

# **Vietnam Joint Stock Commercial Bank for Industry and Trade**

Separate financial statements

For the year ended 31 December 2020



# Vietnam Joint Stock Commercial Bank for Industry and Trade

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# Vietnam Joint Stock Commercial Bank for Industry and Trade

## GENERAL INFORMATION

### THE BANK

Vietnam Joint Stock Commercial Bank for Industry and Trade (herein referred to as “the Bank” or “VietinBank”) is a joint stock commercial bank incorporated and registered in the Socialist Republic of Vietnam.

The Bank was incorporated on the basis of equitizing Vietnam Bank for Industry and Trade, a State-owned commercial bank that was incorporated under the name of Vietnam Industrial and Commercial Bank in accordance with Decree No. 53/ND-HDBT dated 26 March 1988 of the Ministers’ Council on the organization of the State Bank of Vietnam (“the SBV”). The Bank was officially renamed Vietnam Bank for Industry and Trade in accordance with Decision No. 402/CT dated 14 November 1990 granted by the Chairman of Ministers’ Council. Also, the Governor of the SBV signed Decision No. 285/QĐ-NH5 dated 21 September 1996 to re-establish the Bank under State corporation model. On 25 December 2008, Vietnam Bank for Industry and Trade successfully carried out its initial public offering.

The Bank was equitized and renamed Vietnam Joint Stock Commercial Bank for Industry and Trade on 3 July 2009 according to Establishment and Operating License No. 142/GP-NHNN dated 3 July 2009 issued by the State Bank of Vietnam and Business Registration No. 0103038874 dated 3 July 2009 issued by Hanoi Authority for Planning and Investment. The latest amended Business Registration No. 0100111948 of the Bank was issued for the 11<sup>th</sup> time by Hanoi Authority for Planning and Investment on 1 November 2018.

The Bank was established to provide banking services including mobilizing and receiving short, medium and long-term deposits from organizations and individuals; offering short, medium and long-term loans and advances to organizations and individuals based on the nature and ability of the Bank’s capital resources; conducting foreign exchange transactions, international trade finance services; discounting commercial papers, bonds and other valuable papers; and providing other banking services as allowed by the State Bank of Vietnam.

### *Charter capital*

As at 31 December 2020, the charter capital of the Bank is VND37,234,046 million (31 December 2019: VND37,234,046 million).

### *Location*

The Bank’s Head Office is located at 108 Tran Hung Dao Street, Hoan Kiem District, Hanoi, Vietnam. As at 31 December 2020, the Bank has one (01) Head Office; two (02) Local representative offices (in Da Nang and Ho Chi Minh City); nine (09) Administrative units include: one (01) School of Human Resource Development and Training; one (01) Information Technology centre; one (01) Card centre; one (01) Trade finance centre; five (05) Cash management centres; one-hundred and fifty five (155) branches and seven (07) subsidiaries; foreign networks include: one (01) overseas representative office in Myanmar; two (02) branches in the Federal Republic of Germany, one (01) 100% owned bank in Lao People’s Democratic Republic (VietinBank Lao Limited).



# Vietnam Joint Stock Commercial Bank for Industry and Trade

## GENERAL INFORMATION (continued)

### BOARD OF DIRECTORS

Members of the Board of Directors of the Bank during the year and at the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Appointment/Resignation date</i>
Mr. Le Duc Tho	Chairman	
Mr. Tran Minh Binh	Member cum General Director	
Ms. Tran Thu Huyen	Member	
Mr. Nguyen The Huan	Member	
Ms. Pham Thi Thanh Hoai	Member	
Mr. Tran Van Tan	Member	
Mr. Masahiko Oki	Member	Appointed on 23 May 2020
Mr. Shiro Honjo	Member	Appointed on 23 May 2020
Ms. Nguyen Thi Bac	Independent member	Appointed on 23 May 2020
Mr. Hiroshi Yamaguchi	Member	Resigned on 23 May 2020
Mr. Hideaki Takase	Member	Resigned on 23 May 2020

### MANAGEMENT AND CHIEF ACCOUNTANT

Members of the Management and Chief Accountant of the Bank during the year and at the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Appointment/Resignation date</i>
Mr. Tran Minh Binh	General Director	
Ms. Nguyen Hong Van	Deputy General Director	
Mr. Nguyen Hoang Dung	Deputy General Director	
Mr. Nguyen Duc Thanh	Deputy General Director	
Mr. Tran Cong Quynh Lan	Deputy General Director	
Mr. Nguyen Dinh Vinh	Deputy General Director	
Ms. Le Nhu Hoa	Deputy General Director	
Mr. Masahiko Oki	Deputy General Director	Appointed on 26 May 2020
Mr. Hiroshi Yamaguchi	Deputy General Director	Resigned on 26 May 2020
Mr. Nguyen Hai Hung	Chief Accountant	

### SUPERVISORY BOARD

Members of the Supervisory Board of the Bank during the year and at the date of this report are:

<i>Name</i>	<i>Position</i>
Ms. Le Anh Ha	Chief Supervisor
Ms. Nguyen Thi Anh Thu	Member
Mr. Nguyen Manh Toan	Member

# Vietnam Joint Stock Commercial Bank for Industry and Trade

GENERAL INFORMATION (continued)

## **LEGAL REPRESENTATIVE**

The legal representative of the Bank during the year and at the date of this report is Mr. Le Duc Tho - the Chairman.

Ms. Nguyen Hong Van - Deputy General Director is authorized by Mr. Le Duc Tho to sign the accompanying separate financial statements for the year ended 31 December 2020 in accordance with the Letter of Authorization No. 1151/UQ-HDQT-NHCT18 dated 18 December 2018.

## **AUDITORS**

The auditor of the Bank is Ernst & Young Vietnam Limited.

# Vietnam Joint Stock Commercial Bank for Industry and Trade

## REPORT OF MANAGEMENT

Management of Vietnam Joint Stock Commercial Bank for Industry and Trade ("the Bank") is pleased to present this report and the separate financial statements of the Bank as at 31 December 2020 and for the year then ended.

### MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

Management is responsible for the separate financial statements which give a true and fair view of the separate financial position of the Bank, the separate results of its operations and its separate cash flows for the year. In preparing these separate financial statements, management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgments and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the separate financial statements; and
- ▶ prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue its business.

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

Management confirmed that it has complied with the above requirements in preparing the accompanying separate financial statements.

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Bank as at 31 December 2020 and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of the separate financial statements.



Mr. Tran Minh Binh  
General Director

Hanoi, Vietnam

22 March 2021

Reference: 60755043/21718233-RL

## INDEPENDENT AUDITORS' REPORT

**To: The Shareholders of  
Vietnam Joint Stock Commercial Bank for Industry and Trade**

We have audited the accompanying separate financial statements of Vietnam Joint Stock Commercial Bank for Industry and Trade ("the Bank") as prepared on 22 March 2021 and set out on pages 7 to 68, which comprise the separate balance sheet as at 31 December 2020, the separate income statement and the separate cash flow statement for the year then ended and the notes thereto.

### *Management's responsibility*

Management of the Bank is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of separate financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the separate financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these separate 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, plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Bank's preparation and fair presentation of the separate 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 management, as well as evaluating the overall presentation of the separate financial statements.

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



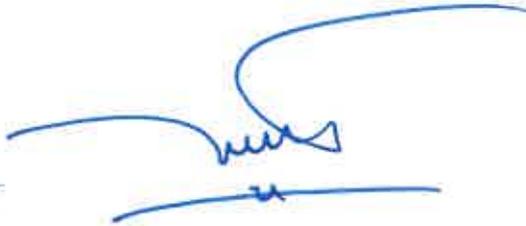
### **Opinion**

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Bank as at 31 December 2020, and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and other statutory requirements relevant to the preparation and presentation of separate financial statements.

### **Ernst & Young Vietnam Limited**



  
Dang Phuong Ha  
Deputy General Director  
Audit Practising Registration  
Certificate No. 2400-2018-004-1



Nguyen Van Trung  
Auditor  
Audit Practising Registration  
Certificate No. 3847-2021-004-1

Hanoi, Vietnam

22 March 2021

SEPARATE BALANCE SHEET  
as at 31 December 2020

	<i>Notes</i>	<i>31 December 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
<b>ASSETS</b>			
<b>Cash, gold and gemstones</b>	<b>5</b>	<b>9,746,787</b>	<b>8,146,848</b>
<b>Balances with the State Bank of Vietnam</b>	<b>6</b>	<b>57,616,304</b>	<b>24,855,833</b>
<b>Placements with and loans to other credit institutions</b>	<b>7</b>	<b>102,712,904</b>	<b>129,708,014</b>
Placements with other credit institutions		93,651,129	122,644,254
Loans to other credit institutions		9,061,775	7,063,760
<b>Held-for-trading securities</b>	<b>8</b>	<b>4,252,697</b>	<b>2,474,983</b>
Held-for-trading securities		4,252,697	2,474,983
<b>Derivatives and other financial assets</b>	<b>9</b>	<b>137,122</b>	<b>469,712</b>
<b>Loans to customers</b>		<b>992,629,841</b>	<b>912,464,202</b>
Loans to customers	10	1,004,975,541	925,252,830
Provision for credit losses on loans to customers	11	(12,345,700)	(12,788,628)
<b>Investment securities</b>	<b>12</b>	<b>113,301,684</b>	<b>103,346,746</b>
Available-for-sale securities	12.1	111,057,472	95,855,956
Held-to-maturity investments	12.2	2,586,778	15,367,993
Provision for investment securities	12.4	(342,566)	(7,877,203)
<b>Long-term investments</b>	<b>13</b>	<b>5,551,782</b>	<b>5,751,782</b>
Investments in subsidiaries	13.1	3,840,032	4,040,032
Investment in a joint venture	13.2	1,688,788	1,688,788
Other long-term investments		22,962	22,962
<b>Fixed assets</b>		<b>10,515,830</b>	<b>10,793,632</b>
Tangible fixed assets	14	6,201,397	6,314,789
Cost		15,089,112	14,577,971
Accumulated depreciation		(8,887,715)	(8,263,182)
Intangible fixed assets	15	4,314,433	4,478,843
Cost		6,259,206	6,172,117
Accumulated amortization		(1,944,773)	(1,693,274)
<b>Other assets</b>	<b>16</b>	<b>31,456,057</b>	<b>30,530,512</b>
Receivables	16.1	21,209,490	21,088,360
Accrued interest and fee receivables		7,532,193	6,498,602
Other assets	16.2	2,754,970	2,943,708
Provision for other assets	16.3	(40,596)	(158)
<b>TOTAL ASSETS</b>		<b>1,327,921,008</b>	<b>1,228,542,264</b>

SEPARATE BALANCE SHEET (continued)  
as at 31 December 2020

	<i>Notes</i>	<i>31 December 2020 VND million</i>	<i>31 December 2019 VND million</i>
<b>LIABILITIES</b>			
<b>Due to the Government and the State Bank of Vietnam</b>	<b>17</b>	<b>44,597,188</b>	<b>70,602,893</b>
<b>Deposits and borrowings from other credit institutions</b>	<b>18</b>	<b>124,872,145</b>	<b>106,799,400</b>
Deposits from other credit institutions	18.1	97,373,193	80,760,381
Borrowings from other credit institutions	18.2	27,498,952	26,039,019
<b>Customer deposits</b>	<b>19</b>	<b>988,070,156</b>	<b>889,792,714</b>
<b>Other borrowed and entrusted funds</b>	<b>20</b>	<b>2,733,251</b>	<b>5,775,899</b>
<b>Valuable papers issued</b>	<b>21</b>	<b>59,875,570</b>	<b>56,966,353</b>
<b>Other liabilities</b>	<b>22</b>	<b>25,659,752</b>	<b>24,298,446</b>
Interest and fee payables		15,910,403	17,710,303
Other payables	22.1	9,749,349	6,588,143
<b>TOTAL LIABILITIES</b>		<b><u>1,245,808,062</u></b>	<b><u>1,154,235,705</u></b>
<b>OWNERS' EQUITY</b>			
Capital		46,203,873	46,203,873
- Charter capital		37,234,046	37,234,046
- Share premium		8,969,827	8,969,827
Reserves		11,186,651	9,219,169
Undistributed profits		24,722,422	18,883,517
<b>TOTAL OWNERS' EQUITY</b>	<b>25</b>	<b><u>82,112,946</u></b>	<b><u>74,306,559</u></b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b><u>1,327,921,008</u></b>	<b><u>1,228,542,264</u></b>

SEPARATE BALANCE SHEET (continued)  
as at 31 December 2020

**OFF-BALANCE SHEET ITEMS**

	<u>31 December 2020</u> VND million	<u>31 December 2019</u> VND million
Credit guarantees	7,995,477	526,118
Foreign exchange commitments	303,101,636	190,185,460
- Foreign exchange commitments - buy	13,463,062	4,525,641
- Foreign exchange commitments - sell	13,673,951	4,741,892
- Currency swap contracts	275,964,623	180,917,927
Letters of credit	48,283,386	34,468,529
Other guarantees	49,991,037	51,482,054
Other commitments	52,679,205	20,798,816

Prepared by:



Mr. Ngo Xuan Hai  
Head of Financial Accounting  
Management Department

Reviewed by:



Mr. Nguyen Hai Hung  
Chief Accountant

Approved by:



Ms. Nguyen Hong Van  
Deputy General Director

Hanoi, Vietnam

22 March 2021

SEPARATE INCOME STATEMENT  
for the year ended 31 December 2020

	Notes	2020 VND million	2019 VND million
Interest and similar income	26	82,736,084	81,797,224
Interest and similar expenses	27	(47,884,342)	(49,149,250)
<b>Net interest and similar income</b>		<b>34,851,742</b>	<b>32,647,974</b>
Fee and commission income		5,996,070	5,735,987
Fee and commission expenses		(2,233,896)	(2,362,494)
<b>Net fee and commission income</b>	<b>28</b>	<b>3,762,174</b>	<b>3,373,493</b>
<b>Net gain from trading in foreign currencies</b>	<b>29</b>	<b>1,887,329</b>	<b>1,518,840</b>
<b>Net gain from held-for-trading securities</b>	<b>30</b>	<b>459,581</b>	<b>431,979</b>
<b>Net gain/(loss) from investment securities</b>	<b>31</b>	<b>364,395</b>	<b>(790,867)</b>
Other income		2,482,759	1,997,334
Other expenses		(737,045)	(801,557)
<b>Net gain from other activities</b>	<b>32</b>	<b>1,745,714</b>	<b>1,195,777</b>
<b>Income from investments in other entities</b>	<b>33</b>	<b>531,947</b>	<b>745,368</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>34</b>	<b>(15,128,069)</b>	<b>(14,733,282)</b>
<b>Net profit before provision for credit losses</b>		<b>28,474,813</b>	<b>24,389,282</b>
Provision expense for credit losses		(12,026,232)	(12,928,207)
<b>PROFIT BEFORE TAX</b>		<b>16,448,581</b>	<b>11,461,075</b>
Current corporate income tax expense	24.1	(3,192,734)	(2,177,778)
<b>Corporate income tax expense</b>		<b>(3,192,734)</b>	<b>(2,177,778)</b>
<b>PROFIT AFTER TAX</b>		<b>13,255,847</b>	<b>9,283,297</b>

