

RIDING
THE DIGITAL WAVE

ANNUAL REPORT 2018



CONTENT

04 VIETCOMBANK PROFILE

44 REPORT OF THE BOM AND BOD

84 ORGANIZATION AND
HUMAN RESOURCES

100 CORPORATE GOVERNANCE

122 COMMUNITY AND
SOCIAL ACTIVITIES

138 FINANCIAL REPORT

NOTABLE BREAKTHROUGHS

VIETCOMBANK PROFILE

Message from the Chairman and the CEO	6-9
General information	10
Establishment and development history	12-19
Services and business network	20
10 Notable events of Vietcombank in 2018	22-27
Corporate governance model & management structure	28
Key financial ratios	30-33
Development strategy	34
2018 Awards	36-43

MESSAGE FROM THE CHAIRMAN AND THE CEO

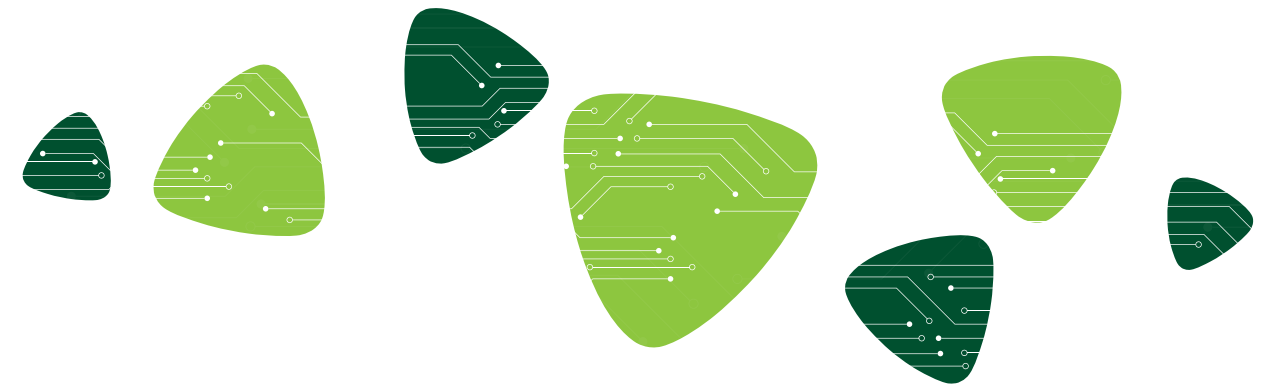


PROFIT BEFORE TAX REACHED
(VND BILLION)

NEARLY 18,300

Almost tripled following implementation of the restructuring plan for 2016 – 2020

Profit before tax reached nearly VND 18,300 billion, an increase of 61.1% over 2017 and nearly 3 times higher than before the start of the Bank's 2016 – 2020 restructuring plan.



The global economy continued to show positive signs in 2018, amidst potential risks from trade wars between its major players. Meanwhile, the domestic economy continued to maintain its growth momentum, evidenced by an impressive 7.08% in GDP growth – the highest in over 10 years. Inflation remained below the target of 4% (CPI increased by 3.54% on average).

The State Bank of Vietnam has successfully utilized monetary policy tools to manage banking activities. Liquidity was good, interest rates and exchange rates stable, credit grew reasonably while credit institution were aggressively restructured and bad debts resolved pulling down NPL ratio.

In 2018, through its committed implementation of all Government and State Bank policies, Vietcombank continued to achieve breakthroughs, celebrating the 55-year mark in a journey of development. The Bank excelled on all planned targets, setting new records and affirming its No. 1 position in terms of profit and quality.

Vietcombank delivered an impressive performance in 2018, surpassing its own 2017 records. Profit before tax reached nearly VND 18,300 billion, an increase of 61.1% over 2017 and nearly 3 times higher than before the start of the Bank's 2016 – 2020 restructuring plan. In particular, as total assets and credit growth slowed down compared to previous years, Vietcombank's lending interest rates were among the lowest in the market. This result proves that Vietcombank is on the right track by employing a business transformation strategy focusing on 3 key pillars: retail, treasury and services, while at the same time relying on the dedication and hard work of its employees.

Vietcombank's NPL ratio dropped to below 1% by the end of 2018, its lowest in 10 years. This was achieved 2 years ahead of its restructuring target and makes Vietcombank the first commercial bank in Vietnam with an actual NPL ratio of less than 1%, all classified according to international standards.

In addition, Vietcombank became the best capitalized bank in Vietnam by the end of 2018. On December 28, 2018, Vietcombank received approval from the Government and the Governor of the State Bank of Vietnam to increase its charter capital through the sale of shares to foreign investors, including GIC and Mizuho, with a total transaction value of VND 6,168 billion. The successful sale of shares to GIC – an investment fund controlled by the Singapore Government, not only attested to the prestige, position and potential of Vietcombank, but also showed foreign investors' increasing confidence in the Vietnamese banking industry.

MESSAGE FROM THE CHAIRMAN AND THE CEO

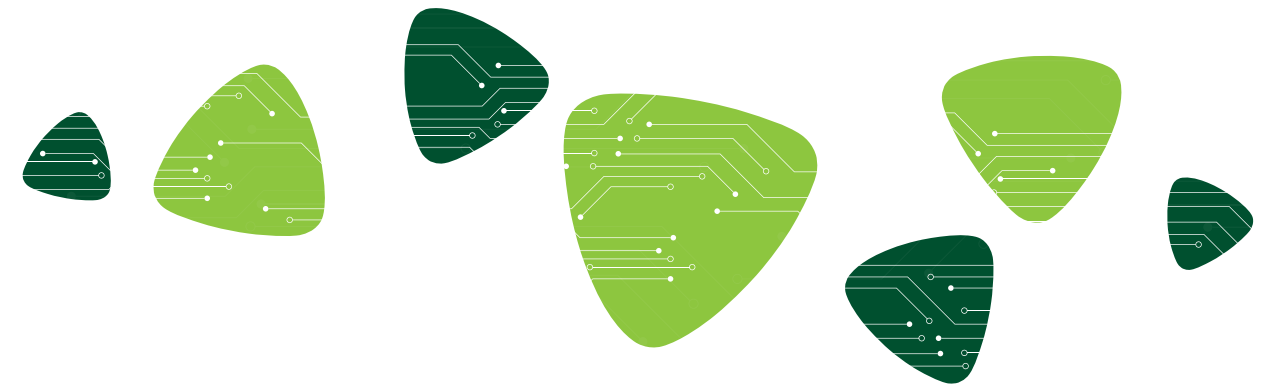


TOTAL ASSETS OF
(VND BILLION)

1,074,027

Up 3.74% compared to 2017

In 2018, celebrating 55 years of operation, Vietcombank has showcased remarkable strength and continues to affirm its pioneering position within the Vietnam banking industry.



On November 28, 2018, Vietcombank became the first bank in Vietnam meeting the prudential standards of Basel II and received approval from the State Bank of Vietnam to officially implement Circular 41 one year ahead of the planned deadline.

In 2018, celebrating 55 years of operation, Vietcombank has showcased remarkable strength and continues to affirm its pioneering position within the Vietnam banking industry. 2018 also saw the successful conclusion of the Bank's 5-year development strategy (2013 – 2018) with assertive and impressive transformations across the board.

On the occasion of its 55th birthday, Vietcombank was awarded the President's First-Class Labor Medal to honor its achievements. In a congratulatory letter addressed to all Vietcombank employees, the General Secretary of the Vietnam Communist Party Central Committee – Mr. Nguyen Phu Trong, the Prime Minister – Mr. Nguyen Xuan Phuc and the Governor of the State Bank of Vietnam – Mr. Le Minh Hung, all expressed a strong belief in the potential for Vietcombank to become not only the top bank in Vietnam, but also one with sizable regional and international presence.

In 2019, armed with the confidence and expectations of the Central Party, the Government, the State Bank, shareholders, investors and millions of customers, Vietcombank leadership and its 17,000 employees are fully committed to realize the vision of making Vietcombank one of Asia's 100 best banks and amongst the 300 largest financial and banking groups in the world, run by global best practices.

Chairman of the Board of Directors
NGHIEM XUAN THANH

Chief Executive Officer
PHAM QUANG DUNG

GENERAL INFORMATION

TRADING NAME

Name in Vietnamese:

NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN NGOẠI THƯƠNG VIỆT NAM

Name in English:

JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE OF VIET NAM

Trading name: VIETCOMBANK

Abbreviated name: VIETCOMBANK

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

Certificate of Business Registration:

Tax code: 0100112437

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

12th Amendment issued on December 16th, 2016

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

In words: Thirty five thousand nine hundred and seventy seven billion, six hundred and eighty five million seven hundred and fifty thousand Vietnam Dong

Ticker symbol: VCB

Par value: VND10,000

Number of shares: 3,597,768,575

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

Phone number: 84 - 24 - 3934 3137

Fax: 84 - 24 - 3826 9067

Website: www.vietcombank.com.vn

CHARTER CAPITAL

35,978

(VND BILLION)



ESTABLISHMENT AND DEVELOPMENT HISTORY

VIETCOMBANK'S EARLIER FORM

Vietcombank was originally the Foreign Exchange Bureau under the National Bank of Vietnam established according to Decree No.443/TTg dated January 20th, 1955 of the Prime Minister. In 1961, the Foreign Exchange Bureau was renamed Foreign Exchange Department under The State Bank of Vietnam pursuant to Decree No.171/CP dated October 26th, 1961 of the Council of Ministers. This unit simultaneously carried out advisory function, performed policy research on foreign exchange control and engaged in international banking operations. This was a step forward, paving the way for the establishment of specialized banks and foreign banking operations later on.

October 30th, 1962

DECREE NO. 115/CP ON THE ESTABLISHMENT OF THE BANK FOR FOREIGN TRADE OF VIETNAM

To conform to international practices on foreign banking operations, on October 30th, 1962, the Council of Ministers issued Decree No. 115/CP on the establishment of the Bank for Foreign Trade of Vietnam – tasked with foreign exchange trading, international payments, international credit, and foreign trade loans. The Bank was also tasked with participating in the management of foreign exchange; contributing to monetary and public property protection; enhancing and expanding economic, political relations and cultural exchanges with foreign countries.

April 1st, 1963

THE INTRODUCTION OF THE BANK FOR FOREIGN TRADE OF VIETNAM

After a preparation period, the Bank for Foreign Trade of Vietnam (Vietcombank) was officially introduced and put into operation as a banking entity specialized in foreign trade. The Bank's office was on the 1st floor, 47-49 Ly Thai To, Hanoi – the same building where the State Bank of Vietnam was located.

Vietcombank had 2 major “missions”. Internally, Vietcombank advised the State Bank of Vietnam on the management of foreign exchange. Externally, it engaged in monetary trading, extended credit and

carried out foreign banking operations such as import-export payments, loan payments and international aid. Vietcombank also provided banking services for international organizations in Vietnam and processed money transfer, cheque clearing transactions with foreign countries, etc.

Immediately after establishment, Vietcombank had made every effort to amass experience and build on its operations, successfully developed trade relations with banks in other socialist states, established connections to support international payment to capitalist countries, as well as arranged credit relationships with foreign economic entities, all of which contributed to the construction of a socialist North Vietnam.

Period of 1963 – 1975

GREAT MISSION IN THE COUNTRY'S WAR FOR INDEPENDENCE

At the height of the 1963 – 1975 American War, as the only authorized foreign trade bank in Vietnam, Vietcombank was charged with a historic mission, which involved providing financial support for our battles raging in the South while also ensuring continued contributions to the construction and economic development of the North.

In April 1965, the Politburo ordered the State Bank of Vietnam to establish a Special Foreign Currency Fund at Vietcombank (code name: B29) to receive international aid and carry out special payments. The Politburo and the Southern Central Committee directly supervised this compact organization of merely a dozen people. In 10 years of top-secret operations, B29 had transported a large amount of foreign currency aid to support our battles in the South. The “money trail” – often associated with code name B29 – became one of 5 legendary “Ho Chi Minh trails” and contributed to the nation's victory in the American War, the complete liberation of the South and the reunification of the country. The Foreign Exchange Department and later, the Bank for Foreign Trade of Vietnam was honored to have taken a role in this historic endeavor.



ESTABLISHMENT AND DEVELOPMENT HISTORY (CONTINUED)



Period of 1975 – 1990 GROWING THROUGH HARDSHIP

After the liberation of the South, through employing effective measures, Vietcombank had quickly taken over the banking system from the old regime, negotiated with foreign banks, recovered for the country hundreds of millions of dollars of assets and capital being held abroad, all the while making significant contributions to post-war Vietnam's economic and social development.

Also in this period, Vietcombank expanded its foreign relationships significantly through inheriting Vietnam memberships at the International Monetary Fund (IMF), World Bank (WB), Asian Development Bank. Vietcombank's correspondent network also grew to more than 500 correspondent banks worldwide. Overseas representative offices were opened. Vietcombank also participated in financing, monetary and payment activities within the SEV block (Council for Mutual Economic Assistance).

Vietcombank became the only authorized foreign trade bank in Vietnam with monopoly in foreign currency, international payments and import-export credit.

Towards the end of the 80s, Vietcombank had established a specialized foreign trade bank network nationwide with a Head Office in Hanoi and 11 branches in significant localities.

As a specialized foreign trade bank, Vietcombank made important contributions to resolving difficulties in industrial and agricultural manufacturing through loan and support for enterprises. The Bank was the first to provide guarantee allowing deferred payment for imports. Vietcombank also borrow hundreds of millions of dollars against its own credit to partly shoulder the country's burden.

EARLY PERIOD OF RENOVATION 1990 - 2000

In 1990, the Project for Renovation of Banking Operations was approved by the Council of Ministers, officially turning Vietcombank into a state-owned commercial bank specialized in foreign affairs.

With its function to manage foreign currency capital in 1993, Vietcombank gradually expanded its global presence through joining SWIFT and later in 1995, becoming a member of Asian Bankers Association. Vietcombank was the first bank in Vietnam to issue international credit cards such as MasterCard and Visa in 1996. Vietcombank was a founding member of Vietnam Bank Card Association and pioneered the adoption of new technologies to banking operations. Also in this period, Vietcombank invested in large projects to support key economic sectors such as Nam Con Son Gas Project, Phu My Fertilizer Plant Project, Phu My Plant Add-on Project, Yali Falls Dam Project, etc.

Despite difficulties coming from continued trade embargoes, Vietcombank had fulfilled its role as the only authorized foreign trade bank representing Vietnam on the world stage. Vietcombank, alongside the Ministry of Finance and the State Bank of Vietnam, successfully negotiated for the reduction of national debts at the Clubs of Paris and subsequently, trade debts at the Clubs of London, helping the country fend off hardships and the national economy gradually stabilize.

Vietcombank not only had to ensure the safety and efficiency of its own operations but during the difficult times of the Vietnamese banking sector, was also tasked by the Government and the State Bank to help reorganize, consolidate and supervise a number of weak joint stock banks. With the effective assistance of Vietcombank in terms of capital, human resources and transactional support, the joint stock banks were able to overcome difficulties, stabilize and grow their businesses.



ESTABLISHMENT AND DEVELOPMENT HISTORY (CONTINUED)



Period of 2000 – 2005
VIETCOMBANK RESTRUCTURING PERIOD

Vietcombank was the first bank to complete the Restructuring Project for the Banking System (2000 – 2005), which focused on improving banks’ financial capacity, management strength and technological base to develop better products and services. The Project had a two-fold goal: heightening banks’ contribution to the economy’s sustainable development and building their good reputation in the regional and global communities. With ING Bank’s technical support as part of a World Bank project, Vietcombank managed to refresh its balance sheet, improved operational efficiency and took a first step towards standardizing, rearranging operational model to reflect practices employed by banks in developed countries.

Vietcombank directed significant investment towards modernization, improving technology capabilities

and diversifying products and services, expanding its operations to other sectors through the establishment of joint ventures and subsidiaries.

In 2002, Vietcombank implemented Core Banking system and became the first bank in Vietnam to provide Online Banking products and services, ATM services and Internet Banking. Vietcombank was a pioneer who revolutionized banking services and products which not only met but also exceeded customers’ demands.

With capital advantages, especially foreign currency capital, the Bank had participated in financing a range of projects of national importance in key economic sectors such as electricity, oil and gas, aviation and telecommunication.



December 26th, 2007
INITIAL PUBLIC OFFERING (IPO) OF VIETCOMBANK

With outstanding business performances and sound management, in 2007, Vietcombank was chosen as a pilot case for privatization in the banking sector under the policy of the Party and Government. On December 26th, 2007, Vietcombank’s initial public offering (IPO) successfully took place. The event was the largest IPO up to that point and added a record-setting VND 10 trillion to the state budget.

June 2008
OPERATING AS A JOINT STOCK COMMERCIAL BANK

On June 2nd, 2008, Vietcombank officially completed its transformation and commenced operation as a joint stock commercial bank.

June 30th, 2009
LISTING OF SHARES ON THE HO CHI MINH STOCK EXCHANGE (HOSE)

Vietcombank shares were officially listed on the Ho Chi Minh Stock Exchange on June 30th, 2009, representing transparency of information, and attracting attention of numerous domestic and overseas investors.



September 30th, 2011
SIGNING A STRATEGIC SHAREHOLDERS AGREEMENT WITH MIZUHO CORPORATE BANK

On September 30th, 2011, Vietcombank once again took the first step forward by selling stakes to a foreign shareholder and entering into a Strategic Partner Agreement with Mizuho Corporate Bank, a member of Mizuho Corporation – the 3rd largest financial corporation in Japan and the 20th largest financial corporation in the world. This was the largest regional M&A transaction of the year, proof of foreign investors’ confidence in the future development of Vietnam financial market in general and Vietcombank in particular.



March 31st, 2013
LAUNCHING A NEW BRAND IDENTITY

Celebrating its 50th anniversary, Vietcombank officially launched a new brand identity, marking significant successes and transformations, at the same time preparing for a new stage of development.

The new Vietcombank brand has its own distinctive personalities with core values as Innovative, Continuous, Caring, Connected, Unique and Secure. These core values not only channel the continuity of the Bank’s history but also show a commitment to always accompany valuable clients who have trusted the Bank through half a century of development.

ESTABLISHMENT AND DEVELOPMENT HISTORY (CONTINUED)



Period of 2013 – 2018

MAKING BREAKTHROUGHS AND CONQUERING NEW HEIGHTS

The 5-year period from 2013 to 2018 witnessed significant and comprehensive shifts for Vietcombank. Business operations achieved impressive performance with total assets, capital mobilization and credit increasing by 2.5, 2.9 and 2.3 times, respectively. In 2018, Vietcombank accelerated in terms of assets and achieved breakthroughs in profit. The bank's total assets continued to exceed VND 1 quadrillion. Its profit reached VND 18,269 billion, up 61.1%, making it the most profitable bank and also the top contributor to the State budget within the banking sector. Vietcombank was the first commercial bank in Vietnam to essentially reduce bad debt rate to lower than 1% as classified by international standards. Strategic planning, management and governance of the bank were significantly transformed to meet market changes and international integration. Domestic and foreign network was continuously expanded; customer relationship improved materially; organization structure standardized and

human resources management aggressively revamped. In addition, comprehensive risk management according to international standards was initially implemented by executing Basel, becoming the first bank in Vietnam officially recognized as Basel II compliant by the State Bank of Vietnam and allowed to apply Circular No. 41 one year earlier than required. The Bank also increased investment into modernization of IT platform and simultaneously implemented many transformation projects geared towards global standards and best practices.

Also in this period, the Governor of the SBV approved a big project to restructure Vietcombank by 2020, wherein Vietcombank envisions itself as the best bank in Vietnam, one of the top 100 regional names and among the 300 largest financial and banking groups in the world, managed according to international best practices.



April 1st, 2018

CELEBRATING THE 55TH ANNIVERSARY OF VIETCOMBANK

In 2018, celebrating 55 years of operation, Vietcombank has showcased remarkable strength and continues to hold its pioneering position within the Vietnam banking industry.

On the occasion of its 55th birthday, Vietcombank was awarded the President's First-Class Labor Medal to honor its achievements. In a congratulatory

letter addressed to all Vietcombank employees, the General Secretary of the Vietnam Communist Party Central Committee – Mr. Nguyen Phu Trong, the Prime Minister – Mr. Nguyen Xuan Phuc and the Governor of the State Bank of Vietnam – Mr. Le Minh Hung, all expressed a strong belief in the potential for Vietcombank to become not only the top bank in Vietnam, but also one with sizable regional and international presence.

SERVICES AND BUSINESS NETWORK

BANKING SERVICES

- ▶ Deposits;
- ▶ Loans;
- ▶ Discounting, re-discounting of bills and other valuable papers;
- ▶ Guarantees;
- ▶ Domestic and foreign factoring;
- ▶ Credit cards;
- ▶ Settlement and banknotes;
- ▶ Foreign exchange in domestic and international markets in accordance with relevant regulations;
- ▶ Correspondent banking;
- ▶ Other services as per the bank's Business Registration.



1,800

CORRESPONDENT BANKS IN 118 COUNTRIES AND TERRITORIES AROUND THE WORLD.

BRANCH NETWORK COVERAGE

As at December 31, 2018, Vietcombank has 106 branches and 431 transaction offices, operating in 53/64 provinces and cities across the country, broken down into 07 regions: 21 branches in the North (19.8%); 15 branches in Ha Noi (14.2%); 14 branches in Northern-Central region (13.2%); 11 branches in the Southern-Central and Highland Regions (10.4%); 17 branches in Ho Chi Minh City (16.0%); 13 branches in Eastern-Southern Region (12.3%); and 15 branches in the Western-Southern Region (14.2%).

Vietcombank established and expanded its network of 1,800 correspondent banks in 118 countries and territories around the world.



10 NOTABLE EVENTS OF VIETCOMBANK IN 2018

1

BREAKTHROUGHS IN PROFIT,
RECORD-SETTING IN BOTH ABSOLUTE VALUE GROWTH

PROFIT BEFORE TAX REACHED

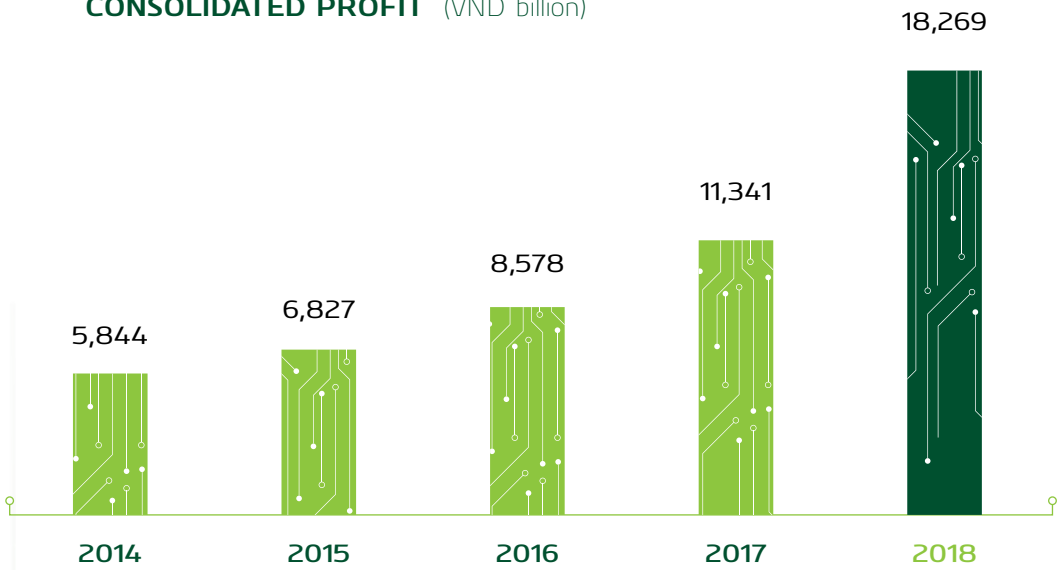
(VND BILLION)

18,269

Vietcombank delivered an impressive performance in 2018, surpassing its own 2017 records. Profit before tax reached nearly VND 18,300 billion, an increase of 61.1% over 2017 and nearly 3 times higher than before the start of the Bank’s 2016 – 2020 restructuring plan.

This profit record far exceeded the plan set earlier in the General Meeting of Shareholders. In particular, as total assets and credit growth slowed down compared to previous years, Vietcombank’s lending interest rates were among the lowest in the market. This result proves that Vietcombank is on the right track with its business transformation strategy that focuses on 3 key pillars: retail, treasury and services, while at the same time relies on the dedication and hard work of its 17,000 employees.

CONSOLIDATED PROFIT (VND billion)



2

NPL RATIO REDUCED TO UNDER 1% FOR THE FIRST TIME, THE LOWEST IN 10 YEARS – ALLOWING THE BANK TO MEET RESTRUCTURING TARGET TWO YEARS AHEAD OF DEADLINE

At the end of 2018, the Bank’s NPL ratio was 0.97%. Vietcombank was the first commercial bank in Vietnam to reduce true NPL ratio to lower than 1% under international loan classification standards.

Vietcombank’s loan loss coverage ratio rose to more than 170% in the end of 2018, highest among all credit institutions in Vietnam.



3

AFTER SUCCESSFUL TIER-I CAPITAL INJECTION, VIETCOMBANK BECAME THE MOST WELL-CAPITALIZED BANK IN VIETNAM

On December 28th, 2018, Vietcombank received approval from the Government and the Governor of the State Bank of Vietnam to increase its charter capital through the sale of shares to foreign investors, including GIC and Mizuho, with a total transaction value of VND 6,168 billion. The successful sale of shares to GIC – an investment fund controlled by the Singapore Government, not only attested to the prestige, position and potential of Vietcombank, but also showed foreign investors’ increasing in the Vietnamese banking industry.

The capital increase not only resulted in higher capital adequacy ratio for Vietcombank but also brought in VND 3,783 billion of premium to the state budget.



10 NOTABLE EVENTS OF VIETCOMBANK IN 2018 (CONTINUED)

4

THE FIRST BANK IN VIETNAM OFFICIALLY RECOGNIZED AS BASEL II COMPLIANT BY THE SBV

On November 28th, 2018, Vietcombank was officially recognized as the first bank in Vietnam meeting Basel II standards. The Bank is allowed to apply Circular No. 41 one year earlier than required.



6

THE FIRST "INNOVATION - CREATIVITY FOR DEVELOPMENT AND INTEGRATION" CONTEST

In 2018, Vietcombank successfully organized the first "Innovation - Creativity for Development and Integration" contest. This was the first competition of its kind for the Bank's staff at the national scale.

The contest attracted more than 1,000 grassroots initiatives, 266 system-level initiatives. 20 most notable initiatives were chosen for implementation and application in the whole system.



5

THE FIRST BANK TO REGISTER AND IMPLEMENT GPI IN VIETNAM

Global Payments Innovation Initiative (SWIFT GPI) was officially launched in December 2017. Vietcombank completed the analysis and implementation of GPI in 6 months, as committed with SWIFT. In June 2018, Vietcombank became the first bank in Vietnam and the 60th bank in the world certified by SWIFT to meet GPI standards. The success of the project showcased the effort and determination of Vietcombank to improve the quality of settlement services and uphold its market-leading position in international settlement not only in Vietnam but also in the eyes of foreign partners.



7

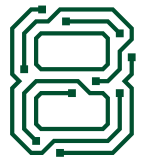
THE FIRST BANK IN VIETNAM LICENSED TO ESTABLISH A REPRESENTATIVE OFFICE IN THE US

In October 2018, Vietcombank received approval from the US Federal Reserve System to open a Representative Office in the city of New York. Vietcombank is the first commercial bank in Vietnam licensed to establish physical presence in the US. The event was a testament to the position and value of the Vietcombank brand in the eyes of foreign partners, while serving as a step towards Vietcombank's goal of "Sailing the vast sea" - becoming one of the 300 largest financial and banking groups globally.

Also in October 2018, Vietcombank's subsidiary bank in Laos officially commenced operation.



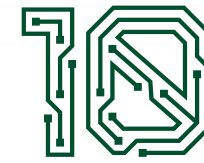
10 NOTABLE EVENTS OF VIETCOMBANK IN 2018 (CONTINUED)



THE BIGGEST CORPORATE INCOME TAX PAYING BANK IN VIETNAM

According to information obtained from the General Department of Taxation, Vietcombank was the biggest corporate income tax payer amongst banks in Vietnam for 2018 and one of two biggest corporate income tax payer amongst all enterprises.

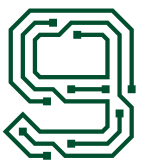
This result recognized important contributions of Vietcombank to the state budget. It also affirmed the Bank's outstanding effectiveness in business operations.



MARKING OF 55 YEARS OF ESTABLISHMENT OF VIETCOMBANK

After 55 years of operation, Vietcombank celebrates a development history of strength and pride, and continues to affirm its pioneering position in the Vietnam banking industry. 2018 also marks 5 years of development (2013 – 2018) full of comprehensive and impressive transformations. In 2018, Vietcombank continued to make breakthroughs, successfully and comprehensively completed targets and plan set earlier, affirming the number one position in terms of profit and quality of operations.

On the occasion of its 55th birthday, Vietcombank was awarded the President's First-Class Labor Medal to honor its achievements. In a congratulatory letter addressed to all Vietcombank employees, General Secretary of the Vietnam Communist Party Central Committee – Mr. Nguyen Phu Trong, Prime Minister – Mr. Nguyen Xuan Phuc and Governor of the State Bank of Vietnam – Mr. Le Minh Hung, all expressed a strong belief in the potential for Vietcombank to become not only the top bank in Vietnam, but also one with sizable regional and international presence.



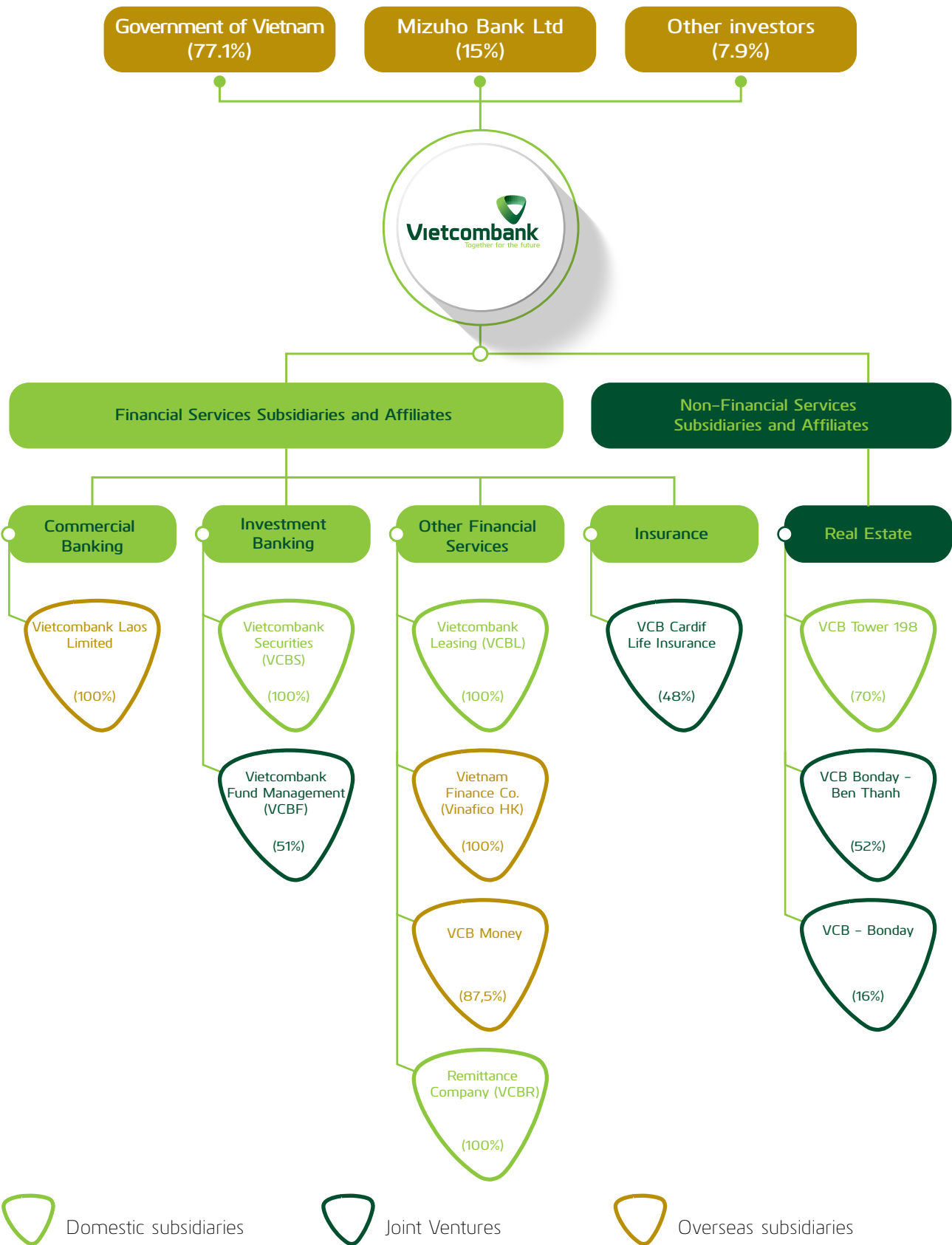
VIETCOMBANK PARTY ORGANIZED A VISIT TO OFFICERS, SOLDIERS AND PEOPLE ON TRUONG SA ISLANDS

Celebrating the 55th anniversary of Vietcombank, a team of 60 members from 39 of its Party Committee Units nationwide visited and presented gifts to officers, soldiers and people on Truong Sa Islands and DK1/15 rigs in Truong Sa Islands, Khanh Hoa Province. The visit represented a long-standing affection and responsibility of staffs and Party members in the whole system of Vietcombank. It was also an occasion to motivate and support the life of soldiers and people on the islands and rigs who help preserve national sovereignty on the sea.

