

Vietnam Joint Stock Commercial Bank for Industry and Trade

Consolidated financial statements

For the year ended 31 December 2020



Vietnam Joint Stock Commercial Bank for Industry and Trade

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Vietnam Joint Stock Commercial Bank for Industry and Trade

GENERAL INFORMATION

THE BANK

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

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

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

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

Charter capital

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

Location

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



Vietnam Joint Stock Commercial Bank for Industry and Trade

GENERAL INFORMATION (continued)

BOARD OF DIRECTORS

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

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

MANAGEMENT AND CHIEF ACCOUNTANT

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

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

SUPERVISORY BOARD

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

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

Vietnam Joint Stock Commercial Bank for Industry and Trade

GENERAL INFORMATION (continued)

LEGAL REPRESENTATIVE

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

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

AUDITORS

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

Vietnam Joint Stock Commercial Bank for Industry and Trade

REPORT OF MANAGEMENT

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

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Management of the Bank is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Bank and its subsidiaries and to ensure that the accounting records comply with the 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 consolidated financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2020 and of the consolidated results of their operations and their consolidated 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 consolidated financial statements.



Mr. Tran Minh Binh
General Director

Hanoi, Vietnam

22 March 2021



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Reference: 60755043/21718233-HN

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Vietnam Joint Stock Commercial Bank for Industry and Trade ("the Bank") and its subsidiaries as prepared on 22 March 2021 and set out on pages 7 to 78, which comprise the consolidated balance sheet as at 31 December 2020, the consolidated income statement and the consolidated 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 consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Bank's and its subsidiaries' preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and its subsidiaries' 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2020, and of the consolidated results of their operations and their consolidated 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 preparation and presentation of consolidated financial statements.

Ernst & Young Vietnam Limited




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



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

Hanoi, Vietnam

22 March 2021

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2020

	Notes	31 December 2020 VND million	31 December 2019 VND million
LIABILITIES			
Due to the Government and the State Bank of Vietnam	17	44,597,188	70,602,893
Deposits and borrowings from other credit institutions	18	128,519,115	109,483,059
Deposits from other credit institutions	18.1	98,537,440	82,538,040
Borrowings from other credit institutions	18.2	29,981,675	26,945,019
Customer deposits	19	990,331,285	892,785,228
Other borrowed and entrusted funds	20	2,733,251	5,775,899
Valuable papers issued	21	59,875,570	57,066,353
Other liabilities		29,968,809	27,643,225
Interest and fee payables		16,085,370	17,835,374
Deferred corporate income tax liabilities	23.2	38,008	117,066
Other payables	22.1	13,075,416	9,205,097
Other provision		770,015	485,688
TOTAL LIABILITIES		1,256,025,218	1,163,356,657
OWNERS' EQUITY			
Capital		46,724,652	46,724,637
- Charter capital		37,234,046	37,234,046
- Share premium		8,974,698	8,974,683
- Other capital		515,908	515,908
Reserves		11,605,468	9,610,061
Foreign exchange differences		481,781	626,014
Undistributed profits		26,000,630	19,832,683
Non-controlling interests		598,719	561,423
TOTAL OWNERS' EQUITY	26	85,411,250	77,354,818
TOTAL LIABILITIES AND OWNERS' EQUITY		1,341,436,468	1,240,711,475

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2020

OFF-BALANCE SHEET ITEMS

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
Credit guarantees	7,995,477	526,118
Foreign exchange commitments	303,101,636	190,185,460
- <i>Foreign exchange commitments - buy</i>	13,463,062	4,525,641
- <i>Foreign exchange commitments - sell</i>	13,673,951	4,741,892
- <i>Currency swap contracts</i>	275,964,623	180,917,927
Letters of credit	48,283,386	34,487,895
Other guarantees	50,018,900	51,550,780
Other commitments	52,679,205	20,798,816

Prepared by:



Mr. Ngo Xuan Hai
Head of Financial Accounting
Management Department

Reviewed by:



Mr. Nguyen Hai Hung
Chief Accountant

Approved by:



Ms. Nguyen Hong Van
Deputy General Director

Hanoi, Vietnam

22 March 2021

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2020

	Notes	2020 VND million	2019 VND million
Interest and similar income	27	83,677,717	82,742,771
Interest and similar expenses	28	(48,096,888)	(49,543,734)
Net interest and similar income		35,580,829	33,199,037
Fee and commission income		8,342,502	7,888,130
Fee and commission expenses		(4,001,586)	(3,832,752)
Net fee and commission income	29	4,340,916	4,055,378
Net gain from trading in foreign currencies	30	1,999,721	1,564,300
Net gain from held-for-trading securities	31	601,275	365,564
Net gain/(loss) from investment securities	32	360,950	(790,728)
Other income		2,694,931	2,357,430
Other expenses		(785,226)	(859,995)
Net gain from other activities	33	1,909,705	1,497,435
Income from investments in other entities	34	524,038	628,400
TOTAL OPERATING EXPENSES	35	(16,085,348)	(15,734,862)
Net profit before provision for credit losses		29,232,086	24,784,524
Provision expense for credit losses		(12,147,237)	(13,003,531)
PROFIT BEFORE TAX		17,084,849	11,780,993
Current corporate income tax expense	25.1	(3,315,063)	(2,286,552)
Deferred tax expense	25.2	(12,552)	(17,452)
Corporate income tax expense		(3,327,615)	(2,304,004)
PROFIT AFTER TAX		13,757,234	9,476,989
Non-controlling interests		63,646	15,722
Owners' net profit		13,693,588	9,461,267
Basic earnings per share (VND/share)	26.5	3,678	1,966

Prepared by:

Reviewed by:

Approved by:





Mr. Ngo Xuan Hai
Head of Financial Accounting
Management Department

Mr. Nguyen Hai Hung
Chief Accountant

Ms. Nguyen Hong Van
Deputy General Director

Hanoi, Vietnam

22 March 2021

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2020

	Notes	2020 VND million	2019 VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		82,205,508	82,973,160
Interest and similar payments		(49,901,673)	(47,525,820)
Net fee and commission receipts		4,717,441	4,256,422
Net receipts from foreign currencies, gold and securities trading activities		3,052,193	2,676,918
Other income/(expenses)		394,785	(205,603)
Recoveries from bad debts written-off previously	33	1,751,795	1,337,954
Payments for operating and salary expenses		(15,289,442)	(14,329,018)
Corporate income tax paid during the year	24	(2,631,634)	(1,500,561)
Net cash flows from operating profit before changes in operating assets and liabilities		24,298,973	27,683,452
Changes in operating assets		(106,066,316)	(91,283,259)
Increase in deposits at and loans to other credit institutions		(2,406,359)	(2,320,366)
Increase in trading securities		(11,750,383)	(8,477,370)
Decrease/(increase) in derivatives and other financial assets		332,590	(188,546)
Increase in loans to customers		(80,062,325)	(61,586,214)
Utilization of provision to write off loans to customers, securities, long-term investments and other receivables		(19,710,547)	(8,758,783)
Decrease/(increase) in other assets		7,530,708	(9,951,980)
Changes in operating liabilities		89,612,979	62,053,130
(Decrease)/increase in due to the SBV and the Government		(26,005,705)	8,002,734
Increase/(decrease) in deposits and borrowings from other credit institutions		19,036,056	(1,916,553)
Increase in customer deposits		97,546,057	66,969,109
Increase in valuable papers issued (except for valuable papers issued for financing activities)		2,809,217	10,849,994
Decrease in other borrowed and entrusted funds		(3,042,648)	(158,130)
Decrease in other liabilities		(729,998)	(21,691,804)
Payments from reserves	26.1	-	(2,220)
Net cash flows from/(used in) operating activities		7,845,636	(1,546,677)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(715,459)	(378,539)
Proceeds from disposal of fixed assets		108,296	389,844
Payments for disposal of fixed assets		(1,273)	(251,854)
Proceeds from investments in other entities		23,990	304,905
Dividends and profits received from long-term investments		67,061	367,593
Net cash flows (used in)/from investing activities		(517,385)	431,949

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

	Notes	2020 VND million	2019 VND million
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in share capital from capital contribution and/or share issuance	26.1	-	586,882
Dividend payment to shareholders		(1,881,229)	(26,124)
Net cash flows from financing activities		(1,881,229)	560,758
Net cash flows in the year		5,447,022	(553,970)
Cash and cash equivalents at the beginning of the year		155,046,744	155,544,719
Impact of exchange rate fluctuation		(318,690)	55,995
Cash and cash equivalents at the end of the year	36	160,175,076	155,046,744

Prepared by:



Mr. Ngo Xuan Hai
Head of Financial Accounting
Management Department

Reviewed by:



Mr. Nguyen Hai Hung
Chief Accountant

Approved by:



Ms. Nguyen Hong Van
Deputy General Director

Hanoi, Vietnam

22 March 2021

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

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

The Bank was incorporated on the basis of equitizing Vietnam Bank for Industry and Trade, a State-owned commercial bank that was incorporated under the name of Vietnam Industrial and Commercial Bank in accordance with Decree No. 53/ND-HDBT dated 26 March 1988 of the Ministers’ Council on the organization of the State Bank of Vietnam (“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.

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Charter capital

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

Location

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

Employees

The Bank has 24,480 employees as at 31 December 2020 (31 December 2019: 24,105 employees).

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

1. GENERAL INFORMATION (continued)

Subsidiaries

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

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

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

1. GENERAL INFORMATION (continued)

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

2. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

2.1 Accounting period

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

2.2 Accounting currency

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

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM

3.1 Statement of compliance

The Management of the Bank confirms that the accompanying consolidated 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 consolidated financial statements.

3.2 Accounting standards and system

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

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

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

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM (continued)

3.2 Accounting standards and system (continued)

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

Accordingly, the accompanying consolidated 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 consolidated financial position and results of consolidated operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

3.3 Assumptions and uses of estimates

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

3.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries for the year ended 31 December 2020.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of the Bank and its subsidiaries are prepared for the same reporting period, using consistent accounting policies.

All intra-company balances, income and expenses and unrealized gains or losses resulting from intra-company transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Bank and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 *Changes in accounting policies and disclosures*

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

4.2 *Cash and cash equivalents*

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

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

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

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

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

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

4.4 *Loans to customers*

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Loan classification

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Loan classification (continued)

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Loan classification (continued)

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

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

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

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

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

Specific provision

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

General provision

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

Write-off bad debts

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

4.6 *Securities held for trading*

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

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

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

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

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

4.7 *Investment securities*

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 *Investment securities* (continued)

4.7.1 *Available-for-sale securities*

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

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

Available-for-sale debt securities are recognized at par value at the purchase date. Accrued interest before acquisition (for debt securities with interest payment in arrears) and deferred interest (for debt securities with interest payment in advance) are recognized in a separate account. Discount/premium, which is the difference between the cost and the amount being the par value plus (+) accrued interest before acquisition (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 consolidated income statement on a straight-line basis over the remaining term of securities. The interest received in arrears is recorded as follows: Cumulative interest incurred before the purchasing date is recorded as a decrease in the accrued interest, cumulative interest incurred after the purchasing date is recognized as income based on the accumulated method. The interest received in advance is amortized into the securities investment interest income on a straight-line basis over the term of the securities investment.

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

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

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

4.7.2 *Held-to-maturity investment securities*

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

Special bonds issued by VAMC

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 *Investment securities* (continued)

4.7.2 *Held-to-maturity investment securities*

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 specific provision for special bonds in the m^{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^{th} year). Credit institutions should co-operate with VAMC to determine the recovery amount of the bad debts.

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

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

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

Other held-to-maturity securities

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 *Investments in joint ventures*

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

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

4.9 *Other long-term investments*

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

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

Other long-term investments are initially recognized at cost.