Prepared by:



Mr. Ngo Xuan Hai  
Head of Financial Accounting  
Management Department

Reviewed by:



Mr. Nguyen Hai Hung  
Chief Accountant

Approved by:



Ms. Nguyen Hong Van  
Deputy General Director

Hanoi, Vietnam

22 March 2021

SEPARATE CASH FLOW STATEMENT  
for the year ended 31 December 2020

	<i>Notes</i>	<i>2020</i> <i>VND million</i>	<i>2019</i> <i>VND million</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest and similar receipts		81,478,707	81,832,354
Interest and similar payments		(49,781,552)	(47,122,181)
Net fee and commission receipts		3,792,764	3,315,005
Net receipts from foreign currencies, gold and securities trading activities		2,359,083	326,124
Other expenses		(26,301)	(142,188)
Recoveries from bad debts written-off previously	32	1,722,617	1,304,723
Payments for operating and salary expenses		(14,187,006)	(13,512,603)
Corporate income tax paid during the year	23	(2,538,581)	(1,360,313)
<b>Net cash flows from operating profit before changes in operating assets and liabilities</b>		<b>22,819,731</b>	<b>24,640,921</b>
<b>Changes in operating assets</b>		<b>(105,070,379)</b>	<b>(87,766,893)</b>
Increase in deposits at and loans to other credit institutions		(1,998,015)	(2,056,594)
(Increase)/decrease in trading securities		(11,377,033)	1,795,083
Decrease/(increase) in derivatives and other financial assets		332,590	(188,546)
Increase in loans to customers		(79,722,711)	(73,699,210)
Utilization of provision to write off loans to customers, securities, long-term investments and other receivables		(19,648,178)	(8,590,545)
Decrease/(increase) in other operating assets		7,342,968	(5,027,081)
<b>Changes in operating liabilities</b>		<b>89,222,153</b>	<b>61,285,055</b>
(Decrease)/increase in due to the SBV and the Government		(26,005,705)	8,002,734
Increase/(decrease) in deposits and borrowings from other credit institutions		18,072,745	(1,951,730)
Increase in customer deposits		98,277,442	65,447,003
Increase in valuable papers issued (except for valuable papers issued for financing activities)		2,909,217	10,949,994
Decrease in other borrowed and entrusted funds		(3,042,648)	(158,130)
Decrease in other liabilities		(988,898)	(21,002,596)
Payments from reserves	25.1	-	(2,220)
<b>Net cash flows from/(used in) operating activities</b>		<b>6,971,505</b>	<b>(1,840,917)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		(581,124)	(521,696)
Proceeds from disposal of fixed assets		107,932	387,449
Payments for disposal of fixed assets		(1,273)	(251,423)
Proceeds from investments in other entities (sale, liquidation of subsidiaries, a joint venture, other long-term investments)		200,000	854,905
Dividends and profits received from long-term investments		531,947	588,456
<b>Net cash flows from investing activities</b>		<b>257,482</b>	<b>1,057,691</b>

SEPARATE CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2020

	<i>Notes</i>	2020 VND million	2019 VND million
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend payment to shareholders	25.1	(1,861,702)	-
<b>Net cash flows used in financing activities</b>		<b>(1,861,702)</b>	-
<b>Net cash flows during the year</b>		<b>5,367,285</b>	<b>(783,226)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>155,646,935</b>	<b>156,431,277</b>
<b>Impact of exchange rate fluctuation</b>		-	<b>(1,116)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>35</b>	<b>161,014,220</b>	<b>155,646,935</b>

Prepared by:



Mr. Ngo Xuan Hai  
Head of Financial Accounting  
Management Department

Reviewed by:



Mr. Nguyen Hai Hung  
Chief Accountant



Ms. Nguyen Hong Van  
Deputy General Director

Hanoi, Vietnam

22 March 2021

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
as at 31 December 2020 and for the year then ended**1. GENERAL INFORMATION**

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***Location***

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***Employees***

The Bank has 22,564 employees as at 31 December 2020 (31 December 2019: 22,331 employees).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

## 1. GENERAL INFORMATION (continued)

**Subsidiaries**

As at 31 December 2020, the Bank has seven (07) directly owned subsidiary companies and one (01) subsidiary bank as follows:

<i>Subsidiaries</i>	<i>Operating Licences</i>	<i>Nature of Business</i>	<i>Ownership</i>
VietinBank Leasing Company Limited (*)	Business Registration No. 0101047075/GP dated 31 August 2009 granted by Hanoi Authority for Planning and Investment, 10 <sup>th</sup> amendment dated 5 November 2020	Finance and banking	100%
VietinBank Securities Joint Stock Company	Establishment and Operating License No. 107/UBCK-GP dated 1 July 2009 granted by State Securities Commission and Amended License No. 25/GPDC-UBCK dated 25 May 2020	Security market	75.6%
VietinBank Debt Management and Asset Exploitation Company Limited	Business Registration No. 0302077030/GP dated 20 July 2010 granted by Department of Planning and Investment of Ho Chi Minh City, 5 <sup>th</sup> amendment dated 24 November 2017	Asset management	100%
VietinBank Insurance Joint Stock Corporation	Establishment and Operating License No. 21/GP-KDBH dated 12 December 2002 granted by the Ministry of Finance and Amended License No. 21/GPDC27/KDBH dated 13 June 2019 granted by the Ministry of Finance	Non-life insurance	73.4%
VietinBank Gold & Jewellery Trading Company Limited	Business Registration No. 0105011873/GP dated 25 November 2010 granted by Hanoi Authority for Planning and Investment, 7 <sup>th</sup> amendment dated 22 July 2019	Gold and jewellery trading and manufacturing	100%
VietinBank Fund Management Company Limited	Establishment and Operating License No. 50/UBCK-GP dated 26 October 2010 granted by State Security Commission and Amended License No. 76/GPDC-UBCK dated 27 November 2020	Fund management	100%
VietinBank Global Money Transfer Company Limited	Business Registration No. 0105757686 dated 3 January 2012 granted by Hanoi Authority for Planning and Investment, 1 <sup>st</sup> amendment dated 13 March 2015	Monetary transfer intermediary	100%
VietinBank Lao Limited	Business Registration No. 068/NHCHDCNDL dated 8 July 2015 granted by Lao DPR Central Bank	Finance and banking	100%

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended**1. GENERAL INFORMATION (continued)**

(\*) On 22 June 2020, the Board of Directors of the Bank issued Resolution No. 231/NQ-HDQT-NHCT2.1 to (i) approving the transfer 49% of charter capital of VietinBank Leasing Company Limited (“VietinBank Leasing”) owned by the Bank to foreign investors - Mitsubishi UFJ Lease & Finance and transfer 1% of charter capital of VietinBank Leasing owned by the Bank to another domestic investor; and (ii) approving the transformation of legal form of VietinBank Leasing from a single-member limited liability credit institution to a multi-member limited liability credit institution upon completion of charter capital transferring. As at 31 December 2020, the Bank is in the process of applying for the approval from the relevant authority for the legal transformation of VietinBank Leasing.

**2. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY****2.1 Accounting period**

The Bank’s fiscal year starts on 1 January and ends on 31 December.

**2.2 Accounting currency**

Currency used in preparation of financial statement of the Bank is Vietnam Dong (“VND”). For the purpose of preparing separate financial statements as at 31 December 2020, all amounts are rounded to the nearest million and presented in VND million. The presentation makes no impact on readers’ view of separate financial position, separate income statement and separate cash flows.

**3. APPLIED ACCOUNTING STANDARDS AND SYSTEM****3.1 Statement of compliance**

The Management of the Bank confirms that the accompanying separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of the separate financial statements.

**3.2 Accounting standards and system**

The separate financial statements of the Bank are prepared in accordance with the Accounting System applicable to Credit Institutions required under Decision No. 479/2004/QD-NHNN issued on 29 April 2004, Circular No. 10/2014/TT-NHNN dated 20 March 2014 and Circular 22/2017/TT-NHNN issued on 29 December 2017 amending and supplementing Decision No. 479/2004/QD-NHNN; Decision No. 16/2007/QD-NHNN dated 18 April 2007, Circular No. 49/2014/TT-NHNN amending and supplementing a number of articles of Decision No. 16/2007/QD-NHNN and the chart of account system for Credit Institutions issued in connection with Decision No. 479/2004/QD-NHNN by the Governor of the State Bank of Vietnam and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series No.1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series No.2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series No.3);

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

### 3. APPLIED ACCOUNTING STANDARDS AND SYSTEM (continued)

#### 3.2 *Accounting standards and system* (continued)

- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series No.4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series No.5).

Accordingly, the accompanying separate financial statements and their utilization are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the separate financial position and results of separate operations and separate cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

The Bank has prepared the separate financial statements to reflect operations of the Bank only. Simultaneously, VietinBank has prepared the consolidated financial statements to reflect operations of the Bank and its subsidiaries in accordance with Vietnamese Accounting Standard No. 25 - *Consolidated financial statements and accounting for investments in subsidiaries*. The users of separate financial statements should read these separate financial statements together with the consolidated financial statements for the year ended 31 December 2020 in order to have adequate information about the consolidated financial position, consolidated results of operations and consolidated cash flows of the Bank and its subsidiaries.

#### 3.3 *Assumptions and uses of estimates*

The preparation of the separate financial statements requires management of the Bank to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income, expenses and the results of provision. The actual results may differ from such estimates and assumptions.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 4.1 *Changes in accounting policies and disclosures*

The accounting policies adopted by the Bank in preparation of the separate financial statements are consistent with those followed in the preparation of the Bank's separate financial statements for the year ended 31 December 2019.

##### 4.2 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, balance with the SBV, demand deposits and placements with other credit institutions with an original maturity of not more than three months from the transaction date, Government treasury bills and other short-term valuable papers eligible for rediscount with the SBV, securities with recovery or maturity period of not more than three months from date of purchase which are readily convertible into defined amounts of cash and that are subject to an insignificant risk of change in value.

##### 4.3 *Placements with and loans to other credit institutions*

Placements with and loans to other credit institutions are presented at the principal amounts outstanding at the end of the year.

Placements with and loans to other credit institutions are classified and provisioned for in accordance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 ("Circular 02") regulating classification of assets, levels and method of setting up risk provisions, and use of provisions against credit risks in the banking activity of credit institutions, foreign bank branches and Circular No. 09/2014/TT-NHNN dated 18 March 2014 ("Circular 09") amending, supplementing a number of articles of the Circular 02.

Accordingly, the Bank makes a specific provision for placements with (except for current accounts) and loans to other credit institutions according to the method as described in *Note 4.5*.

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

##### 4.4 *Loans to customers*

Loans to customers are presented at the principal amounts outstanding at the end of the fiscal year.

Provision for credit losses on loans to customers is accounted and presented in a separate line on the separate balance sheet.

Short-term loans have maturity of less than one year from disbursement date. Medium-term loans have maturity from one to under five years from disbursement date. Long-term loans have maturity from five years from disbursement date.

Loan classification and provision for credit losses are made according to Circular 02 and Circular 09 as presented in *Note 4.5*.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.5 *Loan classification and provision for credit losses applied to placements with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets*

###### *Loan classification*

The classification of placements with and loans to other credit institutions, direct and entrusted investments in unlisted corporate bonds, loans to customers and entrustments for credit granting (collectively called "debts") is made using both the quantitative and qualitative methods as regulated under Article 10 and Article 11 of Circular 02 and other additional amendments. In case the classification results under Articles 10 and 11 are not the same, the debts must be classified into the higher risk group.

Group		Loan classification using the quantitative method	Loan classification using the qualitative method
1	Current	(a) Debts in due and assessed as fully and timely recoverable for both principals and interests; or (b) Debts overdue for a period of less than 10 days and assessed as fully recoverable for both overdue principals and interests, and fully and timely recoverable for both remaining principals and interests.	Debts assessed as fully and timely recoverable for both principals and interests.
2	Special mention	(a) Debts overdue for a period between 10 days and 90 days; or (b) Debts whose repayment terms are restructured for the first time.	Debts assessed as fully recoverable for both principals and interests but there is a sign of decline in customers' capability to pay their debts.
3	Sub-standard	(a) Debts overdue for a period between 91 days and 180 days; or (b) Debts whose repayment terms are extended for the first time; or (c) Debts whose interests are exempted or reduced because customers do not have the capability to repay all interests under credit contracts; or (d) Debts under one of the following cases which have not been recovered in less than 30 days from the date of the recovery decision: <ul style="list-style-type: none"> <li>- Debts violating Clause 1, 3, 4, 5, 6 under Article 126 of Law on Credit Institutions; or</li> <li>- Debts violating Clause 1, 2, 3, 4 under Article 127 of Law on Credit Institutions; or</li> <li>- Debts violating Clauses 1, 2 and 5 under Article 128 of Law on Credit Institutions.</li> </ul> (e) Debts required to be recovered according to regulatory inspection conclusions.	Debts assessed as not fully recoverable for both principals and interests when due, having a possibility of making losses.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.5 Loan classification and provision for credit losses applied to placements with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets (continued)**

*Loan classification (continued)*

Group		Loan classification using the quantitative method	Loan classification using the qualitative method
4	Doubtful	(a) Debts overdue for a period of between 181 days and 360 days; or (b) Debts whose repayment terms are restructured for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or (c) Debts whose repayment terms are restructured for the second time; or (d) Debts specified in point (d) of Loan group 3 and overdue for a period of between 30 days and 60 days after decisions of recovery have been issued; or (e) Debts required to be recovered according to regulatory inspection conclusions but still outstanding with an overdue period up to 60 days since the recovery date as required by regulatory inspection conclusions.	Debts assessed as having a high possibility of making losses.
5	Loss	(a) Debts overdue for a period of more than 360 days; or (b) Debts whose repayment terms are restructured for the first time but still overdue for a period of 90 days or more under that first restructured repayment term; or (c) Debts whose repayment terms are restructured for the second time but still overdue under that second restructured repayment term; or (d) Debts whose repayment terms are restructured for the third time or more, regardless of being overdue or not; or (e) Debts specified in point (d) of Loan group 3 and overdue for a period of more than 60 days after decisions on recovery have been issued; or (f) Debts required to be recovered under regulatory inspection conclusions but still outstanding with an overdue period of more than 60 days since the recovery date as required by regulatory inspection conclusions; or (g) Debts of credit institutions under special control as announced by the SBV, or debts of foreign bank branches whose capital and assets are blocked.	Debts assessed as not recoverable, capital loss.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.5 *Loan classification and provision for credit losses applied to placements with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets* (continued)

###### *Loan classification* (continued)

When the Bank participates in a syndicated loan not as a lead bank, it classifies loans (including the syndicated loan) of the customer into the higher risk group assessed by other participants.