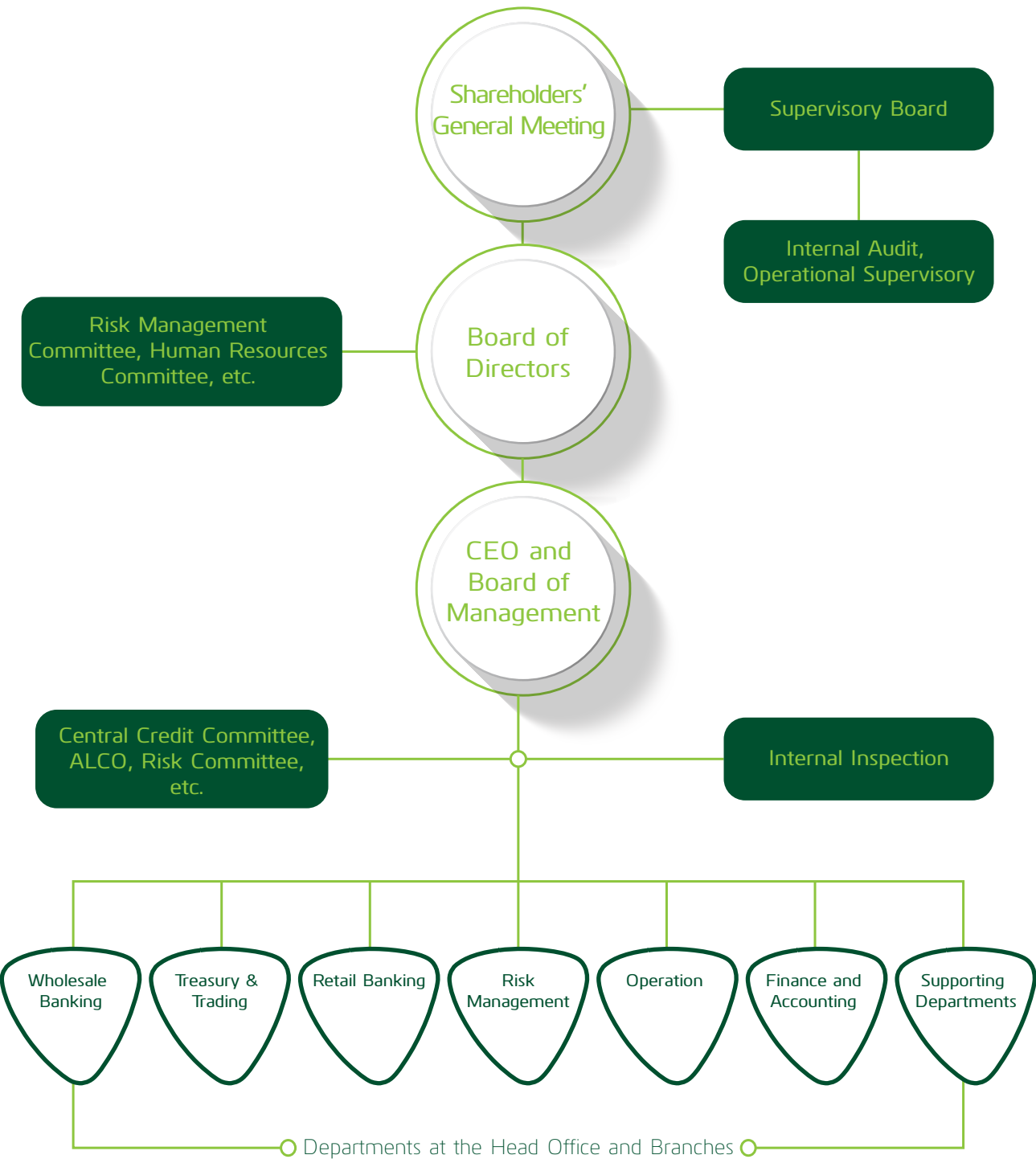


CORPORATE GOVERNANCE MODEL & MANAGEMENT STRUCTURE

CORPORATE GOVERNANCE MODEL



MANAGEMENT STRUCTURE

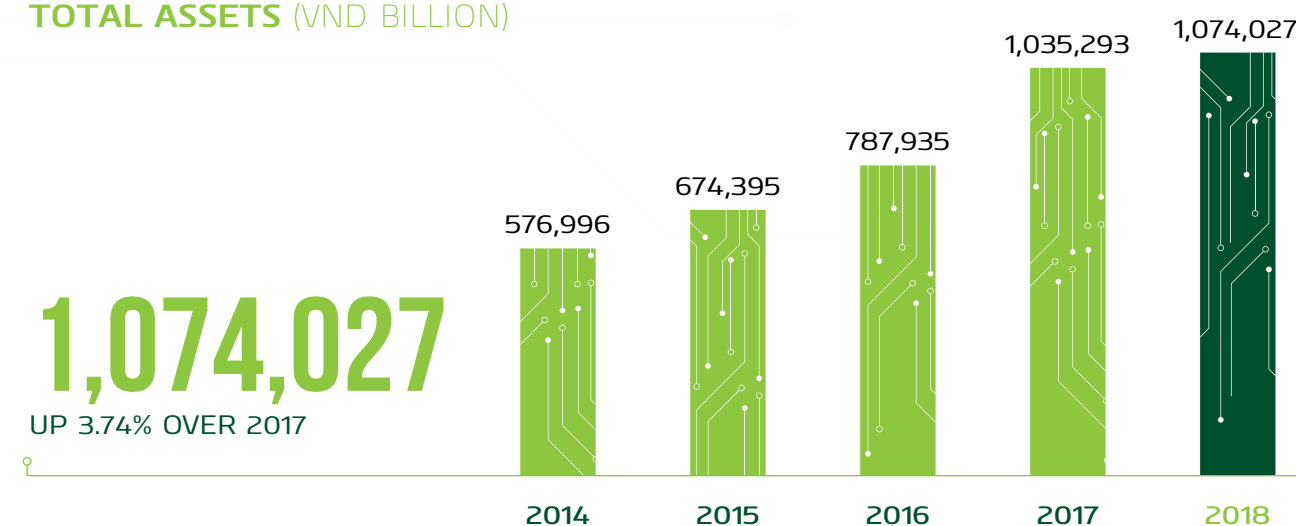


KEY FINANCIAL RATIOS

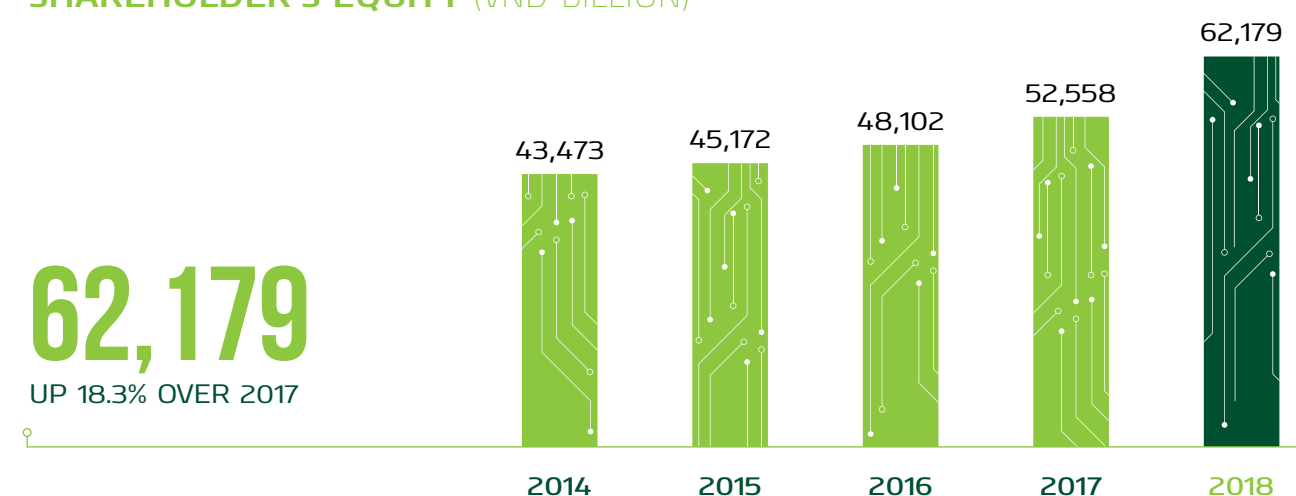
Unit: VND billion, %

	2014	2015	2016	2017	2018
KEY BUSINESS INDICATORS					
Total asset	576,996	674,395	787,935	1,035,293	1,074,027
Shareholder's equity	43,473	45,172	48,102	52,558	62,179
Total deposit/Total assets ratio	56.04%	57.4%	58.5%	52.5%	58.8%
Non-interest income	5,295	5,749	6,352	7,469	10,870
Total operating income	17,286	21,202	24,886	29,406	39,278
Total operating expense	(6,849)	(8,306)	(9,950)	(11,866)	(13,611)
Net operating income before loan loss provision	10,436	12,896	14,929	17,540	25,667
Loan loss provision	(4,591)	(6,068)	(6,406)	(6,198)	(7,398)
Profit before tax	5,844	6,827	8,523	11,341	18,269
Corporate income tax	(1,258)	(1,495)	(1,672)	(2,231)	(3,647)
Profit after tax	4,586	5,332	6,851	9,111	14,622
Net profit	4,567	5,314	6,832	9,091	14,606
PROFITABILITY RATIOS					
NIM	2.35%	2.58%	2.63%	2.66%	2.94%
ROAE	10.76%	12.03%	14.69%	18.09%	25.49%
ROAA	0.88%	0.85%	0.94%	1.00%	1.39%
KEY RISK INDICATORS					
Loans/Deposits ratio	75.92%	76.76%	76.71%	76.74%	77.68%
Non-Performing Loan ratio	2.31%	1.79%	1.46%	1.11%	0.97%
CAR	11.35%	11.04%	11.13%	11.63%	12.14%
STOCK					
Common shares	2.665	2.665	3.597	3.597	3.597
Dividend payout ratio	10%	10%	8%	8%	8%
Share price (year-end)	31,900	43,900	35,450	54,300	53,500
Market capitalization	85,014	116,994	127,514	195,359	192,440
EPS	1,533	1,626	1,566	2,526	3,584
DPS	1,000	1,000	800	800	800

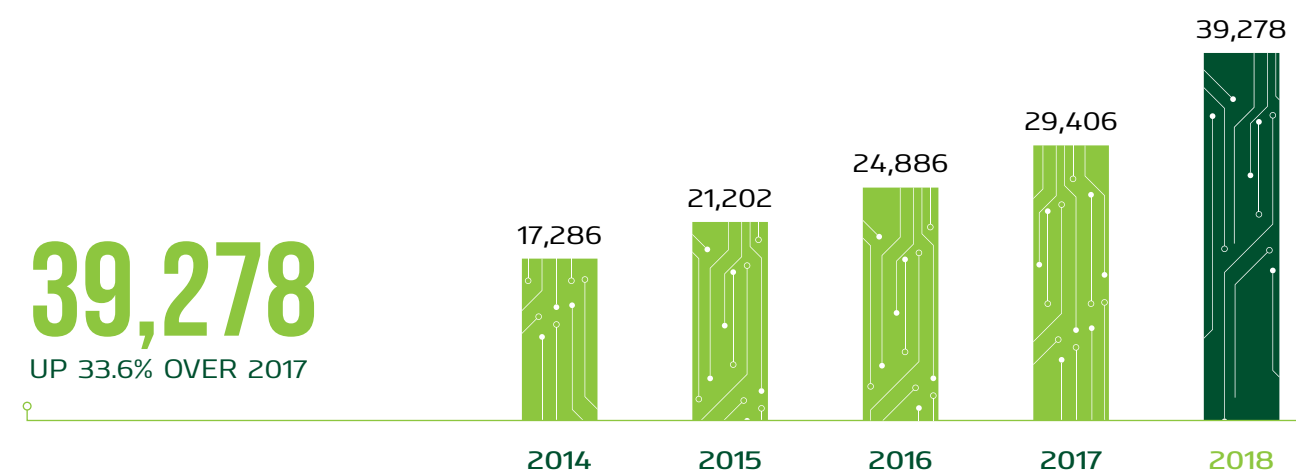
TOTAL ASSETS (VND BILLION)



SHAREHOLDER'S EQUITY (VND BILLION)

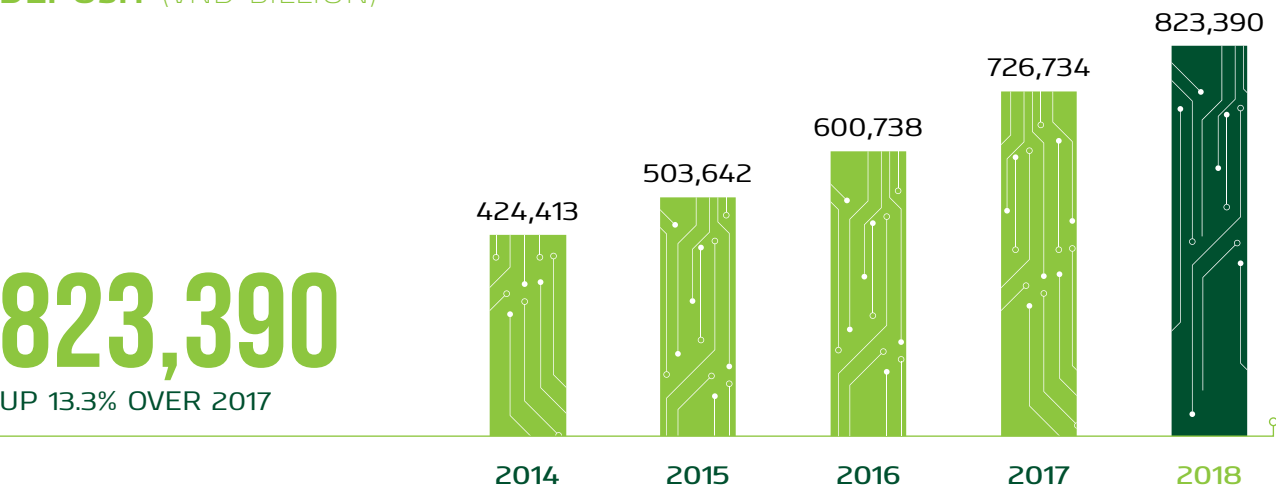


TOTAL OPERATING INCOME (VND BILLION)

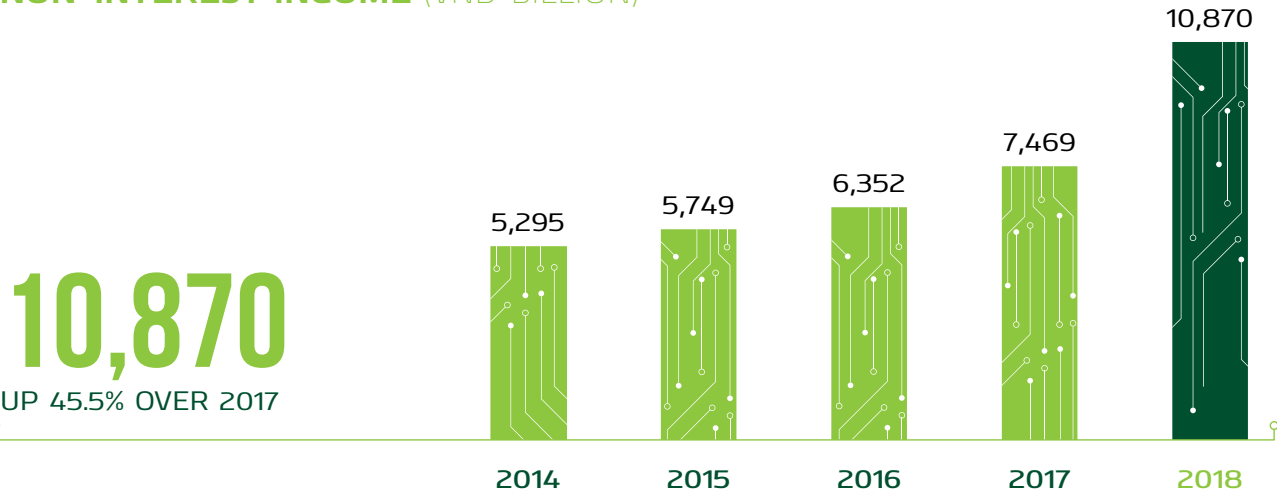


KEY FINANCIAL RATIOS (CONTINUED)

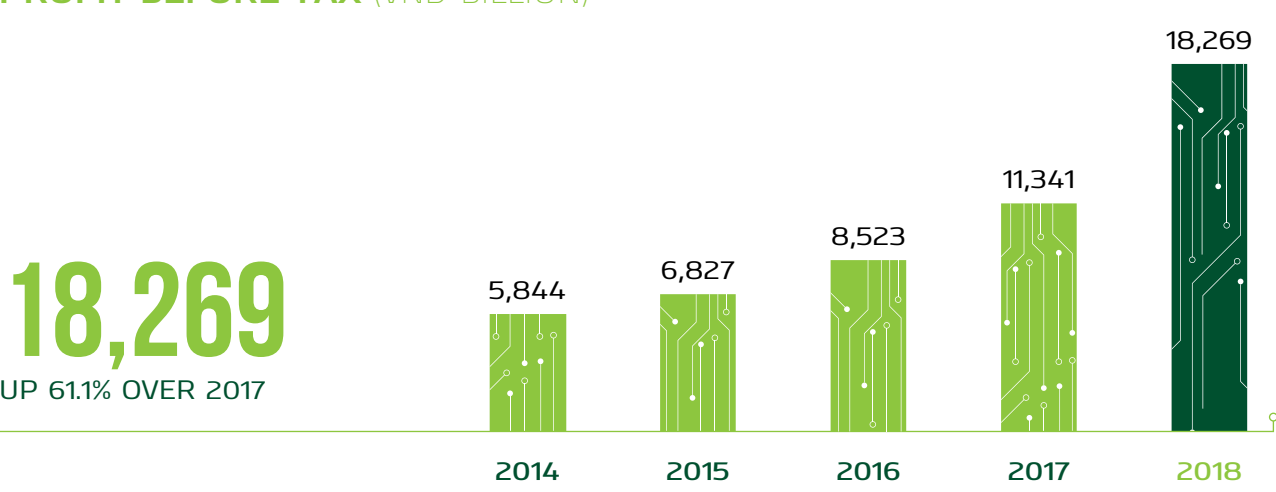
DEPOSIT (VND BILLION)



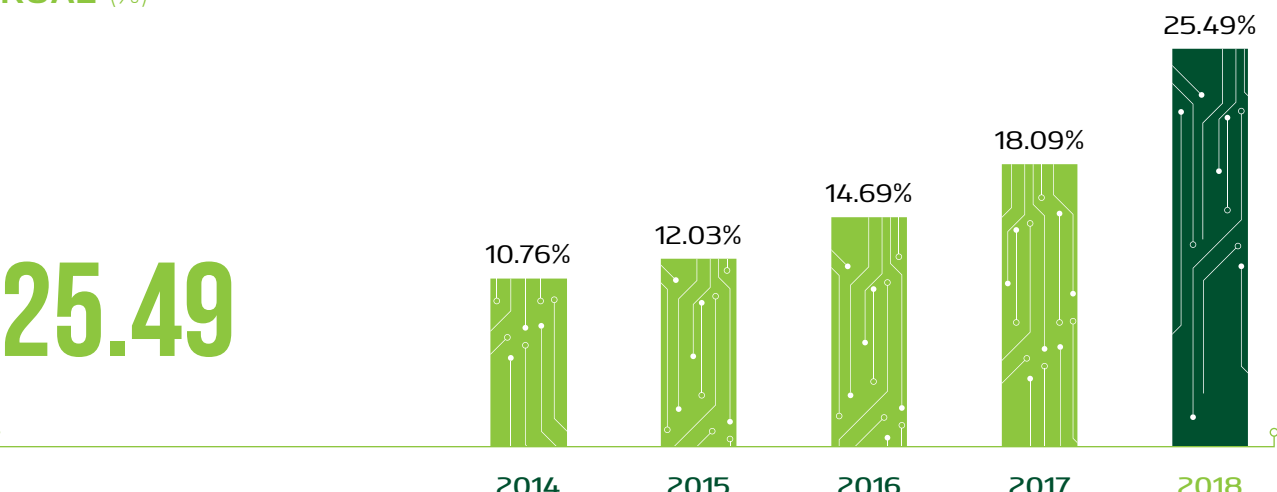
NON-INTEREST INCOME (VND BILLION)



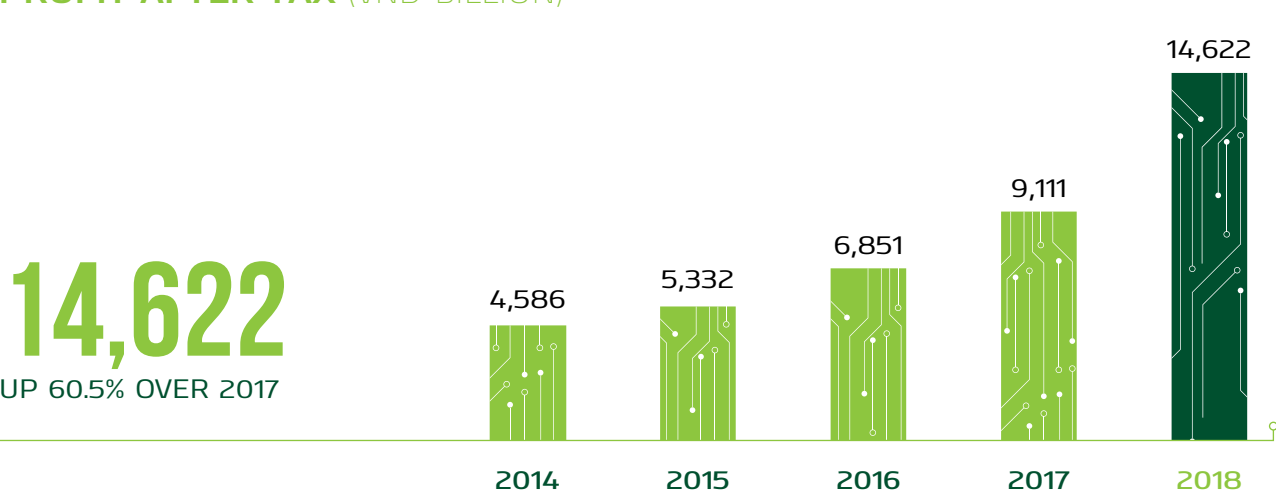
PROFIT BEFORE TAX (VND BILLION)



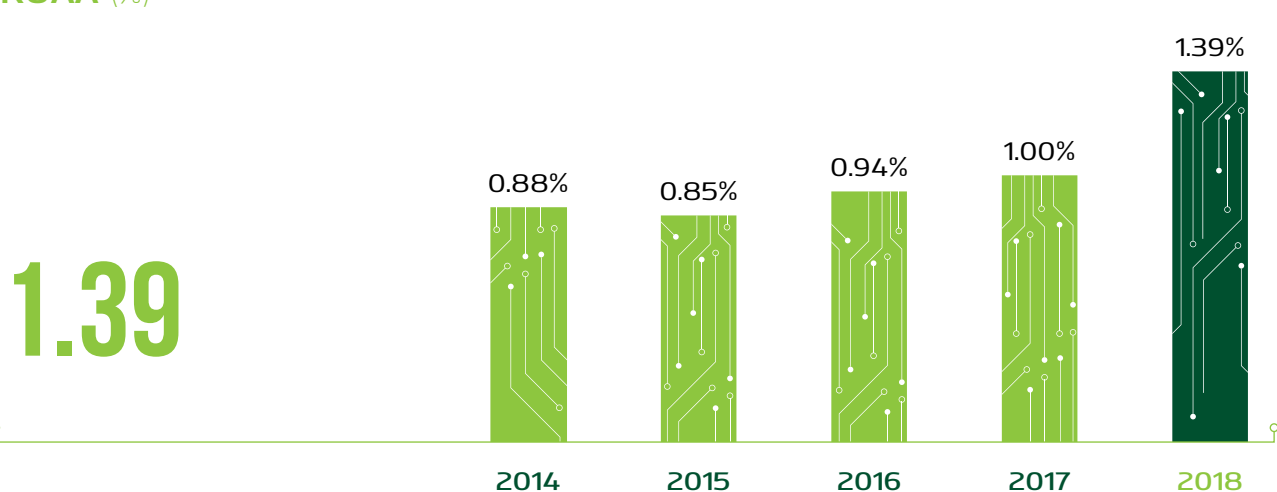
ROAE (%)



PROFIT AFTER TAX (VND BILLION)



ROAA (%)



DEVELOPMENT STRATEGY

VISION

THE NUMBER 1 BANK IN VIETNAM

The number 1 bank in Vietnam, one of 100 largest bank in Asia and 300 largest banking groups globally, underpinned by the best international practices in management.

In the next period (after 2020), Vietcombank plans to uphold its position as the best bank in Vietnam and at the same time gradually build up the Bank's regional presence.

STRATEGIC OBJECTIVES TOWARDS 2020



TOP 1 IN RETAIL BANKING AND TOP 2 IN WHOLESALE BANKING

Consolidate wholesale activities, strengthen retail activities to become a basis of sustainable development. Maintain and expand domestic market and selectively develop oversea market.



LARGEST PROFIT SCALE WITH HIGH PROFITABILITY

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



HIGHEST CUSTOMER SATISFACTION

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



NO. 1 IN TERMS OF HUMAN RESOURCE QUALITY

Improve the staff quality through recruitment, training policies, rotation and appointment; and strengthen staff loyalty and productivity.



BEST BANK IN TERMS OF RISK MANAGEMENT

Adopt international standards in managing risks and continuously improve risk management culture. Ensure adequacy ratios in accordance with regulations of SBV and targets of the Bank.



NO. 1 IN DIGITAL TRANSFORMATION

Invest in advanced technological infrastructure to meet requirements for business growth, especially in digital banking services and under transformation projects for competitiveness and capacity building.

GOALS FOR SOCIETY AND COMMUNITY



Vietcombank is always an active participant in programs to support the poor in remote areas, implementing social security schemes in health care, education, etc. to contribute to the common development of the society.

2018 AWARDS

PROUD MOMENTS

In 2018, Vietcombank proudly added its name to the international and regional maps with many prestigious awards.



DOMESTIC AWARDS

THE ONLY BANK RECOGNIZED AS A NATIONAL BRAND FOR 6 CONSECUTIVE YEARS

Vietcombank is the only bank recognized by the National Branding Council as a national brand for 6 consecutive years. The National Brand is a program to promote national images and brands through prominent products and services. In 2018, Vietcombank achieved outstanding results in multiple aspects of its operation. The bank was given many prestigious awards by domestic and international organizations.



Deputy CEO Nguyen Thi Kim Oanh received token and flowers from Deputy Prime Minister Trinh Dinh Dung and Minister of Industry and Trade Tran Tuan Anh

THE BIGGEST CORPORATE INCOME TAX PAYING BANK IN VIETNAM

According to the General Department of Taxation about biggest corporate income tax payers in 2018, Vietcombank was the biggest corporate income tax paying bank in Vietnam, as well as one of the two biggest tax payers among all listed companies in the country. This result represents important contributions of Vietcombank to the State budget. It also affirmed the bank's outstanding effectiveness in business operations.



Ms. Phung Nguyen Hai Yen – Vietcombank Deputy CEO (the 10th person from the left) received the Order of Merit and flowers from the organizers in the recognition of Vietcombank as the biggest corporate income tax paying bank in Vietnam

THE MOST PRESTIGIOUS BANK IN VIETNAM

At the “Announcement of Top 10 Prestigious Banks in Vietnam 2018” organized by Vietnam Report and Vietnamnet, Vietcombank continued to be voted favourably after 2 consecutive years (2017 – 2018) being ranked the first in Top 10 Prestigious Commercial Banks in Vietnam. Vietcombank outperformed other banks in the banking system and became the first bank in Vietnam with 5-digit billion profit, and boasting the lowest NPL ratio among largest credit institutions.



Mr. Pham Manh Thang – Vietcombank Deputy CEO (the person in the middle) received the award for the top unit in Top 10 Prestigious Commercial Banks in Vietnam 2018

THE TOP BANK IN TOP 10 MOST PROFITABLE COMPANIES IN VIETNAM 2018

Vietcombank proudly made its way into the top 10 most profitable companies in Vietnam for 2018 as ranked by Profit500 and continued to lead the banking sector in this regard. Companies honored in the 2018 Profit500 ranking are role models with outstanding business results, effectiveness and profitability. The award was held and voted by Vietnam Report.



Representative of Vietcombank (in the first row, the person in the middle) received the award from the organizers.

ENTERPRISE FOR EMPLOYEES

This was the 5th time Vietcombank was recognized as an “Enterprise for Employees”. The ranking was based on a set of criteria developed by Vietnam General Confederation of Labour. The set of criteria must reflect the actual employment and recruitment of the enterprise in several aspects, including income, training, working environment, social welfares and extra activities for physical and mental health.



Mr. Le Quang Vinh – Vietcombank Deputy CEO (the person in the middle) received the “Enterprise for Employees” Award.

2018 AWARDS (CONTINUED)

OUTSTANDING RETAIL BANK IN 2018

Vietcombank was honored with "Outstanding retail bank" Award in 2018. With its prestige, domestic network, international scope of operations, as well as correspondent relationships with numerous banks in the world, Vietcombank is the leading bank in terms of retail such as credit card, e-banking services, remittance, etc. The award was voted by Vietnam Banks' Association and the International Data Group (IDG).



Mr. Thomas William Tobin – Retail Banking Group Director (the 4th person from the left) and representatives of units under Retail Banking Division of Vietcombank received the "Outstanding Retail Bank 2018" Award

MOST OUTSTANDING TRANSACTION OF THE DECADE (2009 - 2018)

Vietcombank was honored to receive order of merit and certificate of the "Most outstanding transaction of the decade" (2009 – 2018). In September 2011, Vietcombank sold 15% of its stake to Mizuho. This investment was equivalent to USD 562 million. Notably, at that time, Mizuho was not only the first strategic partner but also the only foreign strategic partner of Vietcombank.



On behalf of Vietcombank, Ms. Trương Thị Thủy Nga – Deputy CEO (in the middle) received the order of merit and certificate "The most outstanding transaction of the decade" (2018 – 2019) – An award voted by Vietnam Investment Review in collaboration with AVM Vietnam.



THE BEST FX & CASH MANAGEMENT BANK

Vietcombank was presented with 2 awards by The Asian Banker, including "The best Foreign Exchange Bank in Vietnam" and "The best Cash Management Bank in Vietnam". According to The Asian Banker, 2017 was a successful year of Vietcombank, especially in FX and cash management. The bank provided leading financial solutions to leading companies in service and manufacturing sectors such as Sabeco, Thaco, etc.



On behalf of Vietcombank, Mr. Phạm Mạnh Thắng – Deputy CEO (the 2nd person from the right) and Ms. Phan Khanh Ngọc – Director of PR Department received the award presented by The Asian Banker.

OUTSTANDING BANK IN 2018 - THE BANKER

This is one of the most prestigious awards presented to banks with notable achievements in finance – banking sector in each country by The Banker. The award affirms the Bank's strong corporate governance, effective operational model and reliable risk assessment procedure.



On behalf of Vietcombank, Mr. Hồng Quang – Member of BOD, Human Resource Group Director, received the "Outstanding bank in 2018" award of The Banker

2018 AWARDS (CONTINUED)

THE STRONGEST BANK IN VIETNAM - THE ASIAN BANKER

For the third consecutive year Vietcombank received "The Strongest Bank by Balance Sheet in Vietnam" award. This is an annual award of The Asian Banker which evaluates business and financial operations of regional commercial banks. Vietcombank's brand power index rose from 3.34 in 2017 to 3.55 in 2018.



On behalf of Vietcombank, Ms. Nguyen Thi Xuan Hoa (middle), Director of Payment Centre, received the award presented by The Asian Banker.

BEST BANK IN VIETNAM IN 2018 - ALPHA SOUTHEAST ASIA

Vietcombank continued to receive the "Best Bank in Vietnam" award in 2018. Vietcombank was highly appraised with effective business strategies; management model, professional operations towards customer services according to international standards; well adapted with market trends and customers' needs; sustainable growth rate, etc.



On behalf of Vietcombank, Ms. Vu Thi Bich Thu – Vietcombank Chief Representative in Singapore (the 4th person from the left) and representatives of several banks in the region received the award presented by Mr. Siddiq Bazarwala – Publisher of Alpha Southeast Asia.

BEST BANK & MOST OUTSTANDING COMPANY IN FINANCIAL SECTOR OF VIETNAM - ASIAMONEY

Vietcombank was the only representative from Vietnam invited to the Award Ceremony and among the few organizations honored with multiple awards from Asiamoney such as "Best Domestic Bank in Vietnam"; "The most outstanding enterprises in the finance sector of Vietnam".



On behalf of Vietcombank, Mr. Nguyen Manh Hung – Member of BOD (the person in the middle), received the award presented by Asiamoney

MOST VALUABLE BANK BRAND IN VIETNAM - FORBES VIETNAM

The award ceremony of 40 most valuable corporate brands voted by Forbes Vietnam was Vietcombank's second time continuously honored with The Most Valuable Bank Brand Award. Vietcombank continued to be in the Global 2000 2018 of Forbes. The Bank ranked 1,294th, leading the three voted Vietnamese banks.



On behalf of Vietcombank, Ms. Truong Thi Thuy Nga – Deputy CEO (the person in the left), received the award presented by Forbes Vietnam

TOP 50 BEST LISTED COMPANIES IN VIETNAM FOR 6 CONSECUTIVE YEARS - FORBES VIETNAM

Vietcombank was honorably voted in the list of 18 companies that in 6 consecutive years retained their positions in the list of the 50 best listed companies by Forbes Vietnam. Forbes Vietnam evaluated: In Vietnam banking system, Vietcombank is considered as the bank with best quality of assets with income structure, leading the market in many areas of products and services.



On behalf of Vietcombank, Mr. Huynh Song Hao – Chief Representative in the South (the person in the middle), received the award presented by Forbes Vietnam.

BANK WITH MOST CREATIVE AND EFFECTIVE MOBILE BANKING SERVICES IN 2018 - ASIAN BANKING & FINANCE

Vietcombank was selected from numerous profiles with criteria including Creativity and Innovation of products and services; Effectiveness and impacts of products and services on general banking operations; Capability regarding innovation and improvement of products and services in the future, etc.



On behalf of Vietcombank, Ms. Vu Thi Bich Thu – Vietcombank Chief Representative in Singapore received "The bank with the most creative and effective mobile banking services in 2018" presented by Asian Banking & Finance

2018 AWARDS (CONTINUED)

BEST BANK IN VIETNAM IN 2018 - FINANCE ASIA

This was the second consecutive year Vietcombank received this award. The award aims to honor outstanding banks in each country. Vietcombank is now considered the Bank with best asset quality. It is also the most profitable among all banks in Vietnam market.



On behalf of Vietcombank, Mr. Nghiem Phu Quoc – Deputy CEO of Vinafico in Hong Kong, received the “Best bank in Vietnam in 2018” award presented by Finance Asia

BANK WITH BEST WORKING ENVIRONMENT IN VIETNAM

Vietcombank continued to affirm its position as the most attractive bank when Anphabe – a pioneering consulting unit in terms of solutions for employer’s brand and happy working environment in Vietnam, in collaboration with Intage – a leading market research in Japan, gave it the first rank in the whole banking sector, the second rank in the market among “100 best workplaces in Vietnam 2018”.

Anphabe evaluated: “This is not only the achievement of different levels of management and human resources department but also a proof for efforts of each Vietcombank employee in building an ideal working environment together and spreading positive feelings of the company to the outside”.



AWARDS BY JCB - AN INTERNATIONAL CARD ORGANIZATION

With pioneering and important contributions to the development of card services in Vietnam, Vietcombank has been presented with prestigious awards: Leading partner in terms of JCB card payment volume, Leading partner in terms of JCB card spending volume. Vietcombank was also honored with Japan Award – an award for partners with outstanding contributions to the increase of card spending volume in Japan.



Mr. Imada – Chairman of International Card Organization – JCB (the 2nd person from the right) presented the Leading partner in terms of JCB card payment volume award to the representative of Vietcombank – Mr. Thomas William Tobin – Retail Banking Group Director (far right)

AWARDS PRESENTED BY VISA - AN INTERNATIONAL CARD ORGANIZATION

With pioneering and important contributions to the development of card services in Vietnam, Vietcombank has been presented with prestigious awards: The bank with the highest card usage volume in 2018; The bank with the highest international debit card usage volume; The bank with the highest ratio of international debit card usage volume; The bank with the highest card payment volume.



