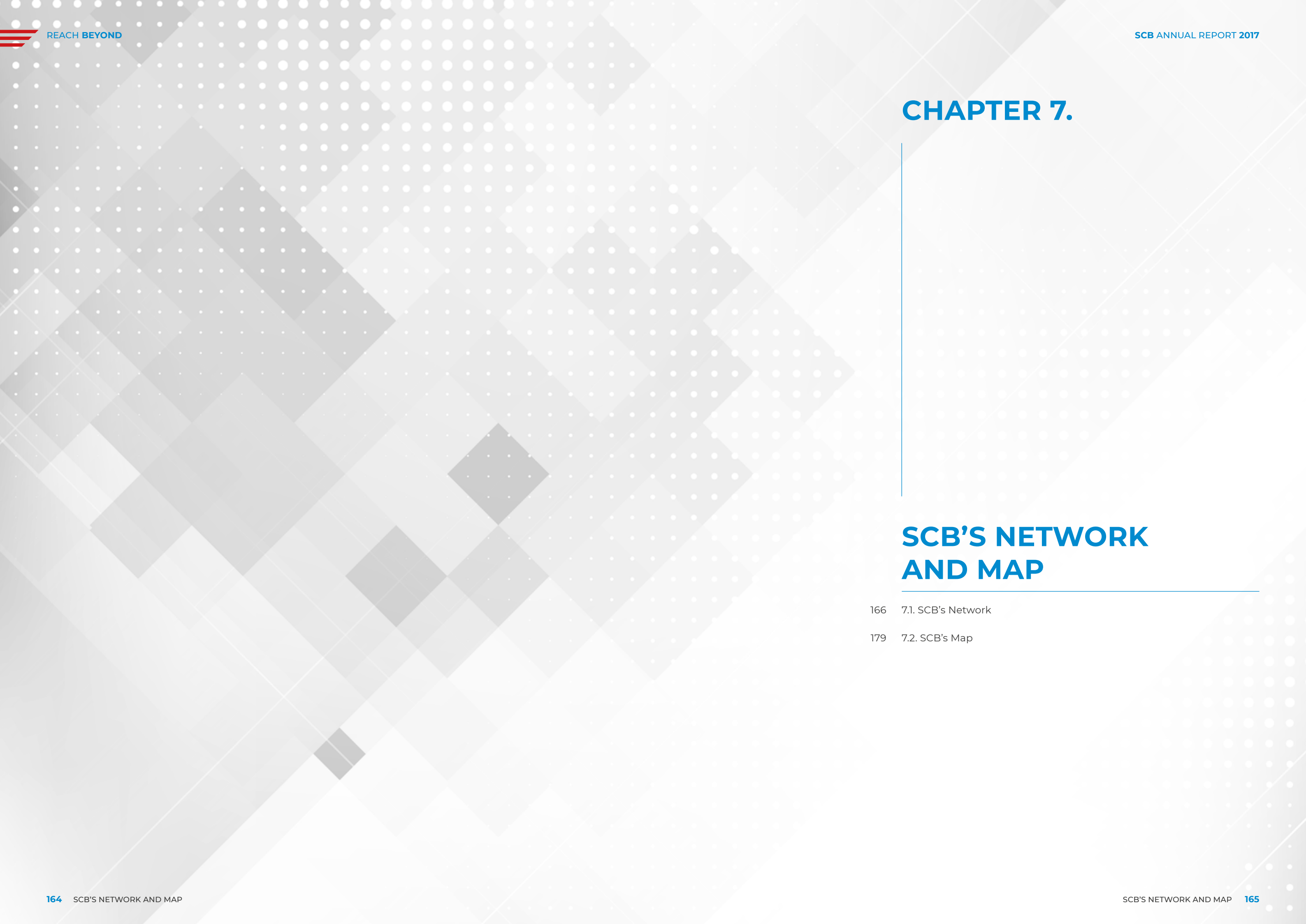
	Closing balance VND	Opening balance VND
USD	22,425	22,159
EUR	27,100	23,840
CHF	23,110	22,180
JPY	200	194
SGD	16,900	15,690
CAD	17,960	16,920
AUD	17,600	16,380
XAU	3,645,000	3,585,000


THAI KHANH VAN
Accounting Manager


NGUYEN VAN HUNG
Chief Accountant


VO TAN HOANG VAN
Chief Executive Officer





CHAPTER 7.