When a customer has more than one debt with the Bank and any of the outstanding debts is classified into a higher risk group, the Bank has to classify the entire remaining debts of that customer into the corresponding higher risk group.

Since 1 January 2015, credit institutions, foreign bank branches have been required to use the updated information from Credit Information Centre ("CIC") about the loan group of customers at the time of loan classification to adjust the classification group of loans and off-balance sheet items (This regulation does not apply to the results of loan classification for customers of the Vietnam Development Bank provided by CIC). Accordingly, debts are classified based on risk level as follows: *Current*, *Special Mention*, *Sub-standard*, *Doubtful* and *Loss*. Loans which are classified as *Sub-standard*, *Doubtful* and *Loss* are non-performing loans.

For loans in agricultural and rural areas, the Bank is allowed to restructure debt while keeping the corresponding debt group unchanged once time in accordance with Circular No. 10/2015/TT-NHNN dated 22 July 2015 and Circular No. 25/2018/TT-NHNN dated 24 October 2018 amending, supplementing Circular No. 10/2015/TT-NHNN guiding the implementation of a number of contents of Decree No. 55/2015/ND-CP dated 9 June 2015 issued by the Government on credit policies supporting agricultural and rural development.

The Bank also applies the regulations under Circular No. 01/2020/TT-NHNN ("Circular 01") dated 13 March 2020 by the State Bank of Vietnam on loan restructuring, exemption or reduction of interest and fees and retention of loan classification group to assist the borrowers affected by Covid-19 pandemic. Accordingly, the Bank has restructured the loans qualified under Circular 01 and retained their classification groups as before 23 January 2020.

###### *Specific provision*

Specific provision as at 31 December 2020 is made based on the principal balance less discounted value of collaterals multiplied by provision rates which are determined based on the loan classification results as at 30 November 2020.

The specific provision rate for each loan group is as below:

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

The basis for determination of the value and discounted value for each type of collateral is specified in Circular 02 and Circular 09 amending and supplementing a number of articles of Circular 02.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.5 *Loan classification and provision for credit losses applied to placements with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets* (continued)

###### *General provision*

General provision as at 31 December is made at 0.75% of total outstanding loans as at 30 November 2020 excluding placements with and loans to other credit institutions and loans classified as loss group.

###### *Write-off bad debts*

Provisions are recognized as an expense on the separate income statement and used to write-off bad debts. According to Circular 02, the Bank establishes a Risk Management Committee to deal with bad debts if they are classified as loss group or if the borrower is a dissolved, bankrupt organization or individual who is dead or missing.

##### 4.6 *Securities held for trading*

Securities held for trading include debt securities, equity securities and other securities acquired and held for the purpose of reselling within one year to gain profit on price variances.

Securities held for trading are initially recognized at cost. Gains or losses from sales of trading securities are recognized in the separate income statement.

Interest and dividends derived from securities held for trading are recognized on a cash basis in the separate income statement.

Provision for impairment of securities held for trading is recorded when their book value is higher than their market value as stipulated in Circular No. 48/2019/TT-BTC ("Circular 48") dated 08 August 2019 issued by the Ministry of Finance. Provision for impairment is recognized in the separate income statement as "*Net gain from securities held for trading*".

Provision for credit losses of corporate bonds, which are not listed on the stock market or not registered on the unlisted public company market, is made in accordance with Circular 02 and Circular 09 as described in *Note 4.5*.

##### 4.7 *Investment securities*

Investment securities are classified into two categories: available-for-sale and held-to-maturity investment securities. The Bank classifies investment securities on their purchase dates. In accordance with Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 issued by the SBV, the Bank is allowed to reclassify investment securities no more than one time after the purchase date.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.7 *Investment securities* (continued)

###### 4.7.1 *Available-for-sale securities*

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

Available-for-sale equity securities are initially recognized at cost at the purchase date and continuously presented at cost in subsequent periods.

Available-for-sale debt securities are recognized at par value at the purchase date. Accrued interest (for debt securities with interest payment in arrears) and deferred interest (for debt securities with interest payment in advance) are recognized in a separate account. Discount/premium, which is the difference between the cost and the amount being the par value plus (+) accrued interest (if any) or minus (-) deferred interest (if any), is also recognized in a separate account.

In subsequent periods, these securities are continuously recorded at par value, and the discount/premium (if any) is amortized to the separate income statement on a straight-line basis over the remaining term of securities. The interest received in arrears is recorded as follows: Cumulative interest incurred before the purchasing date is recorded as a decrease in the accrued interest, cumulative interest incurred after the purchasing date is recognized as income based on the accumulated method. The interest received in advance is amortized into the securities investment interest income on a straight-line basis over the term of the securities investment.

Available-for-sale securities are subject to impairment review on a periodical basis.

Provision for diminution in value of securities is made when the carrying value is higher than the market value in compliance with Circular 48. In case market prices of securities are not available or cannot be determined reliably, no provision is required. Provision is recognized in the "*Net gain/(loss) from investment securities*" account of the separate income statement.

Provision for credit losses of corporate bonds which are not listed on the stock market or not registered on the unlisted public company market is made in accordance with Circular 02 and Circular 09 as described in *Note 4.5*.

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

Held-to-maturity investment securities include special bonds issued by Vietnam Asset Management Company ("VAMC") and other held-to-maturity securities.

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

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

During the holding period, the Bank regularly calculates and makes annual allowance in accordance with Circular No. 14/2015/TT-NHNN dated 28 August 2015 issued by the SBV amending and supplementing some articles of Circular No. 19/2013/TT-NHNN stipulating the purchase, sale and bad debt written-off of VAMC.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.7 *Investment securities* (continued)

##### 4.7.2 *Held-to-maturity investment securities* (continued)

In accordance with Circular No. 14/2015/TT-NHNN, each year within 5 consecutive working days prior to the maturity date of special bonds, the Bank is obliged to fully make specific provision for each special bond using the below formula:

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

In which:

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

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

Specific provision for special bonds is recognized in the separate income statement in "Provision expense for credit losses". General provision is not required for the special bonds.

On settlement date of special bonds, interest recovered from the debt is recorded to "Interest and similar income". When receiving bad debts from VAMC, credit institutions use specific provisions to write off bad debts. The difference between the provision and the carrying amount of the debt is recognized in "Other income".

##### *Other held-to-maturity securities*

Held-to-maturity securities are debt securities purchased by the Bank for the investment purpose of earning interest and the Bank has the capability and intention to hold these investments until maturity. Held-to-maturity securities have the determined value and maturity date. In case the securities are sold before the maturity date, these securities will be reclassified to securities held for trading or available-for-sale securities.

Held-to-maturity securities are recorded and measured similarly to available-for-sale debt securities, which is presented at Note 4.7.1.

##### 4.8 *Investments in subsidiaries*

Investments in subsidiaries controlled by the Bank are recognized by the cost method in the separate financial statement. Dividends received from profit after tax of subsidiaries are recorded as income in the separate income statement of the Bank.

Provision for impairment of investments in subsidiaries is made for each impaired investment and is subject to revision at the end of the year. Provision for investments in subsidiaries is made when the investments are impaired due to the losses incurred by subsidiaries. Increase or decrease of provision balance is recognized in "Total operating expenses" in the separate income statement of the Bank.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **4.9 *Investments in joint ventures***

Investments in joint ventures whereby the Bank is subject to joint control are initially stated at cost.

Distributions from net accumulated profit of joint ventures after the date on which control is transferred to the Bank are recognized in the separate income statement. Other distributions are considered as recoveries of investments and deducted from the investment value.

##### **4.10 *Other long-term investments***

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

Other long-term investments include equity securities and other long-term capital contributions which are intended to be held, withdrawn or settled for a period of more than one year (except for capital contributions and investments into joint-ventures, associates and subsidiaries).

Other long-term investments are initially recognized at cost.

The allowance for diminution in the value of long-term investments is made if there are reliable evidences of the diminution in value of the economic entities in which the Bank invests at the end of the accounting period in accordance with Circular No. 48/2019/TT-BTC dated 8 August 2019 ("Circular 48") issued by the Ministry of Finance. Accordingly, 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 the Bank 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 whose market price can be determined reliably, allowance is made based on the shares' market price.

##### **4.11 *Re-purchase and re-sale contracts***

Securities sold under agreements to be repurchased at a specific date in the future (repos) are still recognized in the separate financial statements. The corresponding cash received from these agreements is recognized in the separate balance sheet as a borrowing and the difference between the sale price and repurchase price is amortized in the separate income statement 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 be resold at a specific date in the future are not recognized in the separate financial statements. The corresponding cash paid under these agreements is recognized as a loan in the separate balance sheet and the difference between the purchase price and resale price is amortized in the separate income statement over the term of the agreement using the straight-line method based on the interest rate stipulated in the contract.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.12 Fixed assets

Fixed assets are stated at cost less accumulated depreciation or amortization.

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

Cost related to additions, improvements and renewals are capitalized while expenditures for maintenance and repairs are charged to the separate income statement.

When assets are sold or retired, their cost and accumulated depreciation are deducted from the separate balance sheet item and any gain or loss resulting from their disposal is recorded to the separate income statement.

##### 4.13 Depreciation and amortization

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

Buildings and structures	5 - 40 years
Machinery and equipment	3 - 7 years
Means of transportation	6 - 7 years
Other tangible fixed assets	4 - 25 years
Land use rights (*)	Upon lease term
Computer software	3 - 8 years

(\*) Indefinite land use rights are not amortized. Definite land use rights are amortized over the lease or usage term.

##### 4.14 Receivables

###### 4.14.1 Receivables classified as credit risk bearing assets

Receivables classified as credit risk bearing assets are recognized at cost. Doubtful receivables are classified and provisioned for by the Bank in accordance with the regulations about recognition and use of provision to write off the credit risk as presented in Note 4.5.

###### 4.14.2 Other receivables

Receivables other than credit risk bearing receivables of the Bank are initially recorded at cost and always carried at cost subsequently.

Provision for receivables is determined based on the overdue status of debts or expected loss in case the debts are not due for payment yet, but the corporate debtors are bankrupt or in the process of dissolution, or individual debtors are missing, fleeing, deceased, prosecuted, on trial or serving sentences. Provision expense incurred is recorded in "Total operating expenses" of the separate income statement.

Provision for overdue debts is made in accordance with Circular No. 48/2019/TT-BTC as follows:

<u>Overdue status</u>	<u>Allowance rates</u>
From over six months up to one year	30%
From one to under two years	50%
From two to under three years	70%
From three years and above	100%

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **4.15 *Prepaid expenses and deferred expenses***

Prepaid expenses include short-term or long-term prepaid expenses on the separate balance sheet and are amortized over the period for which the amount is paid or the period in which economic benefits are generated in relation to these expenses.

##### **4.16 *Recognition of income and expense***

###### **4.16.1 *Interest income and interest expenses***

Interest income and interest expenses are recognized in the separate income statement on an accrual basis. The recognition of accrued interest income of a loan is suspended when that loan is classified in groups 2 to 5 in compliance with Circular 02, reconstructed under Circular 01 or remains its current loan group under other State policies. Suspended interest income is monitored in an off-balance sheet account and recognized in the separate income statement upon actual receipt.

Fees and commissions are recognized on an accrual basis. Fees from guarantee activities, letter of credit, investment activities (bonds, etc.) are recognized on accrual/amortized basis.

###### **4.16.2 *Income from securities trading***

Income from securities trading is recognized as differences between selling price and cost of securities sold.

###### **4.16.3 *Dividends***

Dividends received in cash from investment activities are recognized as an income when the Bank's rights to receive dividends are established.

Dividends which are received in the form of shares, bonus shares and the right to buy shares for current shareholders, and shares from undistributed profits are not recognized as an increase in investment value and are not recorded as an income of the Bank but the number of shares is updated.

###### **4.16.4 *Income from other services***

Where the contract outcome can be reliably measured, revenue is recognised by reference to the stage of completion. Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised which are recoverable.

###### **4.16.5 *Recognition of receivables not yet collected***

According to Circular No. 16/2018/TT-BTC dated 07 February 2018 issued by the Ministry of Finance, receivables from accrued income but not yet collected at the due date are recorded as reduction in revenue if the income has been accrued in the same accounting period or recorded as expense if the income has been accrued in different accounting periods and monitored in the off-balance sheet. Upon actual receipt of these receivables, the Bank recognizes them in the separate income statement.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.17 *Deposits from other credit institutions, customer deposits, valuable papers issued, other borrowed and entrusted funds*

Deposits from other credit institutions, customer deposits and valuable papers issued, other borrowed and entrusted funds are disclosed at the principal amounts outstanding at the date of the separate financial statements. Issuing costs are initially deducted from original cost of bond. The Bank gradually amortised these costs to "Interest and similar expenses" on straight-line basis over the term of the valuable papers.

##### 4.18 *Foreign currency transactions*

According to Bank accounting system, all transactions are recorded in original currencies. Monetary assets and liabilities denominated in foreign currencies are translated into VND using the exchange rates ruling at the separate balance sheet date (Note 46). Income and expenses denominated in foreign currencies during the year are converted into VND at the exchange rates ruling at the transaction dates. Foreign exchange differences arising from the translation of monetary assets and liabilities are recorded and monitored in the "Foreign exchange differences" under "Owners' equity" and will be transferred to the separate income statement.

##### 4.19 *Payables and accruals*

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

##### 4.20 *Corporate income taxes*

###### *Current income tax*

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be paid to (or recovered from) the taxation authorities – applying the tax rates and tax laws enacted at the separate balance sheet date.

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Bank to offset current tax assets against current tax liabilities and when the Bank intends to settle its current tax assets and liabilities on a net basis.

###### *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for separate financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ▶ where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of taxable temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.20 Corporate income taxes (continued)

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except :

- ▶ where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of deductible temporarily differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each separate balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each separate balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the separate balance sheet date.