Vietcombank was presented with the Bank with highest card payment volume award

PAYMENT QUALITY

Awards	Presented by the bank
Excellence in International Payment Quality Award 2017	The Bank of New York Mellon
Straight – Through Processing Excellence Award 1996 – 2018	JPMorgan Chase Bank, N.A.
Excellence in Payment Quality Award 2017 – 2018	Wells Fargo Bank, N.A.
Straight – Through Processing in USD Excellence Award 2017	Deutsche Bank AG
Straight – Through Processing in EUR Excellence Award 2017	Deutsche Bank AG

CONQUERING NEW HEIGHTS

REPORT OF THE BOM AND BOD

Report on financial	46
Shareholder structure and changes in shareholders' equity	48
Implementation of projects	50-55
Assessment by the Board of Management	56-67
Business orientation in 2019	68-73
Assessment by Board of Directors	74-83

REPORT ON FINANCIAL

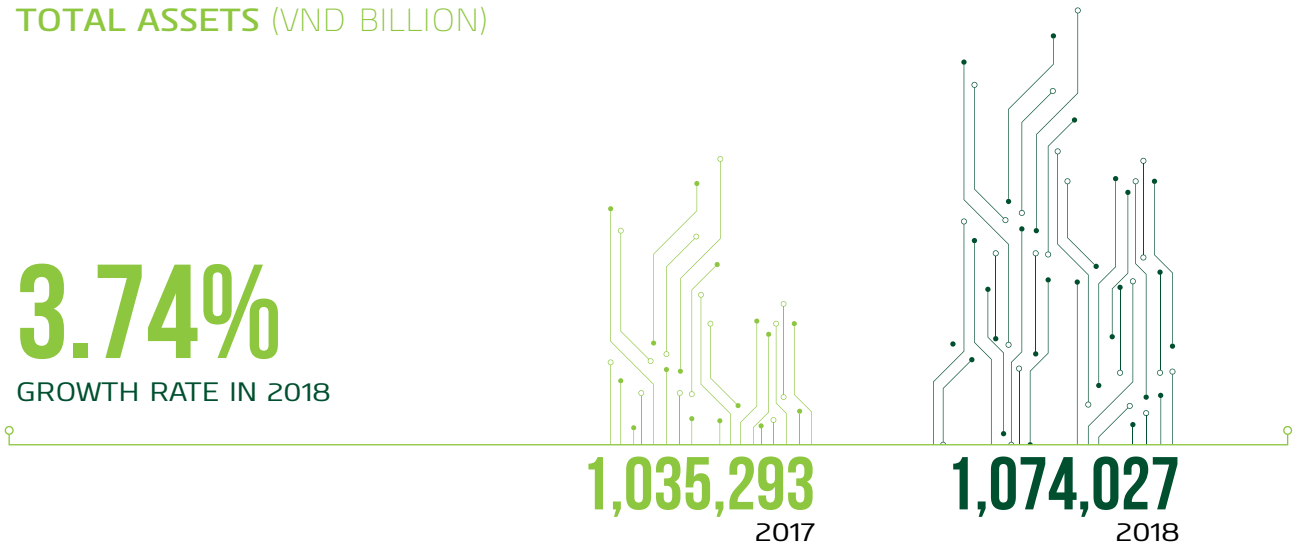
Unit: VND billion, %

Financial Situation	2017	2018
Financial Indicators		
Total assets	1,035,293	1,074,027
Revenue	58,278	73,884
Taxes and other payable items	3,262	4,141
Profit before tax	11,341	18,269
Profit after tax	9,111	14,622
Key Financial Indicators		
Capital		
Charter capital	35,978	35,978
Total assets	1,035,293	1,074,027
Capital adequacy ratio	11,63%	12,14%
Business results		
Deposits volume	12,653,763	14,772,709
Loans volume	1,458,668	1,623,756
Debt collection volume	1,376,305	1,534,396
Non-performing loans	6,209	6,223
Loans/Total deposits (in VND)	76.74%	77.68%
Overdue guarantee balances/Total outstanding guarantees	0.66%	1.57%
Overdue loans/Total outstanding loans	1.97%	1.56%
Non-performing loans/Total outstanding loans	1.11%	0.97%
Liquidity		
Liquidity reserve ratio	35.9%	24.1%
Liquidity ratio within 30 days by currency		
▶ VND	155.6%	91.8%
▶ Foreign currencies in USD equivalent	89.4%	104.0%

TOTAL ASSETS (VND BILLION)

3.74%

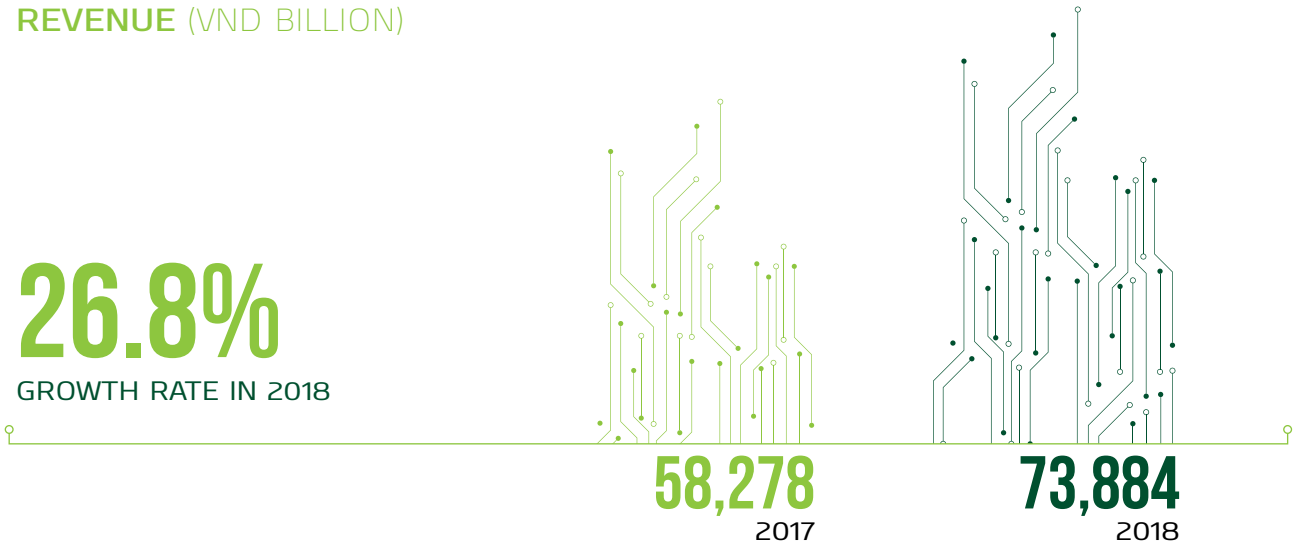
GROWTH RATE IN 2018



REVENUE (VND BILLION)

26.8%

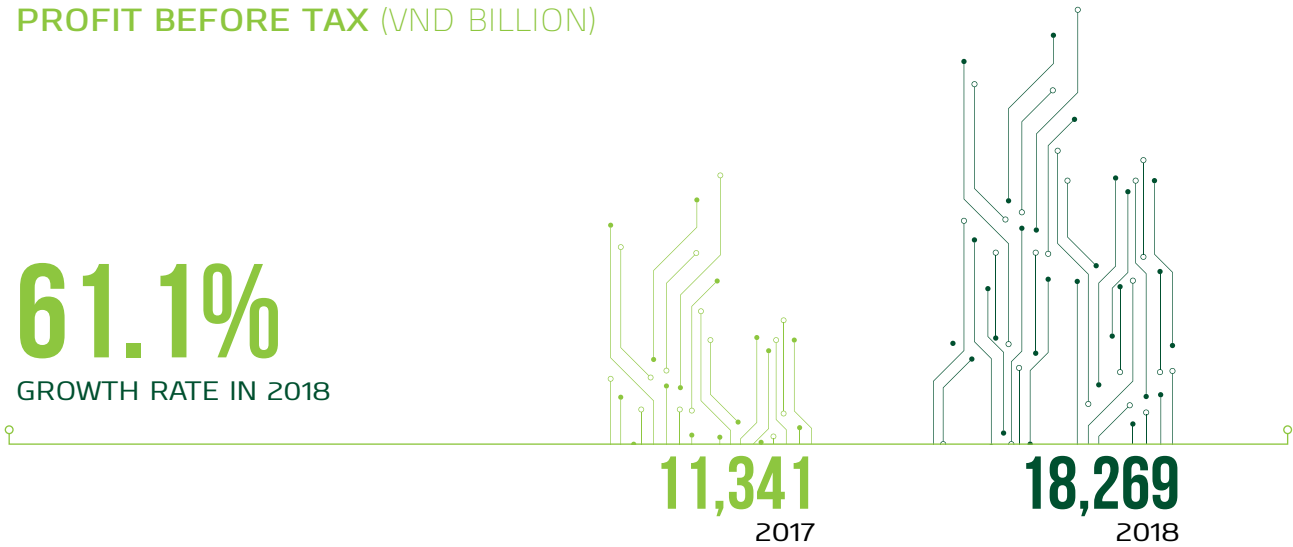
GROWTH RATE IN 2018



PROFIT BEFORE TAX (VND BILLION)

61.1%

GROWTH RATE IN 2018



SHAREHOLDER STRUCTURE AND CHANGES IN SHAREHOLDERS' EQUITY
(as at 31 December 2018)

SHARES

Total shares	Type of shares	Number of transferable shares	Number of restricted shares
3,597,768,575	Common shares	283,671,460	3,314,097,115

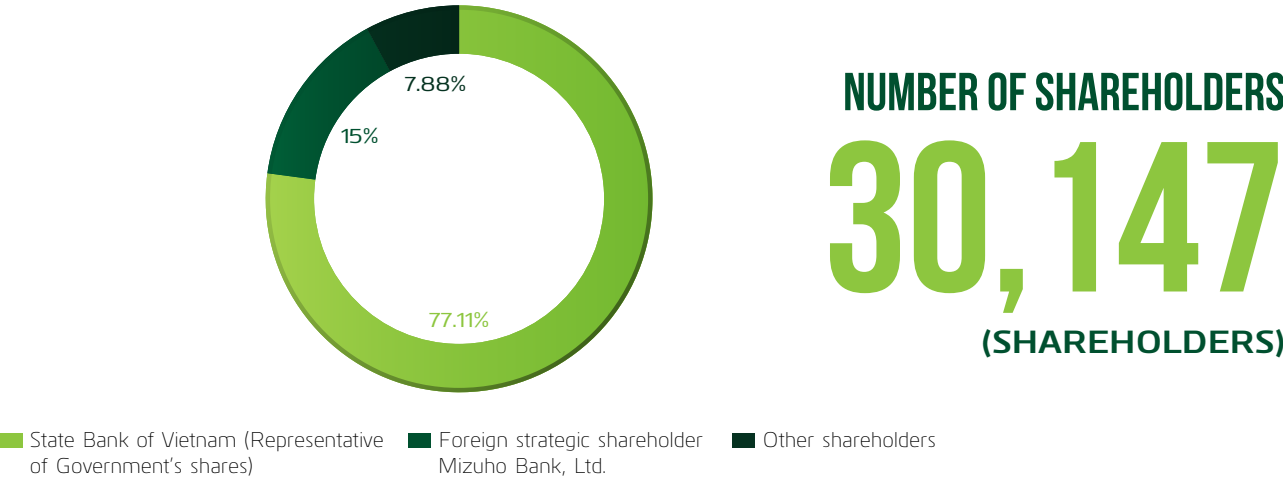
LIST OF SHAREHOLDERS HOLDING RESTRICTED SHARES

No.	Shareholder	Total shares	Number of restricted shares	Restricted period
1	State Bank of Vietnam (Representative for the Government's shares)	2,774,353,387	2,774,353,387	According to the provisions of Clause 1, Article 56, Law on Credit Institutions No. 47/2010/ QH12: "Individuals and institutional shareholders who have representative(s) being member of the Board of Directors, Supervisory Board, CEO (General Director) of the credit institutions shall not be allowed to transfer his/ her shares during his/ her terms".
2	Internal shareholders	75,226	75,226	
	▶ Board of Directors	61,590	61,590	
	▶ Supervisory Board	13,636	13,636	
3	Foreign strategic shareholder: Mizuho Bank, Ltd.	539,668,502	539,668,502	
Total		3.314.097.115	3.314.097.115	

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



SHAREHOLDER STRUCTURE



No.	Shareholders	Total shares	Ownership rate	Number of shareholders
I	State Bank of Vietnam (Representative of Government's shares)	2,774,353,387	77.11%	1
II	Foreign strategic shareholder Mizuho Bank, Ltd.	539,668,502	15.00%	1
III	Other shareholders	283,746,686	7.88%	30,145
1	Domestic individual shareholders	57,548,300	1.61%	28,826
2	Domestic organization shareholders	19,552,658	0.54%	165
3	Foreign individual shareholders	8,327,446	0.23%	953
4	Foreign organization shareholders	198,186,670	5.51%	201
Total		3,597,768,575	100.00%	30,147

LIST OF MAJOR SHAREHOLDERS

No.	Shareholders	Address	Total shares	Ownership rate
1	STATE BANK OF VIETNAM	47-49 Ly Thai To Street, Hoan Kiem District, Ha Noi City	2,774,353,387	77.11%
2	MIZUHO BANK. LTD	1-5-5 Otemachi, Chiyoda-ku, Tokyo, Japan	539,668,502	15.00%

(Source: Shareholders list as at December 31st, 2018 provided by Vietnam Securities Depository).

IMPLEMENTATION OF PROJECTS

INVESTMENTS/DIVESTMENTS IN 2018

In 2018, VCB implemented investments/divestments:

Unit: VND billion

No.	Name of Unit	Investment capital as of 31/12/2018	Investment capital as of 31/12/2017	Additional investments/ (divestments)
1	Vietcombank Laos Limited	1,820.40	0	1,820.40
2	Cement Finance Joint Stock Company	0	70.95	(70.95)
3	Vietnam Export Import Commercial Joint Stock Bank	319.91	582.06	(262.16)
4	Military Commercial Joint Stock Bank	802.27	1,242.99	(440.72)
5	Oriental Commercial Joint Stock Bank	0	144.80	(144.80)
6	PetroVietnam Drilling & Well Services Corporation	0	5.50	(5.50)
7	Vietnam Airlines Corporation	353.18	499.60	(146.42)



SUBSIDIARIES, JOINT-VENTURES AND ASSOCIATES

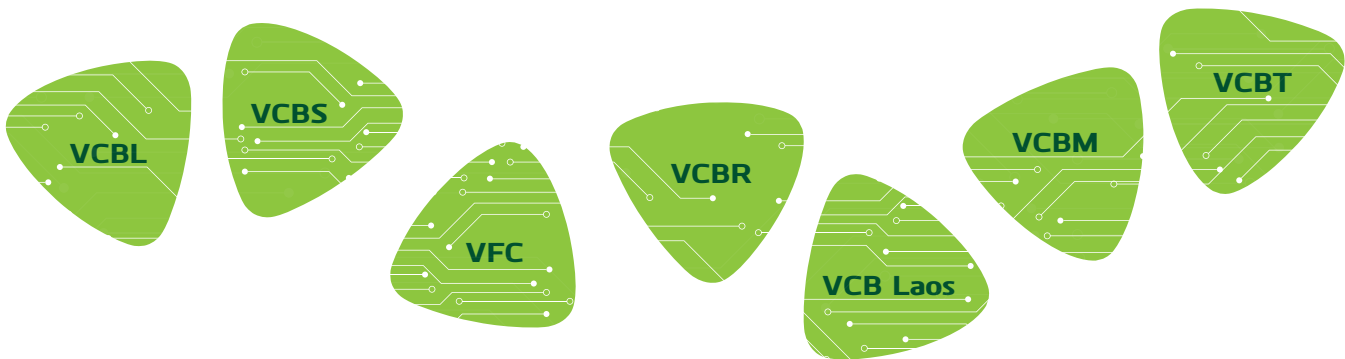
GENERAL INFORMATION OF SUBSIDIARIES

Unit: VND billion

Company name	Abbreviation name	Business license	Sector	Capital investment as of 31/12/2018	Ownership rate
Vietcombank Securities Co., Ltd.	VCBS	Business license: Business license No. 09/GPHDKD dated April 24 th , 2002. Latest amendment in accordance with license No. 63/GPDC-UBCK dated December 29 th , 2017 issued by State Security Commission of Vietnam	Securities	700.00	100%
Vietcombank Leasing Co., Ltd.	VCBL	Business license: Business license No. 66/GP-NHNN dated October 31 st , 2017 issued by State Bank of Vietnam.	Financial leasing	500.00	100%
Vietcombank Remittance Co., Ltd.	VCBR	Business license: Enterprise registration certificate No. 0314633162 dated 20 September 2017 issued by Ho Chi Minh City Department of Planning and Investment.	Remittance payment	30.00	100%
Vietcombank Laos Limited	VCB Laos	Business license No. 88/BOL dated May 25 th , 2018 issued by Bank of the Lao P.D.R.	Bank	1,820.40	100%
Vietnam Finance Co.	VFC	Business license: Business license No. 0226 issued by Hong Kong Monetary Authority dated March 07 th , 1978. First amendment dated November 03 rd , 1992, second amendment dated September 19 th , 1995.	Financial services	116.90	100%
VCB Money Inc	VCBM	Business license: Business license No. E0321392009_6 issued by Nevada State Government dated June 15 th , 2009.	Remittance services	204.98	87.5%
Vietcombank Tower 198 Co., Ltd.	VCBT	Business license: Business license No. 1578/GP dated May 30 th , 1996. Latest amendment dated September 11 th , 2017 issued by the Ministry of Planning and Investment.	Office leasing	70.00	70%

IMPLEMENTATION OF PROJECTS (CONTINUED)

SUMMARY OF SUBSIDIARIES' PERFORMANCE AND FINANCIAL SITUATION



Outstanding financial leasing reached (VND billion)

3,884.2

increasing by 7.8% compared to that of 2017

VCBL

Vietcombank Leasing Co., Ltd.

VCBL is a subsidiary, 100% owned by Vietcombank, operating in the field of financial leasing. In 2018, VCBL business operations have continued with stable growth. Profit before tax in 2018 reached VND 103.9 billion, exceeding 10.3% of the plan. Outstanding financial leasing of VCBL until end of 2018 reached VND 3,884.2 billion, increasing by 7.8% compared to that of 2017.

Profit before tax in 2018 (VND billion)

202.04

exceeding 1% of the plan

VCBS

Vietcomank Securities Co., Ltd.

VCBS is 100% owned by Vietcombank, operating in the securities sector. Despite numerous trends in securities market, the Company continued to maintain good operating results. Profit before tax of the company in 2018 reached VND 202.04 billion, exceeding 1% of the plan.

Profit before tax in 2018 (VND billion)

19.88

exceeding 47% of the plan

VFC

Vietnam Finance Co.

VFC is a subsidiary 100% owned by Vietcombank, operating in the field of financial services in Hong Kong. Its major services include deposit, credit, payment, money transferring. In 2018, its profit before tax reached VND 19.88 billion, exceeding 47% of the plan.

Payment turnover in 2019 plan will be

330

USD million

VCBR

Vietcombank Remittance Co., Ltd.

VCBR is a wholly-owned subsidiary of Vietcombank, operating in the field of receiving remittances from foreign partners and making payments to beneficiaries in Vietnam. According to the plan in 2019, the Company will develop a payment staff's network nationwide with payment turnover of USD 330 million.

Profit before tax in 2019 plan will be

1.72

USD million

VCB Laos

Vietcombank Laos Limited

VCB Laos is a subsidiary 100% owned by Vietcombank, operating in the field of financial & banking services in Laos. The company was officially put into operations from July 2018. In 2018, VCB Laos focused on promoting images, developing loan products for institutional and individual customers, e-banking services. According to the plan in 2019, profit before tax of VCB Laos will be USD 1.72 million.

Turnover in 2018 (USD million)

158.6

increasing by 53% compared to 2017

VCBM

VCB Money Inc.

VCBM is a joint stock company with 87.5% chartered capital owned by Vietcombank, operating in the field of money transfer from the United States to Vietnam. The company made its turning point in 2018 by marking the first profitable year since establishment. In 2018, VCBM continues to expand its network by developing an agent system. By the end of 2018, the company has deployed 02 transaction offices and 130 agents and obtained operation licenses in 18 states of the United States. VCBM's turnover in 2018 reached USD 158.6 million, increasing by 53% from 2017 and expects to continue to grow in 2019.

Profit before tax (VND billion)

67,76

exceeding 13% of the plan

VCBT

Vietcombank Tower 198 Co., Ltd.

VCBT is a 70%:30% joint - venture between Vietcombank and FELS Property Holdings Pte, Ltd. of Singapore. It operates in the field of office leasing at Vietcombank Tower locating at the address of No. 198 Tran Quang Khai, Hoan Kiem, Ha Noi. In 2018, with the advantage of good location and customers, the company maintained stable performance. Its profit before tax reached VND 67.76 billion, exceeding 13% of the plan.

IMPLEMENTATION OF PROJECTS (CONTINUED)

GENERAL INFORMATION OF JOINT-VENTURES AND ASSOCIATES

Unit: VND billion

Company name	Abbreviation name	Business license	Sector	Capital investment as of 31/12/2018	Ownership rate
Vietcombank – Bonday – Ben Thanh Joint Venture Co., Ltd.	VBB	No. 2458/GP issued by the Ministry of Planning and Investment on February 07 th , 2005 with amendment No.2458/GCND1/41/1 dated October 26 th , 2011 and amendment No. 2458/GCND2/41/1 dated December 28 th , 2012	Office leasing	410.36	52%
Vietcombank Fund Management Co.	VCBF	No. 06/UBCK-GPHĐQLQ issued by State Security Commission of Vietnam dated December 02 nd , 2005; latest amendment No. 17/GPĐC-UBCK dated February 09 th , 2018.	Fund management	135.15	51%
Vietcombank Cardif Life Insurance Co., Ltd.	VCLI	No. 55/GP issued by Ministry of Finance dated October 23 rd , 2008 with amendment No.55/GPĐC1/KDBH dated December 28 th , 2018	Life insurance	270.00	45%
Vietcombank Bonday Co., Ltd.	VCBB	No. 283/GP issued by Ministry of Planning and Investment dated December 05 th , 1991; latest amendment No. 283/ GPĐC4 dated March 4 th , 2002.	Office leasing	11.11	16%

SUMMARY OF JOINT-VENTURES AND ASSOCIATES’ PERFORMANCE AND FINANCIAL SITUATION

	VBB
Profit before tax in 2018 (VND billion)	Vietcombank – Bonday – Ben Thanh Joint Venture Co., Ltd.
128.97 exceeding 32% of the plan	VBB is the joint venture between Vietcombank, Ho Chi Minh Commercial Services JSC. (Setra Corp.) and Bonday Investments Ltd. (Hong Kong) with contribution ratio of 52%, 18% and 30% respectively. It operates in the field of premium (class A) office leasing. It is also responsible for providing office space for Vietcombank’s branches and subsidiaries in HCMC. In the end of 2018, 100% of the leasable area has been occupied. Its profit before tax in 2018 was VND 128.97 billion, exceeding 32% of the plan.

Total assets under management were (VND billion)	VCBF
3,248.8 up 9.7% against 2017	Vietcombank Fund Management Co. VCBF is a joint venture between Vietcombank and Franklin Templeton with contribution ratio of 51% and 49% respectively. VCBF operates in the field of fund and investment portfolio management. In 2018, the profit before tax was more than double compared to that of 2017. The profit before tax reached VND 22.09 billion from VND 10.50 billion in the previous year, above the company’s target thanks to the increase in revenue from primary sources and improved cost efficiency. Total assets under management as of December 31 st , 2018 were VND 3,248.8 billion, increasing by 9.7% from VND 2,961.2 billion in 2017.
Total net fee income in 2018 reached (VND billion)	VCLI
429.54 up 55.5% against 2017	Vietcombank Cardif Life Insurance Co., Ltd. VCLI is a joint venture between Vietcombank, BNP Paribas Cardif and SeABank with a contribution ratio of 45%, 43% and 12% respectively. Until the end of 2018, the Company was issued with amendment by the Ministry of Finance. Accordingly, SeABank transferred its ownership of all contributions in the joint venture to Cardif, increased Cardif’s ownership rate to 55%. VCLI provides life insurance products via partner banks (Bancassurance) including: personal credit insurance, group credit insurance, credit insurance for co borrowers, death insurance, mixed purpose insurance, etc. Total net fee income in 2018 reached VND 429.54 billion, up 55.5% against 2017. Increasing investment in the financial consulting model resulted in high operating cost and the loss of VND -37.96 billion in 2018, within the planned loss of VND -85.7 billion.
Profit before tax in 2018 (VND billion)	VCBB
39.04 equal to 98% of the plan in 2018	Vietcombank Bonday Co., Ltd. VCBB is a joint venture between Vietcombank, Sai Gon Real Estate Corporation and Bonday Investments Ltd., Hong Kong. It operates in the business of office leasing. VCBB manages the Harbour View Tower locating at No. 35 Nguyen Hue Str., District 1, Ho Chi Minh City. In 2018, the Company still maintained its stable performance in the context of increasing competitiveness. Its profit before tax reached VND 39.04 billion, equal to 98% of the plan in 2018.

ASSESSMENT BY THE BOARD OF MANAGEMENT

ASSESSMENT ON BUSINESS PERFORMANCE IN 2018

OUTSTANDING GROWTH IN BUSINESS OPERATIONS, SUCCESSFUL COMPLETION OF 2018 BUSINESS PLAN

In 2018, drastically implementing VCB Development Project by 2020 approved by the Governor of the SBV, specific Sub-projects and Action Plans associated with the motto of Transformation – Efficiency – Sustainability in action and Innovation – Discipline – Responsibility in management, VCB exceeded all key business targets set by the Shareholders' General Meeting with very impressive accomplishment.



TOTAL ASSETS ABOVE VND 1 QUADRILLION, STRONG GROWTH OF SHAREHOLDER'S EQUITY

- Total assets reached VND 1,074,027 billion, up 3.74% from the level in 2017.
- Shareholder's equity reached VND 62,179 billion, up 18.3% from the previous year, in which undistributed earnings were VND 16,139 billion (VND 8,715 billion in 2017).



FUNDING CLOSELY FOLLOWED DIRECTION OF "WHOLESALE BUYING", DEMAND DEPOSITS AND FOREIGN CURRENCY DEPOSITS DRIVING UP TOTAL FUNDING BASE

- Deposit inflows from the economy (including issue of valuable papers) reached VND 823,390 billion, increasing by 13.3% compared to 2017. The growth rates of corporates/individuals deposit were 20.8% and 7.5% respectively.
- Increase in proportion of deposits from institutional customers was in accordance with VCB's strategic direction. The ratios of Deposits from institutional/individual customers was 48.8%/51.2% respectively (2017: 45.8%/53.9%).
- Demand deposits increased by 14.1% year-over-year, accounting for 29.5% of Deposit inflows from the economy (2017: 29.3%). Foreign currency deposits reached VND 143,292 billion, increasing by 11.2% from the level in 2017 and accounted for 17.4% of Deposit inflows from the economy (2017: 17.7%).

DEPOSIT (VND BILLION)

823,390

INCREASING BY 13.3% FROM THE LEVEL IN 2017

SHAREHOLDER'S EQUITY (VND BILLION)

62,179

INCREASING BY 18.3% FROM THE LEVEL IN 2017

TOTAL ASSETS (VND BILLION)

1,074,027

INCREASING BY 3.74% FROM THE LEVEL IN 2017

ASSESSMENT BY THE BOARD OF MANAGEMENT (CONTINUED)

ASSESSMENT ON BUSINESS PERFORMANCE IN 2018 (CONTINUED)



CREDIT GROWTH SINCE BEGINNING OF YEAR IN LINE WITH SBV'S GUIDANCE, DIRECTED INTO "RETAILING", CREDIT PORTFOLIO PROPERLY REDISTRIBUTED, NEW CREDIT CUSTOMERS ACQUIRED

- ▶ Outstanding loans to customers (including corporate bonds) reached VND 639,370 billion, increasing by 14.6% compared to 2017, but not exceeding the credit limit stipulated by the SBV. Retail credit increased by 32.7% from the level in 2017, its proportion continued to increase to 36.9% in the end of 2018 (2017: 31.9%).
- ▶ Outstanding loans at transaction offices reached VND 117,028 billion, increasing by 43.9% compared to the end of 2017. Accordingly, the proportion of outstanding loans at transaction offices rose from 37% in 2017 to 40% in the end of 2018. Average outstanding loans granted by transaction offices reached VND 100,226 billion, up 44.9% against 2017.



CREDIT QUALITY TIGHTLY CONTROLLED; RECOVERY OF NON-PERFORMING AND WRITTEN-OFF LOANS ACCELERATED

- ▶ Loans classified under Group 2 reached VND 3,781 billion, decreasing by VND 1,002 billion from the level in 2017. Group 2 loans ratio was controlled at 0.59% (compared to 0.86% in 2017).
- ▶ The year of 2018 was the first time since equitization in which Vietcombank reduced NPL ratio to less than 1%. NPLs accounted for VND 6,223 billion with the NPL ratio at 0.97% of total outstanding loans.
- ▶ Loan loss provision of outstanding loans to customers amounted to VND 10,294 billion. Loan loss provision coverage ratio was approximately 165%, which is a high level among banks in Vietnam.
- ▶ Recovery of written-off loans reached VND 3,272 billion, accounting for 116.8% of strategic plan assigned by BOD.



SERVICE BUSINESS GROWING WELL, CLOSELY MATCHING FEE INCOME PROJECT AND 2018 BUSINESS PLAN

- ▶ International payment and trade finance turnover reached USD 78.3 billion, up 21.5% compared to 2017 and its market share remained steadily at 16.31%.
- ▶ FX transaction volume (excluding interbank transactions) reached USD 46.5 billion, increasing by 3.1% compared to 2017.
- ▶ Overseas remittance service reached USD 2.2 billion, rose by 17.1% compared with the same period.
- ▶ Card services continued to grow:
 - » Card payment and card usage volume reached VND 118,315 billion/38,608 billion respectively, rose by 28.1%/22.2% from the level in 2017.
 - » The number of card acceptance units increased up to 11,286 units, achieving 188.1% of the plan in 2018.
- ▶ Number of new customers using Online banking and SMS Banking services increased by 52.2%/9.7% respectively compared to the same period of the previous year.



OUTSTANDING GROWTH IN PROFIT BEFORE TAX, STRONG IMPROVEMENT OF PROFITABILITY, EFFECTIVE CONTROL OF ADMINISTRATION COST

- ▶ Profit before tax reached VND 18,269 billion, increasing by 61.1% compared to 2017. This was the highest growth rate in recent years, exceeding 137% of the business plan for 2018. Income from divestment reached VND ~1,562 billion in 2018.
- ▶ Net interest margin (NIM) reached 2.94%, increasing by nearly 0.3% compared to 2017.
- ▶ The proportion of Non-interest income/total income was 27.67%.
- ▶ The administration cost/total Income ratio was controlled at ~34.65%.
- ▶ ROAA, ROAE were 1.39% and 25.49% respectively, significantly higher than those figures in 2017 as well as those of the market average.



BANK WITH LARGEST MARKET CAPITALIZATION AMONG LISTED BANKS

- ▶ Vietcombank continued to be the Bank with largest market capitalization among all listed banks.
- ▶ Vietcombank settled the issuance of approximately 3% of charter capital (post-issuance ratio) to GIC – a foreign investor and Mizuho – the bank's existing shareholder, received capital surplus of nearly VND ~5,000 billion.
- ▶ Capital adequacy ratio (CAR) reached 12.14%, up 0.51% compared to 2017.



ASSESSMENT BY THE BOARD OF MANAGEMENT (CONTINUED)

ASSESSMENT ON BUSINESS PERFORMANCE IN 2018 (CONTINUED)



MANAGEMENT RESULT IN 2018

Vietcombank has been implementing synchronously various management initiatives, flexibly adapted to business environment with the goal to become the No. 1 Bank in Vietnam, among top 100 biggest regional banks, top 300 largest banking financial groups in the world and to be managed in accordance with international best practices by 2020.

Strictly implementing the Government's and SBV's policies, accompanying enterprises for the common goal of national economic development

- On the basis of synchronous deployment of solutions to optimize total operating expenses, improve business efficiency and strengthen risk management, Vietcombank has been making efforts to support enterprises in finding solution for their difficulties.
- The reduction of loan interest was applied to 05 prioritized areas according to the guidance in Resolution No. 01/NQ-CP of the Prime Minister dated January 1st, 2018 and government direction of the Governor of the SBV with the goal to accompany with enterprises.
- Continually carried out various favorable programs for small and medium enterprises and committed to remain fixed interest rate for the terms of 2 years/3 years/5 years to support enterprises manage their expenses so that they could feel reassured with preferential interest rate in the market.

Drastically implementing Vietcombank Development Roadmap to 2020, and related Action Plans and Sub-projects

- Development projects, sub-projects, action plans continued to be strongly promoted and implemented, contributing to the operating results of VCB in 2018.
- Branches under the Branch Development Roadmap to 2020 basically completed the targets including improving market share and funding, controlling credit quality, increasing profit and effectively expanding target customers.



Funding operation was flexibly implemented to match market conditions, ensuring sufficient finance for credit growth in right direction

- Strictly managed programs/groups of customers which were entitled to favorable interest rate, based on overall benefits of Vietcombank.
- Payment accounts and collection accounts were actively opened for State Treasury and Vietnam Social Insurance. Cooperation in state budget collection was boosted through successful agreements with several credit institutions to use the State Treasury accounts at Vietcombank as a priority channel for transactions regarding state budget collection. Close collaboration was implemented and the provision of collection/payment services was expanded for Social Insurance.
- Continued to provide Programs mobilize foreign currency deposit and low-cost funding.
- Adjusted interest rate for specific region with small funding scale and high competition.
- Implemented Programs to accompany with customers with important foreign currency funds. Non-credit services, product cross-selling had to be strengthened to attract demand and foreign currency deposits.
- Large IPO transactions were focused in order to provide foreign currency conversion services. Monitored enterprises with divestment plans and approached potential investors in order to provide other related services.

Restructuring wholesale portfolio, deploying numerous solutions to increase retail credit and credit growth through transaction offices

- Expanded retail credit growth through adjustment of interest rate policies, of products, etc.
- Restructured wholesale credit portfolio in the direction of reducing outstanding loans of specific customer groups.
- Issued flexible interest rate programs suitable for each customer/region during the acceleration of credit growth.
- Expanded credit to large FDI customers segment with low credit risk and to the industries in which Vietcombank tends to develop and offer a full package of services such as foreign currency funding, international payments and retail services.

Strengthening control of credit quality and promoting the recovery of non-performing/written-off loans

- Inspected and supervised credit activities at all branches; strictly complied with the regulations of laws and Vietcombank's policies on credit grant.
- Assigned members of the BOD and BOM to be charge of particular Branches with major non-performing loans; strengthened the supervision and guidance in debt recovery of each branch.