SCB’S NETWORK AND MAP

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7.1 SCB'S NETWORK

NO.	BRANCH	TRANSACTION OFFICE	ADDRESS	TELEPHONE	NOTES
HO CHI MINH CITY AREA					
	Head Office		927 Tran Hung Dao Str, Ward 1, District 5, HCM City	028.39230666	
1	Branch Tan Phu		192 Luy Ban Bich Str, Hoa Thanh Ward, Tan Phu District, HCM City	028.39561766	
2		Le Dai Hanh Transaction Office	219-221 Le Dai Hanh Str, Ward 13, District 11, HCM City	028.3960.6094	
3		Nguyen Chi Thanh Transaction Office	463 Nguyen Chi Thanh Str, Ward 15, District 5, HCM City	028.39562434	
4		Tan Phuoc Transaction Office	187 Ly Thuong Kiet Str, Ward 7, District 11, HCM City	028.39553364	
5		District 11 Transaction Office	1337-1339 3/2 Str, Ward 16, District 11, HCM City	028.39609371	
6		Lu Gia Transaction Office	113 Nguyen Thi Nho Str, Ward 9, Tan Binh District, HCM City	028.38687174	
7		Hong Bang Transaction Office	311 Hong Bang Str, Ward 11, District 5, HCM City	028.62610277	
8		Nhat Tao Transaction Office	345 Nguyen Tri Phuong Str, Ward 5, District 10, HCM City	028.62645371	
9	Branch 20/10		221 Khanh Hoi Str, Ward 3, District 4, HCM City	028.39414372	
10		Tan Thuan Transaction Office	361 Huynh Tan Phat Str, Tan Thuan Dong Ward, District 7, HCM City	028.38722968	
11		My Toan Transaction Office	988 My Toan Quarter 3-R19, Nguyen Van Linh, Quarter 3, Tan Phong Ward, District 7, HCM City	028.54123491	
12		Phu My Hung Transaction Office	1411 My Toan II Quarter, Phu My Hung, Nguyen Van Linh, Tan Phong Ward, District 7, HCM City	028.54122680	
13		Phu My Transaction Office	679-681 Huynh Tan Phat Str, Phu Thuan Ward, District 7, HCM City	028.37733770	
14		District 7 Transaction Office	470 Nguyen Thi Thap Str, Tan Quy Ward, District 7, HCM City	028.37712014	
15		District 4 Transaction Office	23 Hoang Dieu Str, Ward 12, District 4, HCM City	028.39435732	
16		Trung Son Transaction Office	273-275 Street 9A, Trung Son Residence, Group 4B, Binh Hung Ward, Binh Chanh District, HCM City	028.54318298	
17	Branch 6		23-24 Lot Q Phu Lam D Apartment, Binh Phu, Ward 10, District 6, HCM City	028.37554012	
18		Hau Giang Transaction Office	1075 Hau Giang Str, Ward 11, District 6, HCM City	028.37555913	
19		Tan Tao Transaction Office	303 Street No. 7, Binh Tri Dong B Ward, Binh Tan District, HCM City	028.38778930	

NO.	BRANCH	TRANSACTION OFFICE	ADDRESS	TELEPHONE	NOTES
20		Kinh Duong Vuong Transaction Office	36A Kinh Duong Vuong Str, Ward 13, District 6, HCM City	028.38170377	
21		Binh Phu Transaction Office	766 Hau Giang Str, Ward 12, District 6, HCM City	028.62931722	
22		Ten Lua Transaction Office	72 Street No. 1, Binh Tri Dong B Ward, Binh Tan District , HCM City	028.62691316	
23	Ben Thanh Branch		50 Bis - 52 & 46/10 Pham Hong Thai Str, Ben Thanh Ward, District 1, HCM City	028.38279797	
24		Nam Ky Khoi Nghia Transaction Office	Ground and Mezzanine Floor, 225 Bis Nam Ky Khoi Nghia Str, Ward 7, District 3, HCM City	028.38480139	
25		Tran Nao Transaction Office	58A Tran Nao Str, Binh An Ward, District 2, HCM City	028.62607042	
26		Nguyen Cong Tru Transaction Office	50-52 Nam Ky Khoi Nghia Str, Nguyen Thai Binh Ward, District 1, HCM City	028.38212563	
27		District 2 Transaction Office	14Q Quoc Huong Str, Thao Dien Ward, District 2, HCM City	028.62872202	
28		Cat Lai Transaction Office	340A Nguyen Thi Dinh Str, Thanh My Loi Ward, District 2, HCM City	028.37425412	
29	Binh Tay Branch		2S Le Quang Sung Str, Ward 2, District 6, HCM City	028.62931378	
30		Minh Phung Transaction Office	447-449 Minh Phung Str, Ward 10, District 11, HCM City	028.39637973	
31		Ta Uyen Transaction Office	167 Ta Uyen Str, Ward 4, District 11, HCM City	028.39738792	
32		Pham Phu Thu Transaction Office	133 Pham Phu Thu Str, Ward 3, District 6, HCM City	028.38542706	
33		Ba Hom Transaction Office	106A Ba Hom Str, Ward 13, District 6, HCM City	028.38170075	
34		Phu Lam Transaction Office	766 and Ground floor of 768, Hong Bang Str, Ward 1, District 11, HCM City	028.62641616	
35		Cay Co Transaction Office	176B Hau Giang Str, Ward 6, District 6, HCM City	028.62988227	
36	Cho Lon Branch		76-78-80 Hai Thuong Lan Ong Str, Ward 10, District 5, HCM City	028.39520840	
37		Pham Hung Transaction Office	366 Pham Hung Str, Ward 5, District 8, HCM City	028.38505580	
38		Binh Chanh Transaction Office	A8/9 National Road 50, Hamlet 2, Binh Hung Commune, Binh Chanh District, HCM City	028.37580843	
39		Chau Van Liem Transaction Office	44-46 Chau Van Liem Str, Ward 10, District 5, HCM City	028.39509023	
40		Ngo Quyen Transaction Office	92 Ngo Quyen Str, Ward 7, District 5, HCM City	028.39520685	

