

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

Interim separate financial statements

For the six-month period ended 30 June 2020



**TABLE OF CONTENTS**

	<i>Pages</i>
General information	1 - 3
Report of Management	4
Report on review of interim separate financial statements	5 - 6
Interim separate balance sheet	7 - 9
Interim separate income statement	10
Interim separate cash flow statement	11 - 12
Notes to the interim separate financial statements	13 - 58

# Vietnam Joint Stock Commercial Bank for Industry and Trade

## GENERAL INFORMATION

### THE BANK

Vietnam Joint Stock Commercial Bank for Industry and Trade ("the Bank" or "VietinBank") is a joint stock commercial bank incorporated and registered in the Socialist Republic of Vietnam.

The Bank was established on the basis of equitizing Vietnam Bank for Industry and Trade, a State-owned commercial bank set up 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/QD-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 11<sup>th</sup> amendment of Business Registration No. 0100111948 issued by Hanoi Authority for Planning and Investment was dated 1 November 2018.

The Bank was established to provide banking services including mobilizing and receiving short, medium and long-term deposits from organizations or individuals; making 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 of commercial papers, bonds and other valuable papers, and providing other banking services as allowed by the State Bank of Vietnam.

#### ***Charter capital***

As at 30 June 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 30 June 2020, the Bank has one (1) Head Office; two (2) Local representative offices (in Da Nang and Ho Chi Minh City); nine (9) Administrative units include: one (1) School of Human Resource Development and Training; one (1) IT centre; one (1) Card centre; one (1) Trade finance centre; five (5) Cash management centres; one-hundred and fifty five (155) branches and seven (7) subsidiaries; foreign networks include: one (1) overseas representative office in Myanmar; two (2) branches in the Federal Republic of Germany, one (1) 100% owned bank in Lao People's Democratic Republic (Vietnam Joint Stock Commercial Bank for Industry and Trade in Laos).

# Vietnam Joint Stock Commercial Bank for Industry and Trade

## GENERAL INFORMATION (continued)

### BOARD OF DIRECTORS

The members of the Board of Directors of the Bank during the period and at the date of the interim separate financial statements are as follows:

<i>Name</i>	<i>Position</i>
Mr. Le Duc Tho	Chairman (appointed for the term of 2019-2024 on 23 April 2019 according to Resolution 118/NQ-HĐQT-NHCT1.2 dated 23 April 2019)
Mr. Tran Minh Binh	Member (appointed to the Board of Directors for the term 2019-2024 on 23 April 2019 at Annual General Meeting of Shareholders 2019, 23 April 2019)
Ms. Tran Thu Huyen	Member (appointed to the Board of Directors for the term of 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Mr. Nguyen The Huan	Member (appointed to the Board of Directors for the term of 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Ms. Pham Thi Thanh Hoai	Member (appointed to the Board of Directors for the term of 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Mr. Tran Van Tan	Member (appointed to the Board of Directors for the term of 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Mr. Masahiko Oki	Member (appointed to the Board of Directors for the term of 2019-2024 on 23 May 2020 at the Annual General Meeting of Shareholders 2020, 23 May 2020)
Mr. Shiro Honjo	Member (appointed to the Board of Directors for the term of 2019-2024 on 23 May 2020 at the Annual General Meeting of Shareholders 2020, 23 May 2020)
Ms. Nguyen Thi Bac	Member (appointed to the Board of Directors for the term of 2019-2024 on 23 May 2020 at the Annual General Meeting of Shareholders 2020, 23 May 2020)
Mr. Hiroshi Yamaguchi	Member (resigned from 23 May 2020 at the Annual General Meeting of Shareholders 2020, 23 May 2020)
Mr. Hideaki Takase	Member (resigned from 23 May 2020 at the Annual General Meeting of Shareholders 2020, 23 May 2020)

### MANAGEMENT AND CHIEF ACCOUNTANT

The members of the Management and Chief Accountant of the Bank during the period and at the date of the interim separate financial statements are as follows:

<i>Name</i>	<i>Position</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
Mr. Nguyen Hai Hung	Chief Accountant

# Vietnam Joint Stock Commercial Bank for Industry and Trade

## GENERAL INFORMATION (continued)

### SUPERVISORY BOARD

The members of the Supervisory Board of the Bank during the period and at the date of the interim separate financial statements are as follows:

<i>Name</i>	<i>Position</i>
Ms. Le Anh Ha	Chief Supervisor (appointed to the Head of the Bank's Supervisory Board for the term of 2019-2024 according to Resolution No. 01/NQ-BKS-2019 dated 23 April 2019)
Ms. Nguyen Thi Anh Thu	Member (appointed to the Supervisory Board for the term of 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Mr. Nguyen Manh Toan	Member (appointed to the Supervisory Board for the term 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)

### LEGAL REPRESENTATIVE

The legal representative of the Bank during the six-month period ended 30 June 2020 and at the date of the interim separate financial statements 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 interim separate financial statements for the six-month period ended 30 June 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 interim separate financial statements of the Bank as at 30 June 2020 and for the six-month period then ended.

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

Management is responsible for the interim separate financial statements which give a true and fair view of the interim separate financial position of the Bank, the interim separate results of its operations and its interim separate cash flows for the period. In preparing these interim 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 interim separate financial statements; and
- ▶ prepare the interim separate financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

Management of the Bank is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the interim separate financial position of the Bank and to ensure that the accounting records comply with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of the financial statements. Management is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim separate financial statements give a true and fair view of the interim separate financial position of the Bank as at 30 June 2020, the interim separate results of its operations and its interim separate cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of the interim separate financial statements.

For and on behalf of management



Mr. Tran Minh Binh  
General Director

Hanoi, Vietnam

14 August 2020

Reference: 60755043/21718233-BNRL

## REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS

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

We have reviewed the accompanying interim separate financial statements of Vietnam Joint Stock Commercial Bank for Industry and Trade ("the Bank"), as prepared on 14 August 2020 and set out on pages 7 to 58, which comprise the interim separate balance sheet as at 30 June 2020, the interim separate income statement and the interim separate cash flow statement for the six-month period then ended and the notes thereto.

### *Management's responsibility*

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

### *Auditors' responsibility*

Our responsibility is to express a conclusion on the interim separate financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not give a true and fair view, in all material respects, of the interim separate financial position of the Bank as at 30 June 2020, and of the interim separate results of its operations and its interim separate cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of the interim separate financial statements.

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



  
Đặng Phương Hà  
Deputy General Director  
Audit Practising Registration  
Certificate No. 2400-2018-004-1

Hanoi, Vietnam

14 August 2020

INTERIM SEPARATE BALANCE SHEET  
as at 30 June 2020

	Notes	30 June 2020 VND million	31 December 2019 VND million
<b>ASSETS</b>			
<b>Cash, gold and gemstones</b>		<b>8,026,797</b>	<b>8,146,848</b>
<b>Balances with the State Bank of Vietnam</b>		<b>12,877,486</b>	<b>24,855,833</b>
<b>Placements with and loans to other credit institutions</b>		<b>129,849,147</b>	<b>129,708,014</b>
Placements with other credit institutions		125,462,558	122,644,254
Loans to other credit institutions		4,386,589	7,063,760
Provision for credit losses on loans to other credit institutions		-	-
<b>Securities held for trading</b>	<b>5</b>	<b>477,670</b>	<b>2,474,983</b>
Securities held for trading		477,670	2,474,983
Provision for securities held for trading		-	-
<b>Derivatives and other financial assets</b>	<b>6</b>	<b>461,071</b>	<b>469,712</b>
<b>Loans to customers</b>		<b>919,625,755</b>	<b>912,464,202</b>
Loans to customers	7	932,367,568	925,252,830
Provision for credit losses on loans to customers	8	(12,741,813)	(12,788,628)
<b>Investment securities</b>	<b>9</b>	<b>107,072,131</b>	<b>103,346,746</b>
Available-for-sale securities	9.1	101,709,695	95,855,956
Held-to-maturity investments	9.2	9,259,865	15,367,993
Provision for investment securities		(3,897,429)	(7,877,203)
<b>Long-term investments</b>	<b>10</b>	<b>5,751,782</b>	<b>5,751,782</b>
Investments in subsidiaries	10.1	4,040,032	4,040,032
Investments in joint ventures	10.2	1,688,788	1,688,788
Other long-term investments		22,962	22,962
Provision for long-term investments		-	-
<b>Fixed assets</b>		<b>10,490,495</b>	<b>10,793,632</b>
Tangible fixed assets		6,121,172	6,314,789
Cost		14,721,640	14,577,971
Accumulated depreciation		(8,600,468)	(8,263,182)
Intangible fixed assets		4,369,323	4,478,843
Cost		6,175,176	6,172,117
Accumulated amortization		(1,805,853)	(1,693,274)
<b>Other assets</b>		<b>33,411,145</b>	<b>30,530,512</b>
Receivables	11.1	23,198,921	21,088,360
Accrued interest and fee receivables		7,325,893	6,498,602
Other assets	11.2	2,886,489	2,943,708
Provision for other assets		(158)	(158)
<b>TOTAL ASSETS</b>		<b>1,228,043,479</b>	<b>1,228,542,264</b>

