

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

Separate financial statements

For the year ended 31 December 2019



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# Vietnam Joint Stock Commercial Bank for Industry and Trade

## GENERAL INFORMATION

### THE BANK

Vietnam Joint Stock Commercial Bank for Industry and Trade (“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 most recent 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 31 December 2019, the charter capital of the Bank is VND37,234,046 million (31 December 2018: VND37,234,046 million).

#### ***Location***

The Bank’s Head Office is located at 108 Tran Hung Dao, Hoan Kiem District, Hanoi City, Vietnam. As at 31 December 2019, the Bank has one (01) Head Office; two (02) Representative offices (a representative office in Da Nang City and a representative office in Ho Chi Minh City); nine (09) Non-business units include: one (01) Training and Human Resource Development School, one (01) Information Technology Center, one (01) Card Center, one (01) Center Trade finance and five (05) Cash Management Centers; one hundred and fifty five (155) branches and seven (07) subsidiaries; Foreign network includes: one (01) Representative office in Myanmar, two (02) Branches in the Federal Republic of Germany, one (01) 100%-capital bank in Lao People’s Democratic Republic (Vietinbank Lao Limited).

# Vietnam Joint Stock Commercial Bank for Industry and Trade

## GENERAL INFORMATION (continued)

### BOARD OF DIRECTORS

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

<i>Name</i>	<i>Position</i>
Mr. Le Duc Tho	Chairman (appointed for the term 2014-2019 on 31 October 2018 under Resolution 568/NQ-HDQT-NHCT1.2 dated 31 October 2018; appointed for the term 2019-2024 on 23 April 2019 by Resolution 118/NQ-HDQT-NHCT1.2, 23 April 2019)
Mr. Tran Minh Binh	Member (additionally appointed to the Board of Directors for the term 2014-2019 from 8 December 2018 at the Extraordinary General Meeting of Shareholders on 8 December 2018, according to Resolution No. 19/NQ-DHDCD 8 December 2018; appointed to the Board of Directors for the term 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Ms. Tran Thu Huyen	Member (additionally appointed to the Board of Directors for the term 2014-2019 on 24 July 2014; appointed to the Board for the term 2019-2024 on 23 April 2019 at the 2019 Annual General Meeting of Shareholders, 23 April 2019)
Mr. Hiroshi Yamaguchi	Member (additionally appointed to the Board of Directors for the term 2014-2019 on 17 April 2017; appointed to the Board for the term 2019-2024 on 23 April 2019 at the 2019 Annual General Meeting of Shareholders, 23 April 2019)
Mr. Hideaki Takase	Member (additionally appointed to the Board of Directors for the term 2014-2019 on 21 April 2017; appointed to the Board for the term 2019-2024 on 23 April 2019 at the 2019 Annual General Meeting of Shareholders, 23 April 2019)
Mr. Nguyen The Huan	Member (appointed to the Board of Directors for the term 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 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 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Mr. Cat Quang Duong	Member (resigned from 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Mr. Phung Khac Ke	Member (resigned from 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)

### MANAGEMENT AND CHIEF ACCOUNTANT

The members of the Management and Chief Accountant of the Bank during the year and at the date of the 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. Hiroshi Yamaguchi	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 year and at the date of the separate financial statements are as follows:

<i>Name</i>	<i>Position</i>
Ms. Le Anh Ha	Chief Supervisor (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; appointed as Chief Supervisor for the term 2019-2024 according to Resolution No. 01/NQ-BKS-2019 of 23 April 2019)
Ms. Nguyen Thi Anh Thu	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)
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)
Mr. Nguyen The Huan	Chief Supervisor (resigned from 23 April 2019 at the Annual General Meeting of Shareholders 2019, April 23, 2019)
Ms. Pham Thi Thom	Member (resigned from 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Mr. Tran Minh Duc	Member (resigned from 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)

### LEGAL REPRESENTATIVE

The legal representative of the Bank during the year and at the date of the 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 separate financial statements for the year ended 31 December 2019 in accordance with the Letter of Authorization No. 1151/UQ-HDQT-NHCT18 dated 18 December 2018.

### AUDITORS

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

# Vietnam Joint Stock Commercial Bank for Industry and Trade

## REPORT OF MANAGEMENT

Management of Vietnam Joint Stock Commercial Bank for Industry and Trade (“the Bank”) is pleased to present this report and the separate financial statements of the Bank as at 31 December 2019 and for the year then ended.

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

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

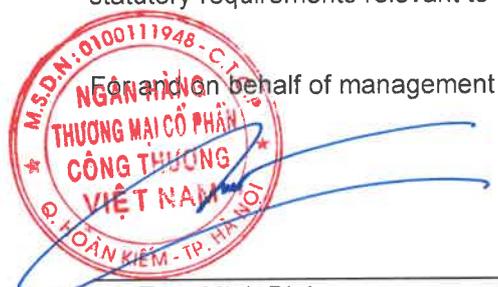
- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgments and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the separate financial statements;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

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

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

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Bank as at 31 December 2019 and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of the separate financial statements.



Mr. Tran Minh Binh  
General Director

Hanoi, Vietnam

17 February 2020

Reference: 60755043/20827148-RL

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying separate financial statements of Vietnam Joint Stock Commercial Bank for Industry and Trade ("the Bank") as prepared on 17 February 2020 and set out on pages 7 to 69, which comprise the separate balance sheet as at 31 December 2019, the separate income statement and the separate cash flow statement for the year then ended and the notes thereto.

### *Management's responsibility*

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

### *Auditors' responsibility*

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

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

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



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### Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Bank as at 31 December 2019, and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and other statutory requirements relevant to the preparation and presentation of separate financial statements.

**Ernst & Young Vietnam Limited**



Trinh Hoang Anh  
Deputy General Director  
Audit Practising Registration  
Certificate No. 2071-2018-004-1

Hoang Thi Hong Minh  
Auditor  
Audit Practising Registration  
Certificate No. 0761-2018-004-1

Hanoi, Vietnam

18 February 2020

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SEPARATE BALANCE SHEET  
as at 31 December 2019

	Notes	31 December 2019 VND million	31 December 2018 VND million (restated)
<b>ASSETS</b>			
<b>Cash, gold and gemstones</b>	<b>5</b>	<b>8,146,848</b>	<b>6,911,704</b>
<b>Balances with the State Bank of Vietnam</b>	<b>6</b>	<b>24,855,833</b>	<b>23,167,119</b>
<b>Placements with and loans to other credit institutions</b>	<b>7</b>	<b>129,708,014</b>	<b>131,359,620</b>
Placements with other credit institutions		122,644,254	126,352,454
Loans to other credit institutions		7,063,760	5,007,166
<b>Securities held for trading</b>	<b>8</b>	<b>2,474,983</b>	<b>1,851,263</b>
Securities held for trading		2,474,983	1,851,263
<b>Derivatives and other financial assets</b>	<b>9</b>	<b>469,712</b>	<b>281,166</b>
<b>Loans to customers</b>		<b>912,464,202</b>	<b>843,102,654</b>
Loans to customers	10	925,252,830	855,912,638
Provision for credit losses on loans to customers	11	(12,788,628)	(12,809,984)
<b>Investment securities</b>	<b>12</b>	<b>103,346,746</b>	<b>100,572,703</b>
Available-for-sale securities	12.1	95,855,956	87,243,509
Held-to-maturity investments	12.2	15,367,993	16,013,551
Provision for investment securities	12.4	(7,877,203)	(2,684,357)
<b>Long-term investments</b>	<b>13</b>	<b>5,751,782</b>	<b>6,449,775</b>
Investments in subsidiaries	13.1	4,040,032	4,590,032
Investment in a joint venture	13.2	1,688,788	1,688,788
Other long-term investments		22,962	170,955
<b>Fixed assets</b>		<b>10,793,632</b>	<b>10,764,514</b>
Tangible fixed assets	14	6,314,789	6,090,006
Cost		14,577,971	13,699,399
Accumulated depreciation		(8,263,182)	(7,609,393)
Intangible fixed assets	15	4,478,843	4,674,508
Cost		6,172,117	6,148,803
Accumulated amortization		(1,693,274)	(1,474,295)
<b>Other assets</b>	<b>16</b>	<b>30,530,512</b>	<b>30,187,277</b>
Receivables	16.1	21,088,360	20,720,722
Accrued interest and fee receivables		6,498,602	6,436,905
Other assets	16.2	2,943,708	3,029,808
Provision for other assets		(158)	(158)
<b>TOTAL ASSETS</b>		<b>1,228,542,264</b>	<b>1,154,647,795</b>

SEPARATE BALANCE SHEET (continued)  
as at 31 December 2019

	<i>Notes</i>	<i>31 December 2019 VND million</i>	<i>31 December 2018 VND million (restated)</i>
<b>LIABILITIES</b>			
<b>Due to the Government and the State Bank of Vietnam</b>	<b>17</b>	<b>70,602,893</b>	<b>62,600,159</b>
<b>Deposits and borrowings from other credit institutions</b>	<b>18</b>	<b>106,799,400</b>	<b>108,751,130</b>
Deposits from other credit institutions	18.1	80,760,381	72,059,742
Borrowings from other credit institutions	18.2	26,039,019	36,691,388
<b>Customer deposits</b>	<b>19</b>	<b>889,792,714</b>	<b>824,345,711</b>
<b>Other borrowed and entrusted funds</b>	<b>20</b>	<b>5,775,899</b>	<b>5,934,029</b>
<b>Valuable papers issued</b>	<b>21</b>	<b>56,966,353</b>	<b>46,016,359</b>
<b>Other liabilities</b>		<b>24,298,446</b>	<b>41,979,114</b>
Interest and fee payables		17,710,303	15,701,863
Other payables	22.1	6,588,143	26,277,251
<b>TOTAL LIABILITIES</b>		<b>1,154,235,705</b>	<b>1,089,626,502</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	7,828,895
Undistributed profits		18,883,517	10,988,525
<b>TOTAL OWNERS' EQUITY</b>	<b>24</b>	<b>74,306,559</b>	<b>65,021,293</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>1,228,542,264</b>	<b>1,154,647,795</b>