Deferred tax is charged or credited to the separate income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Bank to off-set current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- ▶ either the same taxable entity; or
- ▶ when the Bank intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

##### 4.21 Classification for off-balance sheet commitments

According to Circular 02, credit institutions only classify guarantees, payment acceptances and irrevocable loan commitments with specific effective date (generally called "off-balance sheet commitments") in compliance with Article 10, Circular 02 for management and monitoring of credit quality. Accordingly, off-balance sheet commitments are classified into the following groups: *Current*, *Special Mention*, *Sub-standard*, *Doubtful* and *Loss* based on the overdue status and other qualitative factors.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.22 *Derivatives*

The Bank involves in currency forward contracts and currency swap contracts to facilitate customers' transferring, adjusting or reducing foreign exchange risk or other market risks, and also serve the Bank's business purposes.

###### *Currency forward contracts*

Currency forward contracts are commitments to sell or buy a specific currency on a pre-determined future date at a pre-determined exchange rate and are settled by cash. The currency forward contracts are recognized at nominal value at the transaction date and are revalued periodically, from which gains or losses are recognized in the "Foreign exchange differences" under "Owners' equity" in the separate balance sheet and will be transferred to the separate income statement at the end of the fiscal year.

###### *Swap contracts*

Swap contracts are commitments to settle by cash on a pre-determined future date based on the difference between pre-determined exchange rates calculated on a notional principal amount or commitments to settle interest amounts based on a floating rate or a fixed rate calculated on a notional amount and in the same period.

Differences in interest rate swaps are recognized in the separate income statement on an accrual basis.

##### 4.23 *Employee benefits*

###### 4.23.1 *Post - employment benefits*

Employees at the Bank shall be entitled to receive allowances from the Social Insurance Fund upon retirement and shall be subsidized by the Bank two (2) months of additional salary based on job positions with the average KPI of the consecutive six months before retirement.

Employees who retire early due to the Bank's labour reorganization policy are entitled to receive allowances equal to half of the basic salary on which the annual (12 months) social insurance premium is calculated, and half of the basic salary on which the monthly social premium for early retirement is calculated (with a maximum of no more than 48 months of early retirement).

###### 4.23.2 *Unemployment insurance*

According to Circular No. 28/2015/TT-BLĐTBXH providing guidelines for Article 52 of the Law on Employment and Decree No. 28/2015/ND-CP dated 12 March 2015 of the Government providing guidelines for the Law on Employment in term of unemployment insurance, the Bank is required to contribute to the unemployment insurance at the rate of 1% of salary and wage fund of unemployment insurance joiners and deduct 1% of monthly salary and wage of each employee to contribute to the unemployment insurance.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.23 *Employee benefits* (continued)

###### 4.23.3 *Severance allowance*

Under Articles 48 of the Vietnam Labour Code 10/2012/QH13 effective from 1 May 2013, employees working at the Bank when terminating their labour contracts in accordance with the law and the Bank's policies are entitled to receive allowances equal to a half-month salary calculated on the basis of the average salary under the labour contract of the preceding six months before terminating their labour contracts for each working year (12 months). Accordingly, the working time at the Bank to calculate the severance payment is the total actual working time at the Bank minus the time employees participating in the unemployment insurance in accordance with the law on unemployment insurance and the working time for which severance allowances have been paid by the employer.

##### 4.24 *Capital and reserves*

###### 4.24.1 *Ordinary shares*

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

###### 4.24.2 *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.

###### 4.24.3 *Reserves*

Reserves are for specific purposes and appropriated from net profit after tax of the Bank at prescribed rates as below:

- ▶ Supplementary charter capital reserve: 5% of net profit after tax and does not exceed charter capital;
- ▶ Financial reserve: 10% of net profit after tax;
- ▶ Bonus to the Management, bonus and welfare funds are appropriated according to the decisions of the Annual General Meeting of Shareholders.
- ▶ Other reserves: are to be made in accordance with the current regulations and decisions of the Annual General Meeting of Shareholders.

##### 4.25 *Offsetting*

Financial assets and financial liabilities are offset and the net amount is reported in the separate balance sheet if, and only if, there is a currently enforceable legal right to offset financial assets against financial liabilities or vice-versa, and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

##### 4.26 *Nil balance items*

Items or balances required by Decision No. 16/2007/QD-NHNN dated 18 April 2007 and Circular No. 49/2014/TT-NHNN dated 31 December 2014 issued by the SBV regarding the financial reporting mechanism for credit institutions to be not shown in these separate financial statements indicate nil balance.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

## 5. CASH, GOLD AND GEMSTONES

	<u>31 December 2020</u> VND million	<u>31 December 2019</u> VND million
Cash on hand in VND	8,889,252	7,325,093
Cash on hand in foreign currencies	857,535	821,755
	<b><u>9,746,787</u></b>	<b><u>8,146,848</u></b>

## 6. BALANCES WITH THE STATE BANK OF VIETNAM (“the SBV”)

	<u>31 December 2020</u> VND million	<u>31 December 2019</u> VND million
Balance with the SBV		
- In VND	55,135,484	21,201,441
- In foreign currencies	2,480,820	3,654,392
	<b><u>57,616,304</u></b>	<b><u>24,855,833</u></b>

Balances with the SBV include current accounts and compulsory reserves.

In accordance with regulations of the SBV about compulsory reserves, banks are permitted to maintain a certain balance with the SBV in their compulsory reserve account. The average monthly compulsory reserves must not be lower than the preceding month's average deposit balance multiplied by the corresponding compulsory reserve ratio.

Compulsory reserve ratios as at the reporting date are as follows:

	<u>31/12/2020</u>	<u>31/12/2019</u>
Preceding month's average deposit balance:		
<i>Customer deposits</i>		
- Deposits in foreign currencies with term under 12 months	8.00%	8.00%
- Deposits in foreign currencies with term from 12 months and over	6.00%	6.00%
- Deposits in VND with term under 12 months	3.00%	3.00%
- Deposits in VND with term from 12 months and over	1.00%	1.00%
<i>Foreign credit institutions' deposits</i>		
- Deposits in foreign currencies	1.00%	1.00%

As at 31 December 2020, compulsory reserves in VND and in foreign currencies bore interest at rates of 0.5% per annum and 0% per annum, respectively (as at 31 December 2019: 0.8% per annum and 0% per annum).

As at 31 December 2020, deposits in foreign currencies exceeding the compulsory reserve bore an interest rate of 0.05% per annum (as at 31 December 2019: 0.05% per annum).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

## 7. PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	<i>31 December 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
<b>Placements with other credit institutions</b>		
Current accounts	38,207,609	60,000,469
- In VND	17,795,166	54,724,431
- In foreign currencies	20,412,443	5,276,038
Term deposits	55,443,520	62,643,785
- In VND	45,900,000	34,665,000
- In foreign currencies	9,543,520	27,978,785
	<b>93,651,129</b>	<b>122,644,254</b>
<b>Loans to other credit institutions</b>		
In VND	5,978,577	6,564,080
In foreign currencies	3,083,198	499,680
	<b>9,061,775</b>	<b>7,063,760</b>
	<b>102,712,904</b>	<b>129,708,014</b>

Placements with and loans to other credit institutions by loan group are as follows:

	<i>31 December 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
Current	64,505,295	69,707,545

## 8. HELD-FOR-TRADING SECURITIES

	<i>31 December 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
<b>Debt securities</b>		
Government securities	3,555,344	2,363,665
Securities issued by other domestic credit institutions	697,353	111,318
	<b>4,252,697</b>	<b>2,474,983</b>

### 8.1 Securities held for trading by listing status

	<i>31 December 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
<b>Debt securities</b>		
Listed securities	4,252,697	2,474,983
Unlisted securities	-	-
	<b>4,252,697</b>	<b>2,474,983</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

## 9. DERIVATIVES AND OTHER FINANCIAL ASSETS

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
<b>Currency derivative financial instruments</b>	<b>63,191</b>	<b>460,677</b>
Currency forward contracts	26,794	45,185
Currency swap contracts	36,397	415,492
<b>Commodity options contracts</b>	<b>-</b>	<b>-</b>
<b>Other derivative financial instruments</b>	<b>73,931</b>	<b>9,035</b>
	<b>137,122</b>	<b>469,712</b>

## 10. LOANS TO CUSTOMERS

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
Loans to domestic economic entities and individuals	997,967,514	920,020,584
Discounted bills and valuable papers	1,998,693	1,389,621
Payments on behalf of customers	7,788	10,337
Loans financed by entrusted funds	116,523	348,928
Loans to foreign economic entities and individuals	4,885,023	3,483,360
	<b>1,004,975,541</b>	<b>925,252,830</b>

### 10.1 Analysis of loan portfolio by quality

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
Current	992,888,257	909,030,352
Special mention	2,770,000	5,563,111
Sub-standard	1,799,238	1,944,632
Doubtful	1,507,061	1,517,753
Loss	6,010,985	7,196,982
	<b>1,004,975,541</b>	<b>925,252,830</b>

### 10.2 Analysis of loan portfolio by original maturity

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
Short term loans	590,292,716	533,784,301
Medium term loans	58,165,413	59,551,204
Long term loans	356,517,412	331,917,325
	<b>1,004,975,541</b>	<b>925,252,830</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

**10. LOANS TO CUSTOMERS** (continued)

**10.3 Analysis of loan portfolio by ownership and types of customers**

	31 December 2020		31 December 2019	
	VND million	%	VND million	%
State-owned companies	54,554,728	5.43	42,213,282	4.56
Single-member limited liability companies with 100% State ownership	29,243,619	2.91	33,256,122	3.59
Multi-member limited liability companies with over 50% State ownership or being controlled by the State	7,633,633	0.76	6,628,148	0.72
Other limited liability companies	233,253,853	23.21	208,030,132	22.48
Joint stock companies with over 50% State ownership or voting share capital; or being controlled by the State	29,588,339	2.94	35,144,426	3.80
Other joint-stock companies	278,533,887	27.72	262,912,920	28.42
Partnership companies	363,403	0.04	48,495	0.01
Private enterprises	12,587,912	1.25	12,044,883	1.30
Foreign invested enterprises	53,208,828	5.29	48,318,179	5.22
Co-operatives and unions of co-operative	1,460,651	0.15	1,365,946	0.15
Household business and individuals	302,052,315	30.06	272,804,974	29.48
Administrative unit, the Party, unions and associations	1,513,982	0.15	1,553,548	0.17
Others	980,391	0.09	931,775	0.10
	<b>1,004,975,541</b>	<b>100</b>	<b>925,252,830</b>	<b>100</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

## 10. LOANS TO CUSTOMERS (continued)

### 10.4 Analysis of loan portfolio by sectors

	31 December 2020		31 December 2019	
	VND million	%	VND million	%
Construction	93,172,308	9.27	96,298,593	10.41
Production and distribution of electricity, gas and water	44,033,672	4.38	32,496,163	3.51
Production and processing	245,299,730	24.41	233,031,684	25.19
Mining	14,840,856	1.48	16,831,488	1.82
Agricultural, forestry and aquaculture	41,538,587	4.13	38,582,200	4.17
Transportation, logistics and telecommunication	24,027,957	2.39	22,106,696	2.39
Wholesale and retail trade, repairing of motor vehicles, motorcycles	323,427,021	32.18	293,647,093	31.74
Trading and services	150,678,267	14.99	133,026,705	14.38
Households services, production of physical products and services used by households	46,327,072	4.61	41,905,037	4.53
Other activities	21,630,071	2.16	17,327,171	1.86
	<b>1,004,975,541</b>	<b>100</b>	<b>925,252,830</b>	<b>100</b>

## 11. PROVISION FOR CREDIT LOSSES ON LOANS TO CUSTOMERS

Movement of provision for credit losses on loans to customers during the year 2020 are as follows:

	General provision VND million	Specific provision VND million	Total VND million
Opening balance as at 1 January 2020	6,717,340	6,071,288	12,788,628
Provision charged during the year	510,782	5,695,146	6,205,928
Provision used to write off bad debts	-	(6,648,856)	(6,648,856)
<b>Closing balance as at 31 December 2020</b>	<b>7,228,122</b>	<b>5,117,578</b>	<b>12,345,700</b>

Movement of provision for credit losses on loans to customers during the year 2019 are as follows:

	General provision VND million	Specific provision VND million	Total VND million
Opening balance as at 1 January 2019 (restated)	6,553,390	6,256,594	12,809,984
Provision charged during the year	163,950	8,405,239	8,569,189
Provision used to write off bad debts	-	(8,590,545)	(8,590,545)
<b>Closing balance as at 31 December 2019</b>	<b>6,717,340</b>	<b>6,071,288</b>	<b>12,788,628</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

## 12. INVESTMENT SECURITIES

### 12.1 Available-for-sale securities

	31 December 2020 VND million	31 December 2019 VND million
<b>Debt securities</b>	<b>110,680,857</b>	<b>95,479,341</b>
Government bonds	57,375,668	44,898,960
Bonds issued by domestic credit institutions	42,661,173	34,583,205
Bonds issued by domestic economic entities	10,644,016	15,997,176
<b>Equity securities</b>	<b>376,615</b>	<b>376,615</b>
Equity securities issued by domestic economic entities	376,615	376,615
<b>Provision for available-for-sale securities</b>	<b>(339,665)</b>	<b>(1,285,284)</b>
<i>In which:</i>		
<i>Provision for diminution in value</i>	(50,918)	(168,306)
<i>General provision</i>	(288,747)	(286,128)
<i>Specific provision</i>	-	(830,850)
	<b>110,717,807</b>	<b>94,570,672</b>

### 12.2 Held-to-maturity securities

#### 12.2.1 Held-to-maturity securities (excluding special bonds issued by VAMC)

	31 December 2020 VND million	31 December 2019 VND million
<b>Debts securities</b>	<b>2,586,778</b>	<b>2,586,748</b>
Government bonds	2,200,000	2,200,000
Bonds issued by domestic economic entities	386,778	386,748
<b>Provision for held-to-maturity securities</b>	<b>(2,901)</b>	<b>(2,901)</b>
General provision	(2,901)	(2,901)
	<b>2,583,877</b>	<b>2,583,847</b>

#### 12.2.2 Special bonds issued by VAMC

	31 December 2020 VND million	31 December 2019 VND million
Special bonds	-	12,781,245
Provision for special bonds	-	(6,589,018)
	-	<b>6,192,227</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

## 12. INVESTMENT SECURITIES (continued)

### 12.3 Analysis by quality of investment securities classified as credit risk bearing assets

	31 December 2020 VND million	31 December 2019 VND million
Current	38,101,746	40,064,467
Special mention	-	-
Sub-standard	-	-
Doubtful	-	-
Loss	-	590,000
	<b>38,101,746</b>	<b>40,654,467</b>

### 12.4 Provision for investment securities

Movement of provision for impairment of investment securities during 2020 is as follows:

	Available-for- sale securities VND million	Held-to- maturity securities VND million	Total VND million
Opening balance as at 1 January 2020	1,285,284	6,591,919	7,877,203
Provision (reversed)/charged during the year	(355,619)	5,820,304	5,464,685
Provision used to write off bad debts	(590,000)	(12,409,322)	(12,999,322)
<b>Closing balance as at 31 December 2020</b>	<b>339,665</b>	<b>2,901</b>	<b>342,566</b>

Movement of provision for impairment of investment securities during 2019 is as follows:

	Available-for- sale securities VND million	Held-to- maturity securities VND million	Total VND million
Opening balance as at 1 January 2019 (restated)	451,456	2,232,901	2,684,357
Provision charged during the year	833,828	4,359,018	5,192,846
<b>Closing balance as at 31 December 2019</b>	<b>1,285,284</b>	<b>6,591,919</b>	<b>7,877,203</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

### 13. LONG-TERM INVESTMENTS

Analysis by type of investment

	31 December 2020 VND million	31 December 2019 VND million
Investments in subsidiaries (Note 13.1)	3,840,032	4,040,032
Investment in a joint venture (Note 13.2)	1,688,788	1,688,788
Other long-term investments	22,962	22,962
	<b>5,551,782</b>	<b>5,751,782</b>

#### 13.1 Investments in subsidiaries

	31 December 2020 Cost VND million	31 December 2019 Cost VND million
<i>Subsidiaries</i>		
VietinBank Leasing Company Limited	1,000,000	1,000,000
VietinBank Securities Joint Stock Company	597,232	597,232
VietinBank Debt Management and Asset Exploitation Company Limited	120,000	120,000
VietinBank Insurance Joint Stock Corporation	489,150	489,150
VietinBank Fund Management Company Limited	300,000	500,000
VietinBank Gold & Jewellery Trading Company Limited	200,000	200,000
VietinBank Global Money Transfer Company Limited	50,000	50,000
VietinBank Lao Limited	1,083,650	1,083,650
	<b>3,840,032</b>	<b>4,040,032</b>

#### 13.2 Investment in a joint venture

	31 December 2020		31 December 2019	
	Cost VND million	% owned	Cost VND million	% owned
Indovina Bank Limited	1,688,788	50%	1,688,788	50%
	<b>1,688,788</b>		<b>1,688,788</b>	

Indovina Bank Limited was established in Vietnam with the Head Office located in Ho Chi Minh City, whose main activity is providing banking services. This is a joint venture between the Bank and Cathay United Bank, a bank established in Taiwan. Indovina Bank Limited was granted Operating License No. 101/GP-NHNN dated 11 November 2019 (amended for Operating License No. 08/NH-GP dated 29 October 1992 issued by the State Bank of Vietnam) for the operating period of 99 years with the charter capital of USD193,000,000.

Since its establishment, as approved by the State Bank, Indovina Bank Limited has made several capital increases, in which the value of capital contributed by the two parties to the joint venture increased but the proportion of contributed capital did not change. As at 31 December 2020, the charter capital of Indovina Bank Limited is USD193,000,000.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

#### 14. TANGIBLE FIXED ASSETS

Movements of tangible fixed assets in the year are as follows:

	Buildings and structures VND million	Machinery and equipment VND million	Means of transportation VND million	Other tangible fixed assets VND million	Total VND million
<b>Cost</b>					
Opening balance	7,521,477	5,255,908	1,465,780	334,806	14,577,971
Additions	1,012	173,236	86,776	15,185	276,209
Transfer from construction in progress	270,668	37,607	13,024	4,244	325,543
Reclassification	-	924	-	(924)	-
Disposals	(7,483)	(35,312)	(34,204)	(2,166)	(79,165)
Other increases/(decreases)	(25,000)	8,937	7,099	(2,482)	(11,446)
Closing balance	7,760,674	5,441,300	1,538,475	348,663	15,089,112
<b>Accumulated depreciation</b>					
Opening balance	2,248,748	4,721,540	1,025,891	267,003	8,263,182
Depreciation for the year	274,533	259,030	129,402	36,530	699,495
Reclassification	-	924	-	(924)	-
Disposals	(6,991)	(32,943)	(34,204)	(1,667)	(75,805)
Other increases/(decreases)	(12,370)	8,929	4,972	(688)	843
Closing balance	2,503,920	4,957,480	1,126,061	300,254	8,887,715
<b>Net book value</b>					
Opening balance	5,272,729	534,368	439,889	67,803	6,314,789
Closing balance	5,256,754	483,820	412,414	48,409	6,201,397

Cost of tangible fixed assets that are fully depreciated but still in used as at 31 December 2020 is VND6,100,475 million (as at 31 December 2019: VND5,660,372 million).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

## 15. INTANGIBLE FIXED ASSETS

Movements of intangible fixed assets in the year are as follows:

	<i>Land use rights</i> VND million	<i>Other intangible</i> <i>fixed assets</i> VND million	<i>Total</i> VND million
<b>Cost</b>			
Opening balance	4,003,857	2,168,260	6,172,117
Additions	6,856	1,441	8,297
Disposals	(52,345)	-	(52,345)
Other increases	634	130,503	131,137
Closing balance	<u>3,959,002</u>	<u>2,300,204</u>	<u>6,259,206</u>
<b>Accumulated amortization</b>			
Opening balance	319,719	1,373,555	1,693,274
Amortization for the year	37,779	203,645	241,424
Disposals	-	-	-
Other increases	9,374	701	10,075
Closing balance	<u>366,872</u>	<u>1,577,901</u>	<u>1,944,773</u>
<b>Net book value</b>			
Opening balance	<u>3,684,138</u>	<u>794,705</u>	<u>4,478,843</u>
Closing balance	<u>3,592,130</u>	<u>722,303</u>	<u>4,314,433</u>

Cost of intangible fixed assets that are fully depreciated but still in used as at 31 December 2020 is VND793,907 million (as at 31 December 2019: VND839,010 million).

## 16. OTHER ASSETS

### 16.1 Receivables

	<i>31 December 2020</i> VND million	<i>31 December 2019</i> VND million
Internal receivables	321,156	275,315
External receivables	14,196,733	14,037,901
Construction in progress	5,628,132	5,730,014
- <i>Constructions in the North</i>	5,210,728	5,247,938
- <i>Constructions in the Central</i>	330,482	304,640
- <i>Constructions in the South</i>	86,922	177,436
Fixed assets in purchase or under repair	1,063,469	1,045,130
	<u>21,209,490</u>	<u>21,088,360</u>

### 16.2 Other assets

	<i>31 December 2020</i> VND million	<i>31 December 2019</i> VND million
Materials and tools	109,535	103,458
Prepaid expenses	2,506,186	2,701,001
Other assets	139,249	139,249
	<u>2,754,970</u>	<u>2,943,708</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

**16. OTHER ASSETS (continued)**

**16.3 Provision for other assets**

	<i>31 December 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
Provision for bad debts	40,596	158
	<b>40,596</b>	<b>158</b>

**17. DUE TO THE GOVERNMENT AND THE STATE BANK OF VIETNAM**

	<i>31 December 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
<b>Borrowings from the SBV</b>	<b>1,969,774</b>	<b>2,616,734</b>
Borrowings based on credit profiles	1,962,816	2,609,776
Borrowings to support State-owned enterprises	6,958	6,958
<b>Deposits from the State Treasury and other dues</b>	<b>42,627,414</b>	<b>67,986,159</b>
In VND	42,627,414	67,986,159
In foreign currencies	-	-
	<b>44,597,188</b>	<b>70,602,893</b>

**18. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS**

**18.1 Deposits from other credit institutions**

	<i>31 December 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
<b>Demand deposits</b>	<b>3,922,443</b>	<b>41,545,666</b>
In VND	3,509,630	41,195,665
In foreign currencies	412,813	350,001
<b>Term deposits</b>	<b>93,450,750</b>	<b>39,214,715</b>
In VND	80,234,690	35,646,997
In foreign currencies	13,216,060	3,567,718
	<b>97,373,193</b>	<b>80,760,381</b>

**18.2 Borrowings from other credit institutions**

	<i>31 December 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
In VND	4,509,653	2,594,812
In foreign currencies	22,989,299	23,444,207
	<b>27,498,952</b>	<b>26,039,019</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

**19. CUSTOMER DEPOSITS**

	<u>31 December 2020</u>	<u>31 December 2019</u>
	<u>VND million</u>	<u>VND million</u>
Demand deposits	186,116,110	145,290,265
- Demand deposits in VND	154,156,455	120,575,191
- Demand deposits in foreign currencies	31,959,655	24,715,074
Term deposits	794,345,685	739,159,479
- Term deposits in VND	765,683,176	712,430,618
- Term deposits in foreign currencies	28,662,509	26,728,861
Deposits for specific purpose	2,891,119	2,346,604
- Deposits for specific purpose in VND	2,210,328	1,517,085
- Deposits for specific purpose in foreign currencies	680,791	829,519
Margin deposits	4,717,242	2,996,366
- Margin deposits in VND	4,183,194	2,693,387
- Margin deposits in foreign currencies	534,048	302,979
	<b><u>988,070,156</u></b>	<b><u>889,792,714</u></b>

Analysis of customer deposits by type of entities is as follows:

	<u>31 December 2020</u>		<u>31 December 2019</u>	
	<u>VND million</u>	<u>%</u>	<u>VND million</u>	<u>%</u>
State-owned companies	152,046,050	15.39	134,000,840	15.06
Single-member limited liability companies with 100% State ownership	17,775,175	1.80	18,923,758	2.13
Multi-member limited liability companies with over 50% State ownership or being controlled by the State	1,273,315	0.13	1,329,581	0.15
Other limited liability companies	33,482,054	3.39	34,204,281	3.84
Joint stock companies with over 50% of charter capital or voting shares owned by the Government; or being controlled by the State	39,694,271	4.02	38,602,747	4.34
Other joint-stock companies	65,739,244	6.65	55,475,848	6.23
Partnership companies	8,675,462	0.88	3,657,234	0.41
Private enterprises	2,026,446	0.21	1,996,287	0.22
Foreign invested enterprises	99,329,976	10.05	72,922,401	8.20
Co-operatives and unions of co-operative	1,616,494	0.16	451,800	0.05
Household business and individuals	495,539,492	50.15	470,801,144	52.92
Administrative units, the Party, unions and associations	39,939,934	4.04	35,151,359	3.95
Others	30,932,243	3.13	22,275,434	2.50
	<b><u>988,070,156</u></b>	<b><u>100</u></b>	<b><u>889,792,714</u></b>	<b><u>100</u></b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

**20. OTHER BORROWED AND ENTRUSTED FUNDS**

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
Funds received in VND	645,430	750,505
Funds received in foreign currencies	2,087,821	5,025,394
	<b>2,733,251</b>	<b>5,775,899</b>

**21. VALUABLE PAPERS ISSUED**

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
<b>In VND</b>	<b>59,874,697</b>	<b>56,965,477</b>
Par value	59,874,697	56,965,477
<b>In foreign currencies</b>	<b>873</b>	<b>876</b>
Par value	873	876
	<b>59,875,570</b>	<b>56,966,353</b>

Details of the term of valuable papers issued at the end of the year are as follows:

	<i>Bills of exchange VND million</i>	<i>Bearer bonds VND million</i>	<i>Book-entry bonds VND million</i>	<i>Certificates of deposits VND million</i>	<i>Total VND million</i>
Less than 12 months	197	-	-	-	197
- In VND	197	-	-	-	197
From 12 months to under 5 years	-	166	-	25,000,887	25,001,053
- In VND	-	166	-	25,000,014	25,000,180
- In foreign currencies	-	-	-	873	873
From 5 years	-	-	34,874,320	-	34,874,320
- In VND	-	-	34,874,320	-	34,874,320
- In foreign currencies	-	-	-	-	-
<b>Closing balance</b>	<b>197</b>	<b>166</b>	<b>34,874,320</b>	<b>25,000,887</b>	<b>59,875,570</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

## 22. OTHER LIABILITIES

### 22.1 Other payables

	<u>31 December 2020</u> VND million	<u>31 December 2019</u> VND million
Internal payables	2,421,417	2,132,438
External payables (*)	4,454,123	4,142,710
Bonus, welfare funds	2,873,809	312,995
	<b><u>9,749,349</u></b>	<b><u>6,588,143</u></b>

(\*) Details of external payables are as follows:

	<u>31 December 2020</u> VND million	<u>31 December 2019</u> VND million
Collections, payments on behalf of other organizations	1,491,579	1,491,175
Amounts kept for customers and awaiting settlement	79,199	150,501
Corporate income tax payable (Note 24)	1,263,314	608,984
Other items awaiting payment	981,166	1,014,971
Tax and fee payables	179,278	170,111
Payables to the SBV due to the collection of written-off debts	95,009	92,380
Payables related to trade finance activities	8,904	6,008
Money transfer payable	82,204	117,675
Other payables	273,470	490,905
	<b><u>4,454,123</u></b>	<b><u>4,142,710</u></b>

## 23. TAX AND OTHER OBLIGATIONS TO THE STATE BUDGET

	<u>Movements during the year</u>			<u>Closing balance</u> VND million
	<u>Opening balance</u> VND million	<u>Payables</u> VND million	<u>Paid</u> VND million	
Value added tax	12,987	472,848	475,122	10,713
Corporate income tax	608,984	3,192,911	2,538,581	1,263,314
Other taxes	124,865	706,792	663,091	168,566
	<b><u>746,836</u></b>	<b><u>4,372,551</u></b>	<b><u>3,676,794</u></b>	<b><u>1,442,593</u></b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

## 24. CORPORATE INCOME TAX EXPENSE

### 24.1 Current corporate income tax expense

From 1 January 2016, the Bank has the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits according to Circular No. 78/2014/TT-BTC which was effective from 2 August 2014.

The Bank's tax reports are subject to examination by the tax authorities. Because the application of tax laws and regulations for many types of transactions is susceptible to varying interpretations, amount reported in the separate financial statements could be changed at a later date upon final determination of the tax authorities.

Current corporate income tax payables are determined based on taxable income of the year. Taxable income differs from the one reported in the separate income statement since taxable income excludes incomes which are taxable or expenses which are deducted in prior years due to the differences between the Bank's accounting policies and the tax regulations. It also excludes tax exempted income and non-deductible expenses. The current corporate income tax payable of the Bank is calculated based on the statutory tax rates applicable at the year-end.