NO.	BRANCH	TRANSACTION OFFICE	ADDRESS	TELEPHONE	NOTES
41		An Đông Transaction Office	97K Nguyen Duy Duong Str, Ward 9, District 5, HCM City	028.38337542	
42		An Đông Plaza Transaction Office	Groud floor of An Dong Plaza, 18 An Duong Vuong Str, Ward 9, District 5, HCM City	028.38303850	
43		District 8 Transaction Office	344 Tung Thien Vuong Str, Ward 13, District 8, HCM City	028.39515705	
44		Hoa Binh Transaction Office	63 Bui Huu Nghia Str, Ward 5, District 5, HCM City	028.39244341	
45	Cong Quynh Branch		242 Cong Quynh Str, Pham Ngu Lao Ward, District 1, HCM City	028.39206501	
46		Vo Van Tan Transaction Office	432 Vo Van Tan Str, Ward 5, District 3, HCM City	028.38181966	
47		Minh Khai Transaction Office	316-318 Nguyen Dinh Chieu Str., Ward 4, District 3, HCM City	028.39293470	
48		Ly Thai To Transaction Office	11 Ly Thai To Str, Ward 1, District 10, HCM City	028.38300042	
49		Co Giang Transaction Office	193-203 Tran Hung Dao Str, Co Giang Ward, District 1, HCM City	028.39206502	
50	Cu Chi Branch		294 Provincial Road No. 8, Cu Chi Town, Cu Chi District, HCM City	028.37925286	
51		Cu Chi Transaction Office	851 National Highway 22, Quarter 5, Cu Chi Town, Cu Chi District, HCM City	028.38921234	
52	Gia Dinh Branch		101 Hoang Van Thu Str, Ward 8, Phu Nhuan District, HCM City	028.38455770	
53		Nguyen Kiem Transaction Office	402B Nguyen Kiem Str, Ward 3, Phu Nhuan District, HCM City	028.39956270	
54		Ba Chieu Transaction Office	25K Phan Dang Luu Str, Ward 3, Binh Thanh District, HCM City	028.35510886	
55		Le Quang Dinh Transaction Office	53-55 Le Quang Dinh Str, Ward 14, Binh Thanh District, HCM City	028.35512956	
56		Nguyen Thai Son Transaction Office	442 Nguyen Thai Son Str, Ward 5, Go Vap District, HCM City	028.35886989	
57		No Trang Long Transaction Office	170V-170X No Trang Long Str, Ward 12, Binh Thanh District, HCM City	028.35515327	
58		Hoang Minh Giam Transaction Office	32A-34A Nguyen Thai Son Str, Ward 3, Go Vap District, HCM City	028.39940286	
59		Binh Thanh Transaction Office	452 Le Quang Dinh Str, Ward 11, Binh Thanh District, HCM City	028.35157038	
60		Quang Trung Transaction Office	311 & 313 Quang Trung Str, Ward 10, Go Vap District, HCM City	028.39899362	
61		Nguyen Oanh Transaction Office	75-77 Nguyen Oanh Str, Ward 10, Go Vap District, HCM City	028.39899539	

NO.	BRANCH	TRANSACTION OFFICE	ADDRESS	TELEPHONE	NOTES
62	Hoc Mon Branch		152/2 – 152/3 Nguyen Anh Thu Str, Trung Chanh Ward, Hoc Mon District, HCM City	028.37186820	
63		Hoc Mon Transaction Office	23; 38/4 & 25 Ly Thuong Kiet Str, Hoc Mon Town, Hoc Mon District, HCM City	028.37106425	
64		Nguyen Anh Thu Transaction Office	192 Dong Hamlet, Thoi Tam Thon Commune, Hoc Mon Town, HCM City	028.37185660	
65		Go Vap Transaction Office	624-626 Quang Trung Str, Ward 11, Go Vap District, HCM City	028.39897346	
66		An Hoi Transaction Office	1168 Quang Trung Str, Ward 8, Go Vap District, HCM City	028.38311505	
67		Le Duc Tho Transaction Office	577 (former 525) Le Duc Tho Str, Ward 16, Go Vap District, HCM City	028.39164006	
68		Hiep Thanh Transaction Office	22A Nguyen Anh Thu Str, Hiep Thanh Ward, District 12, HCM City	028.37179927	
69	Pham Ngoc Thach Branch		53 Pham Ngoc Thach Str, Ward 6, District 3, HCM City	028.38243395	
70		District 10 Transaction Office	97A 3 Thang 2 Street, Ward 11, District 10, HCM City	028.38339576	
71		Nguyen Thong Transaction Office	69 Nguyen Thong Str, Ward 9, District 3, HCM City	028.35264211	
72		Hoang Sa Transaction Office	Ground and Mezzanine, 921 - 923 Hoang Sa Str, Ward 11, District 3, HCM City	028.35262013	
73		District 3 Transaction Office	188 Cach Mang Thang 8 Str, Ward 10, District 3, HCM City	028.35261035	
74		Thanh Thai Transaction Office	245 To Hien Thanh Str, Ward 13, District 10, HCM City	028.39797414	
75		3/2 Transaction Office	312 3/2 Str, Ward 12, District 10, HCM City	028.38683925	
76	Phu Dong Branch		98B Nguyen Van Troi Str, Ward 8, Phu Nhuan District, HCM City	028.39977509	
77		Phu Nhuan Transaction Office	176 Phan Dinh Phung Str, Ward 2, Phu Nhuan District, HCM City	028.39954407	
78		Phan Xich Long Transaction Office	182 Phan Xich Long Str, Ward 2, Phu Nhuan District, HCM City	028.38434541	
79		Huynh Van Banh Transaction Office	319 Huynh Van Banh Str, Ward 11, Phu Nhuan District, HCM City	028.38423381	
80		Thu Duc Transaction Office	707 Kha Van Can Str, Linh Tay Ward, Thu Duc District, HCM City	028.37205156	
81		District 9 Transaction Office	221 Le Van Viet Str, Hiep Phu Ward, District 9, HCM City	028.37309746	
82		Le Van Sy Transaction Office	185 Le Van Sy Str, Ward 14, Phu Nhuan District, HCM City	028.39910798	