The allowance for diminution in the value of long-term investments is made if there are reliable evidences of the diminution in value of the economic entities in which the Bank invests at the end of the accounting period in accordance with Circular No. 48/2019/TT-BTC dated 8 August 2019 ("Circular 48") issued by the Ministry of Finance. Accordingly, the allowance amount is the difference between the parties' actual capital contributions to the economic entity and the actual owners' equity multiplied (x) by the ratio of capital invested by the Bank to the total actual capital of the economic entity at the end of the annual accounting period. For an investment in listed shares or shares whose market price can be determined reliably, allowance is made based on the shares' market price.

4.10 *Re-purchase and re-sale contracts*

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 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 consolidated income statement.

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

4.12 Depreciation and amortization

Depreciation of tangible fixed assets and amortization of intangible fixed assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	05 - 40 years
Machinery and equipment	03 - 07 years
Means of transportation	06 - 07 years
Other tangible fixed assets	04 - 25 years
Land use rights (*)	Upon lease term
Computer software	03 - 08 years

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

4.13 Receivables

4.13.1 Receivables classified as credit risk bearing assets

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

4.13.2 Other receivables

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 *Prepaid expenses and deferred expenses*

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

4.15 *Leasing*

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. Rentals payable under leases are charged to "*Other expenses*" in the consolidated income statement on a straight-line basis over the term of the relevant lease.

The Bank as lessor

Amounts due from lessees under finance leases are recorded as loan to customer in the consolidated balance sheet at the amount of the Bank's net investment in the leases. Financial leases are recorded as principal of loan to customer and income from these are recognized as "*Interest and similar income*". Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases.

Operating lease assets are recorded on the consolidated balance sheet. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease and independent on payment method. Initial direct costs incurred for obtaining income from the operating lease are recognized as expenses in the period.

The Bank as lessee

Rentals payable under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the relevant lease.

4.16 *Recognition of income and expense*

4.16.1 *Interest income and expenses*

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

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

4.16.2 *Income from securities trading*

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

4.16.3 *Dividends*

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Recognition of income and expense (continued)

4.16.4 Revenue from insurance business

Gross written premiums are recognized in accordance with Circular No. 50/2017/TT-BTC dated 1 July 2017 ("Circular 50") on financial regime applicable to insurers, reinsurers, insurance brokers and foreign non-life insurance branches.

Accordingly, gross written premiums are recognized as revenue at the point of time when the following conditions are met: (i) the insurance contract has been entered into by the insurer and the insured; and (ii) there is evidence of a contract being signed and the premium paid by the insured or (iii) there is agreement between the Corporation and the insured on premium payment period. Premium payment period shall not exceed 30 days from policy inception date. For instalment contracts, non-life insurers are required to record revenue from insurance premium of the first instalment as of the insurance contract's effective date and record revenue from premium of the following instalments only when the policy holder makes full premium payment under the agreement of the contract. If policyholder cannot make full premium payment as agreed in the contracts, insurance contract shall be automatically terminated after contractual premium payment date.

Prepaid premium before due date as at the end of the fiscal year is recorded as "*Revenue pending for allocation*" in the consolidated balance sheet.

Premium return and premium reduction are considered as revenue deduction and must be booked separately. At year end, these amounts are net-off to gross written premium to calculate net written premium.

4.16.5 Income from other services

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

4.16.6 Recognition of receivables not yet collected

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

4.16.7 Claim settlement expenses of insurance activities

Claim settlement expense is recognized at the point of time when the claim documents are completed and approved by authorized persons. Any claim that is not yet approved by authorized persons is considered as an outstanding claim and included in claim reserve.

4.16.8 Commission expenses for insurance activities

Commission is calculated at percentage of direct premiums for specific line of insurance as stipulated in Circular 50. Commission expense is allocated and recognized in the income statement for direct premiums earned during the period.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 *Deposits from other credit institutions, customers and valuable papers issued, other borrowed and entrusted funds*

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

4.18 *Foreign currency transactions*

According to Bank accounting system, all transactions are recorded in original currencies. Monetary assets and liabilities denominated in foreign currencies are translated into VND using the exchange rates ruling at the consolidated balance sheet date (Note 47). Income and expenses denominated in foreign currencies during the year are converted into VND at the exchange rates ruling at the transaction dates. Foreign exchange differences arising from the translation of monetary assets and liabilities are recorded and monitored in the "Foreign exchange differences" under "Owners' equity" and will be transferred to the consolidated 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 *Technical reserves for insurance*

The technical reserves of VietinBank Insurance Joint Stock Corporation include (a) technical reserves for non-life insurance and (b) technical reserve of health insurance. The reserve appropriation methodologies are based on Official Letter No. 2821/BTC-QLBH dated 13 March 2018, which was approved by Ministry of Finance, in accordance with Circular 50.

Details of such reserving methodologies are as follows:

a) Technical reserves for non-life insurance

(i) *Unearned premium reserve*

Unearned premium reserve is calculated as a percentage of total premium or in accordance with a coefficient of the insurance contracts' terms, as such:

- ▶ For insurance contracts with a term of less than 1 year: for line of cargo insurance delivered by road, water, inland water, railway and airway, unearned premium reserve is made at 25% of the total insurance premium. For other insurance lines, unearned premium reserve is calculated at 50% of the total insurance premium.
- ▶ For insurance contracts with a term of more than 1 year, unearned premium reserve is calculated based on the 1/8 method. This method assumes that premiums for all insurance contracts issued in a quarter equally spread along the quarter. In other words, all insurance contracts of a particular quarter are assumed to be effective at that mid-quarter. Unearned premium reserve is calculated based on the following formula:

$$\text{Unearned premium reserve} = \text{Premiums} \times \text{Unearned premium rate}$$

- ▶ Gross and assumed unearned premium reserve is presented as liabilities. Unearned premium reserve of outward reinsurance is presented as reinsurance asset.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Technical reserves for insurance (continued)

a) Technical reserves for non-life insurance (continued)