Provision for current income tax expense is computed as follows:

	2020 VND million	2019 VND million
<b>Profit before tax</b>	<b>16,448,581</b>	<b>11,461,075</b>
<i>Plus/(minus)</i>		
- Dividend income	(531,947)	(588,456)
- Others	47,034	16,270
<b>Taxable income</b>	<b>15,963,668</b>	<b>10,888,889</b>
<b>CIT expenses in the year</b>	<b>3,192,734</b>	<b>2,177,778</b>
<b>CIT payable/(refundable) at the beginning of the year</b>	<b>608,984</b>	<b>(210,660)</b>
CIT paid during the year	(2,538,581)	(1,360,313)
Adjustment for CIT difference of previous years	177	2,179
<b>Current income tax payable at the end of the year</b>	<b>1,263,314</b>	<b>608,984</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

## 25. OWNERS' EQUITY AND RESERVES

### 25.1 Statement of changes in equity

	Charter capital VND million	Share premium VND million	Capital supplementary reserve VND million	Financial reserve VND million	Undistributed profits VND million	Total VND million
<b>Balance as at 1 January 2019</b> <i>(restated)</i>	<b>37,234,046</b>	<b>8,969,827</b>	<b>2,617,608</b>	<b>5,211,287</b>	<b>10,988,525</b>	<b>65,021,293</b>
Net profit for the year	-	-	-	-	9,283,297	9,283,297
Appropriation to reserves	-	-	464,164	928,330	(1,392,494)	-
Utilization of reserves	-	-	-	(2,220)	-	(2,220)
Other adjustments	-	-	-	-	4,189	4,189
<b>Balance as at 31 December 2019</b>	<b>37,234,046</b>	<b>8,969,827</b>	<b>3,081,772</b>	<b>6,137,397</b>	<b>18,883,517</b>	<b>74,306,559</b>
Net profit for the year	-	-	-	-	13,255,847	13,255,847
Appropriation to reserves	-	-	662,792	1,325,584	(1,988,376)	-
Appropriation to the Bank's bonus and welfare funds	-	-	-	-	(3,536,183)	(3,536,183)
Dividends paid for the fiscal year 2019	-	-	-	-	(1,861,702)	(1,861,702)
Other adjustments	-	-	(6,965)	(13,929)	(30,681)	(51,575)
<b>Balance as at 31 December 2020</b>	<b>37,234,046</b>	<b>8,969,827</b>	<b>3,737,599</b>	<b>7,449,052</b>	<b>24,722,422</b>	<b>82,112,946</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

## 25. OWNERS' EQUITY AND RESERVES (continued)

### 25.2 Equity

Details of the Bank's authorised and issued shares are as follows:

	31 December 2020		31 December 2019	
	Shares	VND million	Shares	VND million
Number of authorised shares	3,723,404,556	37,234,046	3,723,404,556	37,234,046
Number of issued shares	3,723,404,556	37,234,046	3,723,404,556	37,234,046
- Ordinary shares	3,723,404,556	37,234,046	3,723,404,556	37,234,046
Number of shares in circulation	3,723,404,556	37,234,046	3,723,404,556	37,234,046
- Ordinary shares	3,723,404,556	37,234,046	3,723,404,556	37,234,046

The face value of each share of the Bank is VND10,000.

### 25.3 Dividend

In accordance with Resolution No. 441/NQ-HDQT-NHCT22.1 dated 4 December 2020, the Board of Directors of the Bank has decided to pay cash dividend of 2019 at 5% of par value (one share received VND500), which is equivalent to VND1,861,702 million. By 30 December 2020, the Bank has completed the payment of dividends to its shareholders.

### 25.4 Breakdown of the Banks' owner equity:

	Unit: VND million					
	31 December 2020			31 December 2019		
	Total	Ordinary shares	Preferred shares	Total	Ordinary shares	Preferred shares
Contribution from the Government of Vietnam	24,001,066	24,001,066	-	24,001,066	24,001,066	-
Other capital contribution (shareholders, members...)	13,232,980	13,232,980	-	13,232,980	13,232,980	-
Share premium	8,969,827	8,969,827	-	8,969,827	8,969,827	-
Treasury shares	-	-	-	-	-	-
<b>Total</b>	<b>46,203,873</b>	<b>46,203,873</b>	<b>-</b>	<b>46,203,873</b>	<b>46,203,873</b>	<b>-</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

## 26. INTEREST AND SIMILAR INCOME

	2020 VND million	2019 VND million
Interest income from deposits	2,247,447	3,094,131
Interest income from loans to customers	72,907,964	71,110,751
Interest income from debt securities	6,299,601	6,373,415
Income from guarantee activities	687,603	644,324
Other income from credit activities	593,469	574,603
	<b>82,736,084</b>	<b>81,797,224</b>

## 27. INTEREST AND SIMILAR EXPENSES

	2020 VND million	2019 VND million
Interest expenses for deposits	43,163,661	44,238,096
Interest expenses for borrowings	602,938	1,027,871
Interest expenses for valuable papers issued	3,923,225	3,680,910
Other expenses for credit activities	194,518	202,373
	<b>47,884,342</b>	<b>49,149,250</b>

## 28. NET FEE AND COMMISSION INCOME

	2020 VND million	2019 VND million
<b>Fee and commission income</b>	<b>5,996,070</b>	<b>5,735,987</b>
Income from settlement services	3,416,062	3,240,862
Income from consulting services	137,261	78,693
Income from trusted and agency services	187,431	136,012
Income from other services	2,255,316	2,280,420
<b>Fee and commission expenses</b>	<b>(2,233,896)</b>	<b>(2,362,494)</b>
Expenses for settlement services	(1,707,243)	(1,816,121)
Expenses for consulting services	(12,991)	(12,935)
Expenses for trusted and agency services	(6,560)	(13,172)
Expenses for treasury services	(331,514)	(300,231)
Expenses for other services	(175,588)	(220,035)
<b>Net fee and commission income</b>	<b>3,762,174</b>	<b>3,373,493</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

**29. NET GAIN FROM TRADING IN FOREIGN CURRENCIES**

	2020 VND million	2019 VND million
<b>Income from foreign currencies trading</b>	<b>2,719,125</b>	<b>2,374,698</b>
Income from foreign currencies spot trading	1,234,877	911,312
Income from currency derivatives trading	1,484,248	1,463,386
<b>Expenses for trading in foreign currencies</b>	<b>(831,796)</b>	<b>(855,858)</b>
Expenses for foreign currencies spot trading	(105,135)	(55,662)
Expenses for currency derivatives trading	(726,661)	(800,196)
<b>Net gain from foreign currencies trading</b>	<b>1,887,329</b>	<b>1,518,840</b>

**30. NET GAIN FROM HELD-FOR-TRADING SECURITIES**

	2020 VND million	2019 VND million
Income from held-for-trading securities	481,133	435,369
Expenses for held-for-trading securities	(21,552)	(3,390)
<b>Net gain from held-for-trading securities</b>	<b>459,581</b>	<b>431,979</b>

**31. NET GAIN/(LOSS) FROM INVESTMENT SECURITIES**

	2020 VND million	2019 VND million
Income from trading in investment securities	8,941	43,218
Expense for trading in investment securities	(165)	(257)
Provision reversed/(charged) for investment securities (Note 12.4)	355,619	(833,828)
<b>Net gain/(loss) from investment securities</b>	<b>364,395</b>	<b>(790,867)</b>

**32. NET GAIN FROM OTHER ACTIVITIES**

	2020 VND million	2019 VND million
<b>Income from other activities</b>	<b>2,482,759</b>	<b>1,997,334</b>
Income from recovery of bad debts previously written-off	1,722,617	1,304,723
Income from other derivatives	502,215	408,870
Income from transfer, disposal of assets	107,932	137,844
Other income	149,995	145,897
<b>Expenses for other activities</b>	<b>(737,045)</b>	<b>(801,557)</b>
Expenses for other derivatives	(353,120)	(377,461)
Expenses for transfer, disposal of assets	(53,715)	(1,818)
Other expenses	(330,210)	(422,278)
<b>Net gain from other activities</b>	<b>1,745,714</b>	<b>1,195,777</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

### 33. INCOME FROM INVESTMENTS IN OTHER ENTITIES

	2020 VND million	2019 VND million
Dividend received from equity securities	4,163	1,388
Dividend received from capital contribution	527,784	587,068
Income from liquidation and divestment of investment capital	-	156,912
	<b>531,947</b>	<b>745,368</b>

### 34. TOTAL OPERATING EXPENSES

	2020 VND million	2019 VND million
<b>Expenses on taxes, fees and charges</b>	<b>15,261</b>	<b>17,524</b>
<b>Personnel expenses</b>	<b>8,783,325</b>	<b>9,024,732</b>
Salary and allowances	7,011,635	7,419,278
Expenses related to salary	538,499	530,967
Allowances	4,703	2,994
Other expenses	1,228,488	1,071,493
<b>Expenses on assets</b>	<b>2,543,537</b>	<b>2,210,981</b>
Depreciation and amortization expenses	940,919	952,240
Other expenses	1,602,618	1,258,741
<b>Administrative expenses</b>	<b>3,026,016</b>	<b>2,819,158</b>
Per-diem	116,786	148,039
Expenses for union activities	13,923	30,755
Other expenses	2,895,307	2,640,364
<b>Insurance premium for customer deposits</b>	<b>719,492</b>	<b>660,887</b>
<b>Other provision expenses (excluding provision expenses for credit loss on and off-balance sheet; provision expenses for securities)</b>	<b>40,438</b>	<b>-</b>
	<b>15,128,069</b>	<b>14,733,282</b>

### 35. CASH AND CASH EQUIVALENTS

Cash and cash equivalents on the separate cash flow statement including items on the separate balance sheet are as follows:

	31 December 2020 VND million	31 December 2019 VND million
Cash and cash equivalents on hand	9,746,787	8,146,848
Balances with the SBV	57,616,304	24,855,833
Demand deposits at other credit institutions	38,207,609	60,000,469
Placements with other credit institutions with terms not exceeding three (03) months	55,443,520	62,643,785
	<b>161,014,220</b>	<b>155,646,935</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

### 36. EMPLOYEES' REMUNERATIONS

	2020 <i>VND million</i>	2019 <i>VND million</i>
<b>I. Total number of employees (persons) (*)</b>	<b>22,564</b>	<b>22,331</b>
<b>II. Employees' remuneration (VND million)</b>		
1. Total salary fund	7,011,635	7,419,278
2. Other remuneration	362,022	303,402
3. Total remuneration (1+2)	7,373,657	7,722,680
4. Average monthly salary (**)	26.45	27.87
5. Average monthly remuneration (**)	27.82	29.01

(\*) Data as at 31 December

(\*\*) Calculated based on the average number of employees in the year

### 37. COLLATERALS AND MORTGAGES

#### 37.1 Assets, valuable papers taken for mortgage, pledge and discount, rediscount

Details of customers' collaterals and mortgages at the Bank at the end of the year are as follows:

	31 December 2020 <i>VND million</i>	31 December 2019 <i>VND million</i>
Real estates	1,709,524,713	1,270,748,160
Movables	66,655,137	66,229,113
Deposits, gold, gemstones, valuable papers	161,050,814	141,324,140
Other assets	562,422,722	491,325,645
	<b>2,499,653,386</b>	<b>1,969,627,058</b>

Collaterals and mortgages held by the Bank which are permitted to sell to or re-pledge for a third party in the absence of default by the customers (owner of the collaterals) who are able to pay off the debts according to the law.

As at 31 December 2020, the Bank did not hold any collateral which the Bank is permitted to sell or re-pledge for a third party in the absence of default by the customers (owner of the collaterals) who are able to pay off the debt according to the law.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

### 38. RELATED PARTY TRANSACTIONS

During normal business operation, the Bank has undertaken transactions with other parties to which the Bank is related. Parties are considered related if one is able to control or has significant influence on the other's decisions about financial policies and operations. A party is considered related to the Bank if:

- (a) Directly, or indirectly through one or more intermediaries, that party:
  - ▶ controls, is controlled by, or is under common control by the Bank;
  - ▶ has contributed capital (owning 5% or more of the charter capital or voting share capital) in the Bank and therefore, has significant influences over the Bank;
  - ▶ has joint control over the Bank;
- (b) The party is a joint venture in which the Bank is a venture or an associate (owning over 11% of the charter capital or voting share capital, but is not a subsidiary of the Bank);
- (c) The party has a member who is also the key personnel of the Bank's Members' Council or Board of Management;
- (d) The party is a close member in the family of any individual referred to in (a) or (c); or
- (e) The party is an entity that is directly or indirectly controlled, jointly controlled or significantly influenced by, or has the right to vote, by any individual referred to in (c) or (d).

Details of significant balances with related parties as at 31 December are as follows:

#### Related organizations

<i>Related parties</i>	<i>Relationship</i>	<i>Balances</i>	<i>31 December 2020 VND million</i>	<i>31 December 2019 VND million</i>
The State Bank of Vietnam ("the SBV")	Owner and direct management agency	Deposits of the Bank at the SBV	57,616,304	24,855,833
		Borrowings from the SBV	1,969,774	2,616,734
Subsidiaries/ Joint venture	Subsidiary/ Joint venture	Deposits of the Bank	2,042,300	5,514,580
		Borrowings from the Bank	700,000	760,000
		Accrued interest receivables	3,549	7,383
		Deposits at the Bank	2,432,352	5,148,181
		Accrued interest payables	12,576	11,063

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

### 38. RELATED PARTY TRANSACTIONS (continued)

Details of significant transactions with related parties in the year are as follows:

#### Related Organizations

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>2020</i> <i>VND million</i>	<i>2019</i> <i>VND million</i>
The State Bank of Vietnam ("the SBV")	Owner and direct management agency	Increase in deposits at the SBV	32,760,471	1,688,714
		Decrease in borrowings from the SBV	(646,960)	(777,783)
Subsidiaries/ Joint venture	Subsidiary/ Joint venture	(Decrease)/increase in deposits of the Bank	(3,472,280)	3,177,313
		Decrease in borrowings from the Bank	(60,000)	(12,000)
		(Decrease)/increase in accrued interest receivable from loans	(3,834)	2,660
		(Decrease)/increase in deposits at the Bank	(2,715,829)	3,616,524
		Increase in accrued interest payable for deposits	1,513	1,055
		Interest income	30,437	49,353
		Deposits interest income	62,298	75,102
		Deposits interest expenses	(62,530)	(31,037)

#### Related individuals

Remuneration of the Board of Directors, the Management and the Supervisory Board:

	<i>2020</i> <i>VND million</i>	<i>2019</i> <i>VND million</i>
Board of Directors	13,235	13,696
Management	13,527	14,963
Supervisory Board	3,725	3,756
	<b>30,487</b>	<b>32,415</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

### 39. GEOGRAPHICAL SEGMENT INFORMATION

<i>Items</i>	<i>Unit: VND million</i>			
	<i>North</i>	<i>South</i>	<i>Others</i>	<i>Total</i>
<b>Segment profit before tax</b>	<b>12,522,044</b>	<b>3,172,867</b>	<b>753,670</b>	<b>16,448,581</b>
Current corporate income tax expense	(3,192,734)	-	-	(3,192,734)
<b>Segment profit after corporate income tax</b>	<b>9,329,310</b>	<b>3,172,867</b>	<b>753,670</b>	<b>13,255,847</b>
Segment assets	759,890,157	411,953,278	156,077,573	1,327,921,008
Segment liabilities	688,870,390	403,368,325	153,569,347	1,245,808,062

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

	<i>Total loans VND million</i>	<i>Total deposits VND million</i>	<i>Credit commitments VND million</i>	<i>Derivative financial instruments VND million</i>	<i>Trading and investment of securities VND million</i>
Domestic	1,009,426,267	1,127,099,901	106,256,208	137,122	117,896,947
Overseas	4,611,049	970,862	13,692	-	-
	<b>1,014,037,316</b>	<b>1,128,070,763</b>	<b>106,269,900</b>	<b>137,122</b>	<b>117,896,947</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

#### 41. FINANCIAL RISK MANAGEMENT POLICIES

Under the guidance of the State Bank of Vietnam on enhancing the role of risk management in credit institutions, the Bank continues implementing risk management policies for its entire business to support a safe and steady growth of business activities.