INTERIM SEPARATE BALANCE SHEET (continued)  
as at 30 June 2020

	<i>Notes</i>	<i>30 June 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>12</b>	<b>44,380,201</b>	<b>70,602,893</b>
<b>Deposits and borrowings from other credit institutions</b>		<b>110,465,246</b>	<b>106,799,400</b>
Deposits from other credit institutions	13.1	94,861,845	80,760,381
Borrowings from other credit institutions	13.2	15,603,401	26,039,019
<b>Customer deposits</b>	<b>14</b>	<b>911,234,985</b>	<b>889,792,714</b>
<b>Other borrowed and entrusted funds</b>		<b>5,703,857</b>	<b>5,775,899</b>
<b>Valuable papers issued</b>	<b>15</b>	<b>51,166,354</b>	<b>56,966,353</b>
<b>Other liabilities</b>		<b>26,876,451</b>	<b>24,298,446</b>
Interest and fee payables		17,206,088	17,710,303
Other payables	16	9,670,363	6,588,143
<b>TOTAL LIABILITIES</b>		<b>1,149,827,094</b>	<b>1,154,235,705</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		9,219,169	9,219,169
Undistributed profits		22,793,343	18,883,517
<b>TOTAL OWNERS' EQUITY</b>	<b>18</b>	<b>78,216,385</b>	<b>74,306,559</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>1,228,043,479</b>	<b>1,228,542,264</b>

INTERIM SEPARATE BALANCE SHEET (continued)  
as at 30 June 2020

**OFF-BALANCE SHEET ITEMS**

	30 June 2020 VND million	31 December 2019 VND million
Credit guarantees	512,439	526,118
Foreign exchange commitments	355,471,953	190,185,460
- <i>Foreign exchange commitments - buy</i>	7,459,199	4,525,641
- <i>Foreign exchange commitments - sell</i>	7,674,383	4,741,892
- <i>Currency swap contracts</i>	340,338,371	180,917,927
Letters of credit	37,902,260	34,468,529
Other guarantees	47,435,201	51,482,054
Other commitments	35,641,810	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

14 August 2020

INTERIM SEPARATE INCOME STATEMENT  
for the six-month period ended 30 June 2020

	Notes	For the six-month period ended 30 June 2020 VND million	For the six-month period ended 30 June 2019 VND million
Interest and similar income	19	41,422,714	39,503,530
Interest and similar expenses	20	(25,545,466)	(23,673,900)
<b>Net interest and similar income</b>		<b>15,877,248</b>	<b>15,829,630</b>
Fee and commission income		2,790,000	2,635,155
Fee and commission expenses		(985,228)	(991,165)
<b>Net fee and commission income</b>		<b>1,804,772</b>	<b>1,643,990</b>
<b>Net gain from trading of foreign currencies</b>		<b>989,711</b>	<b>773,516</b>
<b>Net gain from securities held for trading</b>	21.1	<b>366,679</b>	<b>133,560</b>
<b>Net gain/(loss) from investment securities</b>	21.2	<b>137,211</b>	<b>(243,237)</b>
Other income		842,174	743,906
Other expenses		(201,550)	(310,697)
<b>Net gain from other activities</b>		<b>640,624</b>	<b>433,209</b>
<b>Income from investments in other entities</b>	22	<b>523,803</b>	<b>659,512</b>
<b>TOTAL OPERATING EXPENSES</b>	23	<b>(6,282,977)</b>	<b>(6,585,292)</b>
<b>Net profit before provision for credit losses</b>		<b>14,057,071</b>	<b>12,644,888</b>
Provision expense for credit losses		(6,574,605)	(7,359,883)
<b>PROFIT BEFORE TAX</b>		<b>7,482,466</b>	<b>5,285,005</b>
Current corporate income tax expense	17.1	(1,391,467)	(959,454)
<b>Corporate income tax expense</b>		<b>(1,391,467)</b>	<b>(959,454)</b>
<b>PROFIT AFTER TAX</b>		<b>6,090,999</b>	<b>4,325,551</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

14 August 2020

INTERIM SEPARATE CASH FLOW STATEMENT  
for the six-month period ended 30 June 2020

<i>Notes</i>	<i>For the six-month period ended 30 June 2020 VND million</i>	<i>For the six-month period ended 30 June 2019 VND million</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest and similar receipts	40,615,672	39,537,028
Interest and similar payments	(26,103,336)	(23,741,887)
Net fee and commission receipts	1,834,496	1,677,321
Net payments from dealing in foreign currencies, gold and securities trading activities	1,365,656	918,069
Other income/(expenses)	36,491	(49,083)
Recoveries from bad debts written-off previously	589,353	443,249
Payments for operating and salary expenses	(6,263,693)	(6,545,335)
Corporate income tax paid during the period	17.1 (608,591)	(401,650)
<b>Net cash flows from operating profit before changes in operating assets and liabilities</b>	<b>11,466,048</b>	<b>11,837,712</b>
<b><i>Changes in operating assets</i></b>	<b>(14,517,205)</b>	<b>(27,138,162)</b>
Decrease in deposits at and loans to other credit institutions	2,677,171	529,898
Decrease in trading securities	4,294,812	186,517
Decrease in derivatives and other financial assets	8,641	6,152
Increase in loans to customers	(7,114,738)	(20,820,779)
Utilization of provision to write off loans to customers, securities, long-term investments and other receivables	(9,873,818)	(4,047,293)
Increase in other assets	(4,509,273)	(2,992,657)
<b><i>Changes in operating liabilities</i></b>	<b>(6,512,911)</b>	<b>13,094,364</b>
(Decrease)/Increase in due to the Government and the SBV	(26,222,692)	8,882,209
Increase/(Decrease) in deposits and borrowings from other credit institutions	3,665,846	(15,104,242)
Increase in customers deposits	21,442,271	20,393,097
(Decrease)/Increase in valuable papers issued (except for valuable papers issued for financing activities)	(5,799,999)	13,450,004
Decrease in other borrowed and entrusted funds	(72,042)	(32,153)
Increase/(Decrease) in other liabilities	473,705	(14,494,551)
<b>Net cash flows used in operating activities</b>	<b>(9,564,068)</b>	<b>(2,206,086)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(244,493)	(75,385)
Proceeds from disposal of fixed assets	11,872	238,144
Payments for disposal of fixed assets	(7,208)	(219,254)
Proceeds from investments in other entities (Sale, liquidation of subsidiaries, capital contribution to joint ventures, other long-term investments)	-	404,905
Dividends and profits received from long-term investments and capital contribution	523,803	502,600
<b>Net cash flows from investing activities</b>	<b>283,974</b>	<b>851,010</b>

INTERIM SEPARATE CASH FLOW STATEMENT (continued)  
for the six-month period ended 30 June 2020

<i>Notes</i>	<i>For the six-month period ended 30 June 2020 VND million</i>	<i>For the six-month period ended 30 June 2019 VND million</i>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Net cash flows from financing activities</b>	-	-
<b>Net cash flows for the period</b>	<b>(9,280,094)</b>	<b>(1,355,076)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>155,646,935</b>	<b>156,431,277</b>
<b>Impact of exchange rate fluctuation</b>	-	<b>(288)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>146,366,841</b>	<b>155,075,913</b>
<b>24</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

14 August 2020

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS  
as at 30 June 2020 and for the six-month period then ended**1. GENERAL INFORMATION**

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***Employees***

The Bank has 21,922 employees as at 30 June 2020 (31 December 2019: 22,331 employees).

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

## 1. GENERAL INFORMATION (continued)

### Subsidiaries

As at 30 June 2020, the Bank has seven (7) directly owned subsidiary companies and one (1) subsidiary bank as follows:

<i>Subsidiaries</i>	<i>Operating licence</i>	<i>Nature of business</i>	<i>Ownership</i>
VietinBank Leasing Company Ltd (*)	Business Registration No. 0101047075/GP dated 10 March 2011 granted by Hanoi Authority for Planning and Investment	Financial leasing	100%
VietinBank Securities JSC	Establishment and Operating License No. 107/UBCK - GP dated 1 July 2009 granted by State Securities Commission	Security market	75.6%
VietinBank Debt Management and Asset Exploitation Company Ltd	Business Registration No. 0302077030/GP dated 20 July 2010 granted by Department of Planning and Investment of Ho Chi Minh City	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/GPDC23/KDBH dated 2 November 2018 granted by the Ministry of Finance	Non-life insurance	73.4%
VietinBank Gold & Jewellery Trading Company Ltd	Business Registration No. 0105011873/GP dated 25 November 2010 granted by Hanoi Authority for Planning and Investment	Gold, gold manipulation	100%
VietinBank Fund Management Company Ltd	Establishment and Operating License No. 50/UBCK-GP dated 26 October 2010 granted by State Security Commission and No. 05/GPDC-UBCK dated 23 March 2011	Fund management	100%
VietinBank Global Money Transfer Company Ltd	Business Registration No. 0105757686 dated 3 January 2012 granted by Hanoi Authority for Planning and Investment	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%

(\*) On 22 June 2020, the Board of Directors of the Bank issued Resolution No. 231/NQ-HDQT-NHCT2.1 regarding (i) approving the transfer of 49% 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 01 domestic investor; (ii) approve the transformation of legal form of VietinBank Leasing from a single-member limited liability company credit institution to a multi-member limited liability company credit institution upon completion of charter capital transferring. As at 30 June 2020, the Bank is in the process of applying for the approval from the relevant authority for the legal transformation of VietinBank Leasing.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

## 2. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

### 2.1 *Accounting period*

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

The Bank's interim period starts on 1 January and ends on 30 June each year.