(ii) Claim reserve

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

- ▶ Outstanding claim reserve is established based on the estimated claim payments for each claim for which the insurer is liable, which is either notified to the insurer or requested for payment but is still unresolved at the end of the fiscal year after deducting the amount recoverable from reinsurers; and
- ▶ Reserve for incurred but not reported claims for which the insurer is liable (IBNR) is established for each insurance operation as per formula below:

$$\begin{array}{r}
 \text{Reserve for} \\
 \text{payment of} \\
 \text{losses} \\
 \text{which have} \\
 \text{incurred} \\
 \text{but not yet} \\
 \text{reported} \\
 \text{for the} \\
 \text{current} \\
 \text{fiscal year}
 \end{array}
 = \frac{\text{Total indemnity for} \\
 \text{claims incurred but} \\
 \text{not reported at the} \\
 \text{end of the last} \\
 \text{three fiscal years}}{\text{Total indemnity for} \\
 \text{losses arising in the} \\
 \text{last three fiscal} \\
 \text{years}} \times \frac{\text{Indemnity} \\
 \text{for losses} \\
 \text{arising in} \\
 \text{the} \\
 \text{current} \\
 \text{fiscal year}}{\text{Net} \\
 \text{operating} \\
 \text{revenue of} \\
 \text{current} \\
 \text{fiscal year}} \times \frac{\text{Net} \\
 \text{operating} \\
 \text{revenue of} \\
 \text{the} \\
 \text{previous} \\
 \text{fiscal year}}{\text{Net} \\
 \text{operating} \\
 \text{revenue of} \\
 \text{current} \\
 \text{fiscal year}} \times \frac{\text{Average} \\
 \text{delay in} \\
 \text{claim} \\
 \text{intimation} \\
 \text{of current} \\
 \text{fiscal year}}{\text{Average} \\
 \text{delay in} \\
 \text{claim} \\
 \text{intimation} \\
 \text{of previous} \\
 \text{fiscal year}}$$

In which:

- The compensation amount arising from a fiscal year includes the compensation amount actually paid in the year plus increase/decrease of the provision for losses incurred under the insurance liability but still unresolved in financial year-end.
- The average time of delaying the claim for compensation is the average time since the loss occurs until the non-life insurance enterprise, foreign branch, reinsurance enterprise receives the notice of loss or a claim form for compensation (in days)
 - ▶ Gross and assumed reinsurance claim reserve is presented as liabilities; claim reserve of outward reinsurance is presented as reinsurance asset.

(iii) Catastrophe reserve

- ▶ Catastrophe reserve is accrued annually until such reserve reaches 100% of the retained premiums of the current fiscal year and is made based on retained premiums according to Circular 50.
- ▶ Catastrophe reserve is presented as liabilities.

On 28 December 2005, the Ministry of Finance issued Decision No. 100/2005/QĐ-BTC governing the publication of four new accounting standards, one of which is Vietnamese Accounting Standard ("VAS") 19 – Insurance Contract. Following the issuance of this Standard, starting from January 2006, the provision of catastrophe reserve is no longer required since it represents "possible claims under contracts that are not in existence at the reporting date". However, since the Ministry of Finance has not issued detailed guidance for the implementation of VAS 19 and in accordance with the provision set out in Decree 73/2016/ND-CP issued by the Government of Vietnam on 1 July 2016 ("Decree No. 73") on the details of the implementation of the Law on Insurance Business and amendments to certain articles of the Law on Insurance Business, the Corporation has elected to adopt the policy of providing for the catastrophe reserve at 1% of total retained premiums for the year 2019.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Technical reserves for insurance (continued)

b) Technical reserve for health insurance

(i) Mathematical reserve

- ▶ Regarding health insurance contracts with a term of more than 1 year, mathematical reserve is calculated based on the 1/8 method.
- ▶ Regarding health insurance contracts provided by a non-life insurer or foreign branch which only cover death or total permanent disability, mathematical reserve is set aside based on a coefficient of the remaining days of insurance contracts.
- ▶ Mathematical reserve is recorded in un-earned premium reserve account in the balance sheet.

(ii) Unearned premiums reserve

Regarding insurance contracts with a term of less than or equal to 1 year, unearned premiums reserve is calculated at 50% of the total insurance premiums.

(iii) Claim reserve

- ▶ Outstanding claim reserve is established based on the estimated claim payments for each claim for which the insurer is liable, which is either notified to the insurer or requested for payment but is still unresolved at the end of the fiscal year after deducting the amount recoverable from reinsurers; and
- ▶ Reserve for incurred but not reported claims for which the insurer is liable (IBNR) is established for each insurance operation as per formula below:

$$\begin{array}{l} \text{Reserve for} \\ \text{payment of} \\ \text{losses} \\ \text{which have} \\ \text{incurred but} \\ \text{not yet} \\ \text{reported for} \\ \text{the current} \\ \text{fiscal year} \end{array} = \frac{\text{Total indemnity for} \\ \text{claims incurred but} \\ \text{not reported at the} \\ \text{end of the last fiscal} \\ \text{three years}}{\text{Total indemnity for} \\ \text{losses arising in the} \\ \text{last three fiscal} \\ \text{years}} \times \text{Indemnity} \\ \text{for losses} \\ \text{arising in} \\ \text{the current} \\ \text{fiscal year}} \times \frac{\text{Net} \\ \text{operating} \\ \text{revenue of} \\ \text{current} \\ \text{fiscal year}}{\text{Net} \\ \text{operating} \\ \text{revenue of} \\ \text{the} \\ \text{previous} \\ \text{fiscal year}} \times \frac{\text{Average} \\ \text{delay in} \\ \text{claim} \\ \text{intimation of} \\ \text{current} \\ \text{fiscal year}}{\text{Average} \\ \text{delay in} \\ \text{claim} \\ \text{intimation of} \\ \text{previous} \\ \text{fiscal year}}$$

In which:

- The compensation amount arising from a fiscal year includes the compensation amount actually paid in the year plus increase/decrease of the provision for losses incurred under the insurance liability but still unresolved in financial year-end.
- The average time of delaying the claim for compensation is the average time since the loss occurs until the non-life insurance enterprise, foreign branch, reinsurance enterprise receives the notice of loss or a claim form for compensation (in days).
 - ▶ Gross and assumed reinsurance claim reserve is presented as liabilities; claim reserve of outward reinsurance is presented as reinsurance asset.