ASSESSMENT BY THE BOARD OF MANAGEMENT (CONTINUED)
ASSESSMENT ON BUSINESS PERFORMANCE IN 2018 (CONTINUED)

Implementing the project to increase revenue from services

- ▶ Reviewed fee tables; set up approval mechanism for preferential fee based on customer segments and customer classes.
- ▶ Boosted the efficiency of card business and e-banking services: Increased cooperation with partners, developed utilities, integrated sales channels, expanded connections with service providers of bill payments and QR Code payments.
- ▶ Increased fee income through distribution of open-ended funds, Bancassurance – life insurance/ non-life insurance products.
- ▶ Implemented the action plan of 2018 regarding international payments – trade finance to maintain and expand market shares and to increase fee income.
- ▶ Income from FX trade remained stable thanks to flexible exchange rate, expansion of customer base with high demand for foreign currency conversion.

Reallocating investment portfolio towards better return on capital and executing effective divestment

- ▶ Restructured capital utilization in secondary market through increased investment in valuable papers and financial institutions bonds.
- ▶ Divestment at organizations as planned, contributing to the increase in profit of Vietcombank.

Optimizing organization model and expanding branch network in accordance with business strategy

- ▶ Continued to expand the bank’s network: Established 05 new branches, 39 transaction offices, put VCB

Laos into operation; received FED’s approval to establish a Representative Office in New York City (USA); deployed the establishment of new branches in Australia.

- ▶ Optimized the organization model, adjusted the functions and tasks of Departments/Divisions/Centers at the Head Office; rearranged the organizational structure of the Wholesale Division according to CTOM Model; established Human Resource Management Division; developed criteria for separate branch’s departments and applying them to eligible branches.
- ▶ Employed and developed quality staff with high competence, qualifications and work ethic at the Head Office and Branches; implementing staff rotation such as rotating customer relationship managers at the Head Office to branches, etc.
- ▶ There were strong innovations in scientific researches while a great number of initiatives were brought into practice. Organized the “Innovation – Creativity for development and integration” competition at whole system scale, through which many initiatives with high capability of application and effectiveness were found.

Improving internal processes and regulations to enhance operational efficiency and risk management

- ▶ Developed and promulgated important internal procedures and regulations regarding limits and adequacy ratios in Vietcombank’s operations, wholesale credit processes, approval mechanism for favorable fee to wholesale customers, regulations on liquidity risk management, etc.
- ▶ Fulfilled internal regulations for instance Regulation on job rotation, mandatory leave for employees; Regulations on organization and operation of Human Resource Development and Management Division, etc.



Simultaneously and effectively implementing projects for management and operation capacity building

Proactively deployed projects for improving management and operation capacity. A number of projects were gradually applied to the governance of business operations:

- ▶ Basel II program: The SBV recognized VCB as the first bank to meet Basel II standards in Vietnam in accordance with Circular No. 41, one year earlier than required.
- ▶ CTOM program: continued to implement 17 initiatives of which 7 initiatives were completed. Since June 2018, CTOM Model was officially launched at Head Office and branches.
- ▶ Projects in Retail Division: in 2018, Retail Division proactively carried out their transformation projects, including RTOM, Retail CRM and RLOS;
- ▶ IT Development Roadmap to 2020: Implemented the Project with 54 IT projects to support the bank’s operations; Built and upgraded infrastructure, steadily modernizing the IT system according to the VCB’s development strategy roadmap by 2020. 14 key projects were implemented such as investment projects for innovations of Core Banking, Trade Finance, ERP, MPA, SOA, etc.

Strengthening inspection, internal control and compliance

- ▶ Inspected all branches in the Bank network, 04 Departments/Divisions/Centers at the Head Office, 02 Subsidiaries. Also, 22 audit and inspection schemes were performed monthly at systemwide scale.
- ▶ Inspected operational risks at branches to timely prevent and report potential risks, propose solutions to operation issues found at branch level.

Charter capital increase completed

- ▶ Successfully increased Tier 1 capital despite market difficulties, contributing to the affirmation of VCB’s prestige, position and competitive capacity.

Social and community activities

- ▶ The bank was proactive in social activities for community, contributing to socio-economic development. In 2018, VCB participated in financing social security programs with value of about VND 180 billion, focusing on education, health, house construction for the poor, etc.



ASSESSMENT BY THE BOARD OF MANAGEMENT (CONTINUED)

ASSESSMENT ON BUSINESS PERFORMANCE IN 2018 (CONTINUED)

REPORT ON SOCIAL AND ENVIRONMENTAL IMPACTS

COMPLIANCE WITH LEGISLATION ON ENVIRONMENTAL PROTECTION

- Being aware that Vietnam is one of the countries that considerably suffers from climate change, VCB strictly implemented Decision No. 403/QĐ-TTg dated March 20th, 2014 of the Prime Minister regarding the approval of national action plan on green growth during the 2014 – 2020 period, Directive No. 03/CT-NHNN dated March 24th, 2015 of Governor of SBV on promoting green credit growth and environmental and social risk management and Circular No. 39/2016/TT-NHNN dated December 30th, 2016 of the Governor of SBV regarding lending activities of credit institutions, foreign bank's branches for customers as well as other regulations related to environmental protection in credit activities.
- When appraising credit grant for projects, Vietcombank assessed environmental and social risks that might affect the effective use of capital and customers' credit solvency. Besides, Vietcombank requested the investors of projects under consideration for credit grant to meet environmental and social protection standards and regularly, periodically inspect, supervise environmental and social risk management for loans granted to customers. For some investment projects potentially affecting the environment or some projects for exploration and exploitation of minerals, oil and gas, etc. The investors shall provide environmental impact assessment reports and commit to protect environment according to regulations of relevant laws.
- Furthermore, Vietcombank paid attention to making public of environmental risk management responsibilities of credit institutions in order to achieve consent and support from customers.



HUMAN RESOURCE POLICIES

During the past years, VCB has always paid high attention to the development of human resources, facilitate employees to promote their capabilities, create opportunities in career promotion. The bank has gradually achieved certain results in improving income of employees, strengthening the employee loyalty and trust in the Bank. In particular:

ENSURING JOB STABILITY FOR EMPLOYEES

- In 2018, the number of employees of Vietcombank continued to increase compared to the end of 2017. Total employees as of 31/12/2018 were 17,215 people (including the number of employees of VCBS and VCBL), increasing by nearly 5.54% compared to 2017. In 2018, 1,479 employees were recruited, compensating for the number of employees who quit their jobs. Unqualified employees were replaced, organization model was transformed and labor restructuring for units at VCB was facilitated. Working time is 8 hours per day and 5 days per week. Vietcombank ensures annual leave, leave on public holidays, and leave for private reasons in compliance with the Labor Code, maternity leave and sick leave in line with the Law on Social Insurance.
- Recruitment in VCB is complied with regulations to ensure honesty and objectivity. Each recruitment exam is implemented by Examination Council to recruit staff that have qualifications suitable to their assigned jobs and meeting the job requirements. Probation time and salary in probation are in compliance with related regulations.
- At present, VCB has applied information technology (recruitment software) in almost all stages of the recruitment (receiving, selecting applications, organizing online exams, etc.) thus attracts a large number of candidates nationwide through online application. The implementation of recruitment and application of information technology to examination has ensured the accuracy, objectivity, transparency, focus and consensus, attracting more and more high quality cadres.
- All employees sign appropriate labor contract in accordance with the law. Temporary deferment or termination of labor contract is done in accordance with the Labor Code. The employees who require early retirement are also given favorable conditions.



ASSESSMENT BY THE BOARD OF MANAGEMENT (CONTINUED)
ASSESSMENT ON BUSINESS PERFORMANCE IN 2018 (CONTINUED)

DEVELOPING FINANCIAL AND NON-FINANCIAL REMUNERATION
POLICY TO GUARANTEE INTEREST OF EMPLOYEES

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



Financial remuneration mechanism:

Remuneration mechanism regarding salary and insurance

Remuneration mechanism regarding salary

Basically, the salary mechanism of Vietcombank has been built on the principle of rational structure of ranks/ grades to distinguish job titles/positions commensurate with the value of contributions in the bank, to be fair and compete with the market, reduce and aim at removing seniority in salary scales. The average income of VCB staff tends to increase over the years and is of high level compared to the average income in the market. Salary of employees is divided into two parts:

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

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

Vietcombank has applied a flexible mechanism and delegated powers to heads of units in reviewing

and arranging salary of employees according to their capacity, quantity and quality of work completion. The salary increase is based on the level of evaluation of the work done by the employee. For staff having outstanding achievements and initiatives with effective application, Vietcombank’s BOM and BOD will reward by approving early raise of their salary grade.

Health insurance, social insurance regimes

Vietcombank shall pay social insurance, health insurance and unemployment insurance in accordance with the regulations of the State. Currently, Vietcombank has paid social insurance for 100% employees who have signed labor contracts with term of one year or more working at the bank and quickly and timely settled social insurance regimes such as maternity and sickness insurance rights, etc. for employees. For seasonal workers, VCB pays social insurance for employees who sign contracts with term of one month or more according to regulations.

The ratio of social insurance, health insurance and unemployment insurance is as follows: The ration of social insurance is 25.5%, in which employers pay 17.5% and employees pay 8%. Health insurance is fully implemented by employers as regulated at 4.5%, in which 3% paid by employers and 1.5% by employees. Unemployment insurance is a new type of insurance applied from the beginning of 2009 at the ratio of 2% (1% by employers and 1% by employees).

In addition, employees who retire are entitled to an appropriate allowance which is calculated on the basis of the actual salary before tax of the preceding year before the employee retires.

Extra remuneration beside salary

In addition to the application of a reasonable salary mechanism, VCB’s remuneration regime beside salary has been established, particularly: (i) Quickly and timely settle social insurance regimes such as pregnancy, sickness, etc. for employees; (ii) For cases of retirement, maternity leave, disability, fatal diseases or surgery, Vietcombank also provides employees with additional financial assistance in addition to benefits received from social insurance; (iii) Purchase health insurance as well as organize annual health checks for employees. In particular, Vietcombank has combined with reputable medical facilities to conduct early screening for cancer detection for employees since 2017.



Non-financial remuneration

To motivate employees, in addition to the direct financial remuneration mechanisms, VCB has implemented non-financial remuneration policies such as:

- Deploying Bao An Gia Insurance (Cancer and heart disease insurance) for employees who have signed indefinite – term labor contracts in the whole system;
- Purchasing Pjico Insurance for health care for employees;
- Organizing annual health checks for employees;
- Visiting and paying allowances for sickness, illness, maternity for union members, employees;
- Giving flowers and gifts to union members and employees who retire according to the regime;
- Giving gifts to the birth parents, the spouse’s parents of employees in the International Day of Older Persons;
- Developing domestic and foreign training programs for employees to improve the professional skill of each individual, therefore creating cohesion between employees and Vietcombank.
- Regularly organizing cultural, tourism and sport programs for employees.

LOCAL COMMUNITY RESPONSIBILITIES

Vietcombank always puts enthusiasm in welfare and social security activities for the community; makes contributions to the economic and social development. In 2018, Vietcombank sponsored approximately VND ~171 billion for welfare and social security programs, focusing on education, health, houses for the poor, etc.

Notable programs sponsored by Vietcombank such as: Building Son Ca Kindergarten, Tan Hung Commune, Cai Nuoc District, Ca Mau Province: VND 8.5 billion; Building Tran De District Hospital, phase II: VND 12.5 billion; Building Cam Binh Primary School, Cam Xuyen District, Ha Tinh Province nearly VND 7 billion; Building Phu Quoi High School, Long Ho District, Vinh Long Province: VND 12.5 billion, etc.

ASSESSMENT BY THE BOARD OF MANAGEMENT
BUSINESS ORIENTATION IN 2019



INDICATORS		Plan for 2019
1	Total assets	Increase by 12%
2	Deposit inflows from the economy (*)	Increase by 11 % - 13%
3	Credit	Increase by 15%
4	Non-performing loan ratio	< 1.0%
5	Profit before tax	Increase by 9.5%

(*) In line with capital using purpose and business efficiency

TOTAL ASSETS
INCREASE BY 12%

DEPOSIT INFLOWS
FROM THE ECONOMY
INCREASES BY 11-13%



CREDIT
INCREASES BY 15%

NON-PERFORMING
LOAN RATIO < 1.0%

PROFIT
BEFORE TAX
INCREASES BY 9.5%

There will be more risks and challenges in the world economy in 2019. Signs of decrease in growth rate appeared in both developed and emerging economies. IMF reduces its forecast for world economic growth in 2019 to 3.3%, lower than 2018 and the previous forecast of 3.5%. In addition, the global and regional context remains complicated with existing risks of natural disasters and epidemics, etc.

The Government has considered 2019 a breakthrough year to complete the 5-year plan (2015-2020) with the motto of **“Discipline, Integrity, Action, Creativity, Breakthrough, Efficiency”**. It is highly possible for Vietnam economic growth target in 2019 to reach about 6.6-6.8%. Forecast of inflation is controlled below the target of 4%. Import and export activities are positive, FDI is favorable. Monetary and fiscal policies are flexible; interest rates are lowered, credit is controlled reasonably, credit orientation focuses on low-risk production areas. However, in an unfavorable international context with unpredictable international risks, Vietnam’s economy may be negatively affected if risks are not as expected.

The banking sector continues the process of restructuring, improving quality of operations, developing digital banking, applying technology in line with the trend of modern financial development. By the motto of **Transformation – Efficiency – Sustainability** in action and **Discipline – Action – Responsibility** in management, the whole Vietcombank system will make every effort in all operations and determine to accomplish the plan in 2019. Key performance indicators are as follows:

ASSESSMENT BY THE BOARD OF MANAGEMENT (CONTINUED)

BUSINESS ORIENTATION IN 2019 (CONTINUED)

KEY TASKS IN 2019

CONTINUED IMPLEMENTATION OF THREE BUSINESS PILLARS IN 2019: RETAIL, SERVICES, INVESTMENT (TREASURY)

For retail activities

- ▶ Increasing the proportion of standardized retail loan products and loans to business sectors, etc. with high output interest rates. Limiting loan collateralized by valuable papers and loans with low NIM.
- ▶ Expanding retail credit and loan through transaction offices while enhancing the control of credit quality at transaction offices.
- ▶ Developing individual customers base, especially those in Priority segment.

For service activities

- ▶ Increasing the proportion of non-credit income (with focus on income from services) in total income and considering it as a key pillar in 2019.
- ▶ Applying flexible pricing policies and interest rates to increase income from services on the basis of overall income balance, focusing on increasing income from services from card products, trade finance, e-banking services, insurance, etc.
- ▶ Reviewing and adjusting the fee tables (including wholesale, retail, payment, etc.), ensuring both competitiveness and efficiency of income from services. Reviewing and adjusting fee sharing ratio and expenses for international card organizations.
- ▶ Making efforts to maintain and increase the market share of international payments – trade finance: expanding customer base having transactions with

export processing zones/enterprises in large FDI customers; potential foreign investors in Vietnam; potential trade finance customers.

- ▶ Focusing on fulfilling and developing competitive wholesale products and services, supplementing advisory products, market positioning products of Vietcombank, etc. Developing wholesale products associated with key performance indicators; coming up with specific solutions for each group of products/customer.
- ▶ Diversifying retail products, deploying a number of products and collecting from new services, etc.
- ▶ Improving service quality as well as giving staff motivation mechanisms to promote the increase of income from services.

For treasury and investment activities

- ▶ Enhancing investment in bonds and valuable papers of financial institutions; focusing on short-term valuable papers investment.
- ▶ Paying attention to the growth of foreign currency trade; enhancing foreign currency trade profit from foreign exchange operations in 2019.
- ▶ Promoting the deployment of interest derivative and commodity derivative products.
- ▶ Managing, supervising and improving the operational efficiency of subsidiaries, associates and long-term investment portfolios.



FUNDING IN ATTACHMENT WITH USE OF FUND, WITH FOCUS ON LOW COST FUNDING

- ▶ Improving low-cost funding; maintaining the proportion of demand deposits and foreign currency deposits at 30% and 20% respectively, improving the proportion of wholesale funding in branches' total funding.
- ▶ Strengthening relationship with large corporations, large enterprises, groups, centralized funds, ministries/sectors with large capital to establish, maintain and increase deposit market share of Vietcombank.
- ▶ Applying flexible deposit interest rates for several specific areas with small funding scale and high level of competition in funding.

HIGH CREDIT GROWTH SINCE BEGINNING OF YEAR, WITH CONNECTION BETWEEN CREDIT EFFICIENCY AND QUALITY

- ▶ Paying attention to high credit growth early from the beginning of the year, especially short-term credit, tightly controlling medium and long-term credit ratios. Applying trade conditions for credit grants from 2019.
- ▶ Continuing to restructure wholesale credit portfolio: gradually reducing outstanding loans to customers with low loan interest, low overall efficiency, outstanding loans without collaterals or low collateral ratio, declining financial situation; controlling and gradually reducing outstanding loans for potential risk fields.
- ▶ Allocating the proportion of outstanding loans in the direction of credit of the sector, increasing the proportion of FDI credit and manufacturing sectors.

ACCELERATING ACTION PLANS AND PROJECTS AT BUSINESS DIVISIONS AND TRANSFORMATION PROJECTS; IMPLEMENTING THE STRATEGY TO BE NUMBER ONE BANK IN TERMS OF DIGITAL BANKING

- ▶ Considering 2019 as the year of digital bank transformation of Vietcombank: Accelerating the digital banking transformation, applying technology to develop smart banking services and taking the lead in digital bank transformation.
- ▶ Prioritize resources and accelerating programs/projects under the IT Development Project by 2020.
- ▶ Continuing to upgrade IT infrastructure, ensuring sufficient resources for projects to be implemented according to the approved roadmap.
- ▶ Focusing on deploying projects of Retail Division in order to meet the management requirements according to international standards, and to become the leading bank in retail.
- ▶ Improving the quality of project management, strengthening communication and change management of projects.



ASSESSMENT BY THE BOARD OF MANAGEMENT (CONTINUED)

BUSINESS ORIENTATION IN 2019 (CONTINUED)

HIGHT EMPHASIS ON RECOVERY OF NON-PERFORMING AND WRITTEN-OFF LOANS

- ▶ Reviewing any non-performing loan in 2019; assigning specific tasks to each member of the BOM, Leaders of departments and staff at the Branch carrying out debt recovery.

CHARTER CAPITAL INCREASE TO MEET BASEL STANDARDS

Executing necessary procedures to get approval from State authorities on the plan for increasing charter capital and implementing:

- ▶ Increase in charter capital from shareholders equity.
- ▶ Issue of new shares through appropriate forms.

STRENGTHENING INTERNAL INSPECTION AND SUPERVISION

- ▶ Organizing planned audit and inspection as well as unexpected inspection.
- ▶ Strengthening inspection and supervision for branches and operational processes with high contingent risks and systematic risks for early detection and timely prevention of risk.
- ▶ Supervising the results of implementing inspection and auditing proposals and remote monitoring of business activities of branches/subsidiaries in Vietcombank system.

CONTINUED ENHANCEMENT OF RISK MANAGEMENT AND INTERNAL PROCESSES

- ▶ Enhancing risk policies; reviewing regulations on credit approval authority; accomplish quantitative credit risk model; promulgating official regulations on early warning process of credit risks; amending and supplementing loan classification policies using credit rating results according to the Probability of default (PD) model, etc.
- ▶ Reviewing, amending and promulgating new internal operational procedures of Vietcombank related to changes of law to be in line with core banking system and new systems.



STAFF DEVELOPMENT ACCORDING TO STRATEGY TO BECOME LEADING BANK IN HUMAN RESOURCE QUALITY

- ▶ Performing an overall of recruitment process; fulfilling job description (JD), KPIs and remuneration systems.
- ▶ Developing and issuing performance framework for professional positions; criteria for talented employees; scholarship schemes for students with high achievement and direct recruitment mechanisms for outstanding students.
- ▶ Increasing the proportion of sales staff; recruiting newly graduates students and experienced staff from the market (including management position).
- ▶ Improving the quality of training based on the Vietcombank Human Resources Development and Training College.
- ▶ Organizing skills competition and its summary to reward staff with great results.

- ▶ Continuing to review and fulfil the structure of Departments/Divisions/Centers at the Head Office.
- ▶ Studying the mechanism of increasing salary and income of collaborators to ensure competitiveness on the market.

OTHER CONTENTS

- ▶ Focusing on implementing key infrastructure projects.
- ▶ Implementing communications activities; improving the effectiveness of brand recognition, promoting service and product and Vietcombank image and brand.
- ▶ Implementing various social activities to support localities, alleviate natural disaster's damage, prioritizing education, healthcare, etc.



ASSESSMENT BY BOARD OF DIRECTORS

OPERATIONS IN 2018

In 2018, the global economy grew by 3.7%, similar to the increase in 2017. However, there were signs of slowdown due to the impact of trade war among major economies. Even so, the domestic economy still maintained its growth momentum and rose strongly with GDP growth of 7.08% in 2018, exceeding the goal of 6.7% set by the National Assembly. This was the highest level of growth within 10 years; inflation continued to be controlled below the target of 4% (average CPI increased by 3.54%). This was the 5th consecutive year that inflation was at low level.



Monetary policy was actively and flexibly controlled by the SBV, contributing to curbing inflation, stabilizing the macro-economy and supporting growth. Money supply was increased reasonably, systemic liquidity was abundant, interest rates were kept low, exchange rates and foreign exchange markets were stable, foreign exchange reserves were increased rapidly. Such effective policies generally created a favourable foundation for commercial banks to achieve sustainable growth with improved quality and efficiency.

TASKS SET BY SHAREHOLDERS' GENERAL MEETING

At the 2018 Annual General Meeting of Shareholders (AGM), the AGM decided:

- Motto in 2018: **"Transformation – Efficiency – Sustainability"** in action; **"Innovation – Discipline – Responsibility"** in management.
- Several basic indicators for 2018 were approved: total assets increased by 14%, outstanding loans increased by 15%, funding increased by 15%, profit before tax reached VND 13,300 billion – up 8%, dividend payment of 8% (on par value), non-performing loan below 1.5% total outstanding loans, etc.
- Remunerations for the Board of Directors (BOD) and Supervisory Board (SB) in 2017 were approved at 0.35% profit after tax in 2018, paid from the approved wage bill in 2018 of Vietcombank.

ASSESSMENT ON IMPLEMENTATION OF TASKS SET BY SHAREHOLDERS' GENERAL MEETING

With the motto of "Transformation – Efficiency – Sustainability" in action and "Innovation – Discipline – Responsibility" in management with the shift of focus on the following pillars: Retail, Treasury and Services; continuing to restructuring the operation; ensuring the quality of growth, safety, efficiency and sustainable development, the BOD gave strict and prompt instructions to Vietcombank's activities in the whole year.

With effort and determination of the whole employees, at the end of 2018 Vietcombank achieved and exceeded all key business targets set by the Shareholders' General Meeting, rose strongly to lead the banking sector in terms of profit size, asset quality.

Assessment of the implementation of the business targets set by Shareholders' General Meeting:



BUSINESS RESULTS

In 2018, Vietcombank continued to achieve outstanding growth and impressive results in almost every aspect of operation; reached and exceeded targets set by Shareholders' General Meeting.

Total assets as of 31/12/2018 amounted to VND 1,074,027 billion, increasing by 3.74% compared with 31/12/2017 (equivalent to 16.1% up against actual 2017 after unexpected increase of VND 109,851 billion of the SBV from the IPO of Sabeco), exceeding by 1.8% compared with the plan.

Total amounts owed to customers in 2018 reached VND 823,390 billion, up 13.3% against 2017. Loans and advances to customers reached VND 639,370 billion, increasing by 14.6% compared with 2017, complied with the credit growth set by the Governor of the SBV.

In 2018, Vietcombank continued to tightly control credit quality and promote the recovery of non-performing loans. Loans classified under group 2 reached VND 3,781 billion, decreasing by VND 1,002 billion

from the level in 2017. Group 2 loans ratio was only 0.59%. 2018 was the first year Vietcombank reduced bad debt rate to lower than 1% since privatization. Non-performing loan was VND 6,223 billion, non-performing loan ratio was 0.97%, while loan loss provision was VND 10,294 billion. Vietcombank's loan loss ratio was 165%. This was the highest level in the bank's operations. Recovery of written-off loans reached VND 3,272 billion, completing 116.8% the target set by BOD.

Profit before tax reached VND 18,269 billion, increasing by 61.1% compared with the one of the same period in 2017, completing 137% the plan in 2018 set by the Shareholders' General Meeting. Based on business results and the resolution of Shareholders' General Meeting on dividend ratio in 2018, Vietcombank intended to propose dividend payment of 8% (in cash or in cash and shares).

(Details of business operations will be presented in Report of the Board of Management).

ASSESSMENT BY BOARD OF DIRECTORS (CONTINUED) OPERATIONS IN 2018 (CONTINUED)

GOVERNANCE AND MANAGEMENT ACTIVITIES

The Bank's management activity was paid special attention by BOD with key highlights of 2018, including:

Capital mobilization: kept funding stable in the first quarter and growing steadily in next quarters; controlled funding through interest rate competition; closely followed the direction of promoting wholesale funding and capital with low input interest rates; remained flexible and reasonable interest rates in accordance with the market situation;

- ▶ Promoted non-cash payment products and services; improved payment-related products and services, centralized account management services for customers.
- ▶ Proactively opened current accounts and special purpose accounts for Vietnam Social Security (VSS) and Vietnam State Treasury (VST).
- ▶ Boosted the cooperation in state budget revenues collecting by successful agreement with several credit institutions to use the VST's accounts at Vietcombank as a priority channel to collect the state budget revenues.
- ▶ Applied appropriate interest to several specific localities with small funding scale, high competition in capital mobilization.
- ▶ Conducted programs accompanying with customers with high foreign currency. Non-credit services, individual customer product cross-selling were strengthened to attract demand deposits and foreign currency deposits.

▶ Focused on Major IPO transactions to conduct foreign currency conversion. Followed enterprises with divestment plans and approached potential investors in order to provide related services.

Credit: Continued to adjust credit structure towards efficiency and sustainability; maintained stable wholesale credit; implemented numerous solutions to increase retail credit and credit through transaction offices;

- ▶ Promoted retail credit growth through plans, KPIs, modification of interest rate policies, products, regulations, etc.
- ▶ Head office accompanied branches in serving big customers, dealing with difficulties in approaching and developing new wholesalers.
- ▶ Restructured wholesale credit portfolio in the direction of reducing outstanding loans of groups of customers whose financial situation is unstable, outstanding loans with collaterals are low; reducing outstanding loans of 10 groups of customers with highest outstanding loans.
- ▶ Issued flexible interest rate programs suitable for each customer/region.
- ▶ Increased credit for large FDI customers with intention to expand their services and capability to develop overall services such as foreign currency funding, international payments and retail services.

Control of credit quality and recovery of non-performing loans: Strengthened control of credit quality and promoting the recovery of non-performing loans

- ▶ Fulfilled credit mechanisms and processes in the direction of prudence, strictly controlling credit risks.
- ▶ Continued to strengthen inspections and supervisions of credit activities at all branches; strictly complied with the regulations of laws and regulations of Vietcombank on credit grant.
- ▶ Assigned members of the BOD and BOM to be in charge of Branches who had major non-performing loans; strengthened the supervision and guidance in the recovery of debts in each branch.

Regarding the implementation of the Project to increase revenue from services

- ▶ Updated traditional banking products and services and developed new products and services to increase income from banking services.
- ▶ Reviewed schedule of fees; developed authority mechanism for preferential fee based on customer segments and classifications.
- ▶ Boosted the efficiency of card business: Increased cooperation with partners, developed utilities, integrated sales channels, expanded connections with service providers of bill payments and QR Code payments.
- ▶ Increased fee income through distribution of open-ended fund products, reviewed the business operations of Bancassurance - life insurance/non-life insurance products.
- ▶ Implemented the action plan of 2018 regarding international payments - trade finance to maintain, expand market shares and increase fee income.
- ▶ Income from foreign exchange trade continued to be stable thanks to flexible currency regulation, expansion of customer base with large amount of convertible foreign currency.

Investment: Redistributed investment portfolio to increase the efficiency; carried out divestment with good profitability and in compliance with regulations.

- ▶ Shifted the structure of funding use on secondary market through the expansion of investment in valuable papers and bonds of financial institutions.
- ▶ Promoted divestment to comply with laws and regulations of the SBV, and achieved good results at credit institutions, including: Cement Finance Joint Stock Company, Orient Commercial Joint Stock Bank, Military Commercial Joint Stock Bank, Vietnam Export Import Commercial Joint Stock Bank; and other enterprises such as Vietnam Airlines Corporation and PetroVietnam Drilling & Well Services Corporation.

Organization model and network: Optimizing organization model and developing the network in accordance with business strategies

- ▶ Continued to expand the bank's network: Established 05 new branches of Vietcombank: North Gia Lai, Phuc Yen, East Binh Duong, Nghi Son, Tuyen Quang; 39 transaction offices; launched and put VCB Laos into operation; received FED's approval to establish a Representative Office in New York City (US); boosted the researches and surveys to establish branches in Australia.
- ▶ Optimized organization model, adjusted functions and tasks of a number of Departments/Divisions/Centers at the Head Office; established Integrated Risk Management Department, Human Resource Group (with units as follows: Human Resources Management Department; Human Resources Policy and Strategy Department; Human Resource Training and Development School); rearranged the organizational structure of the Wholesale Banking towards CTOM Model; developed criteria to separate offices at branch level and applied them to Branches meeting the criteria.
- ▶ There were numerous innovations in scientific researches. A great number of initiatives were applied in practice. Organized the first "Innovation - Creativity for development and integration" contest in the whole system. Thanks to the contest, many initiatives with high practical value and efficiency were selected.



ASSESSMENT BY BOARD OF DIRECTORS (CONTINUED)
OPERATIONS IN 2018 (CONTINUED)

Processes and regulations: Completing internal processes and regulations to improve operational efficiency and strengthen risk management

- Developed and promulgated important internal rules and regulations regarding Credit limits and adequacy ratios in Vietcombank’s operations, wholesale credit processes, authority mechanism for preferential fee for wholesalers, regulations on liquidity risk management, etc.
- Fulfilled internal regulations such as Regulations on salary payment in Vietcombank’s system; Regulations on staff and workplace rotation in Vietcombank’s system.

Transformation projects: Concentrated resources to drastically implement transformation projects to improve management capacity towards international standards

Projects for improving management capacity were actively implemented. Results of several projects were initially applied to business operations:

- Basel II program: The SBV recognized VCB as the first bank to meet Basel II standards in Vietnam under Circular No. 41, one year earlier than required.
- CTOM program: continued to implement 17 initiatives and completed 7 initiatives. In June 2018, CTOM Model was officially implemented at all branches of the system.
- Projects of Retail Banking: Retail Banking proactively carried out their transformation projects, including RTOM, Retail CRM and RLOS; in 2018, Retail Banking also actively implemented several transformations in retail model.

- IT Development Project by 2020: Proactively implemented the Scheme with 54 IT projects to support the bank’s operations and built, upgrade infrastructure, steadily modernizing the IT system according to the VCB’s development strategy roadmap by 2020. 14 key projects were implemented such as investment projects for innovations of Core Banking, Trade Finance, etc.

Information Technology: Focused on investment in upgrading IT system

- Focused on accelerating IT projects.
- Focused on overcoming inadequacies, shortcomings and limitations on IT and e-banking services.
- Upgraded IT infrastructure to ensure stability, availability and security for all IT systems.

Inspection, control and compliance

- Completed annual inspection of 100% branches in the system, inspected all branches according to 22 topics.
- Inspected operational risks at branches, timely prevented and alerted potential risks, proposed corrective measures, proposed the handling of violations at units.

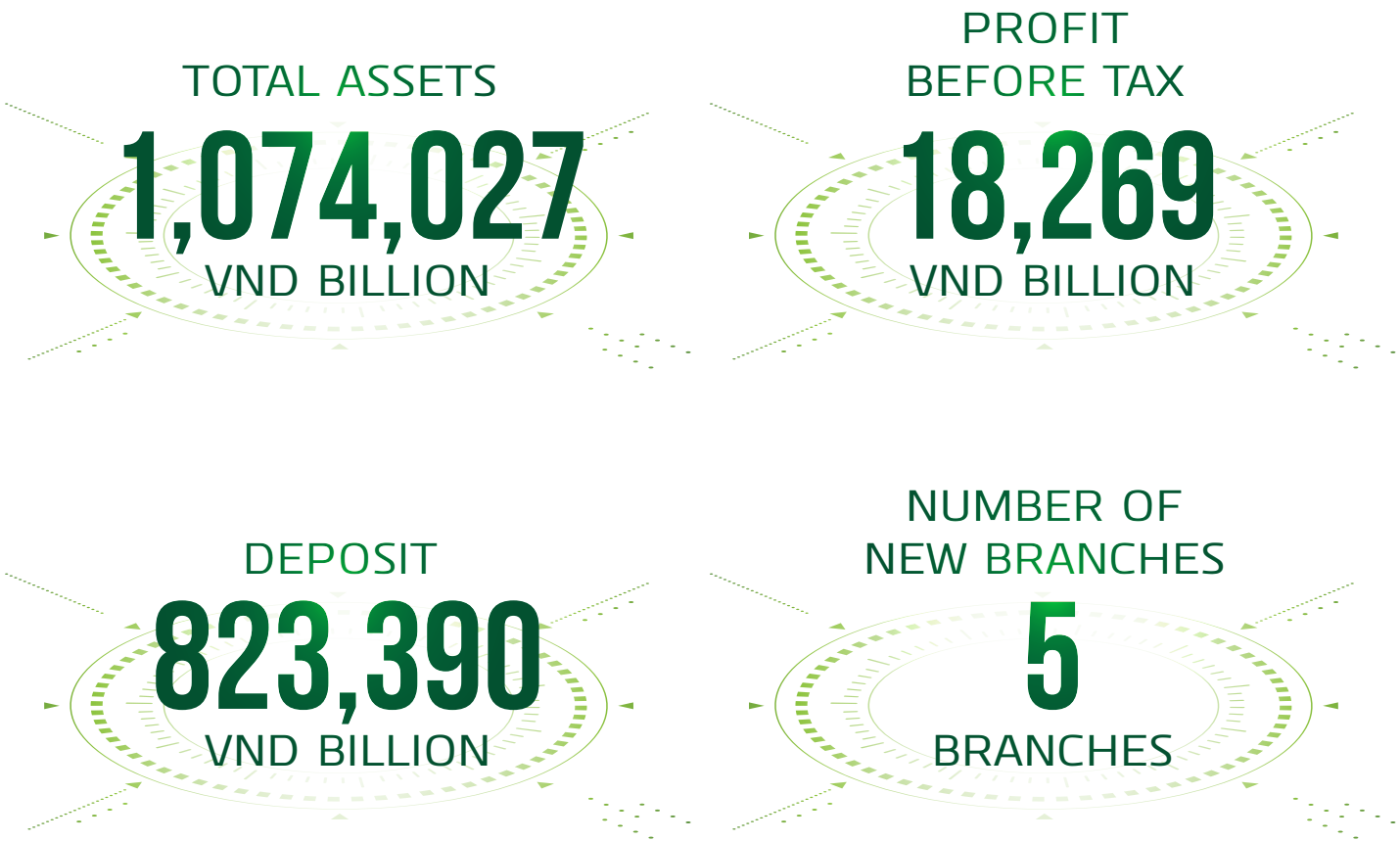
Other works

- Deployed private offering to increase Tier-1 capital in the context of a difficult market condition, contributing to the affirmation of VCB’s prestige, position and strengthening of the bank’s competitive capacity.
- Organized events to celebrate the 55th anniversary of Vietcombank, the 11th Annual General Meeting of Shareholders in 2018, etc.
- Capital construction was carried out: Fulfilled facilities, handed over and put into use 04 new construction projects and 50 renovation projects for repairing branch/transaction offices.
- Participated in social security programs with total sponsor value of VND 180 billion; focusing on items and works: building schools, building hospitals, preventing diseases, helping overcome disaster consequences in the Northwest, Central, Central Highlands, etc. of Vietnam and building houses for the poor, supporting poor districts; joining the task group of Vietnam People’s Navy to visit Spratly Islands and the DK1/15 rig.