SEPARATE BALANCE SHEET (continued)  
as at 31 December 2019

**OFF-BALANCE SHEET ITEMS**

	31 December 2019 VND million	31 December 2018 VND million (restated)
Credit guarantees	526,118	3,058,616
Foreign exchange commitments	190,185,460	167,327,100
- Foreign exchange commitments - buy	4,525,641	2,507,667
- Foreign exchange commitments - sell	4,741,892	2,724,166
- Currency swap contracts	180,917,927	162,095,267
Letters of credit	34,468,529	52,919,028
Other guarantees	51,482,054	57,321,625
Other commitments	20,798,816	37,414,889

Prepared by:



Ms. Le Viet Nga  
Deputy 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

17 February 2020

SEPARATE INCOME STATEMENT  
for the year ended 31 December 2019

	Notes	2019 VND million	2018 VND million (restated)
Interest and similar income	25	81,797,224	72,982,002
Interest and similar expenses	26	(49,149,250)	(51,495,825)
<b>Net interest and similar income</b>		<b>32,647,974</b>	<b>21,486,177</b>
Fee and commission income		5,735,987	4,212,848
Fee and commission expenses		(2,362,494)	(2,082,901)
<b>Net fee and commission income</b>	27	<b>3,373,493</b>	<b>2,129,947</b>
<b>Net gain from trading in foreign currencies</b>	28	<b>1,518,840</b>	<b>686,847</b>
<b>Net gain from securities held for trading</b>	29	<b>431,979</b>	<b>242,101</b>
<b>Net (loss)/gain from investment securities</b>	30	<b>(790,867)</b>	<b>213,810</b>
Other income		1,997,334	2,749,980
Other expenses		(801,557)	(967,149)
<b>Net gain from other activities</b>	31	<b>1,195,777</b>	<b>1,782,831</b>
<b>Income from investments in other entities</b>	32	<b>745,368</b>	<b>532,542</b>
<b>TOTAL OPERATING EXPENSES</b>	33	<b>(14,733,282)</b>	<b>(13,137,489)</b>
<b>Net profit before provision for credit losses</b>		<b>24,389,282</b>	<b>13,936,766</b>
Provision expense for credit losses		(12,928,207)	(7,743,247)
<b>PROFIT BEFORE TAX</b>		<b>11,461,075</b>	<b>6,193,519</b>
Current corporate income tax expense	23.1	(2,177,778)	(1,139,602)
<b>Corporate income tax expense</b>		<b>(2,177,778)</b>	<b>(1,139,602)</b>
<b>PROFIT AFTER TAX</b>		<b>9,283,297</b>	<b>5,053,917</b>

Prepared by:



Ms. Le Viet Nga  
Deputy Head of Financial  
Accounting Management  
Department

Reviewed by:



Mr. Nguyen Hai Hung  
Chief Accountant



Ms. Nguyen Hong Van  
Deputy General Director

Hanoi, Vietnam

17 February 2020

SEPARATE CASH FLOW STATEMENT  
for the year ended 31 December 2019

<u>Notes</u>	<u>2019</u> <u>VND million</u>	<u>2018</u> <u>VND million</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest and similar receipts	81,832,354	80,975,589
Interest and similar payments	(47,122,181)	(47,947,659)
Net fee and commission receipts	3,315,005	2,122,683
Net receipts from dealing in foreign currencies, gold and securities trading activities	326,124	1,142,758
Other (expenses)/income	(142,188)	70,245
Recoveries from bad debts written-off previously	1,304,723	1,944,503
Payments for operating and salary expenses	(13,512,603)	(13,838,356)
Corporate income tax paid during the year	23 (1,360,313)	(1,435,911)
<b>Net cash flows from operating profit before changes in operating assets and liabilities</b>	<b>24,640,921</b>	<b>23,033,852</b>
<b>Changes in operating assets</b>	<b>(87,766,893)</b>	<b>(58,442,084)</b>
(Increase)/decrease in deposits at and loans to other credit institutions	(2,056,594)	1,485,958
Decrease in trading securities	1,795,083	25,845,427
(Increase)/decrease in derivatives and other financial assets	(188,546)	247,596
Increase in loans to customers	(73,699,210)	(72,836,662)
Decrease in utilization of provision to write off loans to customers, securities, long-term investments and other receivables	(8,590,545)	(2,673,623)
Increase in other operating assets	(5,027,081)	(10,510,780)
<b>Changes in operating liabilities</b>	<b>61,285,055</b>	<b>59,801,180</b>
Increase in due to the SBV and the Government	8,002,734	47,393,260
Decrease in deposits and borrowings from other credit institutions	(1,951,730)	(3,304,584)
Increase in customers deposits	65,447,003	71,776,176
Increase in valuable papers issued (except for valuable papers issued for financing activities)	10,949,994	23,514,586
Decrease in other borrowed and entrusted funds	(158,130)	(430,129)
Decrease in other liabilities	(21,002,596)	(79,148,129)
Payments from reserves	(2,220)	-
<b>Net cash flows (used in)/from operating activities</b>	<b>(1,840,917)</b>	<b>24,392,948</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(521,696)	(991,909)
Proceeds from disposal of fixed assets	387,449	6,066
Payments for disposal of fixed assets	(251,423)	(5,037)
Proceeds from investments in other entities (sale, liquidation of subsidiaries, a joint venture, other long-term investments)	854,905	-
Dividends and profits received from long-term investments	588,456	532,542
<b>Net cash flows from/(used in) investing activities</b>	<b>1,057,691</b>	<b>(458,338)</b>

SEPARATE CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2019

	<i>Notes</i>	2019 VND million	2018 VND million
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend payment to shareholders		-	-
<b>Net cash flows used in financing activities</b>		-	-
<b>Net cash flows during the year</b>		<b>(783,226)</b>	<b>23,934,610</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>156,431,277</b>	<b>132,496,563</b>
<b>Gain/loss from exchange rate fluctuation</b>		<b>(1,116)</b>	<b>104</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>34</b>	<b>155,646,935</b>	<b>156,431,277</b>

Prepared by:



Ms. Le Viet Nga  
Deputy 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

17 February 2020

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
as at 31 December 2019 and for the year then ended**1. GENERAL INFORMATION**

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.

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***Location***

The Bank's Head Office is located at 108 Tran Hung Dao, Hoan Kiem District, Hanoi City, Vietnam. As at 31 December 2019, the Bank has one (01) Head Office; two (02) Representative offices (a representative office in Da Nang City and a representative office in Ho Chi Minh City); Nine (09) Non-business units include: one (01) Training and Human Resource Development School, one (01) Information Technology Center, one (01) Card Center, one (01) Center Trade finance and five (05) Cash Management Centers; one hundred and fifty five (155) branches and seven (07) subsidiaries; Foreign network includes: one (01) Representative office in Myanmar, two (02) Branches in the Federal Republic of Germany, one (01) 100%-capital bank in Lao People's Democratic Republic (Vietinbank Lao Limited).

***Employees***

The Bank has 22,331 employees as at 31 December 2019 (31 December 2018: 22,618 employees).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 1. GENERAL INFORMATION (continued)

**Subsidiaries**

As at 31 December 2019, the Bank has seven (07) directly owned subsidiary companies and one (01) subsidiary bank as follows:

<i>Subsidiaries</i>	<i>Operating Licence</i>	<i>Nature of Business</i>	<i>Ownership</i>
VietinBank Leasing Company Limited	Business Registration No. 0101047075/GP dated 10 March 2011 granted by Hanoi Authority for Planning and Investment	Finance and banking	100%
VietinBank Securities Joint Stock Company	Establishment and Operating License No. 107/UBCK - GP dated 1 July 2009 granted by State Securities Commission	Security market	75.6%
VietinBank Debt Management and Asset Exploitation Company Limited	Business Registration No. 0302077030/GP dated 20 July 2010 granted by Department of Planning and Investment of Ho Chi Minh City	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 2017 granted by the Ministry of Finance	Non-life insurance	73.4%
VietinBank Gold & Jewellery Trading Company Limited	Business Registration No. 0105011873/GP dated 25 November 2010 granted by Hanoi Authority for Planning and Investment	Gold, gold manipulation	100%
VietinBank Fund Management Company Limited	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 Limited	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%

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year 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.

### 2.2 Accounting currency

Currency used in preparation of financial statement of the Bank is Vietnam dong ("VND"). For the purpose of preparing separate financial statements as at 31 December 2019, all amounts are rounded to the nearest million and presented in VND million. The presentation makes no impact on readers' view of separate financial position, separate income statement and separate cash flows.

## 3. APPLIED ACCOUNTING STANDARDS AND SYSTEM

### 3.1 Statement of compliance

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

### 3.2 Accounting standards and system

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

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

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

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

The Bank has prepared the separate financial statements to reflect operations of the Bank only. It has also prepared the consolidated financial statements to reflect operations of the Bank and its subsidiaries in accordance with Vietnamese Accounting Standard No. 25 - *Consolidated financial statements and accounting for investments in subsidiaries*. The users of separate financial statements should read these separate financial statements together with the consolidated financial statements for the year ended 31 December 2019 in order to have adequate information about the consolidated financial position, consolidated results of operations and consolidated cash flows of the Bank and its subsidiaries.

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

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

The preparation of the 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 provision. The actual results may differ from such estimates and assumptions.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies adopted by the Bank in preparation of the separate financial statements are consistent with those followed in the preparation of the Bank's separate financial statements for the year ended 31 December 2018, except for the following change in the accounting policies:

*Circular No. 48/2019/TT-BTC providing guidance to the appropriation and use of provisions for devaluation of inventories, financial investments, bad receivable debts and warranty for products, goods and construction works at enterprises*

On 8 August 2019, the Ministry of Finance issued Circular No. 48/2019/TT-BTC ("Circular 48") providing guidance to the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad receivable debts and warranty for products, goods and construction works as a basis for determining deductible expenses when determining taxable income corporate income.