(iv) Equalization reserve

Equalization reserve for health insurance is established at 1% of net premium and recognised in catastrophe reserve account on balance sheet.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Corporate income taxes

Current income tax

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

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

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

Deferred tax

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 *Corporate income taxes* (continued)

Deferred tax (continued)

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

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

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

4.22 *Classification for off-balance sheet commitments*

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

4.23 *Derivatives*

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

Currency forward contracts

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

Swap contracts

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.24 *Employee benefits*

4.24.1 *Post - employment benefits*

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

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

4.24.2 *Severance allowance*

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

4.24.3 *Unemployment insurance*

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.25 Capital and reserves

4.25.1 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.

4.25.2 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.

4.25.3 Reserves

(i) The Bank's 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 decision approved in the Annual General Meeting of Shareholders;
- ▶ Other reserves: are to be made in accordance with the current regulations and decisions of the Annual General Meeting of Shareholders.

(ii) Subsidiaries' reserves

Reserves at subsidiaries are appropriated under the Bank's policy, except for the following companies, which are appropriated in accordance with relevant legal regulations:

VietinBank Securities Joint Stock Corporation and VietinBank Fund Management Company Limited: reserves are appropriated from the Companies' net profit after tax according to Circular No. 146/2014/TT-BTC dated 6 October 2014 issued by the Ministry of Finance at prescribed rates as below:

- ▶ Supplementary charter capital reserve: 5% of net profit after tax and does not exceed 10% of charter capital;
- ▶ Financial reserve: 5% of net profit after tax and does not exceed 10% of charter capital.

VietinBank Insurance Joint Stock Corporation: the statutory reserve is made as per Decree No. 73/2016/NĐ-CP dated 1 July 2016 promulgated by the Government at the following rate:

- ▶ Statutory reserve fund: 5% of profit after tax, not exceeding 10% of the Company's charter capital

These reserves will be appropriated at the end of the fiscal year.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.26 *Offsetting*

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

4.27 *Business combinations and goodwill*

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of Business combination plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Bank's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortization. Goodwill is amortized ten (10) years on a straight-line basis.

4.28 *Nil balance items*

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

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

5. CASH, GOLD AND GEMSTONES

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
Cash on hand in VND	8,898,754	7,327,399
Cash on hand in foreign currencies	968,117	922,422
Monetary gold	45,089	12,074
Other gemstones	18,221	20,831
	9,930,181	8,282,726

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

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
Balance with the SBV		
- In VND	55,135,829	21,219,322
- In foreign currencies	2,480,821	3,654,392
	57,616,650	24,873,714

Balances with the SBV include current accounts and compulsory reserves.

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

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

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

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

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

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

7. PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	<i>31 December 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
Placements with other credit institutions		
Current accounts	37,969,725	59,830,519
- <i>In VND</i>	17,870,903	54,755,345
- <i>In foreign currencies</i>	20,098,822	5,075,174
Term deposits	54,658,520	63,254,239
- <i>In VND</i>	45,115,000	34,938,860
- <i>In foreign currencies</i>	9,543,520	28,315,379
	92,628,245	123,084,758
Loans to other credit institutions		
In VND	6,682,777	5,804,080
In foreign currencies	3,221,796	499,680
	9,904,573	6,303,760
	102,532,818	129,388,518

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

	<i>31 December 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
Current	64,563,093	69,557,999

8. HELD-FOR-TRADING SECURITIES

	<i>31 December 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
Debt securities	5,060,257	3,137,327
Government securities	3,555,344	2,363,665
Securities issued by other domestic credit institutions	697,353	111,318
Securities issued by other domestic economic entities	807,560	662,344
Equity securities	662,903	913,918
Equity securities issued by other domestic credit institutions	9	23,476
Equity securities issued by other domestic economic entities	662,894	890,442
Provision for held-for-trading securities	(121,413)	(225,871)
<i>In which:</i>		
<i>Provision for diminution in value</i>	<i>(116,927)</i>	<i>(225,871)</i>
<i>General provision</i>	<i>(4,486)</i>	<i>-</i>
	5,601,747	3,825,374

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

8. HELD-FOR-TRADING SECURITIES (continued)

8.1 Held-for-trading securities by listing status

	<i>31 December 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
Debt securities	5,060,257	3,137,327
Listed securities	4,252,697	2,474,983
Unlisted securities	807,560	662,344
Equity securities	662,903	913,918
Listed securities	323,863	559,962
Unlisted securities	339,040	353,956
	5,723,160	4,051,245

8.2 Provision for held-for-trading securities

Movement of general provision for impairment of held-for-trading securities during 2020 is as follows:

	<i>General provision</i> <i>VND million</i>	<i>Specific provision</i> <i>VND million</i>	<i>Total</i> <i>VND million</i>
Opening balance as at 1 January 2020	-	-	-
Provision charged during the year	4,486	-	4,486
Closing balance as at 31 December 2020	4,486	-	4,486

9. DERIVATIVES AND OTHER FINANCIAL ASSETS

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

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

10. LOANS TO CUSTOMERS

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
Loans to domestic economic entities and individuals	998,965,695	920,678,908
Discounted bills and valuable papers	1,998,693	1,389,621
Financial lease	3,303,174	2,785,755
Payments on behalf of customers	7,788	10,337
Loans financed by entrusted funds	116,523	348,928
Loans to foreign economic entities and individuals	10,941,397	10,057,396
	1,015,333,270	935,270,945