NO.	BRANCH	TRANSACTION OFFICE	ADDRESS	TELEPHONE	NOTES
83	Tan Binh Branch	Bac Hai Transaction Office	757 Cach Mang Thang Tam Str, Ward 6, Tan Binh District, HCM City	028.39770418	
84		Vo Van Ngan Transaction Office	96A Vo Van Ngan Str, Binh Tho Ward, Thu Duc District, HCM City	028.37228486	
85			341 Cong Hoa Str, Ward 13, Tan Binh District, HCM City	028.38108986	
86		Truong Chinh Transaction Office	318 Truong Chinh Str, Ward 13, Tan Binh District, HCM City	028.38122483	
87		Pham Van Hai Transaction Office	91K Pham Van Hai Str, Ward 3, Tan Binh District, HCM City	028.39919351	
88		An Suong Transaction Office	301 (former 135/3) Truong Chinh Str, Tan Thoi Nhat Ward, District 12, HCM City	028.62561145	
89		Tan Son Nhi Transaction Office	211 Tan Son Nhi Str, Tan Son Nhi Ward, Tan Phu District, HCM City	028.62692418	
90		Tan Son Nhat Transaction Office	92 Hong Ha Str, Ward 2, Tan Binh District, HCM City	028.62968557	
91		Truong Vinh Ky Transaction Office	186 Truong Vinh Ky Str, Tan Son Nhi Ward, Tan Phu District, HCM City	028.38496052	
92		Le Trong Tan Transaction Office	190 Le Trong Tan Str, Tay Thanh Ward, Tan Phu District, HCM City	028.38162067	
93	Tan Dinh Branch	Nguyen Son Transaction Office	350 Nguyen Son Str, Phu Tho Hoa Ward, Tan Phu District, HCM City	028.62673223	
94			346-348 Hai Ba Trung Str, Tan Dinh Ward, District 1, HCM City	028.38207853	
95		Tran Quang Khai Transaction Office	170 Tran Quang Khai Str, Tan Dinh Ward, District 1, HCM City	028.35268871	
96		Dinh Tien Hoang Transaction Office	41 Dinh Tien Hoang Str, Ward 3, Binh Thanh District, HCM City	028.35174503	
97		Xo Viet Nghe Tinh Transaction Office	298 Xo Viet Nghe Tinh Str, Ward 21, Binh Thanh District, HCM City	028.35127704	
98		Thanh Da Transaction Office	774 (former 632) Xo Viet Nghe Tinh Str, Ward 25, Binh Thanh District, HCM City	028.35119618	
99		Dien Bien Phu Transaction Office	261-263 Dien Bien Phu Str, Ward 15, Binh Thanh District, HCM City	028.35127494	
100		Thi Nghe Transaction Office	147 Xo Viet Nghe Tinh Str, Ward 17, Binh Thanh District, HCM City	028.38408731	
101		Hang Xanh Transaction Office	87 Dien Bien Phu Str, Ward 15, Binh Thanh District, HCM City	028.35142960	
102		Bach Dang Transaction Office	231 Bach Dang Str, Ward 15, Binh Thanh District, HCM City	028.38997791	
103		Van Thanh Transaction Office	111 D2 Str, Ward 25, Binh Thanh District, HCM City	028.38997958	

NO.	BRANCH	TRANSACTION OFFICE	ADDRESS	TELEPHONE	NOTES
104	Thong Nhat Branch		340H-K and 342 Hoang Van Thu Str., Ward 4, Tan Binh Dist., HCM City	028.39713275	
105		Hoang Van Thu Transaction Office	453 Ly Thuong Kiet Str., Ward 8, Tan Binh Dist., HCM City	028.38441653	
106		Chi Linh Transaction Office	Ground and 1st floors, 1093-1095 Cach Mang Thang 8 Str, Ward 7, Tan Binh District, HCM City	028.38691071	
107		Au Co Transaction Office	429 Au Co Str, Phu Trung Ward, Tan Phu District, HCM City	028.39752191	
108		Ly Thuong Kiet Transaction Office	85 Ly Thuong Kiet Str, Ward 7, Tan Binh District, HCM City	028.39717806	
109		Nga Tu Bay Hien Transaction Office	996 and 958/35/15L Lac Long Quan Str, Ward 8, Tan Binh District, HCM City	028.39771286	
110		Au Lac Transaction Office	304 Lac Long Quan Str, Ward 5, District 11, HCM City	028.39753696	
111		Bau Cat Transaction Office	896 Au Co Str, Ward 14, Tan Binh District, HCM City	028.38132095	
112		Luy Ban Bich Transaction Office	761A (former 751) Luy Ban Bich Str, Phu Tho Hoa Ward, Tan Phu District, HCM City	028.39721348	
113	Sai Gon Branch		Ground floor & 1st Floor, Fico Office Building, 927 Tran Hung Dao Str, Ward 1, District 5, HCM City	028.39230666	
114		Nguyen Hue Transaction Office	TA23, Ground Floor, Lucky Plaza, 38 Nguyen Hue Str, Ben Nghe Ward, District 1, HCM City	028.38248598	
115		Nha Rong Transaction Office	155 Ky Con Str, Nguyen Thai Binh Ward, District 1, HCM City	028.39142526	
116		Tran Hung Dao Transaction Office	715 Tran Hung Dao Str, Ward 1, District 5, HCM City	028.38383192	