Key changes in Circular 48 are as below:

- ▶ Amending the guidance to the appropriation and use of provisions for devaluation of financial investments;
- ▶ Amending and supplementing the method of determining provisions for capital contribution, long-term investment;
- ▶ Amending the guidance to the appropriation and use of provisions for bad receivable debts.

Circular 48 has taken effect since 10 October 2019, applied from fiscal year 2019 and replaced Circular No. 228/2009/TT-BTC dated 7 December 2009, Circular No. 34/2011/TT-BTC dated 14 March 2011 and Circular No. 89/2013/TT-BTC dated 28 June 2013.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

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

##### 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 principal amounts outstanding at the end of the year.

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

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

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

##### 4.4 Loans to customers

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

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

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

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

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

###### *Loan classification*

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

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

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

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 loan.

*Specific provision*

Specific provision as at 31 December 2019 is made based on the principal balance less discounted value of collaterals multiplied by provision rates which are determined based on the loan classification results as at 30 November 2019.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

*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 SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

*Specific provision* (continued)

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

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

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

###### *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 of 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 and Circular No. 25/2018/TT-NHNN dated 24 October 2018 amending, supplementing Circular No. 10/2015/TT-NHNN guiding the implementation of a number of contents of Decree No. 55/2015/ND-CP dated 9 June 2015 issued by the Government on credit policies supporting agricultural and rural development.

The 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 31 December is made at 0.75% of total outstanding loans excluding placements with and loans to other credit institutions and loans classified as loss group as at 30 November 2019.

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

Provisions are recognized as an expense on the separate income statement and used to write-off bad debts. According to Circular 02, the Bank establishes a Risk Management Committee to deal with bad debts if they are classified 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 separate income statement.

Interest and dividends derived from securities held for trading are recognized on a cash basis in the 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 08 August 2019 issued by the Ministry of Finance. Provision for impairment is recognized in the separate income statement as "*Net gain/(loss) 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 SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year 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 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 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 (loss)/gain from investment securities*" account of the separate income statement.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

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

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

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

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 some 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 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 SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

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

##### 4.8 *Investments in subsidiaries*

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

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

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

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

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

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

Other long-term investments are investments in other entities in which the Bank holds less than 11% of voting rights. 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 the fiscal year.

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 SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year 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 separate financial statements. The corresponding cash received from these agreements is recognized in the separate balance sheet as a liability and the difference between the sale price and repurchase price is amortized in the separate income statement over the term of the agreement using the straight-line method based on the interest rate stipulated in the contract.

Conversely, securities purchased under agreements to resell at a specific date in the future are not recognized in the separate financial statements. The corresponding cash paid under these agreements is recognized as a loan in the separate balance sheet and the difference between the purchase price and resale price is amortized in the separate income statement over the term of the agreement using the straight-line method based on the interest rate stipulated in the contract.

##### 4.12 *Fixed assets*

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

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

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

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

##### 4.13 *Depreciation and amortization*

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

Buildings and structure	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.

##### 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

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

##### 4.14 *Receivables* (continued)

##### 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 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 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.

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

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

Interest income and interest expenses are recognized in the separate income statement on an accrual basis using the nominal interest rates. The recognition of accrued interest income of a loan is suspended when such loan is classified in group 2 to 5 in compliance with Circular 02. Suspended interest income is reversed and monitored off-balance sheet and recognized in the separate income statement upon actual receipt.

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

Dividends 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

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

##### 4.16 *Recognition of income and expense* (continued)

###### 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 not yet collected*

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

##### 4.17 *Deposits from other credit institutions, customers and valuable papers issued*

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

##### 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 separate balance sheet date (*Note 47*). Income and expenses arising in foreign currencies during the year 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 separate balance sheet and will be transferred to the separate income statement.

##### 4.19 *Payables and accruals*

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

##### 4.20 *Corporate income taxes*

###### *Current income tax*

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

Current income tax is charged or credited to the 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

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

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

###### *Deferred tax*

Deferred tax is provided on temporary differences at the 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 payables are determined on the basis of expected tax rates applied for the accounting year 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 the accounting year.

##### 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 separate balance sheet and will be transferred to the separate income statement at the end of the accounting year.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

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

##### 4.22 *Derivatives* (continued)

###### *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.

The currency swap contracts are revalued periodically. Gains or losses realized or unrealized are recognized in the "Foreign exchange differences" under "Owners' equity" in the separate balance sheet and will be transferred to the separate income statement at the end of the accounting year.

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

##### 4.23 *Employee benefits*

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

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 KPI 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).

###### 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 labor 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 labor contract of the latest six – month period up to the resignation date.

###### 4.23.3 *Unemployment insurance*

According to Circular No. 28/2015/TT-BLĐTBXH 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

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

##### 4.24 Capital and reserves

###### 4.24.1 Ordinary shares

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

###### 4.24.2 Share premium

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

###### 4.24.3 Reserves

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

- ▶ Supplementary charter capital reserve: 5% of net profit after tax and does not exceed charter capital;
- ▶ Financial reserve: 10% of net profit after tax;
- ▶ Bonus to the Management, bonus and welfare funds are appropriated according to the decisions of the Annual General Shareholders' Meeting.
- ▶ 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 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 SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 5. CASH, GOLD AND GEMSTONES

	<i>31 December 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
Cash on hand in VND	7,325,093	5,757,689
Cash on hand in foreign currencies	821,755	1,154,015
	<b>8,146,848</b>	<b>6,911,704</b>

## 6. BALANCES WITH THE STATE BANK OF VIETNAM ("SBV")

	<i>31 December 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
Balance with the SBV		
<i>In VND</i>	21,201,441	19,738,230
<i>In foreign currencies</i>	3,654,392	3,428,889
	<b>24,855,833</b>	<b>23,167,119</b>

Balances with the SBV include current account and compulsory reserves. In accordance with regulations of the SBV, the Bank must maintain a certain reserve with the SBV in form of compulsory reserves. As at 31 December 2019, compulsory reserves in VND and in foreign currencies bear interest rate of 0.8% per annum and 0% per annum, respectively.

Compulsory reserve balances for deposits in VND applicable to credit institutions as at 31 December 2019 are as follows:

- ▶ Compulsory reserve balance is 3% of the preceding month's average balance for demand deposits and term deposits in VND with terms of less than 12 months;
- ▶ Compulsory reserve balance is 1% of the preceding month's average balance for deposits in VND with terms of 12 months or more.

Compulsory reserve balances for deposits in foreign currencies applicable to credit institutions as at 31 December 2019 are as follows:

- ▶ Compulsory reserve balance is 8% of the preceding month's average balance for demand deposits and term deposits in foreign currencies with terms of less than 12 months;
- ▶ Compulsory reserve balance is 6% of the preceding month's average balance for deposits in foreign currencies with terms of 12 months or more;
- ▶ Compulsory reserve balance is 1% of the preceding month's average balance for deposits in foreign currencies from overseas credit institutions.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

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

	<u>31 December 2019</u> VND million	<u>31 December 2018</u> VND million
<b>Placements with other credit institutions</b>		
Current accounts	60,000,469	68,610,799
- In VND	54,724,431	60,110,286
- In foreign currencies	5,276,038	8,500,513
Term deposits	62,643,785	57,741,655
- In VND	34,665,000	38,591,000
- In foreign currencies	27,978,785	19,150,655
	<b><u>122,644,254</u></b>	<b><u>126,352,454</u></b>
<b>Loans to other credit institutions</b>		
In VND	6,564,080	4,502,710
In foreign currencies	499,680	504,456
	<b><u>7,063,760</u></b>	<b><u>5,007,166</u></b>
	<b><u>129,708,014</u></b>	<b><u>131,359,620</u></b>

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

	<u>31 December 2019</u> VND million	<u>31 December 2018</u> VND million
Current	69,707,545	62,748,821

## 8. SECURITIES HELD FOR TRADING

	<u>31 December 2019</u> VND million	<u>31 December 2018</u> VND million
<b>Debt securities</b>		
Government securities	2,363,665	1,276,084
Securities issued by other domestic credit entities	111,318	575,179
	<b><u>2,474,983</u></b>	<b><u>1,851,263</u></b>
<b>Securities held for trading by listing status</b>		
	<u>31 December 2019</u> VND million	<u>31 December 2018</u> VND million
<b>Debt securities</b>		
Listed securities	2,474,983	1,851,263
Unlisted securities	-	-
	<b><u>2,474,983</u></b>	<b><u>1,851,263</u></b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 9. DERIVATIVES AND OTHER FINANCIAL ASSETS

	<u>31 December 2019</u> VND million	<u>31 December 2018</u> VND million
<b>Currency derivative financial instruments</b>	<b>460,677</b>	<b>195,848</b>
Foreign exchange forward contracts	45,185	(79,987)
Foreign exchange swap contracts	415,492	275,835
<b>Commodity options contracts</b>	<b>-</b>	<b>-</b>
<b>Other derivative financial instruments</b>	<b>9,035</b>	<b>85,318</b>
	<b>469,712</b>	<b>281,166</b>

## 10. LOANS TO CUSTOMERS

	<u>31 December 2019</u> VND million	<u>31 December 2018</u> VND million
Loans to domestic economic entities and individuals	920,020,584	851,138,265
Discounted bills and valuable papers	1,389,621	1,026,188
Payments on behalf of customers	10,337	96,054
Loans financed by entrusted funds	348,928	452,354
Loans to foreign economic entities and individuals	3,483,360	3,199,777
	<b>925,252,830</b>	<b>855,912,638</b>

### 10.1 Analysis of loan portfolio by quality

	<u>31 December 2019</u> VND million	<u>31 December 2018</u> VND million (restated)
Current	909,030,352	837,081,982
Special mention	5,563,111	5,176,885
Substandard	1,944,632	2,131,824
Doubtful	1,517,753	1,984,285
Loss	7,196,982	9,537,662
	<b>925,252,830</b>	<b>855,912,638</b>