10.1 Analysis of loan portfolio by quality

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
Current	1,003,015,015	918,780,095
Special mention	2,799,154	5,677,439
Sub-standard	1,857,241	2,062,615
Doubtful	1,611,589	1,546,701
Loss	6,050,271	7,204,095
	1,015,333,270	935,270,945

10.2 Analysis of loan portfolio by original maturity

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
Short term loans	593,990,650	537,206,295
Medium term loans	61,855,251	61,930,487
Long term loans	359,487,369	336,134,163
	1,015,333,270	935,270,945

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

10. LOANS TO CUSTOMERS (continued)

10.3 Analysis of loan portfolio by ownership and types of customers

	31 December 2020		31 December 2019	
	VND million	%	VND million	%
State-owned companies	54,570,720	5.37	42,213,282	4.51
Single-member limited liability companies with 100% State ownership	29,301,967	2.89	33,347,654	3.57
Multi-member limited liability companies with over 50% State ownership or being controlled by the State	7,633,633	0.75	6,628,148	0.71
Other limited liability companies	235,071,957	23.15	210,675,358	22.53
Joint stock companies with over 50% State ownership or voting share capital; or being controlled by the State	29,717,803	2.93	35,845,575	3.83
Other joint-stock companies	280,725,913	27.65	264,881,824	28.32
Partnership companies	363,403	0.04	48,495	0.01
Private enterprises	14,020,853	1.38	12,450,347	1.33
Foreign invested enterprises	55,290,088	5.45	50,541,116	5.40
Co-operatives and unions of co-operative	1,460,651	0.14	1,365,946	0.15
Household business and individuals	304,459,440	29.99	274,787,877	29.37
Administrative unit, the Party, unions and associations	1,547,265	0.15	1,553,548	0.17
Others	1,169,577	0.11	931,775	0.10
	1,015,333,270	100	935,270,945	100

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

10. LOANS TO CUSTOMERS (continued)

10.4 Analysis of loan portfolio by sectors

	31 December 2020		31 December 2019	
	VND million	%	VND million	%
Construction	93,553,063	9.21	96,802,169	10.35
Production and distribution of electricity, gas and water	44,507,857	4.38	34,076,022	3.64
Production and processing	247,514,600	24.38	236,237,449	25.26
Mining	16,322,921	1.61	16,943,774	1.81
Agricultural, forestry and aquaculture	43,208,964	4.26	39,074,667	4.18
Transportation, logistics and telecommunication	24,268,965	2.39	22,358,726	2.39
Wholesale and retail, repairing of cars, motor vehicles and motorcycles	324,181,013	31.93	293,911,523	31.43
Trading and services	151,370,848	14.91	133,592,532	14.28
Households services, production of physical products and services used by households	46,327,291	4.56	41,905,460	4.48
Other activities	24,077,748	2.37	20,368,623	2.18
	1,015,333,270	100	935,270,945	100

11. PROVISION FOR CREDIT LOSSES ON LOANS TO CUSTOMERS

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

	General provision VND million	Specific provision VND million	Total VND million
Opening balance as at 1 January 2020	6,857,832	6,087,862	12,945,694
Provision charged during the year	507,791	5,819,142	6,326,933
Provision used to write off bad debts	-	(6,711,225)	(6,711,225)
Closing balance as at 31 December 2020	7,365,623	5,195,779	12,561,402

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

	General provision VND million	Specific provision VND million	Total VND million
Opening balance as at 1 January 2019 (restated)	6,768,218	6,291,746	13,059,964
Provision charged during the year	89,614	8,554,899	8,644,513
Provision used to write off bad debts	-	(8,758,783)	(8,758,783)
Closing balance as at 31 December 2019	6,857,832	6,087,862	12,945,694

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

12. INVESTMENT SECURITIES

12.1 Available-for-sale securities

	31 December 2020 VND million	31 December 2019 VND million
Debt securities	112,301,221	96,755,014
Government debt securities	57,375,668	44,898,960
Debt securities issued by other domestic credit institutions	43,941,537	34,998,124
Debt securities issued by other domestic economic entities	10,984,016	16,857,930
Equity securities	376,615	376,615
Equity securities issued by domestic economic entities	376,615	376,615
Provision for available-for-sale securities	(349,490)	(1,292,424)
In which:		
Provision for diminution in value	(50,918)	(168,306)
General provision	(298,572)	(293,268)
Specific provision	-	(830,850)
	112,328,346	95,839,205

12.2 Held-to-maturity securities

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

	31 December 2020 VND million	31 December 2019 VND million
Debt securities	2,616,778	2,586,748
Government bonds	2,200,000	2,200,000
Bonds issued by other domestic credit institutions	-	-
Bonds issued by other domestic economic entities	416,778	386,748
Provision for held-to-maturity securities	(3,126)	(2,901)
General provision	(3,126)	(2,901)
	2,613,652	2,583,847

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

12. INVESTMENT SECURITIES (continued)

12.2 Held-to-maturity securities (continued)

12.2.2 *Special bonds issued by VAMC*

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

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

	31 December 2020 VND million	31 December 2019 VND million
Current	39,421,746	41,295,925
Special mention	-	-
Substandard	-	-
Doubtful	-	-
Loss	-	590,000
	39,421,746	41,885,925

12.4 Provision for investment securities

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

	Available-for- sale securities VND million	Held-to-maturity securities VND million	Total VND million
Opening balance as at 1 January 2020	1,292,424	6,591,919	7,884,343
Provision (reversed)/charged in the year	(352,934)	5,820,528	5,467,594
Provision used to write off bad debts	(590,000)	(12,409,321)	(12,999,321)
Closing balance as at 31 December 2020	349,490	3,126	352,616

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

	Available-for- sale securities VND million	Held-to-maturity securities VND million	Total VND million
Opening balance as at 1 January 2019 (restated)	460,192	2,233,651	2,693,843
Provision charged in the year	832,232	4,358,268	5,190,500
Closing balance as at 31 December 2019	1,292,424	6,591,919	7,884,343

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

13. LONG-TERM INVESTMENTS

Analysis by type of investments:

	31 December 2020 VND million	31 December 2019 VND million
Investment in a joint venture (Note 13.1)	3,117,572	3,018,057
Other long-term investments	240,662	264,652
Provision for long-term investments	(22,727)	-
	3,335,507	3,282,709

13.1 Investment in a joint venture

	31 December 2020			31 December 2019		
	Cost VND million	Carrying value (equity method) VND million	% owned	Cost VND million	Carrying value (equity method) VND million	% owned
Indovina Bank Limited	1,688,788	3,117,572	50%	1,688,788	3,018,057	50%
	1,688,788	3,117,572		1,688,788	3,018,057	

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

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

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

14. TANGIBLE FIXED ASSETS

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

	Buildings and structures VND million	Machinery and equipment VND million	Means of transportation VND million	Other tangible fixed assets VND million	Total VND million
Cost					
Opening balance	7,570,864	5,357,272	1,551,252	338,214	14,817,602
Additions	116,971	177,049	93,901	15,332	403,253
Transfer from construction in progress	270,668	37,607	13,024	4,244	325,543
Disposals	(8,125)	(37,952)	(36,631)	(2,202)	(84,910)
Reclassification	-	924	-	(924)	-
Other increases/(decreases)	(25,510)	5,830	5,767	(2,482)	(16,395)
Closing balance	7,924,868	5,540,730	1,627,313	352,182	15,445,093
Accumulated depreciation					
Opening balance	2,263,151	4,787,977	1,074,669	269,423	8,395,220
Depreciation for the year	279,115	268,713	138,225	36,897	722,950
Disposals	(6,991)	(33,264)	(36,343)	(1,703)	(78,301)
Reclassification	-	924	-	(924)	-
Other increases/(decreases)	(12,879)	5,594	3,788	(688)	(4,185)
Closing balance	2,522,396	5,029,944	1,180,339	303,005	9,035,684
Net book value					
Opening balance	5,307,713	569,295	476,583	68,791	6,422,382
Closing balance	5,402,472	510,786	446,974	49,177	6,409,409

Cost of tangible fixed assets that are fully depreciated but are still in used as at 31 December 2020 is VND6,171,281 million (as at 31 December 2019: VND5,729,642 million).

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

15. INTANGIBLE FIXED ASSETS

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

	<i>Land use rights</i> VND million	<i>Other intangible</i> <i>fixed assets</i> VND million	<i>Total</i> VND million
Cost			
Opening balance	4,091,247	2,211,079	6,302,326
Additions	6,856	2,896	9,752
Disposals	(52,345)	-	(52,345)
Other increases/(decreases)	(2,923)	130,503	127,580
Closing balance	4,042,835	2,344,478	6,387,313
Accumulated amortization			
Opening balance	325,248	1,402,485	1,727,733
Amortization for the year	38,931	208,885	247,816
Disposals	-	-	-
Other increases	9,374	701	10,075
Closing balance	373,553	1,612,071	1,985,624
Net book value			
Opening balance	3,765,999	808,594	4,574,593
Closing balance	3,669,282	732,407	4,401,689

Cost of intangible fixed assets that are fully depreciated but are still in used as at 31 December 2020 is VND814,053 million (as at 31 December 2019: VND858,261 million).

16. OTHER ASSETS

16.1 Receivables

	<i>31 December 2020</i> VND million	<i>31 December 2019</i> VND million
Internal receivables	323,683	285,104
External receivables	15,779,120	15,275,062
Construction in progress	5,628,132	5,730,014
- <i>Constructions in the North</i>	5,210,728	5,247,938
- <i>Constructions in the Central</i>	330,482	304,640
- <i>Constructions in the South</i>	86,922	177,436
Fixed assets in purchase or under repair	1,091,917	1,059,318
	22,822,852	22,349,498

16.2 Other assets

	<i>31 December 2020</i> VND million	<i>31 December 2019</i> VND million
Materials and tools	137,498	130,007
Prepaid expenses	3,054,606	3,398,502
Other assets	16,792	16,792
	3,208,896	3,545,301

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

16. OTHER ASSETS (continued)

16.3 Provision for other assets

	<i>31 December 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
Provision for bad debts	51,574	9,780
Provision for obsolete inventories	21,739	1,297
	73,313	11,077

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

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

18. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

18.1 Deposits from other credit institutions

	<i>31 December 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
Demand deposits	3,693,658	41,418,294
In VND	3,277,392	40,981,731
In foreign currencies	416,266	436,563
Term deposits	94,843,782	41,119,746
In VND	80,534,690	35,846,997
In foreign currencies	14,309,092	5,272,749
	98,537,440	82,538,040

18.2 Borrowings from other credit institutions

	<i>31 December 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
In VND	6,992,376	3,500,812
In foreign currencies	22,989,299	23,444,207
	29,981,675	26,945,019

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

19. CUSTOMER DEPOSITS

	31 December 2020 VND million	31 December 2019 VND million
Demand deposits	186,452,167	146,420,659
- Demand deposits in VND	153,361,882	120,166,477
- Demand deposits in foreign currencies	33,090,285	26,254,182
Term deposits	796,126,147	740,861,362
- Term deposits in VND	764,975,526	712,001,684
- Term deposits in foreign currencies	31,150,621	28,859,678
Deposits for specific purpose	2,859,487	2,336,638
- Deposits for specific purpose in VND	2,178,695	1,507,119
- Deposits for specific purpose in foreign currencies	680,792	829,519
Margin deposits	4,893,484	3,166,569
- Margin deposits in VND	4,326,827	2,815,590
- Margin deposits in foreign currencies	566,657	350,979
	990,331,285	892,785,228