HANOI AREA

117	Cau Giay Branch		9-10, Lot 12B Trung Yen, Trung Hoa Str, Trung Hoa Ward, Cau Giay District, Hanoi	024.37834609	
118		Cau Giay Transaction Office	247 Cau Giay Str, Mezzanine Floor, Dich Vong Ward, Cau Giay District, Hanoi	024.37675570	
119		Thuy Khue Transaction Office	72 Thuy Khue Str, Thuy Khue Ward, Tay Ho District, Hanoi	024.62506883	
120		Nguyen Khanh Toan Transaction Office	16 Nguyen Khanh Toan Str, Quan Hoa Ward, Cau Giay District, Hanoi	024.62711685	
121		Lac Long Quan Transaction Office	8, Block A - 235 Lac Long Quan Str, Nghia Do Ward, Cau Giay District, Hanoi	024.62821686	
122		Vu Trong Phung Transaction Office	106 Vu Trong Phung Str, Thanh Xuan Trung Ward, Thanh Xuan District, Hanoi	024.37586511	
123		Le Duc Tho Transaction Office	1 st and 2 nd Floors 24-A1 Le Duc Tho Str, My Dinh 2 Ward, Nam Tu Liem District, Hanoi	024.32262401	

NO.	BRANCH	TRANSACTION OFFICE	ADDRESS	TELEPHONE	NOTES
124		Nguyen Thi Dinh Transaction Office	43 Nguyen Thi Dinh Str, Trung Hoa Ward, Cau Giay District, Hanoi	024.35558540	
125		Hoang Quoc Viet Transaction Office	156 Hoang Quoc Viet Str, Co Nhue 1 Ward, Bac Tu Liem District, Hanoi	024.62692763	
126	Hanoi Branch		214 Thai Ha Str, Trung Liet Ward, Dong Da District, Hanoi	024.62732073	
127		Van Cao Transaction Office	65 Van Cao Str, Lieu Giai Ward, Ba Dinh District, Hanoi	024.37227453	
128		Dong Da Transaction Office	60-62-64-66-68 Tay Son Str, Quang Trung Ward, Dong Da District, Hanoi	024.35114912	
129		Lang Ha Transaction Office	35 Huynh Thuc Khang Str, Lang Ha Ward, Dong Da District, Hanoi	024.35140971	
130		Thanh Xuan Transaction Office	167 Nguyen Ngoc Nai Str, Khuong Mai Ward, Thanh Xuan District, Hanoi	024.35575225	
131		Kham Thien Transaction Office	91 Kham Thien Str, Kham Thien Ward, Dong Da District, Hanoi	024.62706686	
132		Nguyen Trai Transaction Office	183 Nguyen Trai Str, Thuong Dinh Ward, Thanh Xuan District, Hanoi	024.62721686	
133		Ton Duc Thang Transaction Office	214 Ton Duc Thang Str, Hang Bot Ward, Dong Da District, Ha Noi	024.62606266	
134		Ngoc Ha Transaction Office	207 Doi Can Str, Doi Can Ward, Ba Dinh District, Hanoi	024.37228240	
135		Le Trong Tan Transaction Office	1st and 2nd Floors, 14 Le Trong Tan Str, Khuong Mai Ward, Thanh Xuan District, Hanoi	024.62857324	
136		Nguyen Thai Hoc Transaction Office	96-96B Nguyen Thai Hoc Str, Dien Bien Ward, Ba Dinh District, Ha Noi	024.37368797	
137	Hai Ba Trung Branch		37 Nguyen Dinh Chieu Str, Le Dai Hanh Ward, Hai Ba Trung District, Hanoi	024.39438732	
138		Nguyen Khuyen Transaction Office	102 Nguyen Khuyen Str, Van Mieu Ward, Dong Da District, Hanoi	024.37475415	
139		Thanh Nhan Transaction Office	529 Kim Nguu Str, Vinh Tuy Ward, Hai Ba Trung District, Hanoi	024.36368046	
140		Tran Hung Dao Transaction Office	1st Floor, Block A, Office Building at 141 Le Duan Str, Cua Nam Ward, Hoan Kiem District, Hanoi	024.39335341	
141		Pho Vong Transaction Office	140B Vong Street, Phuong Liet Ward, Thanh Xuan District , Hanoi	024.62783709	
142		Bach Mai Transaction Office	470 Bach Mai Str, Truong Dinh Ward, Hai Ba Trung District, Hanoi	024.62606683	
143		Ngo Thi Nham Transaction Office	44 Ngo Thi Nham Str, Ngo Thi Nham Ward, Hai Ba Trung District, Hanoi	024.62701686	
144		Tran Khat Chan Transaction Office	482 Tran Khat Chan Str, Pho Hue Ward, Hai Ba Trung District, Hanoi	024.62722266	