RESULTS OF IMPLEMENTING KEY INDICATORS IN 2018 SET BY THE SHAREHOLDERS’ GENERAL MEETING

Unit: VND billion, %

No.	Indicators	Actual 2017	Plan 2018	Actual 2018	Actual 2018/ Actual 2017	Actual 2018/ Plan 2018
1	Total assets	1,035,293	1,055,004	1,074,027	103.7%	101.8%
2	Loans and advances	557,688	641,341	639,370	114.6%	99.7%
3	Deposits	726,734	835,744	823,390	113.3%	98.5%
4	Profit before tax	11,341	13,300	18,269	161.1%	137.4%
5	Number of employees (people)	16,227	Increase not more than 6%	17,215	106.1%	Conformable
6	Salary expense over profit before tax excluding salary	37%	37%	30%		Conformable
7	Number of new branches	5	6	5		Conformable
8	Non-performing loan ratio	1.11%	< 1.5%	0.97%	Better control of non-performing loan ratio	Better control of non-performing loan ratio



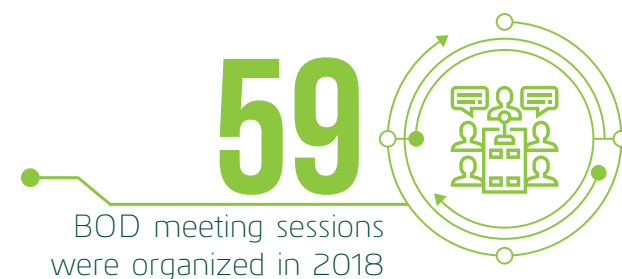
ASSESSMENT BY BOARD OF DIRECTORS (CONTINUED) OPERATIONS IN 2018 (CONTINUED)

ASSESSMENT ON THE IMPLEMENTATION OF THE TASKS OF BOARD OF DIRECTORS (BOD), BOARD OF MANAGEMENT (BOM)

In 2018, the Board of Director organized 59 meeting sessions. In which, at monthly regular meetings, the BOD evaluated business activities, performance of monthly assigned tasks and tasks performed by each member of the BOD. On that basis, a resolution was promulgated to direct business activities, assign specific tasks to each member of the BOD and supervise the BOM to implement, comply with regulations at the Bank's Charter, Regulations on organization and operation of the BOD, Internal management regulations and relevant regulations of Vietcombank.

In 2018, by grasping positive changes of Vietnam's economy, on basis of orientations of the BOD as well as medium-term, long-term strategic goals and specific goals for 2018 set by the Shareholders' General Meeting and the BOD, the BOM operated closely and drastically business tasks and plans.

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



BUSINESS STRATEGY FOR 2019



BUSINESS ORIENTATION IN 2019

In 2019, Vietcombank will continue to operate by the motto of **"Transformation – Efficiency – Sustainability"** in action and **"Innovation – Discipline – Responsibility"** in management, focusing on the following big orientations:



► The focus will be shifted to 3 pillars of business: **Retail, Services, Investment (Treasury)**, in which:

Retail: Focusing on the growth of retail credit, credit through transaction offices, cross sale through retail.

Income from services: Increasing the proportion of non-credit income with focus on service income, increasing the proportion of service income according to the plan for service income, considering it a key pillar in 2019 and 2020.

Treasury investment: Enhancing the scale of investment in valuable papers and bonds issued by other credit institutions, medium-term bonds of the Government and local authorities.



ASSESSMENT BY BOARD OF DIRECTORS (CONTINUED)
OPERATIONS IN 2018 (CONTINUED)



▶ Continuing to implement “wholesale buying – retailing” principle, in which:

Funding

Focusing on wholesale funding (high value, low cost), while increasing retail funding ratio to be higher than 2018.

Paying attention to the growth of low-cost capital (demand deposits in VND, foreign currency deposits).

Credit

Implementing credit growth right from the first months of the year.

Focusing on the growth of retail credit, credit through transaction offices.

Controlling the growth of wholesale credit, concentrating lending in sectors targeted for expansion, customers with sound financial situation who are highly able to withstand risks, customers using all products and services of Vietcombank.

Establishing a roadmap and promoting the reduction of loans to: SOEs with declining financial situation; outstanding loans with potential risks; loans with low interest rates and overall efficiency; loans without collaterals/collaterals with small value; collaterals enough for mortgage as valued but hard to be priced, collaterals with quickly decreased value, collaterals hard to be sold and transferred.

Paying attention to the growth of short-term outstanding loans, gradually reducing the proportion of medium-term and long-term loans according to the orientation of the BOD and the management of the SBV.



▶ Customers: Following the customer-centric mindset. Increasing market shares with traditional customers and approaching, developing new target customers with high potential.

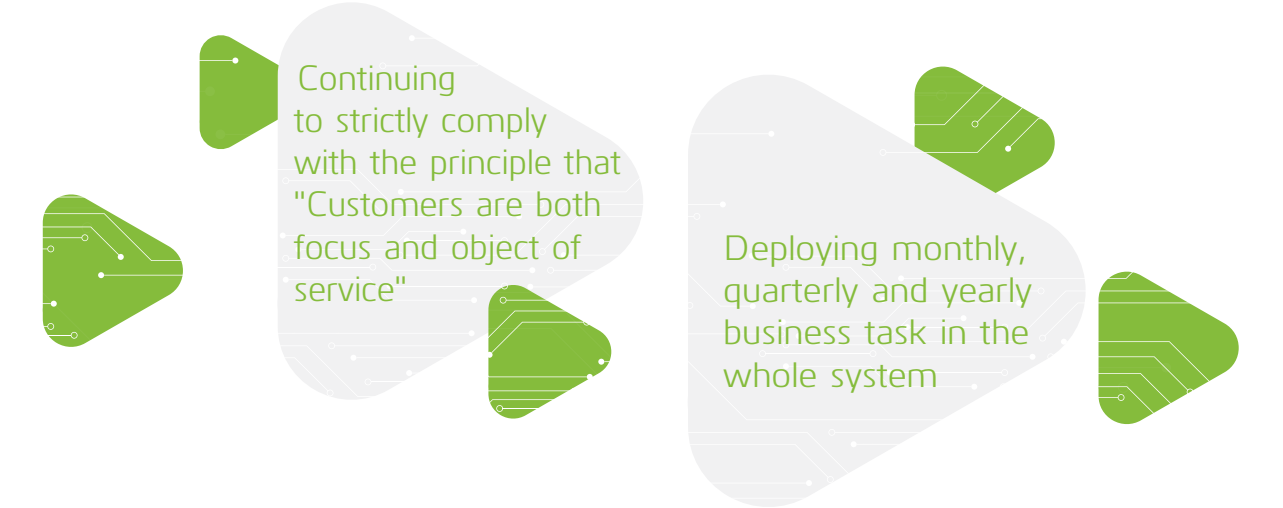



▶ Revenue from services: Deploying synchronously, effectively income from services according to the approved project of income from services. Applying policies on reducing loan interest rates for income by increasing income from services. Strictly controlling fee exemption/reduction.



GENERAL TASKS

- ▶ Deploying the assignment of monthly, quarterly and yearly business plans, task plans in the whole system. Key performance indicators should focus on reality, efficiency and should look for the future.
- ▶ Continuing to strictly comply with the principle that “Customers are both focus and object of service”; strengthening customer work, maintaining and increasing market shares of traditional customers; Identifying target customers and potential customers; Analyzing market share, developing plans and setting solutions and development progress, increasing market share for each customer.





A TRUE PIONEER

ORGANIZATION AND HUMAN RESOURCES

Organization and human resources	86
Board of Directors	88-91
Board of Management	92-97
Supervisory Board	98

ORGANIZATION AND HUMAN RESOURCES



HUMAN RESOURCES

As at 31/12/2018, total number of employees was 17,215 persons. With large and increasingly growing number of employees, Vietcombank's BOD and BOM always focus on human resource development as this is the key to the success and effectiveness of the Bank:

- ▶ Human resources are managed under the best practices in order to build, develop and maintain a high-quality team who supports to implement the Bank's goals to become the leading bank in human resource quality.
 - ▶ Taking initiative in applying flexibly, creatively, drastically, innovatively in organization and human resources. On one hand, arranging and strengthening the organizational structure in the direction of specialization, streamlining, efficiency in accordance with international practices. On the other hand, constantly reforming staff management policies in all phases from recruitment to planning, recruitment, appointment, rotation, discipline, evaluation, training; renovating staff evaluation methods.
 - ▶ Employee quality is controlled from the recruitment step with a serious and professional recruitment policy; Staffs employed are suitable for the recruited position.
 - ▶ HR planning activities are carried out fully and seriously to build a team of leaders who are updated with knowledge and have professional experiences in operation and management.
 - ▶ Training activities are pushed to improve both quantity and quality of training courses for employees.
 - ▶ The salary mechanism is newly developed, attaching remuneration to productivity, work quality, performance to create motivation for the staff.
- Vietcombank is actively implementing the Human resource development and management strategy until 2020 as a prerequisite to successfully implement the Bank restructuring project as directed by the Government and the State Bank of Vietnam.**



CHANGES OF MEMBERS OF BOD AND BOM

Changes of members of BOD and BOM.

The composition of the BOD and BOM had some changes as follows:

Decrease:

- ▶ Mr. Dao Hao – Deputy CEO retired from 01/09/2018;
- ▶ Ms. Truong Thi Thuy Nga – Deputy CEO retired from 01/11/2018.

Increase:

- ▶ Mr. Hong Quang – elected as a Member of BOD from 28/04/2018. As of 1/11/2018, Mr. Hong Quang was also elected as Human Resources Group Director.

Total workforce (people)
17,215
 up 5.54% from the level in 2017

NETWORK AND ORGANIZATION OF VIETCOMBANK

In 2018, Vietcombank put 34 transaction offices and 05 new branches (Tuyen Quang, Phuc Yen, Nghi Son, North Gia Lai and East Binh Duong) of the bank into operation.

As at December 31st, 2018, Vietcombank's network included:

- ▶ Head office.
- ▶ 106 Branches.
- ▶ 431 Transaction offices.
- ▶ 04 Subsidiaries in Vietnam (Vietcombank Leasing Co., Ltd, Vietcombank Securities Co., Ltd, Vietcombank Remittance Co., Ltd, Vietcombank Tower 198 Co., Ltd.
- ▶ 01 Representative Office in Singapore; 01 Representative Office in the US (expected to be put into operation in 2019); 01 Representative Office in HCMC
- ▶ 03 Overseas subsidiaries (Vinafico Hongkong, VCB Money Inc., VCB Laos).
- ▶ 02 Non-business units (Cash Treatment Center, Training Center).
- ▶ 04 other joint ventures and associates

BOARD OF DIRECTORS



Mr. **NGHIEM XUAN THANH**

Chairman of the Board of Directors

Education

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

Mr. **PHAM QUANG DUNG**

Member of the BOD cum Chief Executive Officer

Education

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

Mr. **NGUYEN MANH HUNG**

Member of the Board of Directors

Education

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

Mr. **NGUYEN MY HAO**

Member of the Board of Directors

Education

- ▶ Master of Economics, Banking Academy
- ▶ Bachelor of Economics, Banking Academy

BOARD OF DIRECTORS (CONTINUED)



Mr. **EIJI SASAKI**

Member of the BOD cum Deputy CEO

Education

- ▶ Bachelor of Economics, Nihon University (Japan)
- ▶ Bachelor of Design – New York University

Mr. **PHAM ANH TUAN**

Member of the Board of Directors

Education

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

Mr. **HONG QUANG**

Member of the BOD cum Human Resource Group Director

Education

- ▶ Master of Business Administration – Foreign Trade University in collaboration with Meiho University (Taiwan).
- ▶ Bachelor of Economics, National Economics University
- ▶ Bachelor of Laws, Ha Noi Law University

Mr. **TRUONG GIA BINH**

Independent member of the BOD

Education

- ▶ Associate Professor in Mechanics – By State Council for Academic Appraisal and Title of Vietnam
- ▶ Ph.D. in Mathematics and Physics – Lomonosov University (Russia)
- ▶ Bachelor of Economics, Lomonosov University (Russia)

BOARD OF MANAGEMENT



Mr. **PHAM QUANG DUNG**

Chief Executive Officer

Education

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

Mr. **DAO MINH TUAN**

Deputy CEO

Education

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

Mr. **PHAM MANH THANG**

Deputy CEO

Education

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

Ms. **NGUYEN THI KIM OANH**

Deputy CEO

Education

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

BOARD OF MANAGEMENT (CONTINUED)



Ms. DINH THI THAI

Deputy CEO

Education

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

Mr. EIJI SASAKI

Deputy CEO

Education

- ▶ Bachelor of Economics, Nihon University (Japan)
- ▶ Bachelor of Design – New York University

Ms. PHUNG NGUYEN HAI YEN

Deputy CEO

Education

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

Mr. LE QUANG VINH

Deputy CEO

Education

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

OTHER LEADERS



Mr. **LE HOANG TUNG**

Chief Accountant

Education

- ▶ Master of Economics, Academy of Finance
- ▶ Bachelor of Economics, Academy of Finance

Mr. **THOMAS WILLIAM TOBIN**

Retail Banking Group Director

Education

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

Mr. **NGUYEN THANH TUNG**

Wholesale Banking Group Director

Education

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

Mr. **HONG QUANG**

Human Resource Group Director

Education

- ▶ Master of Business Administration – Foreign Trade University in collaboration with Meiho University (Taiwan).
- ▶ Bachelor of Economics, National Economics University
- ▶ Bachelor of Laws, Ha Noi Law University

SUPERVISORY BOARD



Ms. **TRUONG LE HIEN**

Head of Supervisory Board

Education

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

Ms. **LA THI HONG MINH**

Member of Supervisory Board

Education

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

Ms. **DO THI MAI HUONG**

Member of Supervisory Board

Education

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

Ms. **VU THI BICH VAN**

Member of Supervisory Board

Education

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



STEP FORWARD

CORPORATE GOVERNANCE	
Management	102-109
Risk management	110-115
Business network	116-121

MANAGEMENT

BOARD OF DIRECTORS

STRUCTURE OF BOARD OF DIRECTORS

No.	Full Name	Position	VCB shares owned		Remarks
			Number of shares	Ownership rate	
1	Nghiem Xuan Thanh	Chairman of BOD	49,025	0.00136%	Elected as member of BOD by Shareholders' General Meeting from April 25 th , 2013. Elected as Chairman by the BOD from November 1 st , 2014. Non-executive member.
2	Pham Quang Dung	Member of BOD, CEO	3,281	0.00009%	Elected as member of BOD by Shareholders' General Meeting from April 25 th , 2013. Appointed as CEO by the BOD from November 1 st , 2014.
3	Eiji Sasaki	Member of BOD, Deputy CEO	0	0.00000%	Elected as member of BOD by Shareholders' General Meeting from April 28 th , 2017.
4	Pham Anh Tuan	Member of BOD	0	0.00000%	Elected as member of BOD by Shareholders' General Meeting from April 28 th , 2017. Non-executive member
5	Nguyen My Hao	Member of BOD	7,012	0.00019%	Elected as member of BOD by Shareholders' General Meeting from April 28 th , 2017. Non-executive member.
6	Nguyen Manh Hung	Member of BOD	2,270	0.00006%	Elected as member of BOD at the Extraordinary General Meeting of Shareholders from December 26 th , 2014. Non-executive member.
7	Truong Gia Binh	Member of BOD	0	0	Elected as a Member of BOD by Shareholders' General Meeting from April 27 th , 2018. Independent member
8	Hong Quang	Member of BOD	2	0	Elected as a Member of BOD by Shareholders' General Meeting from April 27 th , 2018.

ACTIVITIES OF BOARD OF DIRECTORS

In 2018, the Board of Directors of Joint Stock Commercial Bank for Foreign Trade of Vietnam – Vietcombank (VCB) organized 59 meeting sessions (in which 14 plenary sessions of BOD) and 21 sessions with collecting opinions in writing to direct Vietcombank’s operation in each period, making decisions on matters within the competence of BOD and making discussion on some other specific topics.

No.	Member of BOD	Position	Date being member of BOD	Number of meetings attended	Number of meetings on the basis of voting	Attendance rate	Reason for absence
1	Nghiem Xuan Thanh	Chairman of the BOD	27/11/2014	59/59	21/21	100%	
2	Pham Quang Dung	Member of BOD, CEO	01/11/2014	59/59	21/21	100%	
3	Eiji Sasaki	Member of BOD, Deputy CEO	28/04/2017	14/14	06/06	100%	(1)
4	Nguyen Manh Hung	Member of BOD	26/12/2014	59/59	21/21	100%	
5	Pham Anh Tuan	Member of BOD	28/04/2017	59/59	21/21	100%	
6	Nguyen My Hao	Member of BOD	28/04/2017	59/59	21/21	100%	
7	Hong Quang	Member of BOD	27/04/2018	34/34	14/14	100%	(2)
8	Nguyen Thi Dung	Independent Member of BOD	25/04/2013	5/5	01/01	100%	(2)
9	Truong Gia Binh	Independent Member of BOD	27/04/2018	9/9	05/05	100%	(2)

Notes:

1: Mr. Eiji Sasaki is a concurrent member of BOD; thus only attendance in plenary sessions was counted. Additionally, depending on different issues, Mr. Eiji Sasaki might be invited to attend the meetings but his attendance was not counted in the above table;

2: Ms. Nguyen Thi Dung resigned as a member of BOD from 27/04/2018, only counted the rate of participation in meetings from January 2018 until 27/04/2018. Mr. Hong Quang and Mr. Truong Gia Binh were elected as member of BOD from 27/04/2018, only counted the rate of participation in meetings from 27/04/2018 to 31/12/2018.

MANAGEMENT (CONTINUED)

COMMITTEES UNDER BOARD OF DIRECTORS

Structure of Committees

► Risk Management Committee

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

Risk Management Committee consists of the following members:

- 1. Mr. **Nguyen Manh Hung**, Member of BOD – **Head of Committee**
- 2. Mr. **Truong Gia Binh**, Independent member of BOD – **Member**
- 3. Mr. **Pham Anh Tuan**, Member of BOD – **Member**
- 4. Mr. **Nguyen My Hao**, Member of BOD – **Member**
- 5. Mr. **Eiji Sasaki**, Member of BOD – **Member**
- 6. Ms. **Dinh Thi Thai**, Deputy CEO – **Member**
- 7. Ms. **Nguyen Thi Kim Oanh**, Deputy CEO – **Member**
- 8. Mr. **Nguyen Thanh Tung**, Wholesale Banking Group Director – **Member**
- 9. Mr. **Thomas William Tobin**, Retail Banking Group Director – **Member**

In 2018, Risk Management Committee organized 4 regular meeting sessions, thus consulted BOD with risk control structure and organization model, risk management strategies and policies and preventive measures covering numerous aspects of Vietcombank’s operation. In addition, the Committee played a proactive role in boosting the implementation of initiatives under Basel II program to help Vietcombank become the first bank to apply Circular No. 41 one year earlier than required.

► Human Resource Committee

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

Human Resource Committee consists of the following members:

- 1. Mr. **Nghiem Xuan Thanh**, Chairman of BOD – **Head of Committee**
- 2. Mr. **Pham Quang Dung**, Member of BOD, CEO – **Member**
- 3. Mr. **Nguyen Manh Hung**, Member of BOD – **Member**
- 4. Mr. **Hong Quang**, Member of BOD, Human Resource Group Director – **Member**
- 5. Mr. **Dang Binh Nguyen**, Head of Human Resource – **Member**

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

Members of the board of directors were involved in training programs on management.



MANAGEMENT (CONTINUED)

SUPERVISORY BOARD

MEMBERS AND STRUCTURE OF SUPERVISORY BOARD

At the 11th Annual General Meeting of Shareholders of Joint Stock Commercial Bank for Foreign Trade of Vietnam on 27/04/2018, the list of member of the Supervisory Board 2018 – 2023 with 04 members (there were no changes in the number and list of members of the Supervisory Board compared with 31/12/2017).

Information of the members of the Supervisory Boards is as follows:

No.	Members of Supervisory Board	Position	Date being member of SB	Number of meetings attended	Attendance rate	Reason for absence
1	Truong Le Hien	Head of Supervisory Board	June 2008	5/5	100%	-
2	La Thi Hong Minh	Member of SB	June 2008	5/5	100%	-
3	Do Thi Mai Huong	Member of SB	June 2008	5/5	100%	-
4	Vu Thi Bich Van	Member of SB	April 2011	5/5	100%	-

ACTIVITIES OF SUPERVISORY BOARD

Assessment on activities of Supervisory Board

► Supervision on BOD, BOM and shareholders by Supervisory Board

Supervisory Board supervised BOD and BOM in the implementation of business orientations and objectives in 2018 of Vietcombank, which were approved by Shareholders’ General Meeting, supervising the compliance with the laws and the Bank’s Charter in management and governance. In general, in 2018, BOD and BOM well directed and managed Vietcombank’s business operations in line with the business objectives and targets and achieved good results. BOD and BOM complied with the provisions of the Law on Credit Institutions and the Bank’s Charter in management and governance.

Implementing the provisions in the Law on Credit Institutions, Supervisory Board has followed up with the list of founders, major shareholders, and member of BOD, member of Supervisory Board, and CEO as well as updated information regularly. In 2018, Vietcombank had one internal transaction of purchasing VCB stocks. The transaction was conducted in accordance with the regulations on information disclosure in security market.

► Coordination between the Supervisory Board and BOD, BOM and other managers

Performing Regulations on internal governance of Vietcombank, Supervisory Board attends regular/ periodic meetings of BOD/standing BOD and monthly meetings of BOM. Supervisory Board is also fully provided with information and documents about management, governance and business activities of the Bank to serve its supervisory activity. Members of Supervisory Board participate in training courses and professional seminars to enhance knowledge about management and governance in banking sector.

Through its activities, Supervisory Board has proposed opinions and suggestions for risk management enhancement to BOD and BOM, in accordance with the law, Charter, and internal regulations, improving operational quality and efficiency of the Bank and completing business targets for 2018.

► Other activities of Supervisory Board

In 2018, the Supervisory Board completed the internal control report and internal control system assessment report 2017, evaluating financial statements for the fiscal year 2017 and for the first 6 months of the year 2018, conducted 19 auditing sessions. The auditing sessions focused on assessing risk management framework, critical operations or potential risks of the whole system; testing probability of default model; supervising the bank’s operations and subsidiaries’ operations; monitoring the compliance with adequacy ratios, etc.

In 2018, the Supervisory Board continued to deploy two projects: phase 2 of the project of enhancing internal audit capability (completed at the end of 2018) and the project for investing in software for VCB’s internal inspection, auditing management; assigned staff to participate in other projects and initiatives under Basel II Program.

In the second half of 2018, units under the Supervisory Board deployed Circular No. 13/2018/TT-NHNN dated 18/05/2018 on internal control system. As at 31/12/2018, requirements to be deployed under Circular No. 13 in VCB were completed as planned.



List and contents of Supervisory Board’s meetings

Date	Number of Board members attended	Meeting content
26/01/2018	4/4	► Summarizing activities of Supervisory Board in 2017 and orienting operations for 2018 of the SB. ► Approving amendment draft to the operational regulations of the SB
16/04/2018	4/4	► Presenting evaluation report on Vietcombank financial statements for the fiscal year 2017 ► Approving report of Supervisory Board at Annual General Meeting of Shareholders 2018
27/04/2018	4/4	► Electing Head of Supervisory Board for the term 2018 – 2023
27/04/2018	4/4	► Assigning tasks within the SB
14/09/2018	4/4	► Directing tasks of the SB for the last months of 2018

MANAGEMENT (CONTINUED)

TRANSACTIONS OF INTERNAL SHAREHOLDERS AND RELATED PERSON

No.	Transaction performer	Position	Number of shares before transaction		Number of shares after transaction		Reasons for increase/decrease
			Number of shares	Holding ratio (%)	Number of shares	Holding ratio (%)	
1	Mr. Nghiem Xuan Thanh	Chairman of BOD	39,025	0.00108	49,025	0.00136	Buy
2	Mr. Le Hoang Tung	Chief Accountant	2,000	0.00005559	10000	0.00028	Buy
3	Ms. Nguyen Thi Kim Oanh	Deputy CEO	2,829	0.00007863	0	0	Sell
4	Mr. Pham Manh Thang	Deputy CEO	27,197	0.00756	37,197	0.001034	Buy

INVESTOR RELATION

In 2018, investor relation continued to be improved and focused. Vietcombank continued to strictly follow the regulations on information disclosure, ensured timely provision of transparent information to investors. In addition, Vietcombank proactively strengthened contact with shareholders and investors through direct conversations at the head office, attendance at domestic and foreign investment conferences, frequent updates and publishing brochures and quarterly business performance updates.



INVESTOR MEETINGS

Vietcombank held 70 meetings at Vietcombank with hundreds of domestic and international institutional/individual investors, securities and fund management companies.

Foreign investors who are interested in Vietcombank came from different countries with the majority from foreign investment funds locating in Vietnam, followed by investors from the USA, Japan, Korea, Singapore, Europe, etc.

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



PARTICIPATION IN INTERNATIONAL INVESTMENT CONFERENCES

As a large public company with significant impact and a highly appreciated IR team, Vietcombank is invited to various domestic and overseas investment events every year. In 2018, Vietcombank has participated in the following events:

- ▶ **Investment events organized by Daiwa Capital Markets (Japan) at the world's large financial centers:** Japan (03/2018), US (05/2018), Singapore (08/2018), Hong Kong (11/2018).
- ▶ **Investment events organized abroad by other prestigious financial institutions:** UBS organized in Bangkok (11/2018).
- ▶ **Domestic investment events organized by Vietnam's leading securities companies:** Vietnam Access Day of VCSC (03/2018), Frontier Asia Investor Conference in Dubai (02/2018) and Samsung Global Investor Conference (09/2017) held by HSC, etc.

Continuously invitations to attend all the most important investment events organized in the country and being one of the few Vietnamese enterprises constantly invited to participate in international events have affirmed the position of Vietcombank in the investment community. Through these events, the IR department provided information fully and regularly to investors, strengthening connections with hundreds of prestigious domestic & foreign financial institutions and investment funds.

In 2018, investor relations were particularly important in the process of issuing private shares to foreign investors. Vietcombank has actively strengthened contact with potential investors in two major financial markets in Asia, namely Singapore and Hongkong to introduce and promote its images, providing useful information for investors. The improvement of IR activities will contribute to facilitate the implementation of capital increase plans in the coming time.

RISK MANAGEMENT



Targeted to become the best risk management bank in Vietnam, Vietcombank is always proactive and pioneering in researching and applying modern credit risk management measures and models in conformity with international standards, orientations of the SBV, as well as internal management needs.

In terms of organization and risk management, Vietcombank regularly reviews and consolidates its risk management apparatus in line with 3 Lines of Defense: (i) the first line is to identify, control and mitigate risks; (ii) the second line is to develop risk management policy, internal regulations on risk management, measurement, monitoring in compliance with the law and (iii) the third line is for internal auditing. At the same time, the bank strengthens and enhances role and activities of Committees, Councils and Departments in risk management, such as Risk Management Committee, Risk Council, Risk Management Department, Compliance Department, Internal Audit Department. Thereby, improving efficiency of risk control, while ensuring the balance with business operations to achieve the best business efficiency.

Vietcombank’s documents, regulations, guidelines on risk management are periodically reviewed and updated; many new documents are issued to ensure requirements and orientations of the SBV, as well as operational status of Vietcombank.

Vietcombank also focuses on investment in developing risk measurement tools, methods and models. Supporting IT systems are also regularly upgraded to best meet management needs.

Considering the task of transforming and improving risk management capacity towards international practices and standards is an important task, Vietcombank has prioritized the implementation of Basel II since 2012. By 2014, Vietcombank proactively nominated itself then was selected by the SBV to be one of 10 pilot banks in Vietnam to apply Basel II. Thanked to a thorough and prudent implementation process with the support of the world’s leading and prestigious consulting units, on 28/11/2018, Vietcombank was officially approved by the SBV to apply Circular No. 41 regarding capital adequacy ratio according to Basel II one year earlier than validity. With this event, Vietcombank became the first bank to meet Basel II standards in Vietnam.

In particular, Vietcombank’s key risk management:



CREDIT RISK

Credit risk includes: i) Credit risk is the risk generated when customers do not fulfil or are unable to fulfil part or all repayment obligations under contracts or agreements with VCB; (ii) Counterparty risk is the risk generated when the counterparty does not fulfil or is unable to fulfil part or all repayment obligations before or at the maturity of trading transactions; repo transactions; reverse repo transactions; transactions of derivative products for hedging purpose; transactions of foreign currency and financial assets for the needs of customers and partners.

Vietcombank’s credit risk management framework includes organizational structure, policies, processes, models, limits and reports. Several recent results of credit risk management:

- Transforming wholesale operation model in line with international practices, Vietnamese market conditions and VCB’s development strategy. The success of the model transformation is a big step in Vietcombank’s credit activities in all aspects – organizational structure, management models, human and technology systems.
- Building and completing early warning system for corporate customers. The early warning system is an effective tool for early detection of customers with potential risk, supporting departments in credit approval, risk management, inspection, internal auditing, remotely and early updating and managing the bank’s credit portfolio. To maximize the effectiveness of this system, Vietcombank has developed a policy framework for early warning which defines functions and tasks of each department, implementation process and operational mechanism, ensuring regular exchange and update among operational departments regarding signs of risks, appropriate algorithms for continuous and complicated changes.

- Developing “Loss Given Default” (LGD) and “Exposure at Default” (EAD) models for retailers along with “Probability of Default” model. Three models representing three key risk parameters (PD, LGD and EAD) are important basis for Vietcombank to apply advanced internal ratings – the most innovative risk measurement method according to Basel II. The model is based on standards of international practices and for individual loans for production, individual real estate loans and consumer loans covering most of Vietcombank’s retail credit portfolio.



RISK MANAGEMENT (CONTINUED)



MARKET RISK

Market risk is the risk generated due to negative changes in interest rates, exchange rates, securities and goods to values of VCB’s financial assets. As one of the key risks of the Bank, market risk includes: Interest rate risk, stock price risk on the trading book and foreign exchange risk, commodity price risk on the trading and banking books.

The market risk management framework is a close combination of organizational structure, policies, processes, models, limits and reports of market risks, towards the world’s innovative standards. Market risk management is carried out at each business unit and operational unit, based on each risk profile in particular and VCB’s risk appetite in general. A strong market risk management framework helps Vietcombank achieve the goal of becoming the best risk management bank with a strategic vision to be the number one bank in Vietnam by 2020 and to be listed in the 300 largest financial groups in the region.

Treasury continues to be one of VCB’s key businesses. Accordingly, market risk management continues to be focused on ensuring the quality of growth, safety, efficiency and sustainable development. In 2018, Vietcombank continued to improve its market risk management framework through initiatives on policies, processes and models, thereby comply with the SBV’s regulations such as Circular No. 13 regarding internal

control and Circular No. 41 regarding capital adequacy ratio and international practices.

Based on its synchronous market risk management framework, Vietcombank can actively prevent risks to limit the impact of market fluctuations. In addition, Vietcombank is implementing the project to update the treasury and market risk management systems, thereby enhancing the ability to identify, measure, manage limitations and report, as well as data management of market risks.



LIQUIDITY RISK

Liquidity risk is the risk generated when:

- ▶ The bank fails to fulfil its repayment obligations at due date; or
- ▶ The bank is able to fulfil its repayment obligations at due date but has to pay a higher cost than the average market price according to VCB’s internal regulations.

Vietcombank’s liquidity risk management framework has been fully set up with models, organizational management structures, set of documents and policies, processes, regulations and overall limits to identify, measure, supervise and report risks according to international practices and innovative Basel standards, and strictly comply with the SBV’s regulations on solvency and liquidity ratios in banking operations. In 2018, Vietcombank fulfilled its policy framework, liquidity risk management processes to respond to Circular No. 13/2018-TTNHNN on the internal control system which was effective from 01/01/2019; at the same time, the bank updated and supplemented changes in the SBV’s regulations on limits and prudence ratios in operations of financial institutions.

In addition to the completion of available liquidity risk management tools (such as early warning signs, liquidity stress according to scenarios and the development of corresponding contingency plans, etc.), in 2018, Vietcombank also tested new tools such as minimum survival time limits, threshold to monitor the concentration of funding, etc. based on the application of outputs of transformation projects. At the same time, Vietcombank implemented ALM/FTP software system to improve the level of automation as well as the efficiency of liquidity risk management.



RISK MANAGEMENT (CONTINUED)



INTEREST RATE RISK

Interest rate risk management: is the risk generated by negative changes of interest rate on income, asset value, value of liabilities and value of off-balance sheet due to:

- Difference in period to apply new interest rates or to re-define interest rates;
- Change of relationship among interest rates from different financial tools with the same maturity;
- Change of relationship among interest rates at different maturities;
- Impact from products with interest rate options.

For interest rate risk management, Vietcombank has established a comprehensive system of policies, processes and limitations to identify, measure, supervise and report risks according to international practices, Basel in accordance with SBV's regulations.

Accordingly, in 2018, Vietcombank became one of the first banks to apply interest rate risk management tools and limits to daily management activities (management of the difference in reprising gap between rate-sensitive assets and rate-sensitive liabilities, the sensitive of net interest income (NII sensitivity) and the sensitive of economic value of equity (EVE sensitivity)). Vietcombank also uses appropriate derivative products to minimize negative impact of interest rate fluctuations. At the same time, Vietcombank is implementing ALM/FTP software system to improve the level of automation as well as the efficiency of interest rate risk management.



OPERATIONAL RISK

Operational risk is the risk generated due to incomplete or erroneous internal processes, human, errors, incidents of system or external factors which causes financial losses, negative non-financial impacts on the bank and its overseas branches (including legal risks).

Operational risk management (ORM) function at Vietcombank has received increased focus and significantly improved with the goal to protect the Bank, shareholders and customers from loss as a result of operational mishaps.

The ORM Framework of Vietcombank, which is composed of models, organizational structure and ORM policies and processes, has been completed according to the innovative standards of Basel II and SBV's regulations in Circular No. 13. While daily ORM activity is performed by business and support units, ORM tools is implemented not only in width but also in depth in the whole Vietcombank system to supervise and report ORM situation. Not only using technical tools, Vietcombank also focuses on improving ORM culture through training, ensuring compliance with the Code of Conduct and professional ethics, developing an engaged working environment for risk prevention.