### 2.2 *Accounting currency*

Currency used in preparation of financial statements of the Bank is Vietnam dong ("VND"). For the purpose of preparing the interim separate financial statements as at 30 June 2020, all amounts are rounded to the nearest million and presented in VND million. The presentation makes no impact on readers' view of the interim separate financial position, the interim separate income statement and the interim separate cash flows.

## 3. APPLIED ACCOUNTING STANDARDS AND SYSTEM

### 3.1 *Statement of compliance*

Management of the Bank confirms that the accompanying interim 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 interim separate financial statements.

### 3.2 *Accounting standards and system*

The interim 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 and Circular No. 10/2014/TT-NHNN dated 20 March 2014 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 applicable to 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);
- ▶ 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).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

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

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

The accompanying interim separate financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Vietnam. Accordingly, the accompanying interim 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 interim separate financial position and results of interim separate operations and interim separate cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

The Bank prepares interim separate financial statements to reflect the Bank's own operations. Simultaneously, the Bank also prepares interim consolidated financial statements to reflect the operations of the Bank and its subsidiaries in accordance with *Vietnamese Accounting Standard No. 25 - Consolidated financial statements and accounting for investments in subsidiaries*. Those who use the interim separate financial statements need to read the accompanying interim separate financial statements with the interim consolidated financial statements of the Bank and its subsidiaries for the six-month accounting period ended 30 June 2020 in order to obtain full information on the interim consolidated financial position, the interim consolidated results of operations and interim consolidated cash flows of the Bank and its subsidiaries.

Items or balances required by Decision No. 16/2007/QĐ-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 that are not shown in these interim separate financial statements indicate nil balance.

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

The preparation of the interim separate financial statements requires the 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 resultant provisions. The actual results may differ from such estimates and assumptions.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period 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 interim 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 and the interim separate financial statement for the six-month period ended 30 June 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 three months or less from the transaction date, Government treasury bills and other short-term valuable papers eligible for rediscount with the SBV, securities with recovery or maturity of three months or less from date of purchase which are convertible into a known amount of cash and do not bear liquidity risk as at the reporting date.

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

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

Placements with and loans to other credit institutions are classified and provided for allowance in accordance with Circular No. 02/2013/TT-NHNN ("Circular 02") and Circular No. 09/2014/TT-NHNN ("Circular 09"). 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.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

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

##### 4.4 Loans to customers

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

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

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

##### 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**

###### *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. In case the classification results under Articles 10 and 11 are not the same, the debts must be classified into the 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. 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.

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 30 June 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 June 2020.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period 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* (continued)

*Specific provision* (continued)

The specific provision rates for each group are presented as follows:

Group	Loan classification using the quantitative method	Loan classification using the qualitative method	Provision rate
1 Current	(a) Standard debts are assessed as fully and timely recoverable for both principals and interests; or (b) Debts are 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 are assessed as fully and timely recoverable for both principals and interests.	0%
2 Special mention	(a) Debts are overdue for a period between 10 days and 90 days; or (b) Debts which the repayment terms are restructured for the first time.	Debts are assessed as fully recoverable for both principals and interests but there is a sign that customers decline ability to pay for the debt.	5%
3 Sub-standard	(a) Debts are overdue for a period between 91 days and 180 days; or (b) Debts which the repayment terms are extended for the first time; or (c) Debts which interests are exempted or reduced because customers do not have sufficient 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 made in compliance with Clause 1, 3, 4, 5, 6 under Article 126 of Law on Credit Institutions; or</li> <li>- Debts made in compliance with Clause 1, 2, 3, 4 under Article 127 of Law on Credit Institutions; or</li> <li>- Debts made in compliance with Clauses 1, 2 and 5 under Article 128 of Law on Credit Institutions.</li> </ul> (e) Debts are required to be recovered according to regulatory inspection conclusions.	Debts are assessed as not fully recoverable for both principals and interests when due, have possibility to make losses.	20%

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period 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** (continued)

*Specific provision* (continued)

Group		Loan classification using the quantitative method	Loan classification using the qualitative method	Provision rate
4	Doubtful	(a) Debts are overdue for a period of between 181 days and 360 days; or (b) Debts which the 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 which the repayment terms are restructured for the second time; or (d) Debts are 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 are 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 are assessed as having ability to make high losses.	50%
5	Loss	(a) Debts are overdue for a period of more than 360 days; or (b) Debts which the 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 which the repayment terms are restructured for the second time but still overdue under that second restructured repayment term; or (d) Debts which the repayment terms are restructured for the third time or more, regardless of being overdue or not; or (e) Debts are 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 are 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 which capital and assets are blocked.	Debts are assessed as not recoverable, capital loss.	100%

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period 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* (continued)

###### *Specific provision* (continued)

Where 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.

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

For loans in agricultural and rural areas, the Bank is allowed to restructure debt and remain the debt group in accordance with Circular No. 10/2015/TT-NHNN dated 22 July 2015 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 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.

###### *General provision*

General provision as at 30 June 2020 is made at 0.75% of total outstanding loans excluding placements with and loans to other credit institutions and loans classified as loss (group 5) as at 30 June 2020.

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

Provisions are recognized as expenses on the interim separate income statement and used to write-off bad debt. According to Circular 02, the Bank establishes a Risk Management Committee to deal with bad debts if they are classified in Group 5 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 the cost of acquisition and subsequently measured at the lower of the book value and the market value. Gains or losses from sales of trading securities are recognized in the interim separate income statement.

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

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 8 August 2019 issued by the Ministry of Finance. Provision for impairment is recognized in the interim 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*.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

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

##### 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.

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

Available-for-sale securities include debt securities and equity securities that are acquired by the Bank for the investment and available-for-sale purposes, not regularly traded but can be sold when there is a benefit. For equity securities, the Bank is also 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) is 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 interim 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 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 from investment securities*" account of the interim 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*.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

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

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

##### 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 annually calculates and makes allowance in accordance with Circular No. 14/2015/TT-NHNN dated 28 August 2015 issued by the SBV amending and supplementing a number of articles of Circular No. 19/2013/TT-NHNN stipulating purchase, sale and bad debt written-off of VAMC.

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

On settlement date of special bonds, recovery from the debts is recognized into "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, the remaining portfolio of these securities will be reclassified to securities held for trading or available-for-sale securities.

Held-to-maturity securities are recorded and measured identical to debt securities available-for-sale and presented at *Note 4.7.1*.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

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

##### 4.8 *Investment in subsidiaries*

Investments in subsidiaries controlled by the Bank are recognized by the cost method in the interim separate financial statement. Distributions of profit received from accumulated profit of subsidiaries subsequent to the control date are recorded in the interim separate income statement of the Bank.

Provisions for impairment of investments in subsidiaries are made for each impaired investment and are subject to revision at the end of accounting period. 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 interim separate income statement.

##### 4.9 *Joint venture*

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 is recognized in the interim 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 are investments in other entities in which the Bank holds less than 11% of voting rights and the Bank is the founding shareholder; or strategic partner, or the Bank can have certain influence on the entity's financial and operational policies under written agreement on delegating its representatives to take part in the Board of Director/Management. These investments are initially recorded at cost at the investment date.

For securities which are not listed but are registered for trading on unlisted public company market (UpCom), provision for diminution in value is made when their registered price for trading is lower than the carrying value of the securities at the end of accounting period.

In other cases, provision for diminution in the value of investment is made when the investee suffers loss. Provision for diminution in the value of investment is made using the below formula:

$$\text{Provision for diminution in value of each investment} = \left( \text{Total invested amount of all parties in the entity} - \text{Owners' equity of the entity} \right) \times \frac{\text{Invested amount of each party}}{\text{Total invested amount of all parties in the entity}}$$

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

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

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

Securities sold under agreements to repurchase at a specific date in the future (repos) are still recognized in the interim separate financial statements. The corresponding cash received from these agreements is recognized in the interim separate balance sheet as a liability and the difference between the sale price and repurchase price is amortized in the interim 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 resell at a specific date in the future are not recognized in the interim separate financial statements. The corresponding cash paid under these agreements is recognized as a loan in the interim 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.

##### 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.

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

When assets are sold or liquidated, their cost and accumulated depreciation are deducted from the interim separate balance sheet item and any gains or losses resulting from their disposal are recorded to the interim separate income statement.