### 10.2 Analysis of loan portfolio by original maturity

	<u>31 December 2019</u> VND million	<u>31 December 2018</u> VND million
Short term loans	533,784,301	484,073,046
Medium term loans	59,551,204	68,177,014
Long term loans	331,917,325	303,662,578
	<b>925,252,830</b>	<b>855,912,638</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 10. LOANS TO CUSTOMERS (continued)

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

	31 December 2019		31 December 2018	
	VND million	%	VND million	%
State-owned companies	42,213,282	4.56	35,740,891	4.18
One-member limited liability companies with 100% of charter capital	33,256,122	3.59	38,826,236	4.54
Two or more member - limited liability companies with over 50% of charter capital or being controlled by the State	6,628,148	0.72	6,559,862	0.77
Other limited liability companies	208,030,132	22.48	190,666,004	22.28
Joint stock companies with over 50% of charter capital or voting share capital; or being controlled by the State	35,144,426	3.80	31,940,752	3.73
Other joint-stock companies	262,912,920	28.42	245,718,147	28.70
Partnership companies	48,495	0.01	25,244	-
Private enterprises	12,044,883	1.30	12,228,918	1.43
Foreign invested enterprises	48,318,179	5.22	45,597,397	5.33
Co-operatives and unions of co-operatives	1,365,946	0.15	1,338,775	0.16
Household business and individuals	272,804,974	29.48	244,826,819	28.60
Operation administration entities, the Party, unions and associations	1,553,548	0.17	2,173,765	0.25
Others	931,775	0.10	269,828	0.03
	<b>925,252,830</b>	<b>100</b>	<b>855,912,638</b>	<b>100</b>

### 10.4 Analysis of loan portfolio by sectors

	31 December 2019		31 December 2018	
	VND million	%	VND million	%
Construction	96,298,593	10.41	93,834,048	10.96
Electricity, petroleum and steam	32,496,163	3.51	27,144,981	3.17
Production and processing	233,031,684	25.19	230,415,228	26.92
Mining	16,831,488	1.82	18,617,766	2.18
Agricultural, forestry and aquaculture	38,582,200	4.17	35,412,082	4.14
Transportation, logistics and information	22,106,696	2.39	19,258,157	2.25
Wholesale and retail trade, repairing of motor vehicles, motor cycles	293,647,093	31.74	253,798,461	29.65
Trading and services	133,026,705	14.38	118,672,369	13.87
Households services, production of material products and services used by households	41,905,037	4.53	44,614,139	5.21
Other activities	17,327,171	1.86	14,145,407	1.65
	<b>925,252,830</b>	<b>100</b>	<b>855,912,638</b>	<b>100</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
 as at 31 December 2019 and for the year then ended

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

Movement of provision for credit losses on loans to customers during the year 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 in the year	163,950	8,405,239	8,569,189
Provision used to write-off bad debts	-	(8,590,545)	(8,590,545)
<b>Closing balance as at 31 December 2019</b>	<b>6,717,340</b>	<b>6,071,288</b>	<b>12,788,628</b>

Movement of provision for credit losses on loans to customers during the year 2018 are as follows:

	<i>General provision VND million (restated)</i>	<i>Specific provision VND million (restated)</i>	<i>Total VND million (restated)</i>
Opening balance as at 1 January 2018	5,760,739	2,327,122	8,087,861
Provision charged in the year	792,651	4,159,424	4,952,075
Provision used to write-off bad debts	-	(229,952)	(229,952)
<b>Closing balance as at 31 December 2018</b>	<b>6,553,390</b>	<b>6,256,594</b>	<b>12,809,984</b>

**12. INVESTMENT SECURITIES**
**12.1 Available-for-sale securities**

	<i>31 December 2019 VND million</i>	<i>31 December 2018 VND million</i>
<b>Debt securities</b>	<b>95,479,341</b>	<b>86,844,607</b>
Government bonds	44,898,960	41,709,054
Bonds issued by domestic credit institutions	34,583,205	23,629,095
Bonds issued by domestic economic entities	15,997,176	21,506,458
<b>Equity securities</b>	<b>376,615</b>	<b>398,902</b>
Equity securities issued by domestic economic entities	376,615	398,902
<b>Provision for available-for-sale securities</b>	<b>(1,285,284)</b>	<b>(451,456)</b>
In which:		
Provision for diminution in value	(168,306)	(117,473)
General provision	(286,128)	(333,983)
Specific provision	(830,850)	-
	<b>94,570,672</b>	<b>86,792,053</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 12. INVESTMENT SECURITIES (continued)

### 12.2 Held-to-maturity securities

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

	31 December 2019 VND million	31 December 2018 VND million
<b>Debts securities</b>	<b>2,586,748</b>	<b>2,586,748</b>
Government bonds	2,200,000	2,200,000
Bonds issued by domestic economic entities	386,748	386,748
<b>Provision for held-to-maturity securities</b>	<b>(2,901)</b>	<b>(2,901)</b>
General provision	(2,901)	(2,901)
	<b>2,583,847</b>	<b>2,583,847</b>

#### 12.2.2 Special bonds issued by VAMC

	31 December 2019 VND million	31 December 2018 VND million
Special bonds	12,781,245	13,426,803
Provision for special bonds	(6,589,018)	(2,230,000)
	<b>6,192,227</b>	<b>11,196,803</b>

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

	31 December 2019 VND million	31 December 2018 VND million
Current	40,064,467	39,489,879
Special mention	-	590,000
Substandard	-	-
Doubtful	-	-
Loss	590,000	480,850
	<b>40,654,467</b>	<b>40,560,729</b>

### 12.4 Provision for investment securities

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

### 13. LONG-TERM INVESTMENTS

Analysis by type of investment

	<i>31 December 2019</i> VND million	<i>31 December 2018</i> VND million
Investments in subsidiaries ( <i>Note 13.1</i> )	4,040,032	4,590,032
Investment in a joint venture ( <i>Note 13.2</i> )	1,688,788	1,688,788
Other long-term investments	22,962	170,955
	<b>5,751,782</b>	<b>6,449,775</b>

#### 13.1 Investments in subsidiaries

	<i>31 December 2019</i> Cost VND million	<i>31 December 2018</i> Cost VND million
<i>Subsidiaries</i>		
VietinBank Leasing Company Limited	1,000,000	1,000,000
VietinBank Securities Joint Stock Company	597,232	597,232
VietinBank Debt Management and Asset Exploitation Company Limited	120,000	120,000
VietinBank Insurance Joint Stock Corporation	489,150	489,150
VietinBank Fund Management Company Limited	500,000	950,000
VietinBank Gold & Jewellery Trading Company Limited	200,000	300,000
VietinBank Global Money Transfer Company Limited	50,000	50,000
VietinBank Lao Limited	1,083,650	1,083,650
	<b>4,040,032</b>	<b>4,590,032</b>

#### 13.2 Investment in a joint venture

	<i>31 December 2019</i>		<i>31 December 2018</i>	
	<i>Cost</i> VND million	<i>% owned</i>	<i>Cost</i> VND million	<i>% owned</i>
Indovina Bank Limited	1,688,788	50%	1,688,788	50%
	<b>1,688,788</b>		<b>1,688,788</b>	

Indovina Bank Limited was established in Vietnam with 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 31 December 2019, the charter capital of Indovina Bank Limited is USD 193,000,000.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

#### 14. TANGIBLE FIXED ASSETS

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

	Building & construction VND million	Machines & equipment VND million	Transportation vehicles VND million	Other tangible fixed assets VND million	Total VND million
<b>Cost</b>					
Opening balance ( <i>restated</i> )	7,127,570	4,968,625	1,311,084	292,120	13,699,399
Additions	54,666	147,135	159,116	25,749	386,666
Transfer from construction in progress	375,143	51,826	17,098	18,310	462,377
Reclassification	-	(1,141)	-	1,141	-
Disposals	(26,068)	(35,443)	(25,391)	(3,352)	(90,254)
Other increases/(decreases)	(9,834)	124,906	3,873	838	119,783
Closing balance	7,521,477	5,255,908	1,465,780	334,806	14,577,971
<b>Accumulated depreciation</b>					
Opening balance ( <i>restated</i> )	1,981,480	4,474,706	931,154	222,053	7,609,393
Depreciation during the year	271,371	287,453	119,210	47,103	725,137
Reclassification	-	(39)	-	39	-
Disposals	(4,235)	(33,487)	(24,577)	(3,148)	(65,447)
Other increases/(decreases)	132	(7,093)	104	956	(5,901)
Closing balance	2,248,748	4,721,540	1,025,891	267,003	8,263,182
<b>Net book value</b>					
Opening balance ( <i>restated</i> )	5,146,090	493,919	379,930	70,067	6,090,006
Closing balance	5,272,729	534,368	439,889	67,803	6,314,789

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**15. INTANGIBLE FIXED ASSETS**

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

	<i>Land use rights</i> VND million	<i>Other intangible</i> <i>fixed assets</i> VND million	<i>Total</i> VND million
<b>Cost</b>			
Opening balance ( <i>restated</i> )	4,247,180	1,901,623	6,148,803
Additions	6,020	-	6,020
Disposals	(255,091)	(1,888)	(256,979)
Other increases	5,748	268,525	274,273
Closing balance	4,003,857	2,168,260	6,172,117
<b>Accumulated amortization</b>			
Opening balance ( <i>restated</i> )	289,097	1,185,198	1,474,295
Amortization during the year	38,065	189,038	227,103
Disposals	(5,723)	(681)	(6,404)
Other decreases	(1,720)	-	(1,720)
Closing balance	319,719	1,373,555	1,693,274
<b>Net book value</b>			
Opening balance ( <i>restated</i> )	3,958,083	716,425	4,674,508
Closing balance	3,684,138	794,705	4,478,843