In order to achieve sustainable development and improve operational efficiency and competitive advantage, the Bank has always been one of the pioneers in researching and applying international practices to its governance. In particular, the application of Basel II Accord is one of the Bank's prioritized solutions. Projects under the Basel II program focus on the comprehensive enhancing of risk management on material areas. Until now, the Bank has completed the first phase following standard methods and is preparing for the second phase following the State Bank of Vietnam's direction.

The application of advanced practices in risk management is a prerequisite for the integration and expansion of the Bank's influence in the global financial banking industry. The Bank has always played a pioneering role in modernizing the banking system. In addition, after Circular 13/2018/TT-NHNN ("Circular 13") stipulating the internal control system of commercial banks and foreign bank branches was issued, the Bank took initiatives in reviewing and adjusting regulations and processes in accordance with the requirements of Circular 13 to ensure compliance with the standards of internal control system, risk management, and internal audit.

In 2020, the Bank continued actively studying and implementing projects under the Basel II program in order to comprehensively enhance the management of all types of risks. Moreover, the Bank has continued to complete its policy system in five (5) levels, namely: (i) General policy regime, (ii) Detailed policies, (iii) Guidance documents on policies, (iv) General processes, and (v) Detailed processes for each product in order to ensure consistency and overall effectiveness of the policy system.

To manage risk related to financial instruments, the Bank has issued regulations, procedures, detailed guidance and internal indicators as well as strictly managed the balance between assets and liabilities, tightly controlled business activities' growth and credit quality; complied with limitation and safety ratio for operation; requirements for risk management as stipulated in Circular 22/2019/TT-NHNN and Circular 13/2018/TT-NHNN; regulations of the State Bank of Vietnam; and has met requirements for risk management in accordance with Basel II.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

## 42. CREDIT RISK

Credit risk is the risk that results in the Bank's loss because its customers or counterparties default on their contractual obligations or fail to fulfil their committed obligations.

Tools that the Bank uses to manage credit risk include:

*For credit activities:* The Bank manages and controls credit risk by setting limits for credit risk control corresponding to the Bank's risk capacity for each customer, segment, geographical region and industry.

The Bank has established a credit quality review process to provide early identification of possible changes in the financial position as well as solvency of counterparties based on the qualitative and quantitative factors. The limit for credit risk control corresponding to each counterparty is established based on the risk rating assigned by the credit rating system. This risk rating can be modified and updated regularly.

*For investment activities/interbank lending activities:* The Bank controls and manages risks by setting interbank investment limits for each specific counterparty based on the analysis and assessment of the Bank for that counterparty's risk level. These limits are set by the Financial Institution Committee and executed by the Treasury Trading Department.

### Methods of minimizing credit risk

*Credit risk bearing assets of the Bank are divided into the following groups:*

► **Financial assets which are neither past due nor impaired**

The Bank's financial assets which are neither past due nor impaired include loans classified as Current loans, except for the loans overdue less than 10 days, under Circular 02; securities, receivables and other financial assets which are not past due and whose provision is not required under Circular No. 48/2019/TT-BTC. The Bank believes that the Bank is fully capable of collect adequately and timely these financial assets in the future.

► **Financial assets which are past due but not impaired**

Financial assets are overdue but not impaired because the Bank is currently holding enough collaterals to offset credit risks in accordance with the SBV's current regulations.

The Bank is currently holding collaterals in the forms of real estates, movables, valuable papers and other types for the above financial assets.

The maturity of overdue but not impaired financial assets is presented as follows:

Unit: VND million

	Overdue				Total
	Less than 90 days	91-180 days	181-360 days	Over 360 days	
Loans to customers	1,004,297	273,381	232,572	327,622	1,837,872

► **Financial assets which are impaired**

The maturity of impaired financial assets is presented as follow:

Unit: VND million

	Overdue				Total
	Less than 90 days	91-180 days	181-360 days	Over 360 days	
Loans to customers	1,765,703	1,525,857	1,274,489	5,683,363	10,249,412

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

#### 43. MARKET RISK

##### 43.1 Interest rate risk

Interest rate risk is the possibility of the Bank's income or asset value being affected when market interest rate fluctuates.

Interest rate risk of the Bank can derive from investment activities, capital mobilization and lending activities.

The effective interest rate re-pricing period is the remaining period from the date of separate financial statements to the nearest interest rate re-pricing term of assets and capital. The following assumptions and conditions have been adopted in the analysis of the effective interest rate re-pricing period of the Bank's assets and liabilities:

- ▶ Cash, gold, gemstones, fixed assets and long-term investments are classified as non-interest-bearing items;
- ▶ Balances with the SBV are considered demand deposits, thus the effective interest rate re-pricing term is assumed to be within one month;
- ▶ The maturity of securities held-for-trading is calculated on the basis of the probable time to convert bonds into cash because this portfolio includes highly liquid bonds with fixed interest rates;
- ▶ The effective interest rate re-pricing term of placements with and loans to other credit institutions; investment securities; loans to customers; other assets; borrowings from the Government and the SBV; deposits and borrowings from other credit institutions; deposits from customers, valuable papers issued, grants, trusted funds and borrowings at risk of credit institutions is determined as follows:
  - Items with fixed interest rate during the contractual period: the effective interest rate re-pricing term is determined from the separate balance sheet date to maturity date;
  - Items with floating interest rate: the effective interest rate re-pricing term is determined from the separate balance sheet date to the nearest interest rate re-pricing date;
  - Accrued income, accrued expenses: Classified as non-interest-bearing items.

##### *The Bank's interest rate risk policies*

For interbank lending activities (short-term), investment interest rate is based on the fluctuation of the market and the Bank's cost of capital. The interbank loans are usually short-term (of less than 3 months).

Based on forecasts on fluctuations of the market interest rate and its capital balancing ability, the Bank can make appropriate investment decisions.

For capital mobilization activities, interest rates are determined based on the market price, the business orientation of the Bank's management, the Bank's capital balance and regulations of the State Bank of Vietnam.

For lending activities, the Bank determines lending interest rates based on the coverage of cost of capital, management expenses, risk considerations, collaterals' values and market interest rate to ensure the Bank's competitiveness as well as the efficiency. The Head Office regulates the lending interest rate floor for each period; branches can decide lending interest rates of each customer for each period based on credit risk analysis and assessment provided that these rates are not below the regulated floor rate and the annual budgeted profit is assured. Besides, due to the capital structure mainly comprising funds with short interest rate re-pricing terms, the Bank requires that all long-term and medium-term loans' interest must be floating (interest rates are not fixed during the whole loans' periods) to minimize possible arising interest rate risk.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

**43. MARKET RISK** (continued)

**43.1 Interest rate risk** (continued)

*Interest rate risk management*

The Bank manages interest rate risk at 2 levels: transaction level and portfolio level, in which the former is more focused.

*Interest rate risk management at the portfolio level*

- ▶ Since 2013, the Bank has issued regulations and procedures for managing interest rate risk on the banking book, which stipulate the principles for managing interest rate risk on the banking book through the process of identification, measurement, control and monitoring of risk to ensure the balance between the interest rate risk control/prevention goal and the maximization of net interest income as well as the economic value of equity in the business operations of the Bank.
- ▶ The Bank has completed the design, officially implemented and continuously upgraded the Assets-Liabilities Management ("ALM") software system, which runs to the transaction level under international practices, automatically provides reports on re-evaluation term differences by nominal terms and by behaviours, scenarios analysis reports on interest rate increase/decrease situations, etc. in order to facilitate the Bank's interest rate risk management activities.
- ▶ The Bank adjusts the re-pricing term of loans to the re-pricing term of capital, ensuring the re-evaluation term difference is within the permitted limit.

*Interest rate risk management at the transaction level*

- ▶ All credit contracts are required to include terms relating to interest rate risk prevention to ensure that the Bank can take initiative in coping with fluctuations of the market; lending interest rate must be set to accurately reflect the Bank's actual cost of capital;
- ▶ Management through the Fund Transfer Pricing (FTP) system: the Bank has completed and continuously improved the internal fund transfer pricing system (FTP), which enhanced the Bank's centralized capital and interest management. Depending on the orientation of the Bank and the market movements, the Head Office can change the capital trading price for each type of customers or products, etc. to give signals for the business units to determine their lending/capital mobilization rates.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

#### 43. MARKET RISK (continued)

##### 43.1 Interest rate risk (continued)

The table below shows the interest rate re-pricing period of assets and liabilities of the Bank as at 31 December 2020:

	Non-interest bearing		Overdue		Interest rate re-pricing period						Total VND million
	VND million	months	VND million	months	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Over 5 years	
<b>Assets</b>											
Cash, gold, and gemstones	9,746,787	-	-	-	-	-	-	-	-	-	9,746,787
Balances with the SBV	-	-	-	-	57,616,304	-	-	-	-	-	57,616,304
Placements with and loans to other credit institutions (*)	-	-	-	-	82,835,904	17,464,900	2,062,100	350,000	-	-	102,712,904
Securities held for trading (*)	-	-	-	-	4,252,697	-	-	-	-	-	4,252,697
Derivatives and other financial assets	-	-	-	-	137,122	-	-	-	-	-	137,122
Loans to customers (*)	-	9,317,284	2,770,000	374,945,593	267,052,369	250,013,697	70,957,567	23,006,000	27,405,073	2,513,958	1,004,975,541
Investment securities (*)	376,615	-	-	-	5,320,030	6,272,000	7,854,000	-	40,708,210	30,107,395	113,644,250
Long-term investment (*)	5,551,782	-	-	-	-	-	-	-	-	-	5,551,782
Fixed assets	10,515,830	-	-	-	-	-	-	-	-	-	10,515,830
Other assets (*)	18,897,066	40,596	40,596	2,907,095	5,513,293	4,021,019	117,584	-	-	-	31,496,653
<b>Total assets</b>	<b>45,088,080</b>	<b>9,357,880</b>	<b>2,770,000</b>	<b>528,014,745</b>	<b>296,302,562</b>	<b>263,950,816</b>	<b>94,431,151</b>	<b>68,113,283</b>	<b>32,621,353</b>	<b>1,340,649,870</b>	
<b>Liabilities</b>											
Due to the Government and the SBV	-	-	-	-	42,864,597	650,097	637,176	445,318	-	-	44,597,188
Deposits and borrowings from other credit institutions	-	-	-	-	99,347,192	14,643,687	10,741,648	139,618	-	-	124,872,145
Customer deposits	-	-	-	-	440,450,831	189,211,853	156,295,537	186,360,105	15,744,925	6,905	988,070,156
Other borrowed and entrusted funds	-	-	-	-	-	2,733,251	-	-	-	-	2,733,251
Valuable papers issued	-	-	-	-	12,151,084	-	5,700,000	16,750,000	25,024,486	250,000	59,875,570
Other liabilities (*)	25,659,752	-	-	-	-	-	-	-	-	-	25,659,752
<b>Total liabilities</b>	<b>25,659,752</b>	<b>-</b>	<b>-</b>	<b>594,813,704</b>	<b>207,238,888</b>	<b>173,374,361</b>	<b>203,695,041</b>	<b>40,769,411</b>	<b>256,905</b>	<b>1,245,808,062</b>	
<b>Interest sensitivity gap of balance sheet items</b>	<b>19,428,328</b>	<b>9,357,880</b>	<b>2,770,000</b>	<b>(66,798,959)</b>	<b>89,063,674</b>	<b>90,576,455</b>	<b>(109,263,890)</b>	<b>27,343,872</b>	<b>32,364,448</b>	<b>94,841,808</b>	
<b>Interest sensitivity gap of off-balance sheet items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Interest sensitivity gap of on, off-balance sheet items</b>	<b>19,428,328</b>	<b>9,357,880</b>	<b>2,770,000</b>	<b>(66,798,959)</b>	<b>89,063,674</b>	<b>90,576,455</b>	<b>(109,263,890)</b>	<b>27,343,872</b>	<b>32,364,448</b>	<b>94,841,808</b>	

(\*): Excluding provision

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

**43. MARKET RISK** (continued)

**43.2 Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Bank was incorporated and operates in Vietnam and its reporting currency is Vietnam Dong (VND). The Bank's main transaction currency is VND, while a part of the Bank's asset-capital is in foreign currencies (USD, EUR, etc.). Thus, currency risk may arise.

*To prevent the risk of exchange rate fluctuations, the Bank has synchronously applied the following measures:*

Based on actual data, the growth demand of affiliates and business orientations, the Treasury and Financial Planning Department analyses and projects cash inflows/outflows and proposes the capital planning for each currency unit (in VND, USD, and EUR equivalent) to the Bank's management, which is managed based on actual daily cash flows to ensure operational safety and effectiveness of the whole system.

The Bank's capital mobilization and lending activities are mainly in VND, with a small part is in USD, EUR and other foreign currencies. According to each period's business plan, the Bank has a currency position in its capital trading activities when making financial transactions on the market. The Bank sets limits for positions of each main currency based on the Bank's risk appetite, internal risk capacity and regulations of relevant regulatory authorities.