##### 4.13 *Depreciation and amortization*

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

Buildings and construction	5 - 40 years
Machine and equipment	3 - 7 years
Transportation vehicles	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 depreciated. Definite land use rights are depreciated over the lease or usage term.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

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

##### 4.14 Receivables

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

Receivables classified as credit bearing assets are recognized at cost. Doubtful receivables are classified and provided for allowance by the Bank in accordance with the regulations on 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 receivables from credit activities 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 of current debts in case the debts are not due for payment yet, however, the corporate debtors have bankruptcy or are in the process of dissolution, or of individual debtors who are missing, escaped, deceased, prosecuted, on trial or under execution of criminal judgement by legal authority. Provision expense incurred is recorded in "*Total operating expenses*" of the interim 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 rate</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%

##### 4.15 Prepaid expenses and deferred expenses

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

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

##### 4.16 Recognition of income and expense

###### 4.16.1 Interest income and expenses

Interest income and expenses are recognized in the interim income statement on an accrual basis using the nominal interest rates. The recognition of accrued interest income of a loan is suspended when such debt is classified in groups 2 to 5 in compliance with Circular 02 or restructured under Circular 01 and loans classified as current loans due to the implementation of state policies. Suspended interest income is reversed and monitored off-balance sheet and recognized in the interim income statement upon actual receipt.

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

###### 4.16.2 Income from securities trading

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

###### 4.16.3 Dividends

Dividend received in cash from investment activities are recognized in the separate income statement when the Bank's rights to receive payment are established.

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

###### 4.16.4 Income from other services

When the result of the contract is definitely determined, income is recognized based on the completion of work or service. If the result of the contract is not determined, income is only recognized to the extent of recoverable amount of expenses incurred.

###### 4.16.5 Recognition of receivables from accrued income not yet collected

According to Circular No. 16/2018/TT-BTC dated 7 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 off-balance sheet. Upon actual receipt of these receivables, the Bank recognizes in income from operating activities in the interim separate income statement.

##### 4.17 Deposits from other credit institutions and customers, valuable paper issued, other borrowed and entrusted fund and loans to other credit institutions

Deposits from other credit institutions and customers, valuable paper issued, other borrowed and entrusted fund and loans to other credit institutions are disclosed at the principal amounts outstanding at the date of interim separate financial statements. At initial recognition, issuance costs are deducted from the cost of the valuable papers. These costs are allocated on a straight line method during the lifetime of the valuable papers to "Interest and similar expenses".

##### 4.18 Foreign currency transactions

All transactions are recorded in original currencies. Monetary assets and liabilities denominated in foreign currencies are translated into VND using exchange rates ruling at the interim separate balance sheet date (Note 32). Income and expenses arising in foreign currencies during the period are converted into VND at rates ruling at the transaction dates. Foreign exchange differences arising from the translation of monetary assets and liabilities are recognized and monitored in the "Foreign exchange differences" under "Owners' equity" in the interim separate balance sheet and will be transferred to the interim separate income statement.

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

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

**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 – using the tax rates and tax laws are applied and enacted at the interim separate balance sheet date.

Current income tax is charged or credited to the interim separate income statement except when it relates to items recognized directly to equity, in this case the current income tax is also recognized 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 on temporary differences at the interim separate balance sheet date between the tax base of assets and liabilities and their carrying amount for the financial reporting purposes.

Deferred tax payables are recognized for temporary taxable differences.

Deferred tax assets are recognized for deductible temporary differences, deductible amounts carried over to subsequent years of taxable losses, and unused tax credits when it is probable that there will be sufficient future taxable profit to use deductible temporary differences, taxable losses and tax credits. Deferred tax assets and deferred tax payable are determined on the basis of expected tax rates applied for the six-month accounting period when the assets are recovered or liabilities are settled and on basis of effective an applicable tax rates and tax laws at the end of accounting period.



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

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

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

According to Circular 02, credit institutions should 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. Off-balance sheet commitments are classified into groups which are *Current, Special Mention, Substandard, Doubtful* and *Loss* based on the overdue status and other qualitative factors.

##### 4.22 *Derivatives*

The Bank involves in currency forward contracts and currency swap contracts to facilitate customers to transfer, modify or minimize foreign exchange risk or other market risks, and also for the business purpose of the Bank.

###### *Currency forward contracts*

The currency forward contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates, calculated on the notional amount. The currency forward contracts are recognized at nominal value at the transaction date and are revalued for the reporting purpose at the exchange rate at the reporting date. Gains or losses realized or unrealized are recognized in the "*Foreign exchange differences*" under "*Owners' equity*" in the interim separate balance sheet and will be transferred to the interim separate income statement at the end of the financial period.

###### *Swap contracts*

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

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

##### 4.23 *Employee benefits*

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

The employees at the Bank shall be entitled to receive allowance from the Social Insurance Fund upon retirement and shall be subsidized by the Bank for 02 months based on additional salary by the job position attached to the KPIs on an average of the latest six - month period before retirement.

Under the Bank's labor reorganization policy, the employees at the Bank of early retirement are entitled to receive allowance equal to a half of the basic salary for social insurance for one year (12 months) of work and by a half of a month's basic salary for social insurance for each month of retirement before the age (not exceeding 48 months of retirement before the age).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

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

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

###### 4.23.2 *Voluntary resignation benefits*

Under Section 48 of the Vietnam Labour Code 10/2012/QH13 effective from 1 May 2013, the employee working at the Bank when terminating the labour contract with the Bank in accordance with the law and the Bank is entitled to receive allowance equal to a half month's salary for each year of employment (12 months) up to 31 December 2008. The average monthly salary used in this calculation is the average salary under the labour contract of the latest six – month period up to the resignation date.

###### 4.23.3 *Unemployment insurance*

According to Circular No. 28/2015/TT-BLDTBXH on guidelines for Article 52 of the Law on Employment and Decree No. 28/2015/ND-CP dated 12 March 2015 of the Government on 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.

##### 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 Management, bonus and welfare funds are appropriated according to the decision approved in the General Meeting of Shareholders;
- ▶ Other reserves: are to be made upon the current regulations and decisions of the Annual General Shareholders' Meeting.

##### 4.25 *Offsetting*

Financial assets and financial liabilities are offset and the net amount is reported in the interim 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.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

#### 5. SECURITIES HELD FOR TRADING

	<i>30 June 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
<b>Debt securities</b>		
Government bonds	477,670	2,363,665
Bonds issued by other domestic credit institutions	-	111,318
Provision for securities held for trading	-	-
	<b>477,670</b>	<b>2,474,983</b>

#### 6. DERIVATIVES AND OTHER FINANCIAL ASSETS

	<i>30 June 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
<b>Currency derivative contracts</b>	<b>437,388</b>	<b>460,677</b>
Currency forward contracts	32,773	45,185
Currency swap contracts	404,615	415,492
<b>Other derivative financial instruments</b>	<b>23,683</b>	<b>9,035</b>
Interest rate swaps	23,683	9,035
	<b>461,071</b>	<b>469,712</b>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

## 7. LOANS TO CUSTOMERS

	<i>30 June 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
Loans to domestic economic entities and individuals	926,327,704	920,020,584
Discounted bills and valuable papers	1,120,446	1,389,621
Payments on behalf of customers	10,768	10,337
Loans financed by entrusted funds	151,320	348,928
Loans to foreign economic entities and individuals	4,757,330	3,483,360
	<b>932,367,568</b>	<b>925,252,830</b>

### 7.1 Analysis of loan portfolio by quality

	<i>30 June 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
Current	910,804,607	909,030,352
Special mention	5,811,908	5,563,111
Substandard	7,089,087	1,944,632
Doubtful	2,730,658	1,517,753
Loss	5,931,308	7,196,982
	<b>932,367,568</b>	<b>925,252,830</b>

### 7.2 Analysis of loan portfolio by original maturity

	<i>30 June 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
Short term loans	542,760,220	533,784,301
Medium term loans	55,745,854	59,551,204
Long term loans	333,861,494	331,917,325
	<b>932,367,568</b>	<b>925,252,830</b>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

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

Movement in provision for credit losses on loans to customers during the six-month period ended 30 June 2020 are as follows:

	<i>General provision VND million</i>	<i>Specific provision VND million</i>	<i>Total VND million</i>
Opening balance as at 1 January 2020	6,717,340	6,071,288	12,788,628
Provision charged in the period	201,207	3,740,288	3,941,495
Provision used to write-off bad debts	-	(3,988,310)	(3,988,310)
<b>Closing balance as at 30 June 2020</b>	<b>6,918,547</b>	<b>5,823,266</b>	<b>12,741,813</b>

Movement in provision for credit losses on loans to customers during the six-month period ended 30 June 2019 are as follows:

	<i>General provision VND million</i>	<i>Specific provision VND million</i>	<i>Total VND million</i>
Opening balance as at 1 January 2019 (restated)	6,553,390	6,256,594	12,809,984
Provision charged/(reversed) in the period	(48,941)	4,175,093	4,126,152
Provision used to write-off bad debts	-	(4,047,293)	(4,047,293)
<b>Closing balance as at 30 June 2019 (restated)</b>	<b>6,504,449</b>	<b>6,384,394</b>	<b>12,888,843</b>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

## 9. INVESTMENT SECURITIES

### 9.1 Available-for-sale securities

	30 June 2020 VND million	31 December 2019 VND million
<b>Debt securities</b>	<b>101,333,080</b>	<b>95,479,341</b>
Government bonds	46,313,668	44,898,960
Bonds issued by domestic credit institutions	41,643,815	34,583,205
Bonds issued by domestic economic entities	13,375,597	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>101,709,695</b>	<b>95,855,956</b>
<b>Provision for available-for-sale securities</b>	<b>(557,909)</b>	<b>(1,285,284)</b>
Provision for diminution in value	(244,055)	(168,306)
General provision	(313,854)	(286,128)
Specific provision	-	(830,850)
	<b>101,151,786</b>	<b>94,570,672</b>

### 9.2 Held-to-maturity securities

	30 June 2020 VND million	31 December 2019 VND million
Face value of held-to-maturity securities	9,259,865	15,367,993
Provisions for held-to-maturity securities	(3,339,520)	(6,591,919)
	<b>5,920,345</b>	<b>8,776,074</b>

### 9.3 Unlisted corporate bonds are classified and made provision according to Circular 02

The Bank classified debts as at 30 June 2020 and made corresponding provision for unlisted corporate bonds in accordance with Circular 02 and Circular 09. Accordingly, provision for credit losses as at 30 June 2020 is made based on unlisted corporate bonds classification result as at 30 June 2020.