**16. OTHER ASSETS**

**16.1 Receivables**

	31 December 2019 VND million	31 December 2018 VND million ( <i>restated</i> )
Internal receivables	275,315	438,646
External receivables	14,037,901	13,050,159
<i>In which: Corporate income tax receivable</i>	-	178,058
Construction in progress	5,730,014	5,865,048
- <i>Constructions in the North</i>	5,247,938	5,144,184
- <i>Constructions in the Central</i>	304,640	559,290
- <i>Constructions in the South</i>	177,436	161,574
Fixed assets in purchase or under repair	1,045,130	1,366,869
	<b>21,088,360</b>	<b>20,720,722</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**16. OTHER ASSETS (continued)**

**16.2 Other assets**

	<i>31 December 2019</i>	<i>31 December 2018</i>
	<i>VND million</i>	<i>VND million (restated)</i>
Materials and tools	103,458	140,964
Prepaid expenses	2,701,001	2,764,618
Other assets	139,249	124,226
	<b>2,943,708</b>	<b>3,029,808</b>

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

	<i>31 December 2019</i>	<i>31 December 2018</i>
	<i>VND million</i>	<i>VND million</i>
<b>Borrowings from the SBV</b>	<b>2,616,734</b>	<b>3,394,517</b>
Borrowings based on the credit files	2,609,776	3,387,559
Borrowings to support State-owned enterprises	6,958	6,958
<b>Deposits from the State Treasury and other dues</b>	<b>67,986,159</b>	<b>59,205,642</b>
In VND	67,986,159	59,204,977
In foreign currencies	-	665
	<b>70,602,893</b>	<b>62,600,159</b>

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

**18.1 Deposits from other credit institutions**

	<i>31 December 2019</i>	<i>31 December 2018</i>
	<i>VND million</i>	<i>VND million</i>
<b>Demand deposits</b>	<b>41,545,666</b>	<b>45,922,912</b>
In VND	41,195,665	45,533,202
In foreign currencies	350,001	389,710
<b>Term deposits</b>	<b>39,214,715</b>	<b>26,136,830</b>
In VND	35,646,997	24,462,300
In foreign currencies	3,567,718	1,674,530
	<b>80,760,381</b>	<b>72,059,742</b>

**18.2 Borrowings from other credit institutions**

	<i>31 December 2019</i>	<i>31 December 2018</i>
	<i>VND million</i>	<i>VND million</i>
In VND	2,594,812	3,944,307
In foreign currencies	23,444,207	32,747,081
	<b>26,039,019</b>	<b>36,691,388</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 19. CUSTOMER DEPOSITS

	31 December 2019 VND million	31 December 2018 VND million
Demand deposits	145,290,265	123,617,410
- Demand deposits in VND	120,575,191	99,876,608
- Demand deposits in foreign currencies	24,715,074	23,740,802
Term deposits	739,159,479	693,575,062
- Term deposits in VND	712,430,618	665,749,679
- Term deposits in foreign currencies	26,728,861	27,825,383
Deposits for specific purpose	2,346,604	4,150,652
- Deposits for specific purpose in VND	1,517,085	2,554,898
- Deposits for specific purpose in foreign currencies	829,519	1,595,754
Margin deposits	2,996,366	3,002,587
- Margin deposits in VND	2,693,387	2,696,972
- Margin deposits in foreign currencies	302,979	305,615
	<b>889,792,714</b>	<b>824,345,711</b>

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

	31 December 2019		31 December 2018	
	VND million	%	VND million	%
State-owned companies	134,000,840	15.06	144,851,001	17.57
Single-member limited liability companies with 100% State ownership	18,923,758	2.13	32,469,546	3.94
Multi-member limited liability companies with over 50% State ownership or being controlled by the State	1,329,581	0.15	1,676,433	0.20
Other limited liability companies	34,204,281	3.84	27,172,655	3.30
Joint stock companies with over 50% of charter capital or voting shares owned by the Government ; or being controlled by the State	38,602,747	4.34	23,923,796	2.90
Other joint-stock companies	55,475,848	6.23	52,978,829	6.43
Partnership companies	3,657,234	0.41	2,642,221	0.32
Private enterprises	1,996,287	0.22	866,411	0.10
Foreign invested enterprises	72,922,401	8.20	57,588,086	6.99
Co-operatives and unions of co-operative	451,800	0.05	170,954	0.02
Household business and individuals	470,801,144	52.92	434,180,151	52.67
Operation administration entities, the Party, unions and associations	35,151,359	3.95	30,149,877	3.66
Others	22,275,434	2.50	15,675,751	1.90
	<b>889,792,714</b>	<b>100</b>	<b>824,345,711</b>	<b>100</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**20. OTHER BORROWED AND ENTRUSTED FUNDS**

	<i>31 December 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
Funds received in VND	750,505	849,358
Funds received in foreign currencies	5,025,394	5,084,671
	<b>5,775,899</b>	<b>5,934,029</b>

**21. VALUABLE PAPERS ISSUED**

	<i>31 December 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
<b>In VND</b>	<b>56,965,477</b>	<b>46,015,482</b>
Par value	56,965,477	46,015,482
<b>In foreign currencies</b>	<b>876</b>	<b>877</b>
Par value	876	877
	<b>56,966,353</b>	<b>46,016,359</b>

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

	<i>Bills of exchange VND million</i>	<i>Bearer bonds VND million</i>	<i>Book-entry bonds VND million</i>	<i>Certificates of deposits VND million</i>	<i>Total VND million</i>
Less than 12 months	197	-	-	-	197
- <i>In VND</i>	197	-	-	-	197
From 12 months to under 5 years	-	166	5,450,000	19,450,890	24,901,056
- <i>In VND</i>	-	166	5,450,000	19,450,014	24,900,180
- <i>In foreign currencies</i>	-	-	-	876	876
From 5 years	-	-	32,065,100	-	32,065,100
- <i>In VND</i>	-	-	32,065,100	-	32,065,100
- <i>In foreign currencies</i>	-	-	-	-	-
<b>Closing balance</b>	<b>197</b>	<b>166</b>	<b>37,515,100</b>	<b>19,450,890</b>	<b>56,966,353</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**22. OTHER LIABILITIES**

**22.1 Other payables**

	<i>31 December 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i> <i>(restated)</i>
Internal payables	2,132,438	1,698,789
External payables (*)	4,142,710	23,083,114
Bonus, welfare funds	312,995	1,495,348
	<b>6,588,143</b>	<b>26,277,251</b>

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

	<i>31 December 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i> <i>(restated)</i>
Collection, payment on behalf of other organizations	1,491,175	20,950,931
Amounts kept for customers and awaiting for settlement	150,501	131,942
Corporate income tax payable/(refund)	608,984	(32,602)
Other items awaiting for payment	1,014,971	956,283
Tax and fee payables	170,111	139,506
Payables to the SBV due to the collection of written-off debts	92,380	90,046
Payables related to trade finance activities	6,008	6,005
Money transfer payable	117,675	522,803
Other payables	490,905	318,200
	<b>4,142,710</b>	<b>23,083,114</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

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

	Opening balance VND million (restated)	Movements during the year		Closing balance VND million
		Payables VND million	Paid VND million	
Value added tax	20,977	394,193	402,183	12,987
Corporate income tax	(210,660)	2,179,957	1,360,313	608,984
Other taxes	118,529	668,672	662,336	124,865
	<b>(71,154)</b>	<b>3,242,822</b>	<b>2,424,832</b>	<b>746,836</b>

#### 23.1 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 for many types of transactions is susceptible to varying interpretations, amount reported in the separate financial statements could be changed at a later date upon final determination of the tax authorities.

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

Provision for current income tax expense is computed as follows:

	2019 VND million	2018 VND million (restated)
<b>Profit before tax</b>	<b>11,461,075</b>	<b>6,193,519</b>
Plus/(minus)		
- Dividend income	(588,456)	(532,542)
- Others	16,270	37,035
<b>Estimated taxable income</b>	<b>10,888,889</b>	<b>5,698,012</b>
<b>CIT expenses in the year</b>	<b>2,177,778</b>	<b>1,139,602</b>
<b>CIT payable at the beginning of the year</b>	<b>(210,660)</b>	<b>85,636</b>
CIT paid during the year	(1,360,313)	(1,435,911)
Adjustment CIT difference of previous years	2,179	13
<b>Current income tax payable at the end of the year</b>	<b>608,984</b>	<b>(210,660)</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 24. OWNERS' EQUITY AND RESERVES

### 24.1 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 2018</b>	<b>37,234,046</b>	<b>8,969,827</b>	<b>2,357,947</b>	<b>4,691,966</b>	<b>8,418,544</b>	<b>61,672,330</b>
Net profit for the year (restated)	-	-	-	-	5,053,917	5,053,917
Appropriation to reserves	-	-	259,661	519,321	(778,982)	-
Appropriation of the Bank bonus and welfare funds	-	-	-	-	(1,674,873)	(1,674,873)
Other adjustments	-	-	-	-	(30,081)	(30,081)
<b>Balance as at 31 December 2018 (restated)</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)	-
Appropriation of the Bank bonus and welfare funds	-	-	-	-	-	-
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>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

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

### 24.2 Equity

Details of the Bank's shares are as follows:

	31 December 2019		31 December 2018	
	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.

## 25. INTEREST AND SIMILAR INCOME

	2019	2018
	VND million	VND million (restated)
Interest income from deposits	3,094,131	2,230,777
Interest income from loans to customers	71,110,751	60,875,114
Interest income from debt securities	6,373,415	8,777,005
Income from guarantee activities	644,324	649,319
Other income from credit activities	574,603	449,787
	<b>81,797,224</b>	<b>72,982,002</b>