Currency positions are managed on a daily basis and hedging strategies are used by the Bank to ensure that the positions of currencies are maintained within the limits set.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

**43. MARKET RISK (continued)**

**43.2 Currency risk (continued)**

The following table presents assets and liabilities in foreign currencies translated into VND as at 31 December 2020:

	EUR equivalent VND million	USD equivalent VND million	Other currencies equivalent VND million	Total VND million
<b>Assets</b>				
Cash, gold, and gemstones	185,417	647,536	24,582	857,535
Balances with the SBV	-	2,480,820	-	2,480,820
Placements with and loans to other credit institutions (*)	912,339	17,052,914	15,073,908	33,039,161
Loans to customers (*)	5,018,334	72,205,276	-	77,223,610
Fixed assets	42,363	-	-	42,363
Other assets (*)	1,634,497	10,983,959	16,717	12,635,173
<b>Total assets</b>	<b>7,792,950</b>	<b>103,370,505</b>	<b>15,115,207</b>	<b>126,278,662</b>
<b>Liabilities</b>				
Deposits and borrowings from other credit institutions	196,019	36,407,438	14,715	36,618,172
Customer deposits	2,526,513	59,118,175	192,315	61,837,003
Derivatives and other financial liabilities	2,336,734	18,454,205	14,393,392	35,184,331
Other borrowed and entrusted funds	177,593	1,900,244	9,984	2,087,821
Valuable papers issued	-	873	-	873
Other liabilities (*)	2,471,613	1,140,744	-	3,612,357
<b>Total liabilities</b>	<b>7,708,472</b>	<b>117,021,679</b>	<b>14,610,406</b>	<b>139,340,557</b>
<b>FX position on balance sheet</b>	<b>84,478</b>	<b>(13,651,174)</b>	<b>504,801</b>	<b>(13,061,895)</b>
<b>FX position off-balance sheet</b>	-	-	-	-
<b>Net on, off-balance sheet FX position</b>	<b>84,478</b>	<b>(13,651,174)</b>	<b>504,801</b>	<b>(13,061,895)</b>

(\*): Excluding provision

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

**43. MARKET RISK** (continued)

**43.3 Liquidity risk**

Liquidity risk is defined as the risk that the Bank has difficulties in meeting obligations associated with its financial liabilities. Liquidity risk arises when the Bank might be unable to meet its payment obligations at their due dates or when the Bank has to mobilize funds at a higher cost to meet its payment obligations.

The Bank had issued regulations and procedures on liquidity management, including rules about managing liquidity gap through maturity, liquidity risk ratios, stress test scenarios and backup plans to proactively take measures when facing market volatility. To minimize liquidity risk, the Bank plans to diversify its funding sources, develops a fund management report system to calculate liquidity position on a daily basis, as well as prepares analysis and forecast report on future liquidity positions on a regular basis, setting liquidity risk appetite and capacity.

At monthly ALCO Council meetings, fund balance and liquidity of the Bank is one of the key contents to be discussed. At Risk Management Council meetings, the compliance of liquidity risk appetite and risk capacity is also reviewed and reported. Based on analysis and evaluation, ALCO/Risk Council makes recommendations to the Board of Directors and the Management to best remain the Bank's solvency in a safe and effective way.

In addition, the Bank also maintains a list of secondary liquid assets such as the Government bonds, which may be sold or under repurchased contracts with the State Bank of Vietnam. It is not only a secondary reserve in liquidity stress circumstances (if any) but also a profitable investment.

The maturity of assets and liabilities represents the remaining time from the balance sheet date until the payment date regulated in the contract or terms of issuance.

The following assumptions and conditions have been adopted in the analysis of the Bank's maturity relating to its assets and liabilities:

- ▶ Cash, gold and gemstones and balance with the State Bank of Vietnam are classified into maturity up to one month;
- ▶ The maturity term of deposits at and loans to other credit institutions and loans to customers, investment securities, borrowings from the Government and the SBV, deposits, borrowings from other credit institutions, valuable papers issued, other borrowed and entrusted funds is based on the contractual maturity date;
- ▶ The maturity of securities held-for-trading is calculated on the basis of the probable time to convert bonds into cash because this portfolio includes highly liquid bonds;
- ▶ The maturity term of customer deposits is determined based on customer behaviour analysis and forecasts on interest rate policy and other macroeconomic factors.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

**43. MARKET RISK** (continued)

**43.3 Liquidity risk** (continued)

Based on the Management's approval of the annual business plan, the Treasury and Financial Planning Department in cooperation with some other relevant specialized departments make analysis and forecasts on cash inflows/outflows of the system according to the approved plan; and also based on the actual daily capital fluctuations and utilisation, the Bank makes decisions on appropriate management and monitoring of available funds.

Based on the projection of available funds, the Treasury and Financial Planning Department in cooperation with the Treasury Trading Department manage the secondary reserve through the approval of highly liquid valuable papers purchases, which could be converted into cash on the secondary market. The Treasury and Financial Planning Department in cooperation with the Treasury Trading Department may decide to sell valuable papers to the SBV on the open market, or to refinance loans when working capital is insufficient, ensuring the liquidity of the whole system.

Based on SBV's regulations, the Treasury and Financial Planning Department in cooperation with the Treasury Trading Department proposes the Bank's available fund management plan, ensuring the actual average balance of deposits in VND and foreign currencies at the SBV is not below the required level of compulsory reserve. Besides, the Bank also establishes credit limit with other banks and other credit institutions for mutual support when needed. The Market Risk Management Department acts as an independent supervisor to ensure that the liquidity risks are managed in compliance with regulations, management processes, and liquidity risk appetite/capacity of the Bank.

The amount of available funds is determined based on data from the Core Sunshine system, interbank payment program CITAD, Asset-Liability Management software, information about large cash flows from business units. Therefore, the Bank can actively manage its daily liquidity risk.

The Bank's liquidity risk management activities are monitored strictly in compliance with the regulations of the State Bank of Vietnam and the Bank's internal criteria for liquidity management for each major currency unit (such as VND, USD, EUR) for capital mobilization and loan portfolios.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

#### 43. MARKET RISK (continued)

##### 43.3 Liquidity risk (continued)

The table below presents the analysis of remaining maturity of assets and liabilities of the Bank as at 31 December 2020:

	Overdue		Current					Total VND million
	Over 3 months VND million	Up to 3 months VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million	
<b>Assets</b>								
Cash, gold and gemstones	-	-	9,746,787	-	-	-	-	9,746,787
Balances with the SBV	-	-	57,616,304	-	-	-	-	57,616,304
Placements with and loans to other credit institutions (*)	-	-	87,225,854	13,074,950	2,412,100	-	-	102,712,904
Securities held for trading (*)	-	-	4,252,697	-	-	-	-	4,252,697
Derivatives and other financial assets	-	-	137,122	-	-	-	-	137,122
Loans to customers (*)	9,317,284	2,770,000	60,496,992	207,188,315	363,344,250	162,680,361	199,178,339	1,004,975,541
Investment securities (*)	-	-	5,000,000	1,137,000	18,723,000	48,241,240	40,543,010	113,644,250
Long-term investments (*)	-	-	-	-	-	-	5,551,782	5,551,782
Fixed assets	-	-	-	-	-	-	10,515,830	10,515,830
Other assets (*)	40,596	-	2,926,236	5,453,556	4,021,020	117,584	18,937,661	31,496,653
<b>Total assets</b>	<b>9,357,880</b>	<b>2,770,000</b>	<b>227,401,992</b>	<b>226,853,821</b>	<b>388,500,370</b>	<b>211,039,185</b>	<b>274,726,622</b>	<b>1,340,649,870</b>
<b>Liabilities</b>								
Due to the Government and the SBV	-	-	42,864,597	650,097	1,082,494	-	-	44,597,188
Deposits and borrowings from other credit institutions	-	-	99,038,868	13,023,384	12,401,831	323,403	84,659	124,872,145
Customer deposits	-	-	165,870,671	192,653,574	430,246,484	198,821,719	477,708	988,070,156
Other borrowed and entrusted funds	-	-	910,882	-	57,614	381,507	1,383,248	2,733,251
Valuable papers issued	-	-	-	-	26,300,000	1,151,250	32,424,320	59,875,570
Other liabilities (*)	-	-	8,658,516	2,693,377	5,345,450	8,513,747	448,662	25,659,752
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>317,343,534</b>	<b>209,020,432</b>	<b>475,433,873</b>	<b>209,191,626</b>	<b>34,818,597</b>	<b>1,245,808,062</b>
<b>Net liquidity gap</b>	<b>9,357,880</b>	<b>2,770,000</b>	<b>(89,941,542)</b>	<b>17,833,389</b>	<b>(86,933,503)</b>	<b>1,847,559</b>	<b>239,908,025</b>	<b>94,841,808</b>

(\*): Excluding provision

##### Other market price risk

Except for the assets and liabilities disclosed in the previous section, the Bank does not bear any other market price risks that account for 5% of its net profit or the value of its assets, liabilities accounting for 5% of total assets.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

#### 44. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance on the adoption of the International Financial Reporting Standards for presentation and disclosures of financial instruments ("Circular 210") with effectiveness from financial years beginning on or after 1 January 2011.

The Circular 210 only regulates the presentation of financial statements and disclosures of financial instruments, therefore, the below definitions of financial assets, financial liabilities and other relating definitions on the separate financial statements are applied solely for the preparation of this Note. The Bank's assets, liabilities, and owners' equity are still recognized and recorded in accordance with Vietnamese Accounting Standards, Accounting System for Credit Institutions and other statutory requirements relevant to preparation and presentation of the separate financial statements.

##### Financial assets

Under Circular 210, financial assets of the Bank include placements with other credit institutions, loans to customers and other institutions, other receivables and assets under currency derivative contracts.

Financial assets within the scope of Circular 210, for disclosures of the notes to the separate financial statements, are classified into either of the followings:

► *Financial asset at fair value through profit or loss:*

Financial asset at fair value through profit and loss is a financial asset that meets either of the following conditions:

- a) It is classified as held for trading. A financial asset is classified as held for trading if:
  - ✓ It is acquired or incurred principally for the purpose of reselling or repurchasing it in the near term;
  - ✓ There is evidence of a recent actual pattern of short-term profit-taking; or
  - ✓ It is a derivative (except for a derivative that is a financial guarantee contract or an effective hedging instrument).
- b) Upon initial recognition, it is designated by the Bank as at fair value through profit or loss.

► *Held-to-maturity investments:*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold to maturity other than:

- a) Those that the Bank upon initial recognition designates as at fair value through profit or loss;
- b) Those that the Bank designates as available for sale; or
- c) Those meet the definition of loans and receivables.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

#### 44. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

##### Financial assets (continued)

###### ▶ *Loans and receivables:*

Loans and receivables are non-derivative with fixed or determinable payments and are not quoted in an active market other than:

- a) Those that the Bank intends to sell immediately or in the near term, which are classified as assets held for trading, and those that the Bank upon initial recognition designates as at fair value through profit or loss;
- b) Those that the Bank classifies as available for sale upon initial recognition; or
- c) Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available for sale

###### ▶ *Available-for-sale financial assets:*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as:

- a) Loans and receivables;
- b) Held-to-maturity investments; or
- c) Financial assets at fair value through profit or loss.

##### Financial liabilities

According to Circular 210, financial liabilities of the Bank includes deposits and borrowings from other institutions, valuable papers issued and other financial liabilities.

Financial liabilities within the scope of Circular 210, for disclosures of the notes to the separate financial statements, are classified into either of the followings:

###### ▶ *Financial liability at fair value through profit or loss:*

Financial liability at fair value through profit and loss is a financial liability that meets either of the following conditions:

- a) It is classified as held for trading. A financial liability is classified as held for trading if:
  - ✓ It is acquired or incurred principally for the purpose of reselling or repurchasing it in the near term;
  - ✓ There is evidence of a recent actual pattern of short-term profit-taking; or
  - ✓ It is a derivative (except for a derivative that is a financial guarantee contract or effective hedging instrument).
- b) Upon initial recognition, it is designated by the entity as at fair value through profit or loss.

###### ▶ *Financial liabilities at amortized cost:*

Financial liabilities that are not classified as at fair value through profit or loss are classified as at amortized cost.

##### Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the separate balance sheet if and only if there is a currently enforceable legal right of the Bank to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

#### 44. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The carrying value and fair value of financial assets and financial liabilities of the Bank as at 31 December 2020 are presented as follows:

	Carrying value						Fair value VND million
	Financial assets at fair value through profit or loss VND million	Held-to- maturity VND million	Loans and receivables VND million	Available-for- sale VND million	Other assets and liabilities recorded at amortized cost VND million	Total VND million	
<b>Assets</b>							
Cash, gold and gemstones	9,746,787	-	-	-	-	9,746,787	9,746,787
Balances with the SBV	57,616,304	-	-	-	-	57,616,304	57,616,304
Placements with and loans to other credit institutions	-	-	102,712,904	-	-	102,712,904	(*)
Securities held for trading	4,252,697	-	-	-	-	4,252,697	(*)
Derivatives and other financial assets	137,122	-	-	-	-	137,122	(*)
Loans to customers	-	-	1,004,975,541	-	-	1,004,975,541	(*)
Available-for-sale securities	-	-	-	111,057,472	-	111,057,472	(*)
Held-to-maturity securities	-	2,586,778	-	-	-	2,586,778	(*)
Other long-term investments	-	-	-	22,962	-	22,962	(*)
Other financial assets	-	-	31,496,653	-	-	31,496,653	(*)
	<b>71,752,910</b>	<b>2,586,778</b>	<b>1,139,185,098</b>	<b>111,080,434</b>	<b>-</b>	<b>1,324,605,220</b>	
<b>Liabilities</b>							
Due to the Government and the SBV	-	-	-	-	44,597,188	44,597,188	(*)
Deposits and borrowings from other credit institutions	-	-	-	-	124,872,145	124,872,145	(*)
Customer deposits	-	-	-	-	988,070,156	988,070,156	(*)
Other borrowed and entrusted funds	-	-	-	-	2,733,251	2,733,251	(*)
Valuable papers issued	-	-	-	-	59,875,570	59,875,570	(*)
Other financial liabilities	-	-	-	-	24,217,160	24,217,160	(*)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,244,365,470</b>	<b>1,244,365,470</b>	

(\*) The fair value of those financial assets and liabilities cannot be determined because there is no specific guidance from Vietnamese Accounting Standards and Accounting System on determination of fair value.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

#### 45. EVENTS AFTER THE SEPARATE BALANCE SHEET DATE

There is no other matter or circumstance that has arisen since the separate balance date that requires adjustment or disclosure in the separate financial statements.

#### 46. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VND AT REPORTING DATE

	31 December 2020 VND	31 December 2019 VND
USD	23,105	23,167
EUR	28,381	26,164
GBP	31,558	30,450
CHF	26,208	23,938
JPY	223.92	213.52
SGD	17,471	17,265
CAD	18,117	17,874
AUD	17,795	16,350
NZD	16,681	15,598
THB	778.33	748.09
SEK	2,965	2,480
NOK	2,707	2,635
DKK	3,815	3,492
HKD	2,980	2,933
CNY	3,533	3,326
KRW	21.25	20.46
LAK	2.49	2.82
MYR	5,329	5,329

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22 March 2021