NO.	BRANCH	TRANSACTION OFFICE	ADDRESS	TELEPHONE	NOTES
145		Kim Dong Transaction Office	25 Kim Dong Str, Giap Bat Ward, Hoang Mai District, Hanoi	024.62710686	
146	Thang Long Branch		19-21-23 Ly Thai To Str, Ly Thai To Ward, Hoan Kiem District, Hanoi	024.35190151	
147		Ba Dinh Transaction Office	14 Nguyen Bieu Str, Quan Thanh Ward, Ba Dinh District, Hanoi	024.37345579	
148		Hoan Kiem Transaction Office	83 Hang Ga Str, Hang Bo Ward, Hoan Kiem District, Hanoi	024.39232918	
149		Long Bien Transaction Office	409 Nguyen Van Cu Str, Ngoc Lam Ward, Long Bien District, Hanoi	024.38737128	
150		Hang Cot Transaction Office	63 Hang Cot, Hang Ma Ward, Hoan Kiem District, Hanoi	024.62722686	
151		Chương Duong Transaction Office	1 st , Mezzanine and 2nd Floors 83 Nguyen Van Cu Str, Ngoc Lam Ward, Long Bien District, Hanoi	024.62721867	
152		Luong Ngoc Quyen Transaction Office	1 st , 2 nd Floors, 31 Ta Hien, Hang Buom Ward, Hoan Kiem District, Hanoi	024.62709996	
153		Hang Manh Transaction Office	5 Hang Manh Str, Hang Gai Ward, Hoan Kiem District, Hanoi	024.62722866	

COASTAL NORTHERN AREA

154	Bac Ninh Branch		316 Tran Hung Dao Str, Dai Phuc Ward, Bac Ninh City, Bac Ninh Province	0222.3856736	
155		Tu Son Transaction Office	88 Tran Phu Str., Dong Ngan Ward, Tu Son Town, Bac Ninh Province	0222.361 0236	
156	Hai Duong Branch		119 Nguyen Luong Bang Str, Pham Ngu Lao Ward, Hai Duong City, Hai Duong Province	0220.3898899	
157	Hai Phong Branch		14 Tran Phu Str, Luong Khanh Thien Ward, Ngo Quyen District, Hai Phong City	0225.3250098	
158		Hang Kenh Transaction Office	181 Hang Kenh Str, Hang Kenh Ward, Le Chan District, Hai Phong City	0225.3639557	
159		Quang Trung Transaction Office	140-141 Quang Trung Str, Phan Boi Chau Ward, Hong Bang District, Hai Phong City	0225.3518658	
160		To Hieu Transaction Office	377 To Hieu Str, Ho Nam Ward, Le Chan District, Hai Phong City	0225.3956935	
161	Hong Bang Branch		5A Hoang Van Thu Str, Minh Khai Ward, Hong Bang District, Hai Phong City	0225.3569516	
162		Lach Tray Transaction Office	308-310 Lach Tray Str, Kenh Duong Ward, Le Chan District, Hai Phong City	0225.3613156	
163		Tran Nguyen Han Transaction Office	266H Tran Nguyen Han Str, Niem Nghia Ward, Le Chan District, Hai Phong City	0225.3786202	

NO.	BRANCH	TRANSACTION OFFICE	ADDRESS	TELEPHONE	NOTES
164		Ngo Quyen Transaction Office	176 Da Nang Str, Lac Vien Ward, Ngo Quyen District, Hai Phong City	0225.3625555	
165	Thai Binh Branch		PG03-08A, Block PG3, Ly Bon Str, De Tham Ward, Thai Binh City, Thai Binh Province	0227.6250990	
166	Nghe An Branch		02 Nguyen Sy Sach Str, Hung Binh Ward, Vinh City, Nghe An Province	0238.3588500	
167		Quang Trung Transaction Office	25 Quang Trung Str, Quang Trung Ward, Vinh City, Nghe An Province	0238.3567768	
168		Hung Dung Transaction Office	167 Nguyen Phong Sac Str, Hung Dung Ward, Vinh City, Nghe An Province	0238.3998799	
169	Quang Ninh Branch		20 Tran Hung Dao Str, Tran Hung Dao Ward, Ha Long City, Quang Ninh Province	0203.3518111	
170		Ha Long Transaction Office	Group 36, Quarter 2B, Bach Dang Ward, Ha Long City, Quang Ninh Province	0203.3518851	
171		Uong Bi Transaction Office	439 Group 37, Quarter 2P, Quang Trung Ward, Uong Bi City, Quang Ninh Province	0203.3566058	
172		Bai Chay Transaction Office	Lot 9, Group 9, Quarter 9 Cai Dam, Bai Chay Ward, Ha Long City, Quang Ninh Province	0203.3515075	
173	Thanh Hoa Branch		Block 22 & 23 MBQH 195/UBND-QLĐT, Le Hoan Str, Dien Bien Ward, Thanh Hoa City, Thanh Hoa Province	0237.3962555	