## 26. INTEREST AND SIMILAR EXPENSES

	2019	2018
	VND million	VND million
Interest expenses for deposits	44,238,096	40,851,060
Interest expenses for borrowings	1,027,871	1,878,893
Interest expenses for valuable papers issued	3,680,910	2,218,639
Other expenses for credit activities	202,373	6,547,233
	<b>49,149,250</b>	<b>51,495,825</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**27. NET FEE AND COMMISSION INCOME**

	<i>2019</i> <i>VND million</i>	<i>2018</i> <i>VND million</i> <i>(restated)</i>
<b>Fee and commission income</b>	<b>5,735,987</b>	<b>4,212,848</b>
Settlement services	3,240,862	2,570,880
Consulting activities	78,693	45,651
Trustee and agency services	136,012	84,876
Other services	2,280,420	1,511,441
<b>Fee and commission expenses</b>	<b>(2,362,494)</b>	<b>(2,082,901)</b>
Settlement services	(1,816,121)	(1,543,197)
Trustee and agency services	(13,172)	(14,713)
Treasury services	(300,231)	(280,976)
Other services	(232,970)	(244,015)
<b>Net fee and commission income</b>	<b>3,373,493</b>	<b>2,129,947</b>

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

	<i>2019</i> <i>VND million</i>	<i>2018</i> <i>VND million</i>
<b>Income from trading in foreign currencies</b>	<b>2,374,698</b>	<b>1,710,030</b>
Income from trading in spot foreign currencies	911,312	819,581
Income from gold trading	-	-
Income from trading in currency derivatives	1,463,386	890,449
<b>Expenses for trading in foreign currencies</b>	<b>(855,858)</b>	<b>(1,023,183)</b>
Expenses for trading in spot foreign currencies	(55,662)	(106,442)
Expenses for gold trading	-	-
Expenses for trading in currency derivatives	(800,196)	(916,741)
<b>Net gain from trading in foreign currencies</b>	<b>1,518,840</b>	<b>686,847</b>

**29. NET GAIN FROM SECURITIES HELD FOR TRADING**

	<i>2019</i> <i>VND million</i>	<i>2018</i> <i>VND million</i>
Income from securities held for trading	435,369	298,658
Expenses for securities held for trading	(3,390)	(56,557)
<b>Net gain from securities held for trading</b>	<b>431,979</b>	<b>242,101</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

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

	2019 VND million	2018 VND million
Income from trading in investment securities	43,218	102,247
Expense for trading in investment securities	(257)	(31,639)
Provision reversed/(charged) for investment securities (Note 12.4)	(833,828)	143,202
<b>Net gain/(loss) from investment securities</b>	<b>(790,867)</b>	<b>213,810</b>

**31. NET GAIN FROM OTHER ACTIVITIES**

	2019 VND million	2018 VND million (restated)
<b>Income from other activities</b>	<b>1,997,334</b>	<b>2,749,980</b>
Income from recovery of bad debts previously written-off	1,304,723	1,944,503
Income from other derivatives	408,870	541,505
Income from transfer, disposal of assets	137,844	6,066
Other income	145,897	257,906
<b>Expenses for other activities</b>	<b>(801,557)</b>	<b>(967,149)</b>
Expenses for other derivatives	(377,461)	(449,114)
Expenses for transfer, disposal of assets	(1,818)	(5,037)
Other expenses	(422,278)	(512,998)
<b>Net gain from other activities</b>	<b>1,195,777</b>	<b>1,782,831</b>

**32. INCOME FROM INVESTMENTS IN OTHER ENTITIES**

	2019 VND million	2018 VND million
Dividend received from equity securities	1,388	6,084
Dividend received from capital contribution	587,068	526,458
Income from liquidation and divestment of investment capital	156,912	-
	<b>745,368</b>	<b>532,542</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**33. TOTAL OPERATING EXPENSES**

	2019 <i>VND million</i>	2018 <i>VND million (restated)</i>
<b>Expenses on taxes, fees and charges</b>	<b>17,524</b>	<b>23,853</b>
<b>Personnel expenses</b>	<b>9,024,732</b>	<b>7,011,032</b>
Salary and allowances	7,419,278	5,515,510
Expenses related to salary	530,967	527,289
Allowances	2,994	14,267
Other expenses	1,071,493	953,966
<b>Expenses on assets</b>	<b>2,210,981</b>	<b>2,322,571</b>
Depreciation and amortization expenses	952,240	1,021,001
Others	1,258,741	1,301,570
<b>Administrative expenses</b>	<b>2,819,158</b>	<b>3,151,743</b>
Per-diem	148,039	200,858
Expenses for union activities	30,755	50,495
Other expenses	2,640,364	2,900,390
<b>Insurance premium for customers' deposits</b>	<b>660,887</b>	<b>628,290</b>
	<b>14,733,282</b>	<b>13,137,489</b>

**34. CASH AND CASH EQUIVALENTS**

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

	31 December 2019 <i>VND million</i>	31 December 2018 <i>VND million</i>
Cash and cash equivalents on hand	8,146,848	6,911,704
Balances with the SBV	24,855,833	23,167,119
Current accounts at other credit institutions	60,000,469	68,610,799
Placements with other credit institutions with terms not exceeding 3 months	62,643,785	57,741,655
Securities with maturity or recovery terms not exceeding 3 months from the date of purchase	-	-
	<b>155,646,935</b>	<b>156,431,277</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**35. EMPLOYEES' REMUNERATIONS**

	2019 VND million	2018 VND million (restated)
<b>I. Total number of employees (persons) (*)</b>	<b>22,331</b>	<b>22,618</b>
<b>II. Employees' remuneration (VND million)</b>		
1. Total salary fund	7,419,278	5,515,510
2. Other remuneration	303,402	295,428
3. Total remuneration (1+2)	7,722,680	5,810,938
4. Average monthly salary (**)	27.87	20.52
5. Average monthly remuneration (**)	29.01	21.62

(\*) Data as at 31 December

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

**36. COLLATERALS AND MORTGAGES**

**36.1 Assets, valuable papers taken for mortgage, pledge and discount, rediscount**

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

	31 December 2019 VND million	31 December 2018 (restated) VND million
Real estates	1,270,748,160	1,073,830,621
Movables	66,229,113	74,764,621
Deposits, gold, gemstones, valuable papers	141,324,140	128,362,692
Other assets	491,325,645	485,363,402
	<b>1,969,627,058</b>	<b>1,762,321,336</b>

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

As at 31 December 2019, the Bank did not hold any collateral which the Bank is permitted to sell or re-pledge for a third party in the absence of default by the customers (owner of the collaterals) who are able to pay off the debt according to the law.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

### 37. 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).

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

#### Related organizations

<i>Related parties</i>	<i>Relationship</i>	<i>Balances</i>	<i>31 December</i>	<i>31 December</i>
			<i>2019</i>	<i>2018</i>
			<i>VND million</i>	<i>VND million</i>
The State Bank of Vietnam ("the SBV")	Owner and direct management agency	Deposits of the Bank at the SBV	24,855,833	23,167,119
		Borrowings from the SBV	2,616,734	3,394,517
Subsidiaries/ Joint venture	Subsidiary/ Join venture	Deposits of the Bank	5,514,580	2,337,267
		Borrowings from the Bank	760,000	772,000
		Interest receivable from loans	7,383	4,723
		Deposits of at the Bank	5,148,181	1,531,657
		Interest payable for deposits	11,063	10,008

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

### 37. RELATED PARTY TRANSACTIONS (continued)

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

#### Related Organizations

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>2019</i> <i>VND million</i>	<i>2018</i> <i>VND million</i>
The State Bank of Vietnam ("the SBV")	Owner and direct management agency	Increase in deposits at the SBV	1,688,714	2,414,131
		Decrease in borrowings from the SBV	(777,783)	(712,764)
Subsidiaries/Join venture	Subsidiary/Join venture	Increase in deposits of the Bank	3,177,313	741,050
		Decrease in borrowings from the Bank	(12,000)	(147,200)
		Increase in interest receivable from loans	2,660	1,122
		Increase/(decrease) in deposits at the Bank	3,616,524	(1,042,092)
		Increase in interest payable for deposits	1,055	3,044
		Interest income	49,353	36,797
		Deposits interest income	75,102	67,722
		Deposits interest expense	(31,037)	(41,702)

#### Related Individual

<i>Related parties</i>	<i>Transactions</i>
Board of Directors, Supervisory Board and 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. 20/NQ-DHDCD dated 23 April 2019 approved by the General Meeting of Shareholders.

### 38. GEOGRAPHICAL SEGMENT INFORMATION

<i>Items</i>	<i>Unit: VND million</i>			
	<i>North</i>	<i>South</i>	<i>Others</i>	<i>Total</i>
<b>Segment profit before tax</b>	<b>8,585,682</b>	<b>394,109</b>	<b>2,481,284</b>	<b>11,461,075</b>
Current corporate income tax expense	(2,161,767)	-	(16,011)	(2,177,778)
<b>Segment profit after corporate income tax</b>	<b>6,423,915</b>	<b>394,109</b>	<b>2,465,273</b>	<b>9,283,297</b>
Segment assets	701,412,574	384,073,730	143,055,960	1,228,542,264
Segment liabilities	637,449,128	376,347,642	140,438,935	1,154,235,705

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
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### 39. 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	929,134,284	1,037,535,103	86,407,609	469,712	113,698,932
Overseas	3,182,306	1,004,151	69,092	-	-
	<b>932,316,590</b>	<b>1,038,539,254</b>	<b>86,476,701</b>	<b>469,712</b>	<b>113,698,932</b>

### 40. 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. Since 2013, the Bank has begun to research and gradually implemented the Basel Accord standards in accordance with the schedule. Projects under the Basel II Accord focus on comprehensive enhancing of risk management capacity on material areas.

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 01 January 2019 and have preparation for the implementation of the internal assessment on capital adequacy which will take effect on 01 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.

The activities related to the Bank's financial instruments including foreign exchange trading products, gold trading, cross currency swaps, interest rate swaps etc. mainly serve the demands of corporate customers in the preferential and key sectors and corporate and individual customers that have strong financial conditions.