The classification and provision for credit losses of unlisted corporate bonds in accordance with Circular 02 and Circular 09 as at 30 June 2020 are as follows:

<i>Classification</i>	<i>Book value VND million</i>	<i>Specific provision VND million</i>	<i>General provision VND million</i>	<i>Total provision VND million</i>
Current	42,233,894	-	316,754	316,754
Special mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
	<b>42,233,894</b>	<b>-</b>	<b>316,754</b>	<b>316,754</b>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

## 10. LONG-TERM INVESTMENTS

Analysis by type of investment:

	30 June 2020 VND million	31 December 2019 VND million
Investments in subsidiaries (Note 10.1)	4,040,032	4,040,032
Investments in joint ventures (Note 10.2)	1,688,788	1,688,788
Other long-term investments	22,962	22,962
	<b>5,751,782</b>	<b>5,751,782</b>

### 10.1 Investments in subsidiaries

Subsidiaries	30 June 2020	31 December 2019
	Cost VND million	Cost VND million
VietinBank Leasing Company Ltd	1,000,000	1,000,000
VietinBank Securities JSC	597,232	597,232
VietinBank Debt Management and Asset Exploitation Company Ltd	120,000	120,000
VietinBank Insurance Joint Stock Corporation	489,150	489,150
VietinBank Fund Management Company Ltd	500,000	500,000
VietinBank Gold & Jewellery Trading Company Ltd (*)	200,000	200,000
VietinBank Global Money Transfer Company Ltd	50,000	50,000
VietinBank Lao Limited	1,083,650	1,083,650
	<b>4,040,032</b>	<b>4,040,032</b>

### 10.2 Investments in joint venture

	30 June 2020		31 December 2019	
	Cost VND million	% owned	Cost VND million	% owned
Indovina Bank Ltd	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 Head Office located in Ho Chi Minh City; its 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 USD 193,000,000.

Since its establishment, with the approval of the State Bank, Indovina Bank Limited has made many 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 30 June 2020, the charter capital of Indovina Bank Limited is USD 193,000,000.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

## 11. OTHER ASSETS

### 11.1 Receivables

	30 June 2020 VND million	31 December 2019 VND million
Internal receivables	353,592	275,315
External receivables	15,969,659	14,037,901
Construction in progress (i)	5,719,231	5,730,014
Fixed assets in purchase or under repair	1,156,439	1,045,130
	<b>23,198,921</b>	<b>21,088,360</b>

#### (i) Construction in progress

	30 June 2020 VND million	31 December 2019 VND million
Constructions in the North	5,293,325	5,247,938
Constructions in the Central	320,527	304,640
Constructions in the South	105,379	177,436
	<b>5,719,231</b>	<b>5,730,014</b>

### 11.2 Other assets

	30 June 2020 VND million	31 December 2019 VND million
Materials and tools	104,406	103,458
Prepaid expenses	2,642,835	2,701,001
Other assets	139,248	139,249
	<b>2,886,489</b>	<b>2,943,708</b>

## 12. DUE TO THE GOVERNMENT AND THE STATE BANK OF VIETNAM

	30 June 2020 VND million	31 December 2019 VND million
<b>Borrowings from the SBV</b>	<b>2,291,897</b>	<b>2,616,734</b>
Borrowings based on the credit files	2,284,939	2,609,776
Borrowings to support State-owned enterprises	6,958	6,958
<b>Deposits from the State Treasury and other liabilities</b>	<b>42,088,304</b>	<b>67,986,159</b>
	<b>44,380,201</b>	<b>70,602,893</b>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

### 13. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

#### 13.1 Deposits from other credit institutions

	30 June 2020 VND million	31 December 2019 VND million
<b>Demand deposits</b>	<b>40,469,790</b>	<b>41,545,666</b>
In VND	38,359,222	41,195,665
In foreign currencies	2,110,568	350,001
<b>Term deposits</b>	<b>54,392,055</b>	<b>39,214,715</b>
In VND	48,425,000	35,646,997
In foreign currencies	5,967,055	3,567,718
	<b>94,861,845</b>	<b>80,760,381</b>

#### 13.2 Borrowings from other credit institutions

	30 June 2020 VND million	31 December 2019 VND million
In VND	1,756,843	2,594,812
In foreign currencies	13,846,558	23,444,207
	<b>15,603,401</b>	<b>26,039,019</b>

### 14. CUSTOMER DEPOSITS

	30 June 2020 VND million	31 December 2019 VND million
<b>Demand deposits</b>	<b>142,313,066</b>	<b>145,290,265</b>
- Demand deposits in VND	117,031,903	120,575,191
- Demand deposits in foreign currencies	25,281,163	24,715,074
<b>Term deposits</b>	<b>762,529,771</b>	<b>739,159,479</b>
- Term deposits in VND	735,625,520	712,430,618
- Term deposits in foreign currencies	26,904,251	26,728,861
<b>Deposits for specific purpose</b>	<b>2,640,011</b>	<b>2,346,604</b>
- Deposits for specific purpose in VND	1,665,050	1,517,085
- Deposits for specific purpose in foreign currencies	974,961	829,519
<b>Margin deposits</b>	<b>3,752,137</b>	<b>2,996,366</b>
- Margin deposits in VND	3,085,374	2,693,387
- Margin deposits in foreign currencies	666,763	302,979
	<b>911,234,985</b>	<b>889,792,714</b>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

#### 15. VALUABLE PAPERS ISSUED

	30 June 2020 VND million	31 December 2019 VND million
<b>In VND</b>	<b>51,165,476</b>	<b>56,965,477</b>
Par value	51,165,476	56,965,477
<b>In foreign currencies</b>	<b>878</b>	<b>876</b>
Par value	878	876
	<b>51,166,354</b>	<b>56,966,353</b>

Details of the term of valuable papers issued at the end of the period 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	450,000	18,100,891	18,551,057
- In VND	-	166	450,000	18,100,013	18,550,179
- In foreign currencies	-	-	-	878	878
From 5 years	-	-	32,615,100	-	32,615,100
- In VND	-	-	32,615,100	-	32,615,100
- In foreign currencies	-	-	-	-	-
<b>Closing balance</b>	<b>197</b>	<b>166</b>	<b>33,065,100</b>	<b>18,100,891</b>	<b>51,166,354</b>

#### 16. OTHER PAYABLES

	30 June 2020 VND million	31 December 2019 VND million
Internal payables	1,650,606	2,132,438
External payables (*)	6,165,020	4,142,710
Bonus, welfare funds	1,854,737	312,995
	<b>9,670,363</b>	<b>6,588,143</b>

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

	30 June 2020 VND million	31 December 2019 VND million
Collection, payment on behalf of other organizations	1,732,878	1,491,175
Amounts kept for customers and awaiting for settlement	71,876	150,501
Corporate income tax payable	1,392,038	608,984
Other items awaiting for payment	1,332,489	1,014,971
Tax and fee payables	146,834	170,111
Payables to the SBV due to the collection of written-off debts	94,309	92,380
Payables related to trade finance activities	8,767	6,008
Money transfer payable	817,249	117,675
Other payables	568,580	490,905
	<b>6,165,020</b>	<b>4,142,710</b>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

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

	Opening balance VND million	Movements during the period		Closing balance VND million
		Payables VND million	Paid VND million	
Value added tax	12,987	188,383	121,669	79,701
Corporate income tax	608,984	1,391,645	608,591	1,392,038
Other taxes	124,865	427,485	485,217	67,133
	<b>746,836</b>	<b>2,007,513</b>	<b>1,215,477</b>	<b>1,538,872</b>

### 17.1 Current corporate income tax

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 became 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 to many types of transactions is susceptible to varying interpretations, amount reported in the interim 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 period. Taxable income differs from the one reported in the interim separate income statement since taxable income excludes incomes which are taxable or expenses which are deducted in prior periods 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 period-end.