The fraud risk management (FRM) continues to be focused with strict compliance with FRM policies, procedures and tools, as well as the implementation of denouncement mechanism and related regulations on human resource management for early prevention and detection of fraud risks.

With activities and services implemented based on technology, Vietcombank also strictly implements information technology risk management and maintains the continuity in IT system operation.

All new policies, regulations, products and services of the bank, including outsourced activities are evaluated to ensure the prevention, detection and mitigation of operational risks before their issue and during implementation. Risk mitigation measures are implemented and monitored closely, and potential risk warnings are timely spread throughout the system to avoid reoccurrence.

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

BUSINESS NETWORK

Branch	Address	Tel	Fax
An Giang	30-32 Hai Ba Trung Street, My Long Ward, Long Xuyen City, An Giang Province	02963.898999 02963.841075 02963.841816	02963.841591
Ba Dinh	521 Kim Ma Street, Ngoc Khanh Ward, Ba Dinh District, Ha Noi City	024.37665318	024.37665313
North Binh Duong	Lot D1-4-TT, NA3 Street, My Phuoc 2 IP, My Phuoc Ward, Ben Cat Town, Binh Duong Province	0274.3697979	0274.3618787
Bac Giang	278 Hoang Van Thu Street, Dinh Ke Ward, Bac Giang City, Bac Giang Province	0204.3855576	0204.3855575
North Ha Tinh	52 Tran Phu Street, Hong Linh Town, Ha Tinh Province	0239.6262555	0239.6269555
Bac Lieu	14-15 Lot B, Ba Trieu Street, Ward 3, Bac Lieu City, Bac Lieu Province	0291.3955055	0291.3955055
Bac Ninh	6-way intersection Street, Dai Phuc Ward, Bac Ninh City, Bac Ninh Province	0222.3811880	0222.3811848
North Gia Lai	737 Pham Van Dong, Yen The Ward, Pleiku City, Gia Lai Province	02693 867927	02693 867929
North Sai Gon	Administrative Area, Road 7, Vinh Loc IP, Binh Hung Hoa Ward, Binh Tan District, HCMC	028.37654666	028.37651327
Ben Tre	55B3, Dong Khoi Boulevard, Phu Khuong Ward, Ben Tre City, Ben Tre Province	0275.6255888	0275.6253666
Bien Hoa	22, 3A Street, Bien Hoa 2 IP, Bien Hoa City, Dong Nai Province	0251.3991944	0251.3991947
Binh Dinh	66C Le Duan Street, Ly Thuong Kiet Ward, Quy Nhon City, Binh Dinh Province	0256.3526666 0256.3526526	0256.3523181
Binh Duong	314 Binh Duong Boulevard, Phu Hoa Ward, Thu Dau Mot City, Binh Duong Province	0274.3831227	0274.3838675
Binh Phuoc	744 Phu Rieng Do Street, Tan Xuan Ward, Dong Xoai Town, Binh Phuoc Province	0271.3558888	0271.3867575
Binh Tay	129-129A Hau Giang Street, Ward 5, District 6, HCMC	028.39600477 028.39600478	028.39606217
Binh Thuan	50 Nguyen Tat Thanh Boulevard, Hung Long Ward, Phan Thiet City, Binh Thuan Province	0252.3739064 0252.3739065	0252.3739290
Ca Mau	07 An Duong Vuong Street, Ward 7, Ca Mau City, Ca Mau Province	0290.3575857 0290.3835207	0290.3833466
Can Tho	03-05-07 Hoa Binh Street, Tan An Ward, Ninh Kieu District, Can Tho City	0292 3820445	0292 3817299
Chau Doc	20 Le Loi Street, Chau Phu B Ward, Chau Doc City, An Giang Province	0296.3565603 0296.3561702	0296.3561703

Branch	Address	Tel	Fax
Chuong Duong	562 Nguyen Van Cu Street, Gia Thuy Ward, Long Bien District, Ha Noi City	024.3652.3333	024. 36522949
Da Nang	140-142 Le Loi Street, Hai Chau Ward, Hai Chau District, Da Nang City	0236.3822110	0236.3826062
Dak Lak	06 Tran Hung Dao Street, Thang Loi Ward, Buon Ma Thuot City, Dak Lak Province	02623.818444 0262.2240777 0262.3857899	02623.855038
Dong Anh	Nghia Lai Village, Uy No Commune, Dong Anh District, Ha Noi City	024.38835999	02438835888
East Binh Duong	26 Le Duan, Area 2, Hoa Phu, Thu Dau Mot City, Binh Duong Province	0274.3589999	0274.3582222
Dong Nai	53-55 Vo Thi Sau Street, Quyet Thang Ward, Bien Hoa City, Dong Nai Province	0251.3823666	0251.3824191
East Sai Gon	22F-24 Phan Dang Luu, Ward 06, Binh Thanh District, HCMC	028.38407924	028.38407925
Dong Thap	66, 30/4 Street, Ward 1, Cao Lanh City, Dong Thap Province	0277.3872110 0277.3872114	0277.3872119
Dung Quat	East of Dung Quat IP, Binh Thuan Commune, Binh Son District, Quang Ngai Province	0255.3632333 0255.3632212 0255.3632797	0255.3632336 0255.3610806 0255.3616688
Gia Dinh	423-425 Le Van Viet Street, Tang Nhon Phu A Ward, District 9, HCMC	028.37307799	028.37361199
Gia Lai	33 Quang Trung Street, Hoi Thuong Ward, Pleiku City, Gia Lai Province	0269.3875566	0269.3828592
Ha Long	166 Ha Long Road, Bai Chay Ward, Ha Long City, Quang Ninh Province	0203.3811808 0203.3811911	0203.3844746
Ha Nam	Hai Ha Commercial and Service Center, Le Hoan Street, Hai Ba Trung Ward, Phu Ly City, Ha Nam Province	0226.361.6666	0226 361 6567
Ha Noi	Floor 1-5, 11B Cat Linh Street, Quoc Tu Giam Ward, Dong Da District, Ha Noi City	024.39746666	024.39747065
Ha Thanh	344 Ba Trieu Street, Le Dai Hanh Ward, Hai Ba Trung District, Ha Noi City	024.36503333	024.32252222
Ha Tinh	02 Nguyen Thi Minh Khai Street, Tran Phu Ward, Ha Tinh City, Ha Tinh Province	0239.3857003 0239.3777886	0239.3857002
Hai Duong	66 Nguyen Luong Bang Street, Binh Han Ward, Hai Duong City, Hai Duong Province	0220.3896545	0220.3891807
Hai Phong	275 Lach Tray Street, Dang Giang Ward, Ngo Quyen District, Hai Phong City	0225.3842658	0225.3841117
Hoan Kiem	23 Phan Chu Trinh Street, Phan Chu Trinh Ward, Hoan Kiem District, Ha Noi City	024.39335566	024.39335580

BUSINESS NETWORK (CONTINUED)

Branch	Address	Tel	Fax
Hoang Mai	Floor 1-2, Tower 1, Times City, 458 Minh Khai, Vinh Tuy Ward, Hai Ba Trung District, Ha Noi City	024.38383383	024.32115555
Hue	78 Hung Vuong Street, Phu Nhuan Ward, Hue City, Thua Thien Hue Province	0234.3811900	0234.3824631
Hung Vuong	664 Su Van Hanh Street, Ward 12, District 10, HCMC	028.38663983 028.38663984 028.38624810	028.38624804 028.38624806
Hung Yen	Ban Yen Nhan Town, My Hao District, Hung Yen Province	0221.3941886	0221.3941044
Khanh Hoa	17 Quang Trung Street, Van Thanh Ward, Nha Trang City, Khanh Hoa Province	0221.3589368	02583.815114
Kien Giang	89, 3/2 Street, Vinh Bao Ward, Rach Gia City, Kien Giang Province	02973862749	0297.3866243
Kon Tum	348 Tran Hung Dao Street, Kon Tum City, Kon Tum Province	0260.3703337	0260.3913516
Ky Dong	13-13 Bis Ky Dong Street, Ward 9, District 3, HCMC	028.39318968	028.39318953
Lam Dong	33 Nguyen Van Cu Street, Ward 1, Da Lat City, Lam Dong Province	0263.3511811	0263.3533666
Lang Son	Floor 1, Phu Loc Commercial Center, Phu Loc IV Project Area, Vinh Trai Ward, Lang Son City, Lang Son Province	0205.3859859	0205.3866555
Lao Cai	79 Hoang Lien Street, Coc Leu Ward, Lao Cai City, Lao Cai Province	0214.3828396 0214.3828265	0214.3828261 0214.3828326
Long An	2A, Pham Van Ngu Street, Quarter 5, Ben Luc Town, Ben Luc District, Long An Province	0272.3633683	0272.3633687
Long Khanh	165, Nguyen Van Cu Street, Xuan An Ward, Long Khanh Town, Dong Nai Province	02513.646151	02513.646157
Mong Cai	05, Hung Vuong Street, Tran Phu Ward, Mong Cai City, Quang Ninh Province	0203.3757575	0203.3881676 0203.3772886
South Binh Duong	121, DT 743B Street, Thong Nhat 1 Quarter, Di An Ward, Di An Town, Binh Duong Province	0274.7307777	0274.3710725
South Da Nang	137 Ngu Hanh Son Street, My An Ward, Ngu Hanh Son District, Da Nang City	0236.3932999	0236.3932009
Nam Dinh	629 Tran Hung Dao Street, Loc Vuong Ward, Nam Dinh City, Nam Dinh Province	0228.3558666	0228.3558333
South Ha Noi	Floor 1-3, Cau Tien Apartments, 1277 Giai Phong Street, Thinh Liet Ward, Hoang Mai District, Ha Noi City	024.38699696	024.36281000
South Hai Phong	11 Hoang Dieu, Minh Khai Ward, Hong Bang District, Hai Phong City	0225 3552299 0225 3841080	0225 3569611

Branch	Address	Tel	Fax
South Sai Gon	Floor 1-4, V6 Building, Plot V, Himlam new urban area, 23 Nguyen Huu Tho, Tan Hung Ward, District 7, HCMC	028.37701634	028.37701635
Nghe An	21 Quang Trung Street, Vinh City, Nghe An Province	0238.3842033 02388685678	0238.3842192
Nghi Son	Nam Yen Village, Hai Yen Commune, Tinh Gia District, Thanh Hoa Province	0237 3613999	0237 3616869
Phu Nhuan	285 Nguyen Van Troi, Ward 10, Phu Nhuan District, Ho Chi Minh City	028.38479966	028.38476226
Nha Trang	21 Le Thanh Phuong Street, Van Thang Ward, Nha Trang City, Khanh Hoa Province	0258.3826279 0258.829689	0258.3829682
Nhon Trach	Nguyen Huu Canh Street, Xom Ho Hamlet, Phu Noi Commune, Nhon Trach District, Dong Nai Province	0251.3521888 0251.3561628	0251.3521999
Ninh Binh	1069 Tran Hung Dao, Street 14, Van Giang Ward, Ninh Binh City, Ninh Binh Province	0229.3894444	0229.3894446
Ninh Thuan	47, 16/4 Street, Kinh Dinh Ward, Phan Rang - Thap Cham City, Ninh Thuan Province	0259.3922.755	0259.3922.756
Pho Hien	186 Chu Manh Trinh Street, Hien Nam Ward, Hung Yen City, Hung Yen Province	0221.3596666	0221.3796666
Phu Quoc	1A, Hung Vuong Street, Quarter 1, Duong Dong Town, Phu Quoc District, Kien Giang Province	0297.3626264	0297.3626265
Phuc Yen	Hoai Nam Building, 06 Group 8 Hai Ba Trung, Hung Vuong Ward, Phuc Yen Town, Vinh Phuc Commune	02113 636 666	02113 856 866
Quy Nhon	433 Lac Long Quan Street, Tran Quang Dieu Ward, Quy Nhon City, Binh Dinh Province	0256.3541377	0256.3741007
Phu Tho	1606A Hung Vuong Boulevard, Gia Cam Ward, Viet Tri City, Phu Tho Province	0210.3766666	0210.3766667
Phu Yen	192-194-196 Hung Vuong Street, Ward 7, Tuy Hoa City, Phu Yen Province	0257.3811709	0257.3818186
Quang Binh	03 Ly Thuong Kiet Street, Hai Dinh Ward, Dong Hoi City, Quang Binh Province	0232.3840380	0232.3828347
Quang Nam	35 Tran Hung Dao Street, Tam Ky City, Quang Nam Province	0235.3813062	0235.3813235
Quang Ngai	345 Hung Vuong Street, Tran Phu Ward, Quang Ngai City, Quang Ngai Province	0255.3828578	0255.3711482
Quang Ninh	25/4 Street, Bach Dang Ward, Ha Long City, Quang Ninh Province	0203.3629215	0203.3827206
Quang Tri	51 Tran Hung Dao, Dong Ha City, Quang Tri Province	0233.3555727	0233.3555726

BUSINESS NETWORK (CONTINUED)

Branch	Address	Tel	Fax
Sai Gon	69 Bui Thi Xuan, Pham Ngu Lao Ward, District 1, HCMC	028.38359323 028.38359262	028.38325041
Sai Thanh	2D-2E Ly Thuong Kiet Street, Ward 12, District 5, HCMC	028.39573378	028.39573380
Operation center	31-33 Ngo Quyen Street, Hang Bai Ward, Hoan Kiem District, Ha Noi City	024.39368547	024.39363354 024.38241395
Soc Son	51, Highway 3, Group 12, Soc Son Town, Soc Son District, Ha Noi City	024.35950000	024.35950505
Soc Trang	3 Tran Hung Dao Street, Cluster 6, Ward 3, Soc Trang City, Soc Trang Province	02993.883888 02993.883889	02993 610137
New Binh Duong	16 Le Trong Tan Street, Binh Duong 2 Quarter, An Binh Ward, Di An Town, Binh Duong Province	0274.3792158 028.37241627	0274.3790134 028.37241498
Tan Binh	108 Tay Thanh Street, Tay Thanh Ward, Tan Phu District, HCMC	028.38157777	028.38106838
Tan Dinh	72 Pham Ngoc Thach Street, Ward 6, District 3, HCMC	028.38208762	028.38206846
Tan Son Nhat	366A33 Phan Van Tri, Ward 5, Go Vap District, Ho Chi Minh City	028.3985.6868	028.39856869
West Can Tho	Lot 30A7A, Tra Noc IP, Binh Thuy District, Can Tho City	0292.3844272	0292. 3843056
West Hanoi	Lot HH-03, Van Phuc Handicraft Village, Ha Dong District, Hanoi City	024.33554545	024.33554444
Tay Ho	565 Lac Long Quan Street, Xuan La Ward, Tay Ho District, Ha Noi City	024.37581111	024.37585399 024.37585388
Tay Ninh	313, 30/4 Street, Quarter 1, Ward 1, Tay Ninh City, Tay Ninh Province	0276.3818996 0276.3818997 0276.3818992	0276.3818998
West Sai Gon	321-323-325 Pham Hung Street, Him Lam Residential Area, Hamlet 4A, Binh Hung Commune, Binh Chanh District, HCMC	028.37589297	028.37589298
Thai Binh	Guest house - Headquarters 1 of Police Thai Binh Province - Le Quy Don Street, Le Hong Phong Ward, Thai Binh City, Thai Binh Province	02273.839.724	02273.845.998
Thai Nguyen	10 Cach Mang Thang Tam Street, Phan Dinh Phung Ward, Thai Nguyen City, Thai Nguyen Province	0208.3658200	0208.3658219
Ho Chi Minh City	VBB Building, 5 Me Linh Square, Ben Nghe Ward, District 1, HCMC	028.38297245 028.39141777	028.38297228
Thang Long	Phu Tho PVOIL Building, 148 Hoang Quoc Viet Street, Nghia Tan Ward, Cau Giay District, Ha Noi City	024.3755.7194	024.3756.9006
Thanh Cong	Lot 3, Block 4.1cc, Hoang Dao Thuy Apartments, Nhan Chinh Ward, Thanh Xuan District, Ha Noi City	024.62578686	024.37761747

Branch	Address	Tel	Fax
Thanh Hoa	05 Phan Chu Trinh Street, Dien Bien Ward, Thanh Hoa City, Thanh Hoa Province	0237.3728286	02373.728386
Thanh Xuan	448-450 Nguyen Trai Street, Thanh Xuan Trung Ward, Thanh Xuan District, Ha Noi City	024.35578589	024.35579138
Tuyen Quang	Group 14, Tan Quang Ward, Tuyen Quang City, Tuyen Quang Province	0207.3999666	0207.3999555
Thu Duc	Linh Trung I Export Processing Zone, Linh Trung Ward, Thu Duc District, HCMC	028.38966806	028.38974176
Thu Thiem	55-56, Song Hanh Street, An Phu Ward, District 2, HCMC	028.73079668	028.73079530
Tien Giang	152 Dinh Bo Linh Street, Ward 2, My Tho City, Tien Giang Province	0273.3976999	0273.3975878
Tra Vinh	05 Le Thanh Ton Street, Ward 2, Tra Vinh City, Tra Vinh Province	0294.3868780	0294.3868791
Vinh	9 Nguyen Sy Sach Street, Ha Huy Tap Ward, Vinh City, Nghe An Province	0238.8699567	0238.8699568
Vinh Long	5C, Hung Dao Vuong Street, Ward 1, Vinh Long City, Vinh Long Province	0270.3888288	0270.836479
Vinh Phuc	392A, Me Linh Street, Khai Quang Ward, Vinh Yen City, Vinh Phuc Province	0211.3720920	0211.3720921
Vung Tau	27 Tran Hung Dao, Ward 1, Vung Tau City, Ba Ria - Vung Tau Province	0254.3852309 0254.3859874 0254.3859168	0254.3859859

VCB Leasing Floor 4, 25T1 N05 Building, Hoang Dao Thuy Street, Cau Giay District, Ha Noi City [T] : (84.24) 9 289 289 [F] : (84.24) 39 289 150	VCBS Floor 12-17, VCB Tower, 198 Tran Quang Khai Street, Ha Noi City [T] : (84.24) 3936 6990 [F] : (84.24) 3936 0262	VCB Tower Room 1406, Floor 14, VCB Tower, 198 Tran Quang Khai Street, Ha Noi City [T] : (84.24) 3934 0919 [F] : (84.24) 3934 0920	VINAFICO Floor 16, Golden Star Building, 20 Lockhart Road, Hong Kong [T] : (852) 2865 3905 7 [F] : (852) 2865 3908
VCB Money 12112 Brookhurst St., Suite 11 Garden Grove, CA 92840, United States [T] : 1-714-979-1055 [F] : 1-714-979-1278	Representative office in HCMC Floor 33-34, VBB Building, 5 Me Linh Square, Ben Nghe Ward, District 1, HCMC [T] : (84.28) 3982 6468 [F] : (84.28) 3939 3948	VCB Bonday Ben Thanh 05 Me Linh square, VCB Tower, Ben Nghe Ward, District 1, HCMC [T] : (84.28) 3915 6789 [F] : (84.28) 3915 3354	VCB Remittance Company 13 - 13 Bis, Ky Dong Street, Ward 9, District 3, HCMC [T] : (84.28) 3526 0888 [F] : (84.28) 3526 0808
VCB Bonday 35 Nguyen Hue Street, District 1, HCMC [T] : (84.24) 3936 4540 [F] : (84.44) 3936 4542	Representative office in Singapore 1 Raffles Place, #26-03 OUB Centre, Singapore 048616 [T] : +65 6323 7558 [F] : +65 6323 7559	VCLI Floor 11, Capital Tower, 109 Tran Hung Dao Street, Ha Noi City [T] : (84.24) 3936 8507	VCBF Floor 15, VCB Tower, 198 Tran Quang Khai Street, Ha Noi City [T] : (84.24) 3936 4540 [F] : (84.44) 3936 4542
		VCB LAO'S Unit 15, Lanexang Avenue, Hatsady Village, Chanthabouly District, Vientiane Capital, Lao PDR [T] : +85621253838	



SPREAD VALUE

COMMUNITY AND SOCIAL ACTIVITIES

Social activities of Vietcombank

COMMUNITY AND SOCIAL ACTIVITIES



911

(VND BILLION)

IS THE AMOUNT VIETCOMBANK SPENT FOR
SOCIAL SECURITY ACTIVITIES IN THE 2014-2018 PERIOD

SOCIAL ACTIVITIES OF VIETCOMBANK

WITH THE THROUGHOUT GOAL TOWARD A GREEN BANK AND SUSTAINABLE DEVELOPMENT FOR THE COMMUNITY, VIETCOMBANK'S SOCIAL ACTIVITIES ARE INCREASINGLY PROMOTED WITH MANY PRACTICAL AND MEANINGFUL PROGRAMS, CONTRIBUTING TO THE GENERAL DEVELOPMENT OF THE COMMUNITY AND SOCIETY.

THE SOCIAL ACTIVITIES HAVE BEEN PERFORMED BY VIETCOMBANK FOR MANY YEARS AND WERE PARTICIPATED BY HEAD OFFICE AND ALL BRANCHES. THE ACTIVITIES AIM TO ALLEVIATE DIFFICULTIES AND IMPROVE LIVING CONDITIONS FOR THE POOR IN DISADVANTAGED REGIONS IN THE COUNTRY.

IN 2018, VIETCOMBANK SPENT MORE THAN VND 171 BILLION FOR SOCIAL SECURITY. IN 2014 - 2018 PERIOD, THE AMOUNT FOR THIS ACTIVITY WAS NEARLY VND 911 BILLION.



COMMUNITY AND SOCIAL ACTIVITIES (CONTINUED)

SOCIAL ACTIVITIES OF VIETCOMBANK (CONTINUED)



FOR A GREEN VIETNAM

"For A Green Vietnam" was a program organized by the Secretariat of the Central Committee of the Ho Chi Minh Communist Youth Union in collaboration with the Executive Boards of provinces/cities in 63 provinces and cities nationwide with the goal to enhance awareness, responsibility and promote the role and creativity of union members and adolescents in planting, caring and protecting trees, contributing to environmental protection, climate change response and sustainable development of the country; the program aimed to fulfil targets of Resolution of the 11th National Assembly to plant 30 million new trees.

With the practical meaning of environmental protection, the program received special attention of leaders of the Party, State, Government, the National Assembly and ministries, sectors, localities as well as artists, movie actors and actresses, scientists, prestigious experts in the field who accompanied and encouraged people and fans to advocate the program.

As a commercial bank with leading business efficiency in Vietnam's banking system, with the goal of being a Green Bank for sustainable development that benefits the community, Vietcombank was honored to accompany the program **"For a Green Vietnam"** to contribute to the establishment of 63 youth roads/gardens in 63 provinces/cities nationwide.

GREEN MESSAGE FROM THE EARTH

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



COMMUNITY AND SOCIAL ACTIVITIES (CONTINUED)

SOCIAL ACTIVITIES OF VIETCOMBANK (CONTINUED)



VIETNAMESE NATIONAL TALENT

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

Vietcombank has accompanied this award for 6 years (2013 – 2018) with a desire to join hands with the organizers to arouse creativity and researches of individuals and organizations to bring practical solutions to the community and promote the economic and social development in many fields.

06 YEARS

Vietcombank has accompanied
Vietnamese National Talent Award



LIGHT UP VIETNAMESE CHILDREN'S DREAMS

"Light up Vietnamese children's dreams" is an annual activity (which was initially organized in 2008), co-organized by Ho Chi Minh Communist Youth Union and Ho Chi Minh Young Pioneer Organization for poor and studious children, street children, and children in difficult circumstances. During the 11 years of deploying and organizing in many provinces and cities such as Ha Noi, Nghe An, Ho Chi Minh City, Can Tho, and Da Nang, the program has received special attention from the leaders and valuable supports from the organizations and individuals, for the purposes of joining hands with the community and sharing with the children in difficult circumstances, lighting up belief and determination for the children to overcome difficulties. Vietcombank has accompanied the program for 11 years as a co-organizer.

11 YEARS

Vietcombank has accompanied
the **"Light up Vietnamese children's dreams"** program



COMMUNITY AND SOCIAL ACTIVITIES (CONTINUED)

SOCIAL ACTIVITIES OF VIETCOMBANK (CONTINUED)



GREENNESS FOR LIFE

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

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

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

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



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

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



TOWARD THE HOMELAND’S SEA AND ISLANDS

“TOWARD THE HOMELAND’S SEA AND ISLANDS”

Deeply understanding the importance of preserving national sea sovereignty, during more than half a century accompanying the national history to fight, build and protect homeland as well as develop economy and society, with the heart toward the homeland’ sea and islands, Vietcombank has had many meaningful activities such as: Launching the campaign **“For beloved Truong Sa”** to get donation up to VND 5 billion from the employees of Vietcombank in total VND 50 billion of donation from banking sector, improving living conditions of people, officers and soldiers on Truong Sa Islands, giving more strength and willpower for their mission of preserving national sea sovereignty; Donating the programs **“Fishing nets of love for Hoang Sa and Truong Sa fishermen”**, **“Contribute stones to build Truong Sa”**; Funding the project of connecting Co To island to electricity grid; Giving special propaganda loudspeaker system with value of more than VND 3 billion to Vietnam Coastal Guards. Giving 03 CQ navy boats valued at VND 10.5 billion to High Command of Vietnam People’s Navy.



COMMUNITY AND SOCIAL ACTIVITIES (CONTINUED)

SOCIAL ACTIVITIES OF VIETCOMBANK (CONTINUED)

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

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

FOR EDUCATION

Not only building new schools, Vietcombank also takes lead in sponsoring learning and teaching equipment and upgrading facilities in schools. Furniture, library, computer rooms or fresh water tanks, garages, sports grounds, etc. are simple but very practical for those schools that are in difficult situations. These significantly contribute in improving and raising teaching and learning quality for both teachers and students. In addition, empowering the poor students to rest their mind for a safer way to school is also taken care of by Vietcombank through donation of over 10,000 life jacket briefcases for poor students in flooded lands

and wetlands; and many bicycles to poor pupils and students in other hardship areas.

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



COMMUNITY AND SOCIAL ACTIVITIES (CONTINUED)

SOCIAL ACTIVITIES OF VIETCOMBANK (CONTINUED)

HEALTHCARE

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

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



COMMUNITY AND SOCIAL ACTIVITIES (CONTINUED)
SOCIAL ACTIVITIES OF VIETCOMBANK (CONTINUED)


Vietcombank
Together for
the future



Total amount of
donation to social
security activities
deployed by
Vietcombank in 2018

170,841
(VND million)

While putting business safety and efficiency above all, Vietcombank also highly appreciates “compassion” as it is the core value of the bank’s culture. Vietcombank always cares for and devotes a significant amount of resources for social welfare which is one of the bank’s annual important goals. Therefore, if in business, Vietcombank always considers word of “Trust” as the guiding principle, for social activities, the bank takes the word of “Heart” as the root. We increasingly endeavor to offer practical and permanent values in the areas of community development to contribute in improving better life for the poor. That is the message and also our commitment of **“Together for the future”** that Vietcombank would like to deliver to all our valuable customers as well as Vietnamese people.

TOGETHER FOR THE FUTURE

Total figures

No.	Content	YEAR (Unit: VND million)	
		2018	5 YEARS PERIOD (2014 –2018)
1	Total amount of donation to social security activities deployed by Vietcombank	170,841	910,812

Region

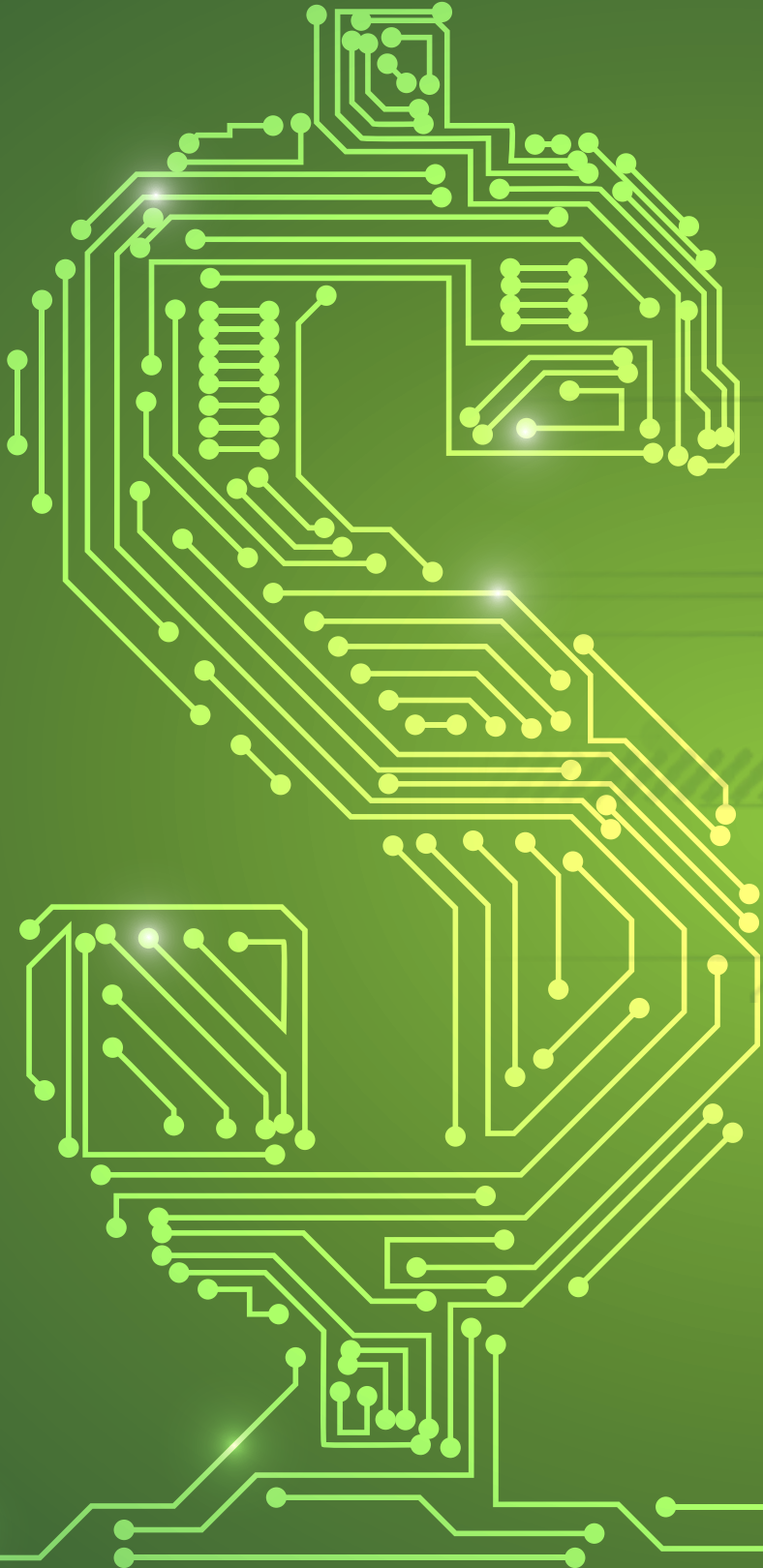
No.	Region	2018 (Unit: VND million)
1	Northwest region	29,694
2	Central Highlands	9,137
3	Southwest region	69,567
4	Other provinces/cities	62,443

Areas

No.	Funding Purposes	Value realized in 2018 (Unit: VND million)
1	Education	105,672
2	Healthcare	22,089
3	Build houses for poor people/solidarity houses	15,750
4	Overcome disaster consequences	9,456
5	Other areas	17,873

Notable social welfare programs/projects deployed by Vietcombank in 2018

Program	Total
Building Son Ca Kindergarten, Tan Hung Commune, Cai Nuoc District, Ca Mau Province	VND 8 billion
Building Hoa Chanh Kindergarten, Hoa Chanh Commune, U Minh Thuong District, Kien Giang Province	VND 3 billion
Building Thanh My Kindergarten, Thanh Chuong, Nghe An	VND 5 billion
Funding construction of Tran De District Hospital, phase II, Soc Trang Province	VND 12.5 billion



SUSTAINABLE DEVELOPMENT

FINANCIAL REPORT

Bank information	141-142
Report of the Board of Management	143
Independent auditor's report	144-145
Consolidated balance sheet	146-148
Consolidated statement of income	149-150
Consolidated statement of cash flows	151-152
Notes to the consolidated financial statements	153-218



JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE OF VIETNAM

Consolidated Financial Statements
for the year ended 31 December 2018

	Page
Bank Information	141-142
Report of the Board of Management	143
Independent Auditor’s Report	144-145
Consolidated balance sheet	146-148
Consolidated statement of income	149-150
Consolidated statement of cash flows	151-152
Notes to the consolidated financial statements	153-218

BANK INFORMATION

ESTABLISHMENT AND
OPERATION LICENCE

Establishment and Operation Licence No. 138/GP-NHNN dated 23 May 2008 issued by the Governor of the State Bank of Vietnam ("the SBV"), Decision No. 2719/QD-NHNN dated 27 December 2011, Decision No. 523/QD-NHNN dated 22 March 2012, Decision No. 1547/QD-NHNN dated 6 August 2014, Decision No. 2182/QD-NHNN dated 26 October 2015, Decision No. 95/QD-NHNN dated 18 January 2017, Decision No. 891/QD-NHNN dated 8 May 2017, Decision No. 2293/QD-NHNN dated 31 October 2017 and Decision No. 300/QD-NHNN dated 21 February 2019 promulgated by the State Bank of Vietnam amending and supplementing the operations of Joint Stock Commercial Bank for Foreign Trade of Vietnam.

BUSINESS REGISTRATION
CERTIFICATE

Business Registration Certificate No. 0103024468 dated 2 June 2008 issued by Hanoi Authority for Planning and Investment, Enterprise Code No. 0100112437 was reissued for the thirteenth time on 16 January 2019.

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

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

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

Mr. Pham Quang Dung	Chief Executive Officer ("CEO")	Appointed on 1 November 2014
Mr. Dao Minh Tuan	Deputy CEO	Reappointed on 15 June 2017
Mr. Pham Manh Thang	Deputy CEO	Reappointed on 10 March 2019
Ms. Nguyen Thi Kim Oanh	Deputy CEO	Appointed on 26 December 2014
Ms. Dinh Thi Thai	Deputy CEO	Appointed on 1 June 2015
Mr. Eiji Sasaki	Deputy CEO	Appointed on 15 December 2017
Ms. Phung Nguyen Hai Yen	Deputy CEO	Appointed on 15 December 2017
Mr. Le Quang Vinh	Deputy CEO	Appointed on 15 December 2017
Mr. Dao Hao	Deputy CEO	Reappointed on 1 August 2015 Retired from 1 September 2018
Ms. Truong Thi Thuy Nga	Deputy CEO	Extended from 1 December 2017 Retired from 1 November 2018

BANK INFORMATION (CONTINUED)

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

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

CHIEF ACCOUNTANT

Mr. Le Hoang Tung
Appointed on 15 December 2017

LEGAL REPRESENTATIVE

Since 1 November 2014
Mr. Nghiem Xuan Thanh
Title: Chairman of the Board of Directors

AUTHORISED SIGNATURE ON FINANCIAL STATEMENTS

(According to Letter of Authorisation
No. 01/UQ-VCB-CSTCKTdated 8 January 2018)

Since 8 January 2018
Ms. Phung Nguyen Hai Yen
Title: Deputy CEO

THE BANK’S HEAD OFFICE

198 Tran Quang Khai Street
Hoan Kiem District, Hanoi, Vietnam

AUDITOR

KPMG Limited Vietnam

REPORT OF THE BOARD OF MANAGEMENT

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

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

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

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

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

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

STATEMENT BY THE BOARD OF MANAGEMENT

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

For and on behalf of the Board of Management:



Ms. Phung Nguyen Hai Yen
Deputy CEO
Hanoi, 31 March 2019

INDEPENDENT AUDITOR’S REPORT

TO: THE SHAREHOLDERS
JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE OF VIETNAM

We have audited the accompanying consolidated financial statements of Joint Stock Commercial Bank for Foreign Trade of Vietnam (“the Bank”) and its subsidiaries, which comprise the consolidated balance sheet as at 31 December 2018, the consolidated statement of income and the consolidated statement of cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank’s Board of Management on 31 March 2019, as set out on pages 146 to 218.