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 36/2014/TT-NHNN and Circular 06/2016/TT-NHNN, Circular 19/2017/TT-NHNN, Circular 22/2019/TT-NHNN (applied from 01 January 2020) and regulations of the State Bank of Vietnam and meets requirements on risk management in accordance with Basel II.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
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#### 41. 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.

##### Methods of minimize credit risk

***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	520,675	126,720	90,172	339,645	1,077,212

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
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#### 41. CREDIT RISK (continued)

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

▶ *Financial assets which are impaired*

The maturity of 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	5,042,436	1,817,912	1,427,581	6,857,337	15,145,266
Investment securities available for sale	-	-	-	590,000	590,000
	<b>5,042,436</b>	<b>1,817,912</b>	<b>1,427,581</b>	<b>7,447,337</b>	<b>15,735,266</b>

#### 42. MARKET RISK

##### 42.1 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 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 and other assets 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 fund and borrowing 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 separate balance sheet date to maturity date;
  - Items with floating interest rate: the effective interest rate re-pricing term is determined from the separate balance sheet date to the nearest interest rate re-pricing date;
  - Accrued income, accrued expenses: Classified as non-interest-bearing items.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**42. MARKET RISK** (continued)

**42.1 Interest rate risk** (continued)

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

For inter-bank 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. In case that the interest rates are forecasted to decline, the Bank will focus on long-term investments to increase profitability. Conversely, interest rates are forecasted to have increasing trend, the Bank will increase short-term investments.

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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**42. MARKET RISK** (continued)

**42.1 Interest rate risk** (continued)

***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, VietinBank 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.

*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 the 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.

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## 42. MARKET RISK (continued)

### 42.1 Interest rate risk (continued)

Below table shows an analysis of the interest re-pricing period of assets and liabilities of the Bank as at 31 December 2019:

	Overdue		Interest re-pricing period							Total VND million
	Non-interest bearing		From 1 to 1	From 1 to 3	From 3 to 6	From 6 to 12	From 1 to 5	Over 5		
	VND million	months	month	months	months	months	years	years		
<b>Assets</b>										
Cash, gold, and gemstones	8,146,848	-	-	-	-	-	-	-	-	8,146,848
Balances with the SBV	-	-	24,855,833	-	-	-	-	-	-	24,855,833
Placements with and loans to other credit institutions (*)	-	-	103,182,157	24,745,857	1,268,000	512,000	-	-	-	129,708,014
Securities held for trading (*)	-	-	2,474,983	-	-	-	-	-	-	2,474,983
Derivatives and other financial assets	-	-	469,712	-	-	-	-	-	-	469,712
Loans to customers (*)	-	10,659,367	375,793,821	256,638,067	209,203,643	56,438,620	9,660,034	1,296,167	-	925,252,830
Investment securities (*)	376,615	590,000	-	9,067,000	6,560,000	11,945,000	56,279,519	22,881,671	-	111,223,949
Long-term investment (*)	5,751,782	-	-	-	-	-	-	-	-	5,751,782
Fixed assets	10,793,632	-	-	-	-	-	-	-	-	10,793,632
Other assets (*)	30,530,670	-	-	-	-	-	-	-	-	30,530,670
<b>Total assets</b>	<b>55,599,547</b>	<b>11,249,367</b>	<b>5,563,111</b>	<b>290,450,924</b>	<b>217,031,643</b>	<b>68,895,620</b>	<b>65,939,553</b>	<b>24,177,838</b>	<b>1,249,208,253</b>	
<b>Liabilities</b>										
Due to the Government and the SBV	-	-	-	27,015,097	637,176	1,092,279	-	-	-	70,602,893
Deposits and borrowings from other credit institutions	-	-	78,854,771	20,472,252	5,996,082	1,435,670	40,625	-	-	106,799,400
Customer deposits	-	-	381,143,561	177,027,098	156,949,271	164,298,229	10,270,793	103,762	-	889,792,714
Other borrowed and entrusted funds	-	-	-	1,212,000	1,668,024	-	2,895,875	-	-	5,775,899
Valuable papers issued	-	-	-	-	24,900,000	2,001,253	30,065,100	-	-	56,966,353
Other liabilities (*)	24,298,446	-	-	-	-	-	-	-	-	24,298,446
<b>Total liabilities</b>	<b>24,298,446</b>	<b>-</b>	<b>501,856,673</b>	<b>225,726,447</b>	<b>190,150,553</b>	<b>168,827,431</b>	<b>43,272,393</b>	<b>103,762</b>	<b>1,154,235,705</b>	
<b>Interest sensitivity gap of balance sheet items</b>	<b>31,301,101</b>	<b>11,249,367</b>	<b>5,563,111</b>	<b>64,724,477</b>	<b>26,881,090</b>	<b>(99,931,811)</b>	<b>22,667,160</b>	<b>24,074,076</b>	<b>94,972,548</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>Interest sensitivity gap of on, off-balance sheet items</b>	<b>31,301,101</b>	<b>11,249,367</b>	<b>5,563,111</b>	<b>64,724,477</b>	<b>26,881,090</b>	<b>(99,931,811)</b>	<b>22,667,160</b>	<b>24,074,076</b>	<b>94,972,548</b>	

(\*): Excluding provision

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**42. MARKET RISK** (continued)

**42.2 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.

The Bank is exposed to the following risks:

- ▶ Currency risks in foreign currency trading;
- ▶ Currency risks in fund mobilization and lending;
- ▶ Currency risks in investments.

*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. All foreign currency loans are financed through mobilized funds in the same currency, thus no currency risk arises in lending and mobilization activities.

*For investment activities:*

The Bank faces currency risk with regards to its investment in Indovina Bank Limited and in establishing German branch. Currency risk for these investments is closely monitored by the Bank through the analysis and forecast of changes in exchange rates of these currencies against VND.

*For foreign currency trading activities:*

Regulations on currency position for each currency unit and stop-loss limits in foreign exchange trading are developed by the Market Risk Management Department at the Head Office and approved by the General Director, which are within the Bank's risk tolerance. The market risk limits are controlled and executed by the Treasury Dealing Department at the Head Office and independently supervised and reported by the Market Risk Management Department. 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 SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**42. MARKET RISK** (continued)

**42.2 Currency risk** (continued)

The following table presents assets and liabilities in foreign currencies translated into VND as at 31 December 2019:

	EUR equivalent VND million	USD equivalent VND million	Other currencies equivalent VND million	Total VND million
<b>Assets</b>				
Cash, gold, and gemstones	128,332	640,240	53,183	821,755
Balances with the SBV	-	3,654,392	-	3,654,392
Placements with and loans to other credit institutions (*)	253,603	31,604,416	1,896,484	33,754,503
Loans to customers (*)	135,347	68,969,384	-	69,104,731
Long-term investments (*)	-	1,688,788	-	1,688,788
Other assets (*)	2,112,791	12,619,796	497,055	15,229,642
<b>Total assets</b>	<b>2,630,073</b>	<b>119,177,016</b>	<b>2,446,722</b>	<b>124,253,811</b>
<b>Liabilities</b>				
Deposits and borrowings from other credit institutions	221,151	26,643,887	496,888	27,361,926
Customer deposits	1,382,088	51,028,070	166,275	52,576,433
Derivatives and other financial liabilities	796,825	38,786,275	431,432	40,014,532
Other borrowed and entrusted funds	174,454	4,845,473	5,467	5,025,394
Valuable papers issued	-	876	-	876
Other liabilities (*)	47,579	1,337,372	7,636	1,392,587
<b>Total liabilities</b>	<b>2,622,097</b>	<b>122,641,953</b>	<b>1,107,698</b>	<b>126,371,748</b>
<b>FX position on balance sheet</b>	<b>7,976</b>	<b>(3,464,937)</b>	<b>1,339,024</b>	<b>(2,117,937)</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>7,976</b>	<b>(3,464,937)</b>	<b>1,339,024</b>	<b>(2,117,937)</b>

(\*): Excluding provision

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 42. MARKET RISK (continued)

### 42.3 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 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.

On a monthly basis, at ALCO Council 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 Board of Directors and the Management to best remain the Bank's solvency in a safe and effective way.

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

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 mobilisation and utilisation, the Bank makes decisions on appropriate management of capital adequacy.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**42. MARKET RISK** (continued)

**42.3 Liquidity risk** (continued)

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. Currently, the Bank is promptly completing and developing the procedures as well as applying and upgrading software for risk management in accordance with international standards.