CENTRAL & HIGHLAND AREAS

174	Dak Lak Branch		178 Y-Jut, Thang Loi Ward, Buon Ma Thuot City, Dak Lak Province	0262.3843027	
175		Nguyen Tat Thanh Transaction Office	87 Ngo Quyen Str, Tan Loi Ward, Buon Ma Thuot City, Dak Lak Province	0262.3959268	
176	Gia Lai Branch		78-80 Hai Ba Trung Str, Yen Do Ward, Pleiku City, Gia Lai Province	0269.3871500	
177		Dak Doa Transaction Office	28 Dinh Tien Hoang, Group 5, Dak Doa Town, Dak Doa District, Gia Lai Province	0269.3831666	
178	Binh Dinh Branch		01 Nguyen Tat Thanh Str, Ly Thuong Kiet Ward, Quy Nhon City, Binh Dinh Province	0256.3822288	
179		20/10 Transaction Office	252 Tran Hung Dao Str, Tran Hung Dao Ward, Quy Nhon City, Binh Dinh Province	0256.3818558	
180		An Nhon Transaction Office	61 Quang Trung Str, Binh Dinh Ward, An Nhon District, Binh Dinh Province	0256.3635883	
181		Ngo May Transaction Office	45-47 Ngo May Str, Nguyen Van Cu Ward, Quy Nhon City, Binh Dinh Province	0256.3946867	
182	Song Han Branch		16 Tran Phu Str, Thach Trang Ward, Hai Chau District, Da Nang City	0236.3891888	
183		Dong Da Transaction Office	303 Dong Da Str, Thach Thang Ward, Hai Chau District, Da Nang City	0236.3652666	

NO.	BRANCH	TRANSACTION OFFICE	ADDRESS	TELEPHONE	NOTES
184		Hoa Khe Transaction Office	351 Dien Bien Phu Str, Hoa Khe Ward, Thanh Khe District, Da Nang City	0236.3720666	
185		Le Duan Transaction Office	247 Le Duan Str, Tan Chinh Ward, Thanh Khe District, Da Nang City	0236.3752666	
186		Lien Chieu Transation Office	703 Ton Duc Thang Str, Hoa Khanh Bac Ward, Lien Chieu District, Da Nang City	0236.3796888	
187	Da Nang Branch		256 Tran Phu Str, Phuoc Ninh Ward, Hai Chau District, Da Nang City	0236.3565544	
188		Ham Nghi Transaction Office	103-105 Ham Nghi Str, Vinh Trung Ward, Thanh Khe District, Da Nang City	0236.3586888	
189		Phan Dang Luu Transaction Office	142 Phan Dang Luu Str, Hoa Cuong Nam Ward, Hai Chau District, Da Nang City	0236.3644666	
190		Hoang Dieu Transaction Office	340 (former 236) Hoang Dieu Str, Binh Hien Ward, Hai Chau District, Da Nang City	0236.3575668	
191		Son Tra Transaction Office	912 Ngo Quyen Str, An Hai Tay Ward, Son Tra District, Da Nang City	0236.3831888	
192		Nui Thanh Transaction Office	179 Nui Thanh Str., Hoa Cuong Bac Ward, Hai Chau Dist., Da Nang City	0236.3629666	
193	Khanh Hoa Branch		78 Ly Thanh Ton Str, Phuong Sai Ward, Nha Trang City, Khanh Hoa Province	0258.3563405	
194		Vinh Phuoc Transaction Office	27 2/4 Str., Vinh Phuoc Ward, Nha Trang City, Khanh Hoa Province	0258.3544242	

SOUTHEAST AREA

195	Ba Ria Vung Tau Branch		89 Le Loi Str, Thang Nhi Ward, Vung Tau City, Ba Ria - Vung Tau Province	0254. 3577334	
196		Dai An Transaction Office	25D3, 30/4 Str, 9 District, Vung Tau City, Ba Ria - Vung Tau Province	0254.0254381	
197	Vung Tau Branch		45 Nam Ky Khoi Nghia Str, Ward 3, Vung Tau City, Ba Ria - Vung Tau	0254.3533737	
198		Tan Thanh Transaction Office	National Highway 51, Quang Phu Hamlet, Phu My Town, Tan Thanh District, Ba Ria - Vung Tau Province	0254.3923507	
199		Thang Nhat Transaction Office	Ground Floor, 6K3 Nguyen Thai Hoc Str, Ward 7, Vung Tau City, Ba Ria - Vung Tau Province	0254.3593893	
200		Ba Ria Transaction Office	46 Bach Dang Str., Phuoc Trung Ward, Ba Ria City, Ba Ria - Vung Tau City	0254.3717631	
201	Binh Duong Branch		307 Binh Duong Avenue, Chanh Nghia Ward, Thu Dau Mot City, Binh Duong Province	0274.3872601	
202		Ben Cat Transaction Office	229C Hung Vuong Str, Quater 1, My Phuoc Ward, Ben Cat Town, Binh Duong Province	0274.3567274	