Provision for current income tax expense is computed as follows:

	For the six-month period ended 30 June 2020 VND million	For the six-month period ended 30 June 2019 VND million
<b>Profit before tax</b>	<b>7,482,466</b>	<b>5,285,005</b>
<i>Plus/(minus)</i>		
- Dividend income	(523,803)	(502,600)
- Others	(1,327)	14,866
<b>Estimated taxable income</b>	<b>6,957,336</b>	<b>4,797,271</b>
<b>CIT expenses in the period</b>	<b>1,391,467</b>	<b>959,454</b>
<b>CIT payable at the beginning of the period</b>	<b>608,984</b>	<b>(178,058)</b>
CIT paid during the period	(608,591)	(401,650)
Adjustment CIT differences of previous year	178	(545)
<b>Current income tax payable at the end of the period</b>	<b>1,392,038</b>	<b>379,201</b>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

## 18. OWNERS' EQUITY AND RESERVES

### 18.1 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>	<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 period	-	-	-	-	6,090,999	6,090,999
Temporary appropriation of the Bank's bonus and welfare funds	-	-	-	-	(2,173,890)	(2,173,890)
Other adjustments	-	-	-	-	(7,283)	(7,283)
<b>Balance as at 30 June 2020</b>	<b>37,234,046</b>	<b>8,969,827</b>	<b>3,081,772</b>	<b>6,137,397</b>	<b>22,793,343</b>	<b>78,216,385</b>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

**18. OWNERS' EQUITY AND RESERVES (continued)**

**18.2 Equity**

Details of the Bank's shares are as follows:

	30 June 2020		31 December 2019	
	Shares	VND million	Shares	VND million
Number of registered shares	3,723,404,556	37,234,046	3,723,404,556	37,234,046
Number of shares issued	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 circulated	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.

**19. INTEREST AND SIMILAR INCOME**

	For the six-month period ended 30 June 2020 VND million	For the six-month period ended 30 June 2019 VND million
Interest income from deposits	1,358,167	1,609,847
Interest income from loans to customers	36,213,323	34,045,288
Interest income from debt securities	3,219,809	3,225,526
Income from guarantee activities	347,954	370,519
Other income from credit activities	283,461	252,350
	<b>41,422,714</b>	<b>39,503,530</b>

**20. INTEREST AND SIMILAR EXPENSES**

	For the six-month period ended 30 June 2020 VND million	For the six-month period ended 30 June 2019 VND million
Interest expenses for deposits	23,018,445	21,210,581
Interest expenses for borrowings	379,264	473,700
Interest expenses for valuable papers issued	1,991,155	1,845,209
Other expenses for credit activities	156,602	144,410
	<b>25,545,466</b>	<b>23,673,900</b>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

## 21. NET GAIN FROM SECURITIES

### 21.1 *Net gain from securities held for trading*

	<i>For the six-month period ended 30 June 2020 VND million</i>	<i>For the six-month period ended 30 June 2019 VND million</i>
Income from securities held for trading	382,794	134,055
Expenses for securities held for trading	(16,115)	(495)
<b>Net gain from securities held for trading</b>	<b>366,679</b>	<b>133,560</b>

### 21.2. Net gain/(loss) from investment securities

	<i>For the six-month period ended 30 June 2020 VND million</i>	<i>For the six-month period ended 30 June 2019 VND million</i>
Income from trading of investment securities	-	11,003
Expenses for trading of investment securities	(164)	(11)
Provision reversed/(charged) for investment securities	137,375	(254,229)
<b>Net gain/(loss) from investment securities</b>	<b>137,211</b>	<b>(243,237)</b>

## 22. INCOME FROM INVESTMENTS IN OTHER ENTITIES

	<i>For the six-month period ended 30 June 2020 VND million</i>	<i>For the six-month period ended 30 June 2019 VND million</i>
Dividends received from capital contribution, share purchase	523,803	502,600
- <i>From capital contribution</i>	523,803	502,600
Liquidated income, divested investment	-	156,912
	<b>523,803</b>	<b>659,512</b>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

### 23. TOTAL OPERATING EXPENSES

	<i>For the six-month period ended 30 June 2020 VND million</i>	<i>For the six-month period ended 30 June 2019 VND million</i>
<b>Expenses on taxes, fees</b>	<b>6,898</b>	<b>8,346</b>
<b>Personnel expenses</b>	<b>3,896,491</b>	<b>4,269,819</b>
Salary and allowances	3,212,200	3,493,776
Expenses related to salary	262,019	262,330
Allowances	3,579	6,776
Other expenses	418,693	506,937
<b>Expenses on assets</b>	<b>900,140</b>	<b>875,284</b>
Depreciation and amortization of fixed assets	446,917	444,519
Other expenses	453,223	430,765
<b>Administrative expenses</b>	<b>1,126,501</b>	<b>1,106,095</b>
Per-diem	43,413	55,694
Expenses for union activities	5,521	6,327
Other expenses	1,077,567	1,044,074
<b>Insurance premium for customers' deposits</b>	<b>352,947</b>	<b>325,748</b>
<b>Provision reversed</b>	<b>-</b>	<b>-</b>
	<b>6,282,977</b>	<b>6,585,292</b>

### 24. CASH AND CASH EQUIVALENTS

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

	<i>30 June 2020 VND million</i>	<i>31 December 2019 VND million</i>
Cash and cash equivalents on hand	8,026,797	8,146,848
Balances with the SBV	12,877,486	24,855,833
Current accounts at other credit institutions	66,576,822	60,000,469
Placements with other credit institutions with term not exceeding three (3) months	58,885,736	62,643,785
	<b>146,366,841</b>	<b>155,646,935</b>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

## 25. COLLATERAL AND MORTGAGES

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

Details of customers' collateral and mortgages at the Bank as at the end of the period are as follows:

	<i>30 June 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
Real estates	1,452,984,916	1,270,748,160
Movable property	65,836,910	66,229,113
Deposits, gold, gemstones and valuable papers	140,023,803	141,324,140
Other assets	507,523,630	491,325,645
	<b>2,166,369,259</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 30 June 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.

## 26. RELATED PARTY TRANSACTIONS

During normal business operation, the Bank has undertaken transactions with other parties to which the Bank is related. A party is considered to be related if the party has ability to control or to influence other parties in making decision of financial policies and operational activities. A party is related to the Bank if:

- (a) Directly, or indirectly through one or more intermediaries, the party:
  - ▶ controls, is controlled by, or is under common control by Bank (including parents and subsidiaries);
  - ▶ has an interest (owning 5% or more of the charter capital or voting share capital) in the Bank that gives it significant influence 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 which is the member of the key management personnel of the Bank;
- (d) The party is a close member of the family of any individual referred to in (a) or (c); or
- (e) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such company resides with, directly or indirectly, any individual referred to in (c) or (d).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

## 26. RELATED PARTY TRANSACTIONS (continued)

Details of significant balances with related parties as at 30 June 2020 are as follows:

### Related organizations

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>30 June 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	12,877,486	24,855,833
		Borrowings from the SBV	2,291,897	2,616,734
Subsidiaries	Subsidiary	Deposits of the Bank at subsidiaries	5,187,451	5,514,580
		Borrowings from the Bank	550,000	760,000
		Interest receivable from loans	6,519	7,383
		Deposits at the Bank	5,749,523	5,148,181
		Interest payable for deposits	18,173	11,063

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

### Related Organizations

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>For the six-month period ended 30 June 2020</i>	<i>For the six-month period ended 30 June 2019</i>
The State Bank of Vietnam ("the SBV")	Owner and direct management agency	(Decrease)/increase Deposits of the Bank at the SBV	(11,978,347)	8,630,791
Subsidiaries	Subsidiaries	Increase/(decrease) deposits at the Bank	601,342	(551,246)
		(Decrease)/increase borrowings from the Bank	(210,000)	789,992
		Increase/(decrease) Interest receivable from loans	864	(764,305)
		Increase/(decrease) Interest payable for deposits	7,110	(2,326,195)
		(Decrease)/increase Deposits of the Bank at subsidiaries	(327,129)	1,430,537
		Interest income from loans	21,880	20,603
		Interest income from deposits	33,961	42,498
		Interest expenses for deposits	(16,704)	(13,263)

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

**26. RELATED PARTY TRANSACTIONS (continued)**

**Related Individual**

<i>Related parties</i>	<i>Transactions</i>
Board of Directors, Supervisory Board and Board of Management (*)	Salaries and remunerations: Payment in accordance with the Bank's internal regulations on salary payment, ensuring the interrelation between managerial level's average salary and staff level's average salary within the banking system.

(\*) The salary and remuneration of the Board of Directors and Supervisory Board comply with Resolution No. 21/NQ-DHDCD dated 23 May 2020 approved by the General Meeting of Shareholders.

**27. 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	932,273,091	1,047,334,627	85,822,206	461,071	111,447,230
Overseas	4,481,066	850,507	27,694	-	-
	<b>936,754,157</b>	<b>1,048,185,134</b>	<b>85,849,900</b>	<b>461,071</b>	<b>111,447,230</b>

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

## 28. 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 the safe and steady growth of business activities.

Due to the goal of sustainable development, improving operational efficiency and competitive advantage, the Bank has always been one of the pioneers in researching and applying international practices on governance. In particular, the application of Basel II is one of the Bank's priority solutions. Projects under the Basel II Accord focus on comprehensive enhancing of risk management capacity on material areas. So far, the Bank has completed inspection of phase one projects according to the standard method and is preparing for the second phase according to the State Bank's orientation.