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 SEPARATE FINANCIAL STATEMENTS (continued)  
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#### 42. MARKET RISK (continued)

##### 42.3 Liquidity risk (continued)

The table below presents the analysis of remaining maturity of assets and liabilities of the Bank as at 31 December 2019:

	Overdue		Current					Total VND million
	Over 3 months VND million	Up to 3 months VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million	
<b>Assets</b>								
Cash, gold and gemstones	-	-	8,146,848	-	-	-	-	8,146,848
Balances with the SBV	-	-	24,855,833	-	-	-	-	24,855,833
Placements with and loans to other credit institutions (*)	-	-	103,182,157	24,745,857	1,780,000	-	-	129,708,014
Securities held for trading (*)	-	-	2,474,983	-	-	-	-	2,474,983
Derivatives and other financial assets	-	-	469,712	-	-	-	-	469,712
Loans to customers (*)	10,659,367	5,563,111	50,148,869	190,682,952	319,961,147	136,977,017	211,260,367	925,252,830
Investment securities (*)	590,000	-	2,509,572	2,366,000	15,045,717	65,765,374	24,947,286	111,223,949
Long-term investments (*)	-	-	-	-	-	-	5,751,782	5,751,782
Fixed assets	-	-	-	-	-	-	10,793,632	10,793,632
Other assets (*)	-	-	-	-	-	-	30,530,670	30,530,670
<b>Total assets</b>	<b>11,249,367</b>	<b>5,563,111</b>	<b>191,787,974</b>	<b>217,794,809</b>	<b>336,786,864</b>	<b>202,742,391</b>	<b>283,283,737</b>	<b>1,249,208,253</b>
<b>Liabilities</b>								
Due to the Government and the SBV	-	-	41,858,341	27,015,097	1,729,455	-	-	70,602,893
Deposits and borrowings from other credit institutions	-	-	78,557,059	20,352,962	6,110,970	1,648,214	130,195	106,799,400
Customer deposits	-	-	186,609,548	208,742,454	399,458,514	94,232,639	749,559	889,792,714
Other borrowed and entrusted funds	-	-	-	-	-	2,895,875	2,880,024	5,775,899
Valuable papers issued	-	-	-	-	24,900,000	2,001,253	30,065,100	56,966,353
Other liabilities (*)	-	-	8,822,113	3,538,979	6,055,955	5,350,848	530,551	24,298,446
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>315,847,061</b>	<b>259,649,492</b>	<b>438,254,894</b>	<b>106,128,829</b>	<b>34,355,429</b>	<b>1,154,235,705</b>
<b>Net liquidity gap</b>	<b>11,249,367</b>	<b>5,563,111</b>	<b>(124,059,087)</b>	<b>(41,854,683)</b>	<b>(101,468,030)</b>	<b>96,613,562</b>	<b>248,928,308</b>	<b>94,972,548</b>

(\*): Excluding provision

##### Other market price risk

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

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

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

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

##### Financial assets

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

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

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

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

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

► *Held-to-maturity investments:*

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

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

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**43. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES**  
(continued)

Financial assets (continued)

▶ *Loans and receivables:*

Loans and receivables are non-derivative with fixed payments or can be recognized and are not quoted on the market other than:

- a) Those that the Bank intends to sell immediately or in the near future are classified as assets held for trading purposes, and others that at the same time of initial recognition that the entity classified at fair value according to result of income statement;
- b) Those that the Bank classifies as available-for-sale at the time of initial recognition; or
- c) Those that the holders may not recover most of the initial investment cost, not due to the impairment of the credit quality and are classified as available-for-sale.

▶ *Available-for-sale financial assets:*

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

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

Financial liabilities

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

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

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

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

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

▶ *Financial liabilities at amortized cost:*

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

Offsetting of financial assets and financial liabilities

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

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

The carrying value and fair value of financial assets and financial liabilities of the Bank as at 31 December 2019 are presented as follows:

	Carrying value						Fair value VND million
	Financial assets at fair value through profit and loss VND million	Held-to- maturity VND million	Loans and receivables VND million	Available- for-sale VND million	Other assets and liabilities recorded at amortized cost VND million	Total VND million	
Cash, gold and gemstones	8,146,848	-	-	-	-	8,146,848	8,146,848
Balances with the SBV	24,855,833	-	-	-	-	24,855,833	24,855,833
Placements with and loans to other credit institutions	-	-	129,708,014	-	-	129,708,014	(*)
Securities held for trading	2,474,983	-	-	-	-	2,474,983	(*)
Derivatives and other financial assets	469,712	-	-	-	-	469,712	(*)
Loans to customers	-	-	925,252,830	-	-	925,252,830	(*)
Available-for-sale securities	-	-	-	95,855,956	-	95,855,956	(*)
Held-to-maturity securities	-	15,367,993	-	-	-	15,367,993	(*)
Other long-term investments	-	-	-	22,962	-	22,962	(*)
Other financial assets	-	-	30,498,410	-	-	30,498,410	(*)
	<b>35,947,376</b>	<b>15,367,993</b>	<b>1,085,459,254</b>	<b>95,878,918</b>	<b>-</b>	<b>1,232,653,541</b>	<b>(*)</b>
Due to the Government and the SBV	-	-	-	-	70,602,893	70,602,893	(*)
Deposits and loans from other credit institutions	-	-	-	-	106,799,400	106,799,400	(*)
Customer deposits	-	-	-	-	889,792,714	889,792,714	(*)
Other borrowed and entrusted funds	-	-	-	-	5,775,899	5,775,899	(*)
Valuable papers issued	-	-	-	-	56,966,353	56,966,353	(*)
Other financial liabilities	-	-	-	-	23,519,351	23,519,351	(*)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,153,456,610</b>	<b>1,153,456,610</b>	<b>(*)</b>

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

#### 44. COMPARATIVE FIGURES

During the year, the Bank adjusted, classified and re-presented some comparative figures at the beginning of the year in accordance with the State audit report. The details adjustments are as follows:

*Extracted from the Balance Sheet*

*Unit: VND million*

<i>Items</i>	<i>31/12/2018 Restated (As adjusted by State Audit)</i>	<i>31/12/2018 Audited (As audited by independent auditor)</i>	<i>Adjustment</i>
<b>Loans to customers</b>	<b>843,102,654</b>	<b>843,154,235</b>	<b>(51,581)</b>
Provision for credit losses on loans to customer	(12,809,984)	(12,758,403)	(51,581)
<b>Fixed assets</b>	<b>10,764,514</b>	<b>10,739,189</b>	<b>25,325</b>
Tangible fixed assets	6,090,006	6,088,666	1,340
Cost	13,699,399	13,704,944	(5,545)
Accumulated depreciation	(7,609,393)	(7,616,278)	6,885
Intangible fixed assets	4,674,508	4,650,523	23,985
Cost	6,148,803	6,125,777	23,026
Accumulated depreciation	(1,474,295)	(1,475,254)	959
<b>Other assets</b>	<b>30,187,277</b>	<b>30,318,087</b>	<b>(130,810)</b>
Receivables	20,720,722	20,546,824	173,898
Accrued interest and fees receivable	6,436,905	6,744,794	(307,889)
Other assets	3,029,808	3,026,627	3,181
<b>Total assets</b>	<b>1,154,647,795</b>	<b>1,154,804,861</b>	<b>(157,066)</b>
<b>Other liabilities</b>	<b>41,979,114</b>	<b>41,996,881</b>	<b>(17,767)</b>
Other payables and liabilities	26,277,251	26,295,018	(17,767)
<b>Total liabilities</b>	<b>1,089,626,502</b>	<b>1,089,644,269</b>	<b>(17,767)</b>
<b>Equity and reserves</b>	<b>65,021,293</b>	<b>65,160,592</b>	<b>(139,299)</b>
Undistributed profits	10,988,525	11,127,824	(139,299)
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>1,154,647,795</b>	<b>1,154,804,861</b>	<b>(157,066)</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**44. COMPARATIVE FIGURES** (continued)

*Extracted from Off-balance sheet*

*Unit: VND million*

<i>Items</i>	<i>31/12/2018 Restated (As adjusted by State Audit)</i>	<i>31/12/2018 Audited (As audited by independent auditor)</i>	<i>Adjustment</i>
Letters of credit	52,919,028	52,923,328	(4,300)
Other guarantees	57,321,625	57,526,733	(205,108)

*Extracted from the Income Statement*

*Unit: VND million*

<i>Items</i>	<i>2018 Restated (As adjusted by State Audit)</i>	<i>2018 Audited (As audited by independent auditor)</i>	<i>Adjustment</i>
Interest and similar income	72,982,002	73,289,334	(307,332)
<b>Net interest and similar income</b>	<b>21,486,177</b>	<b>21,793,509</b>	<b>(307,332)</b>
Fee and commission income	4,212,848	4,213,470	(622)
<b>Net fee and commission income</b>	<b>2,129,947</b>	<b>2,130,569</b>	<b>(622)</b>
Other income	2,749,980	2,739,955	10,025
Other expenses	(967,149)	(966,664)	(485)
<b>Net gain from other activities</b>	<b>1,782,831</b>	<b>1,773,291</b>	<b>9,540</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>(13,137,489)</b>	<b>(13,315,585)</b>	<b>178,096</b>
<b>Net profit before provision for credit losses</b>	<b>13,936,766</b>	<b>14,057,084</b>	<b>(120,318)</b>
<b>Provision expense for credit losses</b>	<b>(7,743,247)</b>	<b>(7,691,666)</b>	<b>(51,581)</b>
<b>PROFIT BEFORE TAX</b>	<b>6,193,519</b>	<b>6,365,418</b>	<b>(171,899)</b>
Current corporate income tax expense	(1,139,602)	(1,172,204)	32,602
<b>Corporate income tax expense</b>	<b>(1,139,602)</b>	<b>(1,172,204)</b>	<b>32,602</b>
<b>PROFIT AFTER TAX</b>	<b>5,053,917</b>	<b>5,193,214</b>	<b>(139,297)</b>

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

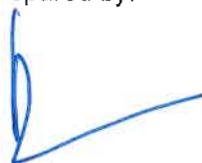
#### 46. NOTES ON PROFIT MOVEMENTS

The Bank's profit after tax for the fiscal year 2019 increased by VND 4,229 billion, equivalent to an increase of 83.7% compared to 2018. The main reason was the Bank's profit before tax increased by VND 5,268 billion, equivalent to an increase of 85.0% over the previous year. In which, net interest income after net-off with provision for credit risk increased by VND 5,977 billion, net non-interest income increased by VND 886 billion.

#### 47. EXCHANGE RATES OF SOME FOREIGN CURRENCIES AGAINST VIETNAM DONG AT THE BALANCE SHEET DATE

	31 December 2019	31 December 2018
	VND	VND
USD	23,167	23,195
EUR	26,164	26,587
GBP	30,450	29,537
CHF	23,938	23,544
JPY	213.52	210.69
SGD	17,265	17,023
CAD	17,874	17,034
AUD	16,350	16,392
NZD	15,598	16,364
THB	748.09	715.47
SEK	2,480	2,589
NOK	2,635	2,667
DKK	3,492	3,552
HKD	2,933	2,962
CNY	3,326	3,372
KRW	20.46	21.08
LAK	2.82	2.74
MYR	5,329	5,329

Prepared by:



Ms. Le Viet Nga  
Deputy 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

17 February 2020