NO.	BRANCH	TRANSACTION OFFICE	ADDRESS	TELEPHONE	NOTES
203		Di An Transaction Office	461 Tran Hung Dao Str, Di An Ward, Di An Town, Binh Duong Province	0274.3736833	
204		Thuan An Transaction Office	25 Cach Mang Thang 8 Str, Long Thoi Quarter, Lai Thieu Ward, Thuan An Town, Binh Duong Province	0274.3799793	
205	Binh Thuan Branch		487 Tran Hung Dao Str, Lac Dao Ward, Phan Thiet City, Binh Thuan Province	0252.3722400	
206		Mui Ne Transaction Office	345 Huynh Thuc Khang Str, Quarter 5, Mui Ne Ward, Phan Thiet City, Binh Thuan	0252.3748865	
207	Dong Nai Branch		54 Nguyen Ai Quoc Str, Tan Tien Ward, Bien Hoa City, Dong Nai Province	0251.3943625	
208		Tan Bien Transaction Office	119/7A Quarter 5B, Ha Noi Highway, Tan Bien Ward, Bien Hoa City, Dong Nai	0251.3880648	
209		Bien Hoa Transaction Office	111 Cach Mang Thang Tam Str, Hoa Binh Ward, Bien Hoa City, Dong Nai	0251.3840122	

SOUTHWEST AREA


210	An Giang Branch		4 and 5KT Ha Hoang Ho Str, My Xuyen Ward, Long Xuyen City, An Giang Province	0296.3945235	
211		Chau Doc Transaction Office	294 Le Loi Str, Chau Phu B Ward, Chau Doc City, An Giang Province	0296.3550101	
212		My Phuoc Transaction Office	100/5N Tran Hung Dao Str, My Phuoc Ward, Long Xuyen City, An Giang Province	0296.3940637	
213	Ben Tre Branch		29C-29C1 Dong Khoi Avenue, Phu Khuong Ward, Ben Tre City, Ben Tre Province	0275.3510740	
214	Ca Mau Branch		137 Nguyen Tat Thanh Str, Ward 8, Ca Mau City, Ca Mau Province	0290.3616111	
215	Can Tho Branch		213-215-217 30/4 Str, Xuan Khanh Ward, Ninh Kieu District, Can Tho City	0292.3781490	
216		An Phu Transaction Office	109 Ly Tu Trong Str, An Phu Ward, Ninh Kieu District, Can Tho City	0292.3733754	
217		An Hoa Transaction Office	123-125 (former 36/42-36/44) Tran Viet Chau Str, An Hoa Ward, Ninh Kieu District, Can Tho City	0292.3895775	
218		Ninh Kieu Transaction Office	19-21A Vo Van Tan Str, Tan An Ward, Ninh Kieu District, Can Tho Province	0292.3759989	
219		Cai Rang Transaction Office	164A National Road 1A, Le Binh Ward, Cai Rang District, Can Tho City	0292.3527577	
220		Tran Phu Transaction Office	35 Tran Phu Str, Cai Khe Ward, Ninh Kieu District, Can Tho City	0292.3825789	
221	Dong Thap Branch		60-62 Group 12, Doc Binh Kieu, Ward 2, Cao Lanh City, Dong Thap Province	0277.3876878	

NO.	BRANCH	TRANSACTION OFFICE	ADDRESS	TELEPHONE	NOTES
222		Sa Dec Transaction Office	13-15 Au Co Str, Group 1, Ward 2, Sa Dec City, Dong Thap Province	0277.3772838	
223	Kien Giang Branch		17 Tran Phu Str., Vinh Thanh Ward, Rach Gia City, Kien Giang Province	0297.3929001	
224	Long An Branch		68A Hung Vuong Str, Ward 2, Tan An City, Long An Province	0272.3525588	
225		Ben Luc Transaction Office	125 Nguyen Huu Tho Str, Ben Luc Town, Long An Province	0272.3655828	
226	Can Giuoc Branch		39 National Highway 50, Can Giuoc Town, Can Giuoc District, Long An Province	0272.3550059	
227		Duc Hoa Transaction Office	Duc Hoa 1 Industrial Zone, Hanh Phuc, Duc Hoa Dong Commune, Duc Hoa District, Long An Province	0272.3779791	
228	Tien Giang Branch		134-136 Dinh Bo Linh Str, Ward 2, My Tho Town, Tien Giang Province	0273.3976288	
229		Cai Lay Transaction Office	1/2C 30/4 Str, Ward 1, Cai Lay Town, Tien Giang Province	0273.3919777	
230		Go Cong Transaction Office	17D Truong Dinh Str, Ward 1, Go Cong Town, Tien Giang Province	0273.3514566	
231		Cai Be Transaction Office	Nguyen Chi Cong Str, Group 18, Ward 3, Cai Be Town, Tien Giang Province	0273.3924666	
232	Tra Vinh Branch		23 Nam Ky Khoi Nghia Str, Group 3, Ward 2, Tra Vinh City, Tra Vinh Province	0294.3753699	
233		Nguyen Dang Transaction Office	86 Nguyen Dang Str, Group 6, Ward 7, Tra Vinh City, Tra Vinh Province	0294.3860676	
234	Vinh Long Branch		11-11A-11B-11C Pham Thai Buong Str, Ward 4, Vinh Long City, Vinh Long Province	0270.3852781	
235		Vung Liem Transaction Office	164 Nam Ky Khoi Nghia Str, Group 2, Vung Liem Town, Vung Liem District, Vinh Long Province	0270.3971971	





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