The application of advanced practices and 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 the modernization of the banking system. In addition, after the Circular No.13/2018/TT-NHHH (Circular 13) stipulating the internal control system of commercial banks and foreign bank branches, the Bank took initiatives in reviewing control 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, internal audit from 1 January 2019 and have preparation for the implementation of the internal assessment on capital adequacy which will take effect on 1 January 2021.

In 2020, the Bank will continue to actively study and implement projects under the Basel II in order to comprehensively enhance the management capacity for all types of risks. Moreover, the Bank has continued to complete its policies system in 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 issues regulations, procedures, detailed guidance and internal indicators as well as strictly manages the balance between assets and liabilities, tightly controls the growth in business activities and credit quality; complies with limitation and safety rate for its operation and requirements on risk management as stipulated in Circular 22/2019/TT-NHNN (applied from 01 January 2020), Circular 13/2018/TT-NHNN and regulations of the State Bank of Vietnam and meets requirements on risk management in accordance with Basel II.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

## 29. 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 credit limits for each counterparty and industrial concentration, and by monitoring exposures in relation to such limits.

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

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

### Credit risk mitigation methods

*Credit 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 no provision is required under Circular No. 48/2019/TT-BTC. The Bank believes that the Bank has the ability to 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 as the Bank is currently holding sufficient collateral assets to offset credit risk in accordance with the SBV's regulations.

The Bank is currently holding collateral in the forms of real estates, movable assets, 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*

	<i>Overdue</i>				<i>Total</i>
	<i>Less than 90 days</i>	<i>91-180 days</i>	<i>181-360 days</i>	<i>Over 360 days</i>	
Loans to customers	453,257	185,289	114,152	842,441	1,595,139
	<b>453,257</b>	<b>185,289</b>	<b>114,152</b>	<b>842,441</b>	<b>1,595,139</b>



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

## 29. CREDIT RISK (continued)

### Credit risk mitigation methods (continued)

*Credit bearing assets of the Bank are divided into the following groups:* (continued)

#### ▶ *Financial assets which are overdue and impaired*

The maturity of overdue and impaired financial assets is presented as follow:

*Unit: VND million*

	<i>Overdue</i>				<i>Total</i>
	<i>Less than 90 days</i>	<i>91-180 days</i>	<i>181-360 days</i>	<i>Over 360 days</i>	
Loans to customers	5,358,651	6,903,798	2,616,506	5,088,867	19,967,822
	<b>5,358,651</b>	<b>6,903,798</b>	<b>2,616,506</b>	<b>5,088,867</b>	<b>19,967,822</b>

## 30. MARKET RISK

### 30.1 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 to the Bank possibly derives from investment activities and fund mobilization and lending activities.

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

- Cash, gold and 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; 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 the credit institution is determined as follows:
  - Items with fixed interest rate during the contractual period: the effective interest rate re-pricing term is determined from the interim separate balance sheet date to maturity date;
  - Items with floating interest rate: the effective interest rate re-pricing term is determined from the interim separate balance sheet date to the nearest interest rate re-pricing date;
  - Accrued income, accrued expenses: classified as non-interest-bearing items.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

**30. MARKET RISK** (continued)

**30.1 Interest rate risk** (continued)

*The Bank's interest rate risk policies*

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

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

For fund mobilization, interest rate is determined based on the market price, business orientation of the Bank's management, the Bank's fund balance and regulations of the State Bank of Vietnam. Fund is mobilized mainly with short interest rate re-pricing term.

For lending activities, the Bank determines lending interest rate based on the funding cost, management expenses, risk considerations, collateral value and market interest rate to ensure competitiveness as well as the efficiency. The Head Office regulates the lending interest rate floor for each period; branches can themselves decide lending interest rates for each period based on credit risk analysis and assessment provided that the rates are not less than the regulated floor rate and annual budgeted profit is assured. Besides, due to the fact that assets were mainly financed by the short interest rate re-pricing term funds, the Bank requires that all long-term and medium-term loans' interest must be floating (interest rate are not fixed during the whole loans' periods) to minimize possible interest rate risk to arise.

*Interest rate risk management*

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

*Interest rate risk management at portfolio level*

- Since 2013, the Bank has issued regulations and procedures for managing interest rate risk on banking book which stipulate the principles for managing interest rate risk on banking book through the process of identification, measurement, control and monitoring of risk aims to ensure a 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 completed the design, officially applied and continuously upgraded the software system of Assets-Liabilities Management (ALM), which runs to the transaction level under international practices, automatically provides reports of term differences, revaluation under nominal term and behaviour, scenarios analysis reports on interest rate increase/decrease situation, etc. in order to facilitate the Bank's interest rate management activities.
- Re-pricing terms of all loans are required to be adjusted based on the re-pricing terms of funds mobilized and are controlled within established limits by the Bank.

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

**30. MARKET RISK** (continued)

**30.1 Interest rate risk** (continued)

***Interest rate risk management*** (continued)

*Interest rate risk management at transaction level*

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

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

### 30. MARKET RISK (continued)

#### 30.1 Interest rate risk (continued)

Below table shows an analysis of the interest re-pricing period of assets and liabilities of the Bank as at 30 June 2020:

	Non-interest bearing VND million	Interest re-pricing period										Total VND million	
		Overdue					Interest re-pricing period						
		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 6 months VND million	From 6 to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million				
<b>Assets</b>													
Cash, gold, and gemstones	8,026,797	-	-	-	-	-	-	-	-	-	-	-	8,026,797
Balances with the State Bank of Vietnam	-	-	12,877,486	-	-	-	-	-	-	-	-	-	12,877,486
Placements with and loans to other credit institutions (*)	-	-	93,118,747	35,130,400	500,000	1,100,000	-	-	-	-	-	-	129,849,147
Securities held for trading (*)	-	-	477,670	-	-	-	-	-	-	-	-	-	477,670
Derivatives and other financial liabilities	-	-	461,071	-	-	-	-	-	-	-	-	-	461,071
Loans to customers (*)	-	15,751,053	5,811,908	249,722,021	226,842,671	52,529,171	12,195,495	1,212,105	932,367,568	-	-	-	1,10,969,560
Investment securities (*)	376,615	-	3,903,572	9,481,000	8,805,000	7,982,000	54,229,232	26,192,141	110,969,560	-	-	-	5,751,782
Long-term investment (*)	5,751,782	-	-	-	-	-	-	-	-	-	-	-	10,490,495
Fixed assets	10,490,495	-	-	-	-	-	-	-	-	-	-	-	10,490,495
Other assets (*)	19,486,507	-	3,602,174	5,286,827	4,971,658	64,137	-	-	-	-	-	-	33,411,303
<b>Total assets</b>	<b>44,132,196</b>	<b>15,751,053</b>	<b>5,811,908</b>	<b>299,620,248</b>	<b>241,119,329</b>	<b>61,675,308</b>	<b>66,424,727</b>	<b>27,404,246</b>	<b>1,244,682,879</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>													
Due to the Government and the State Bank of Vietnam	-	-	42,478,768	-	383,936	1,517,497	-	-	-	-	-	-	44,380,201
Deposits and borrowings from other credit institutions	-	-	84,999,367	19,882,023	5,489,421	64,137	30,298	-	110,465,246	-	-	-	110,465,246
Customer deposits	-	-	387,737,997	158,177,366	154,710,860	199,938,457	10,466,962	203,343	911,234,985	-	-	-	911,234,985
Other borrowed and entrusted funds	-	-	-	1,130,502	1,671,480	2,901,875	-	-	5,703,857	-	-	-	5,703,857
Valuable papers issued	-	-	1,000,000	-	17,550,000	2,001,254	30,615,100	-	51,166,354	-	-	-	51,166,354
Other liabilities (*)	26,876,451	-	-	-	-	-	-	-	26,876,451	-	-	-	26,876,451
<b>Total liabilities</b>	<b>26,876,451</b>	<b>-</b>	<b>516,216,132</b>	<b>179,189,891</b>	<b>179,805,697</b>	<b>206,423,220</b>	<b>41,112,360</b>	<b>203,343</b>	<b>1,149,827,094</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Interest sensitivity gap of balance sheet items</b>	<b>17,255,745</b>	<b>15,751,053</b>	<b>5,811,908</b>	<b>120,430,357</b>	<b>61,313,632</b>	<b>(144,747,912)</b>	<b>25,312,367</b>	<b>27,200,903</b>	<b>94,855,785</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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>-</b>	<b>-</b>	<b>-</b>
<b>Interest sensitivity gap (on, off-balance sheet items)</b>	<b>17,255,745</b>	<b>15,751,053</b>	<b>5,811,908</b>	<b>120,430,357</b>	<b>61,313,632</b>	<b>(144,747,912)</b>	<b>25,312,367</b>	<b>27,200,903</b>	<b>94,855,785</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(\*) Excluding provision

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

**30. MARKET RISK** (continued)

**30.2 Currency risk**

Currency risk is the risk that values of financial instruments will be affected by the changes in foreign exchange rate.