THE BANK’S BOARD OF MANAGEMENT’S RESPONSIBILITY

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

AUDITOR’S RESPONSIBILITY

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

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

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

INDEPENDENT AUDITOR’S REPORT (CONTINUED)

AUDITOR’S OPINION

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

KPMG LIMITED

Vietnam
Audit Report No.: 17-02-00545-19-4



Tran Dinh Vinh
Practicing Auditor Registration
Certificate No. 0339-2018-007-1
Deputy General Director
Hanoi, 31 March 2019



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

CONSOLIDATED BALANCE SHEET

as at 31 December 2018

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

No.	Items	Note	31/12/2018 VND million	31/12/2017 VND million
A	ASSETS			
I	Cash on hand, gold, silver and gemstones	4	12,792,045	10,102,861
II	Balances with the State Banks	5	10,845,701	93,615,618
III	Balances with and loans to other credit institutions	6	250,228,037	232,973,403
1	Balances with other credit institutions		187,352,500	159,043,345
2	Loans to other credit institutions		63,875,537	73,930,058
3	Allowance for balances with and loans to other credit institutions		(1,000,000)	-
IV	Trading securities	7	2,654,806	9,669,033
1	Trading securities		2,725,051	9,750,244
2	Allowance for trading securities		(70,245)	(81,211)
V	Derivative financial instruments and other financial assets	8	275,983	832,354
VI	Loans to customers		621,573,249	535,321,404
1	Loans to customers	9	631,866,758	543,434,460
2	Allowance for loans to customers	10	(10,293,509)	(8,113,056)
VIII	Investment securities	11	149,296,430	129,952,272
1	Available-for-sale securities		35,321,259	34,688,298
2	Held-to-maturity securities		114,251,030	95,404,021
3	Allowance for investment securities		(275,859)	(140,047)
IX	Capital contributions, long-term investments		2,476,067	3,552,828
2	Investments in joint-ventures	12(a)	897,308	861,567
3	Investments in associates	12(b)	10,339	10,434
4	Other long-term investments	12(c)	1,635,418	2,705,966
5	Allowance for long-term investments		(66,998)	(25,139)
X	Fixed assets		6,527,466	6,162,361
1	Tangible fixed assets	13	4,459,292	4,198,053
a	Cost		10,534,068	9,701,927
b	Accumulated depreciation		(6,074,776)	(5,503,874)
3	Intangible fixed assets	14	2,068,174	1,964,308
a	Cost		2,772,517	2,606,775
b	Accumulated amortisation		(704,343)	(642,467)
XII	Other assets		17,356,776	13,111,149
1	Receivables	15(a)	4,065,268	4,505,735
2	Accrued interest and fee receivables	15(b)	7,409,149	6,025,653
3	Deferred income tax assets		6,740	5,548
4	Other assets	15(c)	5,879,141	2,576,228
5	Allowance for other assets		(3,522)	(2,015)
	TOTAL ASSETS		1,074,026,560	1,035,293,283

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

CONSOLIDATED BALANCE SHEET

as at 31 December 2018 (continued)

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

No.	Items	Note	31/12/2018 VND million	31/12/2017 VND million
B	LIABILITIES AND SHAREHOLDERS' EQUITY			
I	Amounts due to the Government and the State Banks	16	90,685,315	171,385,068
II	Deposits and borrowings from other credit institutions	17	76,524,079	66,942,203
1	Deposits from other credit institutions		75,245,679	55,803,878
2	Borrowings from other credit institutions		1,278,400	11,138,325
III	Deposits from customers	18	801,929,115	708,519,717
V	Funds for finance, entrusted investments and entrusted loans	19	25,803	23,153
VI	Valuable papers issued	20	21,461,132	18,214,504
VII	Other liabilities		21,221,737	17,650,679
1	Accrued interest and fee payables	21(a)	8,717,540	8,467,337
2	Deferred income tax liabilities		19,295	20,052
3	Other liabilities	21(b)	12,484,902	9,163,290
	TOTAL LIABILITIES		1,011,847,181	982,735,324
VIII	Shareholders' equity			
1	Capital		36,322,343	36,321,931
a	Charter capital		35,977,686	35,977,686
g	Other capital		344,657	344,245
2	Reserves		9,445,732	7,253,682
3	Foreign exchange differences		84,450	94,485
4	Differences upon asset revaluation		119,178	83,285
5	Retained profits		16,138,687	8,715,252
a	Previous year's retained profits		5,383,568	2,476,000
b	Current year's retained profits		10,755,119	6,239,252
6	Non-controlling interest		68,989	89,324
	TOTAL SHAREHOLDERS' EQUITY	22(a)	62,179,379	52,557,959
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,074,026,560	1,035,293,283

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

CONSOLIDATED BALANCE SHEET
as at 31 December 2018 (continued)

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

No.	Items	Note	31/12/2018 VND million	31/12/2017 VND million
OFF-BALANCE SHEET ITEMS				
1	Credit guarantees		276,512	265,179
2	Foreign exchange commitments		61,831,282	74,729,089
	Forward buying commitments		12,471,111	8,223,247
	Forward selling commitments		49,360,171	66,505,842
4	Letters of credit		57,703,713	45,239,213
5	Other guarantees		54,250,031	51,953,402
6	Other commitments		295,856	284,135

Hanoi, 31 March 2019

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen


Deputy Director of
Financial and Accounting
Policy Department


Chief Accountant


Deputy CEO



CONSOLIDATED STATEMENT OF INCOME
for the year ended 31 December 2018

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

No.	Items	Note	2018 VND million	2017 VND million
1	Interest and similar income	24	55,863,951	46,158,768
2	Interest and similar expenses	25	(27,455,435)	(24,221,222)
I	Net interest income		28,408,516	21,937,546
3	Fee and commission income		7,022,155	5,378,176
4	Fee and commission expenses		(3,619,663)	(2,839,967)
II	Net fee and commission income	26	3,402,492	2,538,209
III	Net gain from trading of foreign currencies	27	2,266,429	2,042,417
IV	Net gain from trading securities	28	250,462	476,400
V	Net loss from investment securities	29	-	(19,742)
5	Other income		3,515,904	2,355,831
6	Other expenses		(281,539)	(256,301)
VI	Net other income	30	3,234,365	2,099,530
VII	Income from capital contributions and equity investments	31	1,716,169	331,761
	TOTAL OPERATING INCOME		39,278,433	29,406,121
VIII	TOTAL OPERATING EXPENSES	32	(13,611,094)	(11,866,345)
IX	Net operating profit before allowance for credit losses		25,667,339	17,539,776
X	Allowance for credit losses	33	(7,398,113)	(6,198,415)
XI	PROFIT BEFORE TAX (CARRIED TO THE NEXT PAGE)		18,269,226	11,341,361

CONSOLIDATED STATEMENT OF INCOME
for the year ended 31 December 2018 (continued)

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

No.	Items	Note	2018 VND million	2017 VND million
XI	PROFIT BEFORE TAX (BROUGHT FROM THE PREVIOUS PAGE)		18,269,226	11,341,361
7	Current corporate income tax expenses	34	(3,648,356)	(2,234,378)
8	Deferred income tax benefits		1,192	3,605
XII	Corporate income tax expenses		(3,647,164)	(2,230,773)
XIII	NET PROFIT AFTER TAX		14,622,062	9,110,588
XIV	Non-controlling interest		(16,484)	(19,518)
XVI	Net profit for the year		14,605,578	9,091,070
XV	Basic earnings per share (VND/share)(restated)	35	3,584	1,994

Hanoi, 31 March 2019

Prepared by:
Ms. Nguyen Thi Thu Huong

Approved by:
Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen


Deputy Director of
Financial and Accounting
Policy Department


Chief Accountant


Deputy CEO



CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2018 (Direct method)

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

No.	Items	Note	2018 VND million	2017 VND million
CASH FLOWS FROM OPERATING ACTIVITIES				
01	Interest and similar income received		54,473,260	45,928,055
02	Interest and similar expenses paid		(27,395,363)	(22,219,679)
03	Net fee and commission income received		3,402,492	2,538,209
04	Net receipts and payments from trading activities (foreign currencies, gold and securities)		3,203,390	2,502,513
05	Other expenses paid		(42,957)	(90,716)
06	Receipts from recovery of bad debts previously written off		3,272,247	2,185,100
07	Payments to employees and for other operating activities		(12,787,284)	(10,478,516)
08	Corporate income tax paid during the year		(2,585,774)	(2,082,461)
Net cash flows from operating activities before changes in operating assets and liabilities			21,540,011	18,282,505
(Increase)/decrease in operating assets				
09	Balances with and loans to other credit institutions		2,306,008	(11,802,549)
10	Trading securities		(14,454,777)	(1,619,967)
11	Derivative financial instruments and other financial assets		556,371	(601,696)
12	Loans to customers		(88,432,298)	(82,626,020)
13	Utilisation of allowance for credit losses		(4,083,722)	(6,212,835)
14	Other operating assets		(2,666,699)	(2,109,501)
Increase/(decrease) in operating liabilities				
15	Amounts due to the Government and the State Banks		(80,699,753)	117,233,655
16	Deposits and borrowings from other credit institutions		9,581,876	(5,296,202)
17	Deposits from customers		93,409,398	118,068,373
18	Valuable papers issued		3,246,793	7,928,128
19	Funds for finance, entrusted investments and entrusted loans		2,650	23,153
21	Other operating liabilities		824,980	1,480,116
22	Payments from reserves		(1,365,175)	(1,141,469)
I	Net cash flows from operating activities		(60,234,337)	151,605,691

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2018 (Direct method – continued)

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

No.	Items	Note	2018 VND million	2017 VND million
CASH FLOWS FROM INVESTING ACTIVITIES				
01	Payments for purchases of fixed assets		(1,133,639)	(1,139,976)
02	Proceeds from disposals of fixed assets		6,767	7,542
03	Payments for disposals of fixed assets		(1,692)	(2,396)
08	Collections on investments in other entities		2,628,038	265,688
09	Dividends and interest received from long-term investments and capital contributions		129,753	129,685
II	Net cash flows from investing activities		1,629,227	(739,457)
CASH FLOWS FROM FINANCING ACTIVITIES				
04	Dividends paid and profits distributed		(2,914,981)	(2,896,942)
III	Net cash flows from financing activities		(2,914,981)	(2,896,942)
IV	Net cash flows during the year		(61,520,091)	147,969,292
V	Cash and cash equivalents at the beginning of the year		305,534,247	157,564,955
VII	Cash and cash equivalents at the end of the year	36	244,014,156	305,534,247

Hanoi, 31 March 2019

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen


Deputy Director of
Financial and Accounting
Policy Department


Chief Accountant


Deputy CEO



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018

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

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

1. REPORTING ENTITY

(a) Establishment and operations

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

The principal activities of the Bank in accordance with Decision No. 2719/QĐ-NHNN dated 27 December 2011, Decision No. 2182/QĐ-NHNN dated 26 October 2015, Decision No. 891/QĐ-NHNN dated 8 May 2017, Decision No. 2293/QĐ-NHNN dated 31 October 2017 and Decision No. 300/QĐ-NHNN dated 21 February 2019 amending and supplementing to Establishment and Operation Licence No. 138/GP-NHNN on the contents of the Bank’s operations are to mobilise and receive short, medium and long-term deposits from organisations and individuals; lend to organisations and individuals up to the nature and capability of the Bank’s capital resources; conduct settlement and cash services; provide other banking services as approved by the SBV; invest in associates, joint-ventures and other companies; invest in stocks and bonds and real-estate business in accordance with the relevant regulations; trade in and supply interest rates derivatives in accordance with the relevant regulations; purchase debts; trade in and provide foreign exchange services in the domestic and international markets in accordance with the relevant regulations of the State Bank of Vietnam.

(b) Charter capital

Under Establishment and Operation Licence No. 138/GP-NHNN dated 23 May 2008 issued by the SBV and Business Registration Certificate No. 0103024468 dated 2 June 2008 issued by Hanoi Authority for Planning and Investment, the Bank’s charter capital was VND12,100,860,260,000. Under Business Registration Certificate with Enterprise Code No. 0100112437 was reissued for the twelfth time on 16 December 2016 and the amendment of Establishment and Operation Licence No. 138/GP-NHNN of Joint Stock Commercial Bank for Foreign Trade of Vietnam in Decision No. 95/QĐ-NHNN dated 18 January 2017 of the State Bank of Vietnam, the Bank’s charter capital was VND35,977,685,750,000. The face value per share is VND10,000.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

(c) Location and network

The Bank's Head Office is located at 198 Tran Quang Khai Street, Hoan Kiem District, Hanoi. As at 31 December 2018, the Bank had one (1) Head Office, one (1) Training Centre, one (1) Cash Processing Center, and one hundred and six (106) branches nationwide, four (4) local subsidiaries, three (3) overseas subsidiaries, three (3) joint-ventures, one (1) associate, one (1) representative office located in the United States of America, one (1) representative office located in Singapore and one (1) representative office located in Ho Chi Minh City (as at 31 December 2017, the Bank had one (1) Head Office, one (1) Training Centre, one (1) Cash Processing Center, and one hundred and one (101) branches nationwide, four (4) local subsidiaries, two (2) overseas subsidiaries, three (3) joint-ventures, one (1) associate, one (1) representative office located in Singapore and one (1) representative office located in Ho Chi Minh City).

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

(d) Subsidiaries, joint-ventures and associates

Subsidiaries

Subsidiaries	Operating Licence	Business sector	Ownership percentage
Vietcombank Finance Leasing Company Limited	Operating Licence No. 66/GP-CTCTTC dated 31 October 2017 granted by the SBV	Financial leasing	100%
Vietcombank Securities Company Limited	Operating Licence No. 09/GPHDKD dated 24 April 2002, the most recent amendment is Operating Licence No. 63/GPDC-UBCK dated 29 December 2017 granted by the State Securities Commission ("SSC")	Securities	100%
Vietnam Finance Company Limited in Hong Kong	Business Registration No. 0226 issued by Hong Kong Monetary Authority dated 7 March 1978. First amendment dated 3 November 1992, second amendment dated 19 September 1995	Financial services	100%
Vietcombank Money Inc.	Business Registration No. E0321392009-6 dated 15 June 2009 granted by the Authority of the State of Nevada, United States	Foreign exchange remittance	87.5%
Vietcombank Tower 198 Ltd	Investment Licences No. 1578/GP dated 30 May 1996 and the most recent amendment dated 11 September 2017 granted by the Ministry of Planning and Investment	Office leasing	70%
Vietcombank Remittance Company Limited	Enterprise Registration Certificate No. 0314633162 dated 20 September 2017 granted by Ho Chi Minh City Department of Investment and Planning	Receipt of foreign exchange	100%
Vietcombank Laos Limited	Operating Licence No. 88/BOL dated 25 May 2018 granted by Bank of the Lao P.D.R	Banking	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

Joint-ventures

Joint-ventures	Operating Licence	Business sector	Ownership percentage
Vietcombank – Bonday – Ben Thanh Joint-venture Company Limited	Investment Licence No. 2458/GP dated 7 February 2005 granted by the Ministry of Planning and Investment with Amended Licence No. 2458/GCND1/41/1 dated 26 October 2011 and Amended Licence No. 2458/GCND2/41/1 dated 28 December 2012	Office leasing	52%
VietcombankFund Management	Establishment and Operating Licence No. 06/UBCK-GPHDQLQ dated 2 December 2005 granted by the State Securities Commission; most recent amendment No. 17/GPDC-UBCK dated 9 February 2018	Investment fund management	51%
Vietcombank Cardif Life Insurance Company Limited	Investment Licence No. 55/GP/KDBH dated 23 October 2008 granted by the Ministry of Finance and Amended Licence No. 55/GPDC1/KDBH dated 28 December 2018	Life insurance	45%

Associates

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

(e) Number of employees

As at 31 December 2018, Vietcombank had 17,215 employees (31 December 2017: 16,227 employees).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Purpose of preparing the consolidated financial statements

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

(b) Basis of financial statement preparation

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

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

(c) Accounting period

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

(d) Foreign currency transactions

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

(e) Basis of consolidation

(i) Subsidiaries

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

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

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

(ii) Associates and joint-ventures

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

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

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

(f) Cash and cash equivalents

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

(g) Deposits with and loans to other credit institutions

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

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

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

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

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

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

(h) Loans to customers

(i) Loans to customers

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

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

(ii) Specific allowance for credit risk

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

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

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

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

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

(iii) General allowance for credit risk

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

(iv) Bad debts written-off

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

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

(i) Investments

(i) Trading securities

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

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

(ii) Investment securities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

Available-for-sale investment securities

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

Held-to-maturity investment securities

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

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

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

(iii) Other capital contributions, long-term investments

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

(j) Repurchase and reverse repurchase agreements

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

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

(k) Tangible fixed assets

(i) Cost

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

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

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

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

(ii) Depreciation

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

(l) Intangible fixed assets

(i) Land use rights

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

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

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

Land use rights not recognised as intangible assets comprise:

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

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

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

(ii) Copyrights, patents and other intangible fixed assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

(m) Other assets

Except for receivables from uncollectible income as presented in Note 2(t)(iv), allowance for overdue other assets which are not classified as assets bearing credit risk are made in accordance with Circular 228 and Circular No. 200/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014 ("Circular 200"). Accordingly, allowance for these assets is based on their overdue period or estimated loss for debts whose debtors have become bankrupt or are undergoing dissolution procedures, are missing, have escaped, are prosecuted, detained or on trial by law enforcement bodies, are serving sentences or have deceased.

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

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

(n) Deposits and borrowings from other credit institutions

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

(o) Deposits from customers

Deposits from customers are stated at cost.

(p) Valuable papers issued

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

(q) Severance allowance

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

(r) Bonus and welfare funds

Bonus and welfare funds are allocated from profit after tax in accordance with the Resolution of the General Meeting of Shareholders and recorded as liabilities in the consolidated balance sheet. The bonus and welfare funds are used for the purposes specified in Decree No. 93/2017/ND-CP dated 7 August 2017 issued by the Government ("Decree 93").

(s) Capital and reserves

(i) Ordinary shares

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

(ii) Share premium

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

(iii) Treasury shares

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

(iv) Reserves

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

(v) Foreign exchange difference

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

(t) Income and expenses

(i) Interest income and interest expenses

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

Interest expenses are recorded on an accrual basis.

(ii) Fee and commission and dividend income

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

(iii) Share dividends

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

(iv) Uncollectible income

According to Circular No. 16/2018/TT-BTC dated 7 February 2019 issued by the Ministry of Finance, income receivables that are recognised as income but uncollectible at the due date are reversed as a reduction of income if the due date is within the same annual accounting period, or recorded as an expense if the due date is not within the annual accounting period, and must be monitored on the off-balance sheet for following-up on collection. When the receivable is collected, Vietcombank will record it as an operating income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

(u) Lease

(i) Lessee

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

(ii) Lessor

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

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

(v) Taxation

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

(w) Related parties

Related parties of Vietcombank include:

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

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

(x) Segment reporting

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

(y) Off-balance sheet items

(i) Foreign exchange contracts

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

(ii) *Interest swap contracts*

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

(iii) *Commitments and contingent liabilities*

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

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

(z) *Offsetting*

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

(aa) *Basic earnings per share*

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

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

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

Financial assets of Vietcombank mainly include:

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

Financial liabilities of Vietcombank mainly include:

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

(a) *Classification of financial assets and liabilities*

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

Financial assets are classified as:

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

Financial liabilities are classified as:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

(b) Measurement and disclosures of fair value

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

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

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

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

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

4. CASH ON HAND, GOLD, SILVER AND GEMSTONES

	31/12/2018 VND million	31/12/2017 VND million
Cash on hand in VND	9,761,340	8,185,268
Cash on hand in foreign currencies	3,030,243	1,917,103
Valuable papers in foreign currencies	462	490
	12,792,045	10,102,861

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

5. BALANCES WITH THE STATE BANKS

	31/12/2018 VND million	31/12/2017 VND million
Deposits with the State Bank of Vietnam (i)	10,152,565	93,615,618
Deposits with Bank of the Lao L.D.R (ii)	693,136	-
	10,845,701	93,615,618

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

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

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

Type of deposits	31/12/2018	31/12/2017
Deposits in VND with terms of less than 12 months	3%	3%
Deposits in VND with terms of 12 months and above	1%	1%
Deposits in foreign currencies with terms of less than 12 months	8%	8%
Deposits in foreign currencies with terms of 12 months and above	6%	6%
Deposits from overseas credit institutions in foreign currencies	1%	1%

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

Type of deposits	31/12/2018	31/12/2017
Within compulsory reserve in VND	1.2%/year	1.2%/year
Within compulsory reserve in USD	0%/year	0%/year
Over compulsory reserve in VND	0%/year	0%/year
Over compulsory reserve in USD	0.05%/year	0.05%/year

(ii) Deposits with Bank of the Lao L.D.R (“the BOL”) consist of margin deposits in Lao Kip (“LAK”) and other foreign currencies to establish a subsidiary in Lao People’s Democratic Republic and margin deposits maintained in accordance with the BOL’s requirement.

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

Type of deposits	31/12/2018	31/12/2017
Deposits in LAK with terms of less than 12 months	5%	-
Deposits in LAK with terms of 12 months and above	5%	-
Deposits in foreign currencies with terms of less than 12 months	10%	-
Deposits in foreign currencies with terms of 12 months and above	10%	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

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

6. BALANCES WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	31/12/2018 VND million	31/12/2017 VND million
Balances with other credit institutions		
Demand deposits in VND	101,265	136,596
Demand deposits in foreign currencies	42,122,160	44,995,386
Term deposits in VND	71,666,407	58,303,507
Term deposits in foreign currencies	73,462,668	55,607,856
	187,352,500	159,043,345
Loans to other credit institutions		
Loans in VND	56,765,202	71,438,839
Loans in foreign currencies	7,110,335	2,491,219
	63,875,537	73,930,058
Allowance for balances with and loans to other credit institutions	(1,000,000)	-
	250,228,037	232,973,403

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

	31/12/2018 VND million	31/12/2017 VND million
Current debt	207,957,674	187,841,421
Special mentioned debt	46,938	-
Loss debt	1,000,000	-
	209,004,612	187,841,421

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

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

7. TRADING SECURITIES

	31/12/2018 VND million	31/12/2017 VND million
Debt securities		
Government bonds	1,181,914	6,753,281
Bonds issued by other local credit institutions	935,301	2,267,809
Securities issued by local economic entities	250,400	283,298
Equity securities		
Equity securities issued by other credit institutions	10	2,962
Equity securities issued by local economic entities	357,426	442,894
	2,725,051	9,750,244
Allowance for trading securities	(70,245)	(81,211)
	2,654,806	9,669,033

Trading securities by listing status were as follows:

	31/12/2018 VND million	31/12/2017 VND million
Debt securities		
Listed	2,117,216	9,021,090
Unlisted	250,399	283,298
Equity securities		
Listed	251,143	344,264
Unlisted	106,293	101,592
	2,725,051	9,750,244

Movements in allowance for trading securities during the year were as follows:

	2018 VND million	2017 VND million
Opening balance	81,211	37,833
Allowance (reversed)/made during the year (Note 28)	(10,966)	43,378
Closing balance	70,245	81,211



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

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

8. DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER FINANCIAL ASSETS

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

9. LOANS TO CUSTOMERS

	31/12/2018 VND million	31/12/2017 VND million
Loans to local economic entities and individuals	624,073,743	536,742,491
Discounted bills and valuable papers	3,930,917	3,109,627
Finance leases	3,855,993	3,576,815
Loans given to make payments on behalf of customers	1,000	432
Loans to foreign organisations and individuals	5,105	5,095
	631,866,758	543,434,460

Loan portfolio by debt group was as follows:

	31/12/2018 VND million	31/12/2017 VND million
Current debt	621,862,679	532,442,513
Special mentioned debt	3,781,086	4,783,258
Sub-standard debt	291,788	684,223
Doubtful debt	1,160,507	3,584,263
Loss debt	4,770,698	1,940,203
	631,866,758	543,434,460

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

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

Loan portfolio by term was as follows:

	31/12/2018 VND million	31/12/2017 VND million
Short-term debt	342,212,900	303,366,942
Medium-term debt	53,310,111	56,529,525
Long-term debt	236,343,747	183,537,993
	631,866,758	543,434,460

Loan portfolio by type of borrowers was as follows:

	31/12/2018 VND million	31/12/2017 VND million
State-owned enterprises	68,153,883	83,310,960
Limited companies	128,333,629	109,118,330
Foreign invested enterprises	38,567,007	38,357,370
Co-operative and private companies	2,487,292	5,250,845
Individuals	235,884,022	177,778,008
Others	158,440,925	129,618,947
	631,866,758	543,434,460

Loan portfolio by industry sector was as follows:

	31/12/2018 VND million	31/12/2017 VND million
Processing and manufacturing	163,734,487	147,736,460
Trading and services	120,238,625	118,528,188
Electricity, gas, water processing and supplying	29,340,404	26,547,170
Construction	28,873,357	32,115,297
Transportation, logistics and communication	23,352,261	23,016,953
Mining	15,476,351	16,311,491
Agriculture, forestry and aquaculture	14,499,324	11,296,702
Hospitality	11,362,643	9,441,003
Others	224,989,306	158,441,196
	631,866,758	543,434,460

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

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

10. ALLOWANCE FOR LOANS TO CUSTOMERS

	31/12/2018 VND million	31/12/2017 VND million
General allowance	4,695,445	4,116,920
Specific allowance	5,598,064	3,996,136
	10,293,509	8,113,056

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

	2018 VND million	2017 VND million
Opening balance	4,116,920	3,374,674
Allowance made during the year (Note 33)	578,524	742,246
Foreign currency difference	1	-
Closing balance	4,695,445	4,116,920

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

	2018 VND million	2017 VND million
Opening balance	3,996,136	4,712,079
Allowance made during the year (Note 33)	5,683,777	5,496,249
Allowance utilised for writing-off bad debts	(4,083,722)	(6,212,835)
Foreign exchange difference	1,873	643
Closing balance	5,598,064	3,996,136

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

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

11. INVESTMENT SECURITIES

	31/12/2018 VND million	31/12/2017 VND million
Available-for-sale securities (a)	35,233,134	34,671,798
Held-to-maturity securities (b)	114,063,296	95,280,474
	149,296,430	129,952,272

(a) Available-for-sale securities

	31/12/2018 VND million	31/12/2017 VND million
Available-for-sale securities		
<i>Debt securities</i>		
Government bonds	22,120,565	25,153,866
Treasury bills and the SBV bills	-	2,000,000
Debt securities issued by other local credit institutions	13,192,504	7,426,242
Debt securities issued by local economic entities	-	100,000
<i>Equity securities</i>		
Equity securities issued by other local credit institutions	8,190	8,190
	35,321,259	34,688,298
Allowance for available-for-sale securities (i)	(88,125)	(16,500)
Total available-for-sale securities	35,233,134	34,671,798

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

	31/12/2018 VND million	31/12/2017 VND million
General allowance for unlisted corporate bonds	88,125	16,500

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

	2018 VND million	2017 VND million
Opening balance	16,500	17,250
Allowance made/(reversed) during the year (Note 33)	71,625	(750)
Closing balance	88,125	16,500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

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

(b) Held-to-maturity securities

	31/12/2018 VND million	31/12/2017 VND million
Held-to-maturity securities		
Government bonds	83,967,301	73,423,370
Debt securities issued by other local credit institutions	22,601,979	7,647,900
Debt securities issued by local economic entities	7,681,750	14,332,751
	114,251,030	95,404,021
Allowance for held-to-maturity securities (ii)	(187,734)	(123,547)
Total held-to-maturity securities	114,063,296	95,280,474

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

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

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

	31/12/2018 VND million	31/12/2017 VND million
Current debt	38,080,751	22,432,752

12. CAPITAL CONTRIBUTIONS, LONG-TERM INVESTMENTS

(a) Investments in joint-ventures

As at 31 December 2018:

	Business sector	Ownership percentage (%)	Cost VND million	Carrying value VND million
Vietcombank – Bonday – Ben Thanh Joint-venture Company Limited (i)	Office leasing	52%	410,365	492,807
Vietcombank Fund Management (i)	Investment fund management	51%	135,150	145,031
Vietcombank – Cardif Life Insurance Company Limited (ii)	Life insurance	45%	270,000	259,470
			815,515	897,308

As at 31 December 2017:

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

(i) The Bank owns 52% of the total contributed capital of Vietcombank – Bonday – Ben Thanh Joint-venture Company Limited and 51% of the total contributed capital of Vietcombank Fund Management. These companies' charters require a consensus among related parties on all important decisions on the companies' operational and financial matters. Hence, owning more than half of the companies' contributed capital does not mean that the Bank has control over these companies. The investments in these two companies are classified into "Investments in joint-ventures" rather than "Investments in subsidiaries".

(ii) The Bank owns 45% of the total contributed capital of Vietcombank – Cardif Life Insurance Company Limited. This company's charter requires a consensus among related parties on all important decisions on this company's operational and financial matters. Therefore, the investment in the company is classified into "Investments in joint-ventures" rather than "Investments in associates".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B05/TCTD-HN

(Issued in accordance with Circular

No. 49/2014/TT-NHNN dated 31 December 2014)

(b) Investments in associates

As at 31 December 2018:

	Business sector	Ownership percentage (%)	Cost VND million	Carrying value VND million
Vietcombank – Bonday Joint-venture Company Limited	Office leasing	16%	11,110	10,339

As at 31 December 2017:

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

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

(c) Other long-term investments

As at 31 December 2018:

	Business sector	Ownership percentage (%)	Cost VND million
Vietnam Export – Import Commercial Joint Stock Bank	Banking	4.50%	319,907
Military Commercial Joint Stock Bank	Banking	4.50%	802,269
Small and Medium Enterprises Credit Guarantee Fund	Credit guarantee services	0.80%	1,864
Petrolimex Insurance Corporation	Insurance	8.03%	67,900
Vietnam Credit Information Joint Stock Company (PCB)	Credit information services	6.64%	7,962
Vietnam Infrastructure Development and Financial Investment JSC.	Highway investment	1.97%	75,000
National Payment Corporation of Vietnam	Card services	1.83%	4,400
Vietnam Airlines JSC.	Aviation	1.21%	353,180
SWIFT, MASTER and VISA	Card and settlement services	-	2,936
			1,635,418
Allowance for other long-term investments			(66,998)
			1,568,420

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B05/TCTD-HN

(Issued in accordance with Circular

No. 49/2014/TT-NHNN dated 31 December 2014)

As at 31 December 2017:

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

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

	2018 VND million	2017 VND million
Opening balance	25,139	14,347
Allowance made during the year (Note 32)	41,859	10,792
Closing balance	66,998	25,139

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

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

13. TANGIBLE FIXED ASSETS

Year ended 31 December 2018:

	Buildings and structures VND million	Machinery and equipment VND million	Motor vehicles and means of transmission VND million	Others VND million	Total VND million
Cost					
Opening balance	3,864,100	3,802,470	829,683	1,205,674	9,701,927
Additions during the year	484,101	332,043	64,410	133,911	1,014,465
- Purchases	443,947	332,043	64,410	129,951	970,351
- Others	40,154	-	-	3,960	44,114
Decreases during the year	(5,765)	(148,437)	(12,060)	(16,062)	(182,324)
- Disposals	(5,765)	(89,343)	(12,060)	(15,620)	(122,788)
- Others	-	(59,094)	-	(442)	(59,536)
Closing balance	4,342,436	3,986,076	882,033	1,323,523	10,534,068
Accumulated depreciation					
Opening balance	933,728	3,301,508	543,417	725,221	5,503,874
Additions during the year	191,746	290,730	76,915	184,351	743,742
- Charges for the year	186,385	290,730	76,915	184,351	738,381
- Others	5,361	-	-	-	5,361
Decreases during the year	(6,265)	(138,328)	(12,061)	(16,186)	(172,840)
- Disposals	(5,437)	(88,191)	(12,061)	(16,096)	(121,785)
- Others	(828)	(50,137)	-	(90)	(51,055)
Closing balance	1,119,209	3,453,910	608,271	893,386	6,074,776
Net book value					
Opening balance	2,930,372	500,962	286,266	480,453	4,198,053
Closing balance	3,223,227	532,166	273,762	430,137	4,459,292

Included in tangible fixed assets were assets costing VND3,885,159 millions which were fully depreciated as of 31 December 2018, but still in use (31 December 2017: VND3,609,533 millions).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

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

14. INTANGIBLE FIXED ASSETS

Year ended 31 December 2018:

	Land use rights VND million	Copyrights and patents VND million	Others VND million	Total VND million
Cost				
Opening balance	1,915,710	590,462	100,603	2,606,775
Additions during the year	153,826	11,882	60	165,768
- Purchases	153,406	9,822	60	163,288
- Others	420	2,060	-	2,480
Other decreases during the year	-	(26)	-	(26)
Closing balance	2,069,536	602,318	100,663	2,772,517
Accumulated depreciation				
Opening balance	56,123	506,182	80,162	642,467
Additions during the year	16,156	40,493	5,230	61,879
- Charges for the year	14,771	39,169	5,230	59,170
- Others	1,385	1,324	-	2,709
Other decreases during the year	-	(3)	-	(3)
Closing balance	72,279	546,672	85,392	704,343
Net book value				
Opening balance	1,859,587	84,280	20,441	1,964,308
Closing balance	1,997,257	55,646	15,271	2,068,174

Included in intangible fixed assets were assets costing VND562,477 millions which were fully depreciated as of 31 December 2018, but still in use (31 December 2017: VND539,560 millions).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

for the year ended 31 December 2018 (continued)

15. OTHER ASSETS

(a) Receivables

	31/12/2018 VND million	31/12/2017 VND million
Internal receivables	1,361,701	942,915
External receivables (i)	2,703,567	3,562,820
	4,065,268	4,505,735

(i) External receivables

	31/12/2018 VND million	31/12/2017 VND million
Advances for purchase of fixed assets	927,569	436,817
Receivables from the State Budget in relation to the interest subsidy program	290,225	252,797
Overpaid corporate income tax	80	134
Deductible value added tax	19,743	18,425
Advances for other taxes	2	2
Construction in progress (*)	492,249	428,340
Other receivables	973,699	2,426,305
	2,703,567	3,562,820

(*) Details of construction in progress are follows:

	31/12/2018 VND million	31/12/2017 VND million
Construction in progress	492,249	428,340
<i>In which, large constructions include:</i>	384,496	227,172
Ho Chi Minh City Branch's office construction	102,005	3,253
Thanh Cong Branch's office construction	92,113	58
Ninh Binh Branch's office construction	60,000	60,000
Kon Tum Branch's office construction	49,133	20,785
Thu Duc Branch's office construction	28,831	1,547
North Sai Gon Branch's office construction	22,832	1,010
Phu Yen Branch's office construction	18,421	1,248
Bac Ninh Branch's office construction	6,775	127
Tien Giang Branch's office construction	4,386	5,644
Nam Dinh Branch's office construction	-	133,500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

for the year ended 31 December 2018 (continued)

(b) Accrued interest and fee receivables

	31/12/2018 VND million	31/12/2017 VND million
From loans to customers	2,971,363	2,343,515
From balances with and loans to other credit institutions	365,801	458,793
From investment securities	4,017,845	3,205,653
From derivative transactions	51,938	15,969
Fees receivable	2,202	1,723
	7,409,149	6,025,653

(c) Other assets

	31/12/2018 VND million	31/12/2017 VND million
Prepaid expenses for office and fixed assets rental	626,509	698,732
Materials	123,944	107,908
Advance for card payment	4,082,720	954,952
Advance for rental land	467,016	383,423
Other assets	578,952	431,213
	5,879,141	2,576,228
Allowance for other assets	(3,522)	(2,015)
	5,875,619	2,574,213

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

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

16. AMOUNTS DUE TO THE GOVERNMENT AND THE STATE BANKS

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

17. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

	31/12/2018 VND million	31/12/2017 VND million
Deposits from other credit institutions	75,245,679	55,803,878
Demand deposits in VND	14,859,745	12,085,649
Demand deposits in foreign currencies	46,498,477	39,883,554
Term deposits in VND	8,490,250	-
Term deposits in foreign currencies	5,397,207	3,834,675
Borrowings from other credit institutions	1,278,400	11,138,325
Borrowings in VND	1,278,400	3,401,700
Borrowings in foreign currencies	-	7,736,625
	76,524,079	66,942,203

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

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

18. DEPOSITS FROM CUSTOMERS

	31/12/2018 VND million	31/12/2017 VND million
Demand deposits	226,842,211	201,004,132
Demand deposits in VND	170,439,488	149,797,322
Demand deposits in gold, foreign currencies	56,402,723	51,206,810
Term deposits	558,786,377	495,438,508
Term deposits in VND	471,896,716	417,756,992
Term deposits in gold, foreign currencies	86,889,661	77,681,516
Deposits for specific purposes	14,948,566	10,951,390
Margin deposits	1,351,961	1,125,687
	801,929,115	708,519,717

Deposits from customers by customer type were as follows:

	31/12/2018 VND million	31/12/2017 VND million
Economic entities	380,422,106	316,488,540
Individuals	421,507,009	392,031,177
	801,929,115	708,519,717

19. FUNDS FOR FINANCE, ENTRUSTED INVESTMENTS AND ENTRUSTED LOANS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

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

20. VALUABLE PAPERS ISSUED

	31/12/2018 VND million	31/12/2017 VND million
Certificates of deposits		
Short-term in foreign currencies	-	170
Medium-term in VND	325	325
Medium-term in foreign currencies	994	2,298
Bonds and bills		
Short-term in VND	47	47
Short-term in foreign currencies	30	30
Medium-term in VND	10,630,839	7,211,622
Medium-term in foreign currencies	12	12
Long-term in VND	10,828,885	11,000,000
	21,461,132	18,214,504

21. OTHER LIABILITIES

(a) Accrued interest and fee payables

	31/12/2018 VND million	31/12/2017 VND million
For deposits from customers	8,210,463	7,851,033
For deposits and borrowings from other credit institutions	32,613	307,489
For valuable papers issued	376,975	268,081
For derivative transactions	91,193	34,403
For entrusted investments	6,296	6,331
	8,717,540	8,467,337

(b) Other liabilities

	31/12/2018 VND million	31/12/2017 VND million
Internal payables (i)	2,809,792	2,811,953
External payables (ii)	7,076,700	4,500,523
Bonus and welfare funds	2,598,410	1,850,814
	12,484,902	9,163,290

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

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

(i) Internal payables

	31/12/2018 VND million	31/12/2017 VND million
Payables to employees	2,473,336	2,447,077
Other liabilities	336,456	364,876
	2,809,792	2,811,953

(ii) External payables

	31/12/2018 VND million	31/12/2017 VND million
Tax payables (Note 38)	1,610,091	484,827
- Corporate income tax payables	1,342,984	276,569
- Value added tax payables	50,938	37,539
- Other tax payables	216,169	170,719
Unearned interest income	87,535	36,021
Payables for construction and acquisition of fixed assets	347,802	357,244
Deposits in custody relating to pending payments	220,120	161,561
Other payables to customers	1,524,150	532,487
Other pending items in settlement	269,602	355,780
Other payables to the State relating to interest subsidy program	64,528	64,528
Borrowings from the Ministry of Finance	1,001,583	702,162
Other payables	1,951,289	1,805,913
	7,076,700	4,500,523

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

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

22. OWNERS' EQUITY

(a) Statement of changes in equity

	Charter capital	Other capita	Reserves				Foreign exchange differences	Differences upon asset revaluation	Retained profits	Non-controlling interest	Total
			Supple- mentary charter capital reserve	Financial reserve	Investment and development fund	Total					
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Balance as at 1/1/2018	35,977,686	344,245	2,381,774	4,801,247	70,661	7,253,682	94,485	83,285	8,715,252	89,324	52,557,959
Net profit for the year	-	-	-	-	-	-	-	-	14,605,578	16,484	14,622,062
Reserves temporarily appropriated from profit for 2018	-	-	722,733	1,445,467	-	2,168,200	-	-	(2,168,200)	-	-
Bonus and welfare funds temporarily appropriated for 2018	-	-	-	-	-	-	-	-	(1,670,475)	-	(1,670,475)
Adjustments for reserves appropriation according to the Resolution of General Meeting of Shareholders	-	412	2,218	4,435	-	6,653	-	-	(399,414)	-	(392,349)
Dividends of 2017 paid (Note 23)	-	-	-	-	-	-	-	-	(2,878,215)	-	(2,878,215)
Utilisation during the year	-	-	-	(13,081)	-	(13,081)	-	-	-	-	(13,081)
Dividends of subsidiaries paid during the year	-	-	-	-	-	-	-	-	-	(36,766)	(36,766)
Reserves appropriation of subsidiaries	-	-	13,060	17,218	-	30,278	-	-	(70,521)	(513)	(40,756)
Foreign currency differences	-	-	-	-	-	-	(10,035)	-	-	503	(9,532)
Asset revaluation	-	-	-	-	-	-	-	35,893	-	-	35,893
Adjustments for joint-ventures and associates upon the equity method	-	-	-	-	-	-	-	-	6,721	-	6,721
Other movements	-	-	-	-	-	-	-	-	(2,039)	(43)	(2,082)
Balance as at 31/12/2018	35,977,686	344,657	3,119,785	6,255,286	70,661	9,445,732	84,450	119,178	16,138,687	68,989	62,179,379

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

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

(b) Details of shareholders of the Bank

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

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

	31/12/2018		31/12/2017	
	Number of shares	VND million	Number of shares	VND million
Authorised share capital	3,597,768,575	35,977,686	3,597,768,575	35,977,686
Issued share capital				
Ordinary shares	3,597,768,575	35,977,686	3,597,768,575	35,977,686
Outstanding shares in circulation				
Ordinary shares	3,597,768,575	35,977,686	3,597,768,575	35,977,686

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

23. DIVIDENDS

In accordance with Resolution No. 11/TN2018/NQ-DHDCD dated 27 April 2018, the Bank's General Meeting of Shareholders decided to pay cash dividend of 2017 at 8% of par value, equivalent to VND2,878,215 million. The Bank paid these dividends of 2017 to its shareholders on 25 October 2018 in accordance with Resolution No. 373/NQ-VCB-HDQT dated 4 September 2018 by the Board of Directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

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

24. INTEREST AND SIMILAR INCOME

	2018 VND million	2017 VND million
Interest income from loans to customers	43,756,805	36,165,352
Interest income from deposits	2,880,373	1,974,911
Interest income from trading and investing in debt securities	8,304,634	7,197,869
- from investment securities	8,164,621	6,936,567
- from trading securities	140,013	261,302
Interest income from finance lease	287,078	253,228
Income from guarantee activities	411,962	390,347
Other income from credit activities	223,099	177,061
	55,863,951	46,158,768

25. INTEREST AND SIMILAR EXPENSES

	2018 VND million	2017 VND million
Interest expenses on deposits	25,365,310	22,348,284
Interest expenses on borrowings	544,079	773,985
Interest expenses on valuable papers issued	1,516,041	1,067,368
Other expenses on credit activities	30,005	31,585
	27,455,435	24,221,222

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

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

26. NET FEE AND COMMISSION INCOME

	2018 VND million	2017 VND million
Fee and commission income from		
Settlement services	4,590,636	3,451,048
Treasury services	245,694	243,295
Trusted and agency activities	6,321	30,477
Other services	2,179,504	1,653,356
	7,022,155	5,378,176
Fee and commission expenses for		
Settlement services	(2,907,563)	(2,190,939)
Treasury services	(69,372)	(59,688)
Telecommunication services	(100,790)	(94,812)
Trusted and agency activities	(746)	(7,093)
Other services	(541,192)	(487,435)
	(3,619,663)	(2,839,967)
	3,402,492	2,538,209

27. NET GAIN FROM TRADING OF FOREIGN CURRENCIES

	2018 VND million	2017 VND million
Gains from trading of foreign currencies		
From foreign currencies spot trading	4,449,872	3,033,367
From currency derivatives financial instruments	363,485	333,649
From foreign exchange rate differences	325,992	921
From revaluation of derivative contracts	87,041	86,975
	5,226,390	3,454,912
Losses from trading of foreign currencies		
From foreign currencies spot trading	(865,920)	(681,035)
From currency derivatives financial instruments	(983,543)	(573,197)
From foreign exchange rate differences	(466,445)	(37,520)
From revaluation of derivative contracts	(644,053)	(120,743)
	(2,959,961)	(1,412,495)
	2,266,429	2,042,417

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

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

28. NET GAIN FROM TRADING SECURITIES

	2018 VND million	2017 VND million
Income from trading securities	539,389	598,033
Expenses for trading securities	(299,893)	(78,255)
Allowance reversed/(made) for trading securities (Note 7)	10,966	(43,378)
	250,462	476,400

29. NET LOSS FROM INVESTMENT SECURITIES

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

30. NET OTHER INCOME

	2018 VND million	2017 VND million
Other income		
Income from recoveries of loans previously written off	3,272,247	2,185,100
Other income	243,657	170,731
	3,515,904	2,355,831
Other expenses		
Expenses from interest rate swap transactions	(9,117)	(85,028)
Expenses from debts trading activities	(159)	-
Expenses for social activities	(150,034)	(106,832)
Other expenses	(122,229)	(64,441)
	(281,539)	(256,301)
	3,234,365	2,099,530

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

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

31. INCOME FROM CAPITAL CONTRIBUTIONS AND EQUITY INVESTMENTS

	2018 VND million	2017 VND million
Dividends received from equity investments (Note 34)	129,753	129,685
- Dividends received from equity securities	122,636	116,966
- Dividends received from trading securities	7,117	12,719
Income from disposals of equity investments	1,557,490	142,236
Share of gain of investments in joint-ventures and associates upon the equity method (Note 34)	28,926	59,840
	1,716,169	331,761

32. OPERATING EXPENSES

	2018 VND million	2017 VND million
Tax, duties and fees	253,632	229,392
Salaries and related expenses	7,677,596	6,733,373
Of which:		
- Salary and allowances (Note 37)	6,920,065	6,289,709
- Additional expenses based on salary	608,943	308,610
- Other allowances	3,977	3,539
Expenses on assets	2,340,006	2,051,907
Of which:		
- Depreciation of fixed assets	797,551	711,474
Administrative expenses	2,728,089	2,358,518
Insurance expenses on deposits of customers	526,591	444,889
Allowance made for other long-term investments (Note 12(c))	41,859	10,792
Other expenses	43,321	37,474
	13,611,094	11,866,345

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

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

33. ALLOWANCE FOR CREDIT LOSSES

	2018 VND million	2017 VND million
Allowance for balances with and loans to other credit institutions		
Allowance made for the year (Note 6)	1,000,000	-
General allowance for loans to customers		
Allowance made for the year (Note 10)	578,524	742,246
Specific allowance for loans to customers		
Allowance made for the year (Note 10)	5,683,777	5,496,249
General allowance for unlisted corporate bonds	135,812	9,261
Allowance made/(reversed) for available-for-sale securities for the year (Note 11(a))	71,625	(750)
Allowance made for held-to-maturity securities for the year (Note 11(b))	64,187	10,011
Specific allowance for unlisted corporate bonds		
Allowance reversed for the year	-	(49,341)
	7,398,113	6,198,415

34. CORPORATE INCOME TAX

(a) Reconciliation of effective tax rate

	2018 VND million	2017 VND million
Profit before tax	18,269,226	11,341,361
Adjustments:		
Taxable income of subsidiaries	(436,375)	(302,354)
Dividends received during the year (Note 31)	(129,753)	(129,685)
Share of profit from investments in joint-ventures and associates under the equity method (Note 31)	(28,926)	(59,840)
Tax exempt from consolidation adjustments	104,032	(7,935)
Other non-deductible expenses	29,601	19,081
Taxable income	17,807,805	10,860,628
Statutory corporate income tax rate	20%	20%
Estimated corporate income tax of the Bank (tax rate: 20%)	3,561,561	2,172,126
Estimated corporate income tax of subsidiaries (tax rate: 20%)	84,024	60,201
Estimated corporate income tax of subsidiaries (tax rate: 16.5%)	2,771	2,051
Corporate income tax expenses for the year	3,648,356	2,234,378

(b) Applicable tax rates

The Bank and its subsidiaries have an obligation to pay the Government income tax at the rate of 20% of taxable profits, except Vietnam Finance Company Limited in Hong Kong whose applicable tax rate is 16.5%. Corporate income tax computation is subject to review and approval by local tax authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

for the year ended 31 December 2018 (continued)

35. BASIC EARNINGS PER SHARE

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

	2018 VND million	2017 VND million (restated)
Net profit	14,605,578	9,091,070
Appropriation to bonus and welfare funds (*)	(1,710,718)	(1,916,083)
Profit attributable to the ordinary shareholders during the year	12,894,860	7,174,987

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

(b) Weighted average number of ordinary shares

	2018	2017
Issued ordinary shares at 1 January	3,597,768,575	3,597,768,575
Effect of ordinary shares issued during the year	-	-
Weighted average number of outstanding ordinary shares during the year	3,597,768,575	3,597,768,575

(c) Basic earnings per share

	2018	2017 (restated)
Basic earnings per share (VND/share)	3,584	1,994

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

for the year ended 31 December 2018 (continued)

36. CASH AND CASH EQUIVALENTS

	31/12/2018 VND million	31/12/2017 VND million
Cash on hand, gold, silver and gemstones	12,792,045	10,102,861
Balances with the State Bank of Vietnam	10,845,701	93,615,618
Balances with and loans to other credit institutions with original term not exceeding 3 months	220,376,410	199,815,768
Securities recoverable or due within three months from the acquisition date	-	2,000,000
	244,014,156	305,534,247

37. EMPLOYEES' BENEFITS

	2018	2017
Total number of employees (person)	17,215	16,227
Employees' income		
Total salary and allowance (VND million) (Note 32)	6,920,065	6,289,709
Monthly average income/person (VND million)	33,50	32,30

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

38. OBLIGATIONS TO THE STATE BUDGET

	Balance as at 1/1/2018	Occurrence during the year			Balance as at 31/12/2018			Total	
		VND million	VND million	VND million	Incurred	Paid	Payables		Advances
Value added tax	19,114		521,397	(509,316)	50,938	(19,743)			31,195
Current corporate income tax	276,435		3,652,243	(2,585,774)	1,342,984	(80)			1,342,904
In which:									
- Corporate income tax of Vietcombank	276,569		3,648,356	(2,581,941)	1,342,984	-			1,342,984
- Adjustments on tax of previous years	(78)		3,889	(3,833)	-	(22)			(22)
- Vinafico's tax obligation in 2008	(56)		(2)	-	-	(58)			(58)
Deferred corporate income tax liabilities	20,052		(757)	-	19,295	-			19,295
Other taxes	170,717		1,091,535	(1,046,085)	216,169	(2)			216,167
	486,318		5,264,418	(4,141,175)	1,629,386	(19,825)			1,609,561

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

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

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

	31/12/2018 VND million	31/12/2017 VND million
Deposits	91,140,187	68,674,401
Valuable papers	91,307,623	108,914,574
Real estate	622,702,902	453,798,437
Other collaterals	241,787,741	208,494,777
	1,046,938,453	839,882,189

40. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

41. SIGNIFICANT TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(a) Significant transactions with related parties

		2018	2017
		VND million	VND million
Relationship			
Income/(expense)			
The State Bank of Vietnam	Representative of owner		
Interest income from deposits		216,309	134,601
Interest expenses on deposits and borrowings		(152,162)	(173,156)
The Ministry of Finance	Related party of owner		
Interest expenses on deposits		(1,287,656)	(565,023)
Interest expenses on borrowings		(31,792)	(28,991)

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

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

(b) Significant balances with related parties

		31/12/2018	31/12/2017
		VND million	VND million
Relationship			
Receivable/(payable)			
The State Bank of Vietnam	Representative of owner		
Deposits at the SBV		10,152,565	93,615,296
Deposits and borrowings from the SBV		(3,589,585)	(6,303,503)
The Ministry of Finance ("the MoF")	Related party of owner		
Deposits at the Bank		(87,095,730)	(165,081,565)
Borrowings from the MoF		(1,001,583)	(702,162)
Mizuho Bank Ltd., Japan	Strategic shareholder		
Deposits at Mizuho Bank Ltd., Japan		1,767,477	5,994,987
Deposits from Mizuho Bank Ltd., Japan		(3,667,092)	(3,190,241)
Borrowings from Mizuho Bank Ltd., Japan		-	(448,500)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

42. SEGMENT REPORTING

(a) Geographical segment reporting

Year ended 31 December 2018:	The Middle and				The South	Overseas	Elimination	Total
	The North	Central	Highland		VND million	VND million	VND million	VND million
1	Interest and similar income	77,780,799	13,535,869	38,109,601	76,387	(73,638,705)		55,863,951
2	Interest and similar expenses	(65,901,975)	(9,365,838)	(25,807,910)	(27,596)	73,647,884		(27,455,435)
I	Net interest income	11,878,824	4,170,031	12,301,691	48,791	9,179		28,408,516
3	Fee and commission income	3,791,323	684,271	2,643,475	49,173	(146,087)		7,022,155
4	Fee and commission expenses	(3,522,035)	(23,077)	(91,587)	(14,836)	31,872		(3,619,663)
II	Net fee and commission income/ expenses	269,288	661,194	2,551,888	34,337	(114,215)		3,402,492
III	Net gain from trading of foreign currencies	1,653,084	93,355	519,822	168	-		2,266,429
IV	Net gain/(loss) from trading securities	259,621	-	-	-	(9,159)		250,462
5	Other income	1,545,368	473,740	1,490,320	6,476	-		3,515,904
6	Other expenses	(146,582)	(42,005)	(92,002)	(950)	-		(281,539)
VI	Net other income	1,398,786	431,735	1,398,318	5,526	-		3,234,365
VII	Income from capital contributions and equity investments	1,716,169	-	-	-	-		1,716,169
	Total operating income	17,175,772	5,356,315	16,771,719	88,822	(114,195)		39,278,433
VIII	Total operating expenses	(8,594,431)	(1,297,009)	(3,558,651)	(67,114)	(93,889)		(13,611,094)
IX	Net operating profit before allowances for credit losses	8,581,341	4,059,306	13,213,068	21,708	(208,084)		25,667,339
X	Allowances for credit losses	(6,256,620)	(864,555)	(276,940)	2	-		(7,398,113)
XI	Profit before tax	2,324,721	3,194,751	12,936,128	21,710	(208,084)		18,269,226
7	Current corporate income tax expenses	(416,406)	(639,744)	(2,589,435)	(2,771)	-		(3,648,356)
8	Deferred corporate income tax benefits	1,192	-	-	-	-		1,192
XII	Corporate income tax expenses	(415,214)	(639,744)	(2,589,435)	(2,771)	-		(3,647,164)
XIII	Profit after tax	1,909,507	2,555,007	10,346,693	18,939	(208,084)		14,622,062

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

42. SEGMENT REPORTING (CONTINUED)
(b) Business segment

Year ended 31 December 2018:	Banking financial services VND million	Non-banking financial services VND million	Securities VND million	Others VND million	Elimination VND million	Total VND million
1 Interest and similar income	128,839,344	419,178	224,047	20,087	(73,638,705)	55,863,951
2 Interest and similar expenses	(100,804,581)	(209,238)	(89,500)	-	73,647,884	(27,455,435)
I Net interest income	28,034,763	209,940	134,547	20,087	9,179	28,408,516
3 Fee and commission income	6,717,553	35,665	251,265	163,759	(146,087)	7,022,155
4 Fee and commission expenses	(3,536,517)	(1,052)	(46,240)	(67,726)	31,872	(3,619,663)
II Net fee and commission income/ (expenses)	3,181,036	34,613	205,025	96,033	(114,215)	3,402,492
III Net gain from trading of foreign currencies	2,263,253	3,176	-	-	-	2,266,429
IV Net gain/(loss) from trading securities	187,868	-	71,753	-	(9,159)	250,462
5 Other income	3,504,619	5,540	312	5,433	-	3,515,904
6 Other expenses	(277,435)	(14)	(23)	(4,067)	-	(281,539)
VI Net other income	3,227,184	5,526	289	1,366	-	3,234,365
VII Income from capital contributions and equity investments	1,709,052	-	7,117	-	-	1,716,169
Total operating income	38,603,156	253,255	418,731	117,486	(114,195)	39,278,433
VIII Total operating expenses	(13,140,407)	(131,038)	(195,678)	(50,082)	(93,889)	(13,611,094)
IX Net operating profit before allowance for credit losses	25,462,749	122,217	223,053	67,404	(208,084)	25,667,339
X Allowance for credit losses	(7,399,506)	1,393	-	-	-	(7,398,113)
XI Profit before tax	18,063,243	123,610	223,053	67,404	(208,084)	18,269,226
7 Current corporate income tax expenses	(3,561,561)	(23,557)	(49,500)	(13,738)	-	(3,648,356)
8 Deferred corporate income tax benefits	-	-	1,192	-	-	1,192
XII Corporate income tax expenses	(3,561,561)	(23,557)	(48,308)	(13,738)	-	(3,647,164)
XIII Profit after tax	14,501,682	100,053	174,745	53,666	(208,084)	14,622,062

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

43. DISCLOSURE OF FINANCIAL INSTRUMENTS

(a) Collateral disclosure

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

(b) Fair value disclosure

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

The following table presents carrying value and fair value of Vietcombank’s financial assets and liabilities as at 31 December 2018:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

43. DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value disclosures (continued)

Carrying amount – gross							Fair value VND million
	Held for trading VND million	Held to maturity VND million	Loans and receivables VND million	Available for sale VND million	Recognised at amortised cost VND million	Total of carrying value VND million	
Financial assets							
I Cash on hand, gold, silver and gemstones	-	-	12,792,045	-	-	12,792,045	12,792,045
II Balances with the State Banks	-	-	10,845,701	-	-	10,845,701	10,845,701
III Balances with and loans to other credit institutions	-	-	251,228,037	-	-	251,228,037	(*)
IV Trading securities	2,725,051	-	-	-	-	2,725,051	(*)
V Derivative financial instruments and other financial assets	275,983	-	-	-	-	275,983	(*)
VI Loans to customers	-	-	631,866,758	-	-	631,866,758	(*)
VIII Investment securities	-	114,251,030	-	35,321,259	-	149,572,289	(*)
IX Capital contributions, long-term investments	-	-	-	1,635,418	-	1,635,418	(*)
XII Other financial assets	-	-	14,198,286	-	-	14,198,286	(*)
	3,001,034	114,251,030	920,930,827	36,956,677	-	1,075,139,568	
Financial liabilities							
I Amounts due to the Government and the State Banks and deposits and borrowings from other credit institutions	-	-	-	-	167,209,394	167,209,394	(*)
II Deposits from customers	-	-	-	-	801,929,115	801,929,115	(*)
IV Funds for finance, entrusted investments and entrusted loans	-	-	-	-	25,803	25,803	(*)
V Valuable papers issued	-	-	-	-	21,461,132	21,461,132	(*)
VI Other financial liabilities	-	-	-	-	11,797,523	11,797,523	(*)
	-	-	-	-	1,002,422,967	1,002,422,967	

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

43. DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Risk management policies for financial instruments

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

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

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

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

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

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

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

(i) Credit risk

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B05/TCTD-HN

(Issued in accordance with Circular

No. 49/2014/TT-NHNN dated 31 December 2014)

43. DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

- (c) Risk management policies for financial instruments (continued)
- (i) Credit risks (continued)

Vietcombank’s maximum exposure amounts to credit risk as at 31 December 2018, excluding collaterals and credit risk mitigations as follows:

	Neither past due nor impaired VND million	Past due but not impaired VND million	Impaired and allowance made VND million	Total VND million
Balances with the State Banks	10,845,701	–	–	10,845,701
Balances with and loans to other credit institutions – gross	250,181,099	–	1,046,938	251,228,037
Balances with other credit institutions	187,352,500	–	–	187,352,500
Loans to other credit institutions	62,828,599	–	1,046,938	63,875,537
Trading securities	2,367,615	–	–	2,367,615
Loans to customers – gross	619,118,418	2,744,261	10,004,079	631,866,758
Investment securities – gross	149,564,099	–	–	149,564,099
Available-for-sale investment securities	35,313,069	–	–	35,313,069
Held-to-maturity investment securities	114,251,030	–	–	114,251,030
Other assets	14,198,286	–	–	14,198,286
	1,046,275,218	2,744,261	11,051,017	1,060,070,496

Further information of the carrying value of collaterals held by Vietcombank as at the reporting date are described in Note 39.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B05/TCTD-HN

(Issued in accordance with Circular

No. 49/2014/TT-NHNN dated 31 December 2014)

43. DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

- (c) Risk management policies for financial instruments (continued)
- (ii) Interest rate risk

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

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

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

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

• Items with fixed interest rate during the contractual term: the actual interest re-pricing term is based on the contractual maturity date subsequent to the end of the annual accounting period;

• Items with floating interest rate: the actual interest re-pricing term is based on the nearest re-pricing term subsequent to the end of the annual accounting period.
- » The actual interest re-pricing term of valuable papers issued is based on valuable papers’ maturities and the Bank’s interest rate for each issuance.

The following table presents the interest rate re-pricing terms of Vietcombank’s assets and liabilities as at 31 December 2018:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B05/TCTD-HN

(Issued in accordance with Circular

No. 49/2014/TT-NHNN dated 31 December 2014)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B05/TCTD-HN

(Issued in accordance with Circular

No. 49/2014/TT-NHNN dated 31 December 2014)

43. DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(ii) Interest rate risk (continued)

		Overdue	Free of interest	Up to 1 month	From 1 to 3 months	From over 3 months to 6 months	From over 6 months to 12 months	From over 1 year to 5 years	Over 5 years	Total
		VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Assets										
I	Cash on hand, gold, silver and gemstones	-	12,792,045	-	-	-	-	-	-	12,792,045
II	Balances with the State Banks	-	-	10,845,701	-	-	-	-	-	10,845,701
III	Balances with and loans to other credit institutions – gross	-	-	185,303,975	43,885,299	4,523,846	17,514,917	-	-	251,228,037
IV	Trading securities – gross	-	357,436	2,367,615	-	-	-	-	-	2,725,051
V	Derivative financial instruments and other financial assets	-	275,983	-	-	-	-	-	-	275,983
VI	Loans to customers – gross	9,216,639	-	148,132,669	225,296,445	155,142,744	57,996,128	35,456,910	625,223	631,866,758
VII	Investment securities – gross	-	8,190	571,376	5,971,107	2,824,650	9,553,973	92,191,178	38,451,815	149,572,289
VIII	Capital contributions, long-term investments – gross	-	2,543,065	-	-	-	-	-	-	2,543,065
IX	Fixed assets	-	6,527,466	-	-	-	-	-	-	6,527,466
X	Other assets – gross	-	17,360,298	-	-	-	-	-	-	17,360,298
Total assets		9,216,639	39,864,483	347,221,336	275,152,851	162,491,240	85,065,018	127,648,088	39,077,038	1,085,736,693
Liabilities										
I	Amounts due to the Government and the State Banks and deposits and borrowings from other credit institutions	-	-	159,835,849	4,040,452	2,168,912	1,164,181	-	-	167,209,394
II	Deposits from customers	-	39,771	434,735,960	127,545,490	115,361,025	121,752,038	2,490,151	4,680	801,929,115
IV	Funds for finance, entrusted investments and entrusted loans	-	-	-	-	-	1,235	18,481	6,087	25,803
V	Valuable papers issued	-	-	214,636	-	-	5,153,400	14,899,211	1,193,885	21,461,132
VI	Other liabilities	-	20,220,154	1,001,583	-	-	-	-	-	21,221,737
Total liabilities		-	20,259,925	595,788,028	131,585,942	117,529,937	128,070,854	17,407,843	1,204,652	1,011,847,181
Interest sensitivity gap – on balance sheet		9,216,639	19,604,558	(248,566,692)	143,566,909	44,961,303	(43,005,836)	110,240,245	37,872,386	73,889,512

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

43. DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(iii) Currency risk

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

43. DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(iii) Currency risk (continued)

	VND		USD		EUR		Other currencies		Total	
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Assets										
I Cash on hand, gold, silver and gemstones	9,761,340		2,256,509		382,899		391,297		12,792,045	
II Balances with the State Banks	6,697,288		3,455,277		-		693,136		10,845,701	
III Balances with and loans to other credit institutions – gross	128,555,420		93,092,824		15,969,022		13,610,771		251,228,037	
IV Trading securities – gross	2,725,051		-		-		-		2,725,051	
V Derivative financial instruments and other financial assets	52,883,329		(52,589,913)		24,157		(41,590)		275,983	
VI Loans to customers – gross	546,317,853		85,326,240		205,318		17,347		631,866,758	
VII Investment securities – gross	91,572,289		58,000,000		-		-		149,572,289	
VIII Capital contributions, long-term investments – gross	2,543,065		-		-		-		2,543,065	
IX Fixed assets	6,480,883		31,629		-		14,954		6,527,466	
X Other assets – gross	15,675,239		1,446,272		13,406		225,381		17,360,298	
Total assets	863,211,757		191,018,838		16,594,802		14,911,296		1,085,736,693	
Liabilities										
I Amounts due to the Government and the State Banks and deposits and borrowings from other credit institutions	105,617,026		39,478,270		12,642,279		9,471,819		167,209,394	
II Deposits from customers	650,088,165		143,798,570		4,845,694		3,196,686		801,929,115	
IV Funds for finance, entrusted investments and entrusted loans	25,803		-		-		-		25,803	
V Valuable papers issued	21,460,097		1,035		-		-		21,461,132	
VI Other liabilities	19,170,514		1,820,716		110,713		119,794		21,221,737	
Total liabilities	796,361,605		185,098,591		17,598,686		12,788,299		1,011,847,181	
Currency positions on balance sheet	66,850,152		5,920,247		(1,003,884)		2,122,997		73,889,512	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

43. DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(iv) Liquidity risk

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

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

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

- » Balances with the State Banks are considered as current accounts including the compulsory deposits;
- » The maturity of trading securities is considered as below one month because they are held in the short term for profit taking due to price differences;
- » The maturity of investment securities is based on maturity dates of each securities established by the issuers of these financial instruments;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

43. DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(iv) Liquidity risk (continued)

- » The maturities of balances with and loans to other credit institutions and loans to customers are based on the contractual maturity date. The actual maturity may vary from the original contractual term when the contract is extended;
- » The maturity of equity investments is considered to be over five years as equity investments have no stated maturity; and
- » Deposits and borrowings from other credit institutions, deposits from customers and valuable papers issued are determined based on either the nature of the loans, deposits and valuable papers issued or their contractual maturities. For example, current accounts of other credit institutions at Vietcombank and current accounts of Vietcombank at other credit institutions paid upon customers’ demand are considered to be demand deposits, the maturity of term deposits and borrowings is based on the contractual maturity date. In practice, such items may be rolled over and maintained for longer period.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

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

43. DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

- (c) Risk management policies for financial instruments (continued)
- (iv) Liquidity risk (continued)

		Overdue		Not overdue					Total
		Over 3 months	Up to 3 months	Up to 1 month	From over 1 month to 3 months	From over 3 months to 12 months	From over 1 year to 5 years	Over 5 years	
Assets									
I	Cash on hand, gold, silver and gemstones	-	-	12,792,045	-	-	-	-	12,792,045
II	Balances with the State Banks	-	-	10,845,701	-	-	-	-	10,845,701
III	Balances with and loans to other credit institutions – gross	-	-	183,930,855	44,204,611	20,672,851	2,419,720	-	251,228,037
IV	Trading securities – gross	-	-	2,725,051	-	-	-	-	2,725,051
V	Derivative financial instruments and other financial assets	-	-	-	275,983	-	-	-	275,983
VI	Loans to customers – gross	1,220,622	7,996,017	68,381,315	135,802,466	187,697,004	94,389,752	136,379,582	631,866,758
VII	Investment securities – gross	-	-	308,566	3,925,107	9,180,365	94,310,436	41,847,815	149,572,289
VIII	Capital contributions, long-term investments – gross	-	-	-	-	-	-	2,543,065	2,543,065
IX	Fixed assets	-	-	-	-	-	-	6,527,466	6,527,466
X	Other assets – gross	-	-	-	17,360,298	-	-	-	17,360,298
Total assets		1,220,622	7,996,017	278,983,533	201,568,465	217,550,220	191,119,908	187,297,928	1,085,736,693
Liabilities									
I	Amounts due to the Government and the State Banks and deposits and borrowings from other credit institutions	-	-	157,989,395	4,042,454	1,986,286	2,638,950	552,309	167,209,394
II	Deposits from customers	-	-	221,046,119	136,025,313	254,608,181	35,298,485	154,951,017	801,929,115
IV	Funds for finance, entrusted investments and entrusted loans	-	-	-	-	1,235	18,481	6,087	25,803
V	Valuable papers issued	-	-	215,705	-	-	7,998,438	13,246,989	21,461,132
VI	Other liabilities	-	-	-	20,220,154	-	-	1,001,583	21,221,737
Total liabilities		-	-	379,251,219	160,287,921	256,595,702	45,954,354	169,757,985	1,011,847,181
Net liquidity gap		1,220,622	7,996,017	(100,267,686)	41,280,544	(39,045,482)	145,165,554	17,539,943	73,889,512

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

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

44. EVENTS AFTER THE CONSOLIDATED FINANCIAL STATEMENTS DATE

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

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

45. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Hanoi, 31 March 2019

Prepared by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Approved by:

Ms. Phung Nguyen Hai Yen


Deputy Director of
Financial and Accounting
Policy Department


Chief Accountant


Deputy CEO



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