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

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

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

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

The currency position is managed on a daily basis and hedging strategies are used to ensure that the currency position is maintained within established limits.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

### 30. MARKET RISK (continued)

#### 30.2 Currency risk (continued)

The following table presents assets and liabilities in foreign currencies translated into VND as at 30 June 2020:

	EUR equivalent VND million	USD equivalent VND million	Other currencies equivalent VND million		Total VND million
<b>Assets</b>					
Cash, gold, and gemstones	100,115	655,360	41,984		797,459
Balances with the SBV	-	3,644,417	-		3,644,417
Placements with and loans to other credit institutions (*)	7,490,617	32,050,008	7,977,131		47,517,756
Securities held for trading	-	-	-		-
Derivatives and other financial assets	-	-	-		-
Loans to customers (*)	4,527,059	67,253,423	-		71,780,482
Investment securities (*)	-	-	-		-
Long-term investment	-	-	-		-
Fixed assets	39,496	-	-		39,496
Other assets (*)	1,506,971	13,818,355	478,136		15,803,462
<b>Total assets</b>	<b>13,664,258</b>	<b>117,421,563</b>	<b>8,497,251</b>		<b>139,583,072</b>
<b>Liabilities</b>					
Due to the Government and the State Bank of Vietnam	-	-	-		-
Deposits and borrowings from other credit institutions	181,584	21,266,018	476,579		21,924,181
Customer deposits	2,484,393	51,143,255	199,490		53,827,138
Derivatives and other financial liabilities	7,833,850	42,856,808	7,436,087		58,126,745
Other borrowed and entrusted funds	167,452	4,837,694	4,123		5,009,269
Valuable papers issued	-	878	-		878
Other liabilities (*)	2,921,587	2,072,601	-		4,994,188
Owners' equity	-	-	-		-
<b>Total liabilities</b>	<b>13,588,866</b>	<b>122,177,254</b>	<b>8,116,279</b>		<b>143,882,399</b>
<b>FX position on balance sheet</b>	<b>75,392</b>	<b>(4,755,691)</b>	<b>380,972</b>		<b>(4,299,327)</b>
<b>FX position off-balance sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>Net on, off-balance sheet FX position</b>	<b>75,392</b>	<b>(4,755,691)</b>	<b>380,972</b>		<b>(4,299,327)</b>

(\*) Excluding provision

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

### 30. MARKET RISK (continued)

#### 30.3 Liquidity risk

Liquidity risk is defined as the risk that results in the Bank's difficulty in meeting obligations associated with its financial liabilities. Liquidity risk arises since the Bank might be unable to meet its payment obligations when they fall due under both normal and stressed circumstances 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 the liquidity risk management which establishes rules of managing the liquidity gap through maturity, liquidity risk ratios, designs stress test scenarios and backup plan to proactively handle measures in facing with the market volatility. To minimize this risk, the management plans to diversify its funding sources and also develops fund management report system to calculate liquidity position on a daily basis as well as prepares analysis and forecast report on future liquidity position on a regular basis.

At ALCO Council regular meeting, fund balance and liquidity of the Bank is one of the key contents to be discussed. At Risk Management Council meeting, the compliance of risk appetite and liquidity risk limits is also reviewed and reported. Based on analysis and evaluation, ALCO/Risk Council makes recommendations to 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 the secondary reserve in liquidity stress circumstances (if any) but also the profitable investments, providing funds for key projects.

The maturity of assets and liabilities represents the remaining time to the contractual maturity date 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 with and loans to other credit institutions and loans to customers, investment securities, borrowings from the Government and the SBV, deposits, loans from other credit institutions, valuable papers issued, other borrowed and entrusted funds are 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 deposits from customers are determined based on the customer's behaviour analysis and the forecast on interest rate policy and other macroeconomic factors.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

**30. MARKET RISK** (continued)

**30.3 Liquidity risk** (continued)

Based on the management's approval of annual business plan, the Treasury and Financial Planning Department together with some other departments does analysis and makes forecasts of cash inflows and outflows of the system according to the approved plans; and also based on the actual daily fluctuations of fund mobilization and utilization, the Bank makes decisions on appropriate management of capital adequacy.

Based on the projection of capital adequacy, the Treasury and Financial Planning Department in cooperation with the Treasury Dealing Department creates the Bank's liquidity buffer through purchasing highly liquid valuable papers, which could be converted into cash on the secondary market. The Treasury and Financial Planning Department in cooperation with the Treasury Dealing Department may decide to sell valuable papers to the SBV in the open market, or to borrow to replenish working capital's deficiency to ensure liquidity position of the whole system.

Based on the SBV's regulations, the Treasury and Financial Planning Department in cooperation with the Treasury Dealing Department proposes available fund management plan in order to assure that the actual average balance of deposits in VND and foreign currencies at the SBV is not less than 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 and comply with the regulations and procedures on the liquidity management of the Bank.

The process of capital adequacy of the Bank is performed in the Core Sunshine system, the interbank payment program CITAD, Asset-Liability management software, liquidity management software, information about large cash flows from business units. Therefore, the Bank actively performs liquidity risk management on a daily basis.

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

### 30. MARKET RISK (continued)

#### 30.3 Liquidity risk (continued)

The table below presents the analysis of remaining maturity of assets and liabilities of the Bank as at 30 June 2020:

	Overdue			Current					Total VND million
	Above 3 months VND million	Within 3 months VND million	Up to 1 months 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	-	-	8,026,797	-	-	-	-	8,026,797	
Balances with the State Bank of Vietnam	-	-	12,877,486	-	-	-	-	12,877,486	
Placements with and loans to other credit institutions (*)	-	-	93,118,747	35,130,400	1,600,000	-	-	129,849,147	
Securities held for trading (*)	-	-	477,670	-	-	-	-	477,670	
Derivatives and other financial liabilities	-	-	461,071	-	-	-	-	461,071	
Loans to customers (*)	15,751,053	5,811,908	50,318,503	184,153,509	337,170,014	145,988,513	193,174,068	932,367,568	
Investment securities (*)	-	-	959,571	5,800,429	13,227,117	63,257,687	27,724,756	110,969,560	
Long-term investments (*)	-	-	-	-	-	-	5,751,782	5,751,782	
Fixed assets	-	-	-	-	-	-	10,490,495	10,490,495	
Other assets (*)	-	-	3,602,174	5,286,827	4,971,658	64,137	19,486,507	33,411,303	
<b>Total assets</b>	<b>15,751,053</b>	<b>5,811,908</b>	<b>169,842,019</b>	<b>230,371,165</b>	<b>356,968,789</b>	<b>209,310,337</b>	<b>256,627,608</b>	<b>1,244,682,879</b>	
<b>Liabilities</b>									
Due to the Government and the State Bank of Vietnam	-	-	42,478,768	-	1,901,433	-	-	44,380,201	
Deposits and borrowings from other credit institutions	-	-	84,742,795	19,797,557	5,475,437	322,817	126,640	110,465,246	
Customer deposits	-	-	180,576,265	170,679,513	395,856,969	163,431,313	690,925	911,234,985	
Other borrowed and entrusted funds	-	-	-	-	-	2,901,875	2,801,982	5,703,857	
Valuable papers issued	-	-	1,000,000	-	17,550,000	2,001,254	30,615,100	51,166,354	
Other liabilities	-	-	8,979,704	2,826,799	6,289,653	8,254,622	525,673	26,876,451	
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>317,777,532</b>	<b>193,303,869</b>	<b>427,073,492</b>	<b>176,911,881</b>	<b>34,760,320</b>	<b>1,149,827,094</b>	
<b>Net liquidity gap</b>	<b>15,751,053</b>	<b>5,811,908</b>	<b>(147,935,513)</b>	<b>37,067,296</b>	<b>(70,104,703)</b>	<b>32,398,456</b>	<b>221,867,288</b>	<b>94,855,785</b>	

(\*) Excluding provision

#### Other market price risk

Except for the assets and liabilities are 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 accounted for 5% of total assets.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2020 and for the six-month period then ended

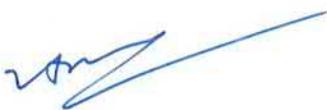
**31. EVENTS AFTER THE INTERIM SEPARATE BALANCE SHEET DATE**

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

**32. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VIETNAM DONG AT THE BALANCE SHEET DATE**

	30 June 2020 VND	31 December 2019 VND
USD	23,215	23,167
EUR	26,017	26,164
GBP	28,466	30,450
CHF	24,386	23,938
JPY	215.42	213.52
SGD	16,615	17,265
CAD	16,950	17,874
AUD	15,877	16,350
NZD	14,984	15,598
THB	751.30	748.09
SEK	2,474	2,480
NOK	2,378	2,635
DKK	3,491	3,492
HKD	2,995	2,933
CNY	3,280	3,326
KRW	20.23	20.46
LAK	2.57	2.82
MYR	5,329	5,329

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14 August 2020