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

	31 December 2020		31 December 2019	
	VND million	%	VND million	%
State-owned companies	151,784,675	15.33	134,000,840	15.01
Single-member limited liability companies with 100% State ownership	17,775,617	1.79	18,924,304	2.12
Multi-member limited liability companies with over 50% State ownership or being controlled by the State	1,270,315	0.13	967,114	0.11
Other limited liability companies	33,523,426	3.39	34,231,510	3.83
Joint stock companies with over 50% State ownership or voting share capital; or being controlled by the State	39,700,557	4.01	38,090,520	4.27
Other joint-stock companies	65,837,792	6.65	55,567,154	6.22
Partnership companies	8,189,560	0.83	3,657,234	0.41
Private enterprises	3,867,391	0.39	4,322,656	0.48
Foreign invested enterprises	99,332,249	10.03	72,930,412	8.17
Co-operatives and unions of co-operative	1,616,504	0.16	451,800	0.05
Household business and individuals	497,404,616	50.23	472,022,908	52.87
Administrative units, the Party, unions and associations	39,967,629	4.04	35,154,926	3.94
Others	30,060,954	3.02	22,463,850	2.52
	990,331,285	100	892,785,228	100

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

20. OTHER BORROWED AND ENTRUSTED FUNDS

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

21. VALUABLE PAPERS ISSUED

	<i>31 December 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
In VND	59,874,697	57,065,477
Par value	59,874,697	57,065,477
In foreign currencies	873	876
Par value	873	876
	59,875,570	57,066,353

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	-	25,000,887	25,001,053
- <i>In VND</i>	-	166	-	25,000,014	25,000,180
- <i>In foreign currencies</i>	-	-	-	873	873
From 5 years	-	-	34,874,320	-	34,874,320
- <i>In VND</i>	-	-	34,874,320	-	34,874,320
Closing balance	197	166	34,874,320	25,000,887	59,875,570

22. OTHER LIABILITIES**22.1 Other payables**

	<i>31 December 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
Internal payables	3,892,705	3,472,757
External payables (*)	6,293,409	5,401,974
Bonus, welfare funds	2,889,302	330,366
	13,075,416	9,205,097

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

22. OTHER LIABILITIES (continued)

22.1 Other payables (continued)

(*) Details of external payables are as follows:

	<u>31 December 2020</u> VND million	<u>31 December 2019</u> VND million
Collections, payments on behalf of other organizations	1,375,631	1,477,465
Amounts kept for customers and awaiting settlement	79,149	150,451
Corporate income tax payable (Note 25)	1,302,702	619,096
Other items awaiting payment	1,443,133	1,483,731
Tax and fee payables	1,210,143	635,988
Payables to the SBV due to the collection of written-off debts	214,092	194,236
Payables related to trade finance activities	95,009	92,380
Money transfer payable	8,904	6,008
Other payables	288,660	250,237
Collections, payments on behalf of other organizations	275,986	492,382
	<u>6,293,409</u>	<u>5,401,974</u>

23. DEFERRED CORPORATE INCOME TAX

The balance of deferred corporate income tax assets and the deferred corporate income tax liabilities at the year-end represent deferred corporate income tax assets and the deferred corporate income tax liabilities of some of the Bank's subsidiaries. Details are as follows:

23.1 Deferred corporate income tax assets

	<u>31 December 2020</u> VND million	<u>31 December 2019</u> VND million
Deferred tax assets arising from deductible temporary difference	-	91,609
	<u>-</u>	<u>91,609</u>

23.2 Deferred corporate income tax liabilities

	<u>31 December 2020</u> VND million	<u>31 December 2019</u> VND million
Deferred tax liabilities arising from deductible temporary difference	38,008	117,066
	<u>38,008</u>	<u>117,066</u>

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

24. TAX AND OTHER OBLIGATIONS TO THE STATE BUDGET

	Opening balance VND million	Movements during the year		Closing balance VND million
		Payables VND million	Paid VND million	
Value added tax	20,403	564,492	563,396	21,499
Corporate income tax	619,096	3,315,240	2,631,634	1,302,702
Other taxes	129,429	760,229	711,544	178,114
	768,928	4,639,961	3,906,574	1,502,315

25. CORPORATE INCOME TAX EXPENSE

25.1 Current corporate income tax expense

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

For VietinBank Lao Limited, the Bank shall calculate and determine the CIT payable according to the income tax regulations in Laos. According to Tax Law No. 67 issued by the National Assembly on 18 June 2019, the CIT amount of VietinBank Lao Limited is determined by 20% of the earned profit.

The Bank's tax reports are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amount reported in the consolidated 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 consolidated 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 payables of the Bank is calculated based on the statutory tax rates applicable at the year-end.

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

25. CORPORATE INCOME TAX EXPENSE (continued)

25.1 Current corporate income tax expense (continued)

Provision for current income tax expense is computed as follows:

	2020 VND million	2019 VND million
Profit before tax	17,084,849	11,780,993
<i>Plus/(minus)</i>		
- Non-bearing tax dividend income	(352,360)	(305,360)
- Subsidiaries' profits	(711,425)	(618,607)
- Income from increase in interest at joint venture	(114,261)	(103,895)
- Movement of provision for loans and bonds arising from consolidation process	9,783	118,875
- Others	47,082	16,883
Taxable income	15,963,668	10,888,889
Parent Bank's CIT expenses	3,192,734	2,177,778
Subsidiaries' CIT expenses	122,329	108,774
Total CIT expenses in the year	3,315,063	2,286,552
CIT payable/(refundable) at the beginning of the year	619,096	(169,074)
CIT paid during the year	(2,631,634)	(1,500,561)
Adjustment for CIT differences of previous years	177	2,179
Current income tax payable at the end of the year	1,302,702	619,096

25.2 Deferred corporate income tax expense

	2020 VND million	2019 VND million
Deferred corporate income tax expenses arising from deductible temporary differences	12,552	17,452
	12,552	17,452

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

26. OWNERS' EQUITY AND RESERVES

26.1 Statement of changes in equity

	Charter capital VND million	Share premium VND million	Other owned capital VND million	Capital reserve VND million	Financial reserve VND million	Investment and development fund VND million	Foreign exchange difference VND million	Undistributed profits VND million	Non-controlling interests VND million	Total VND million
Balance as at 1 January 2019	37,234,046	8,974,698	207,470	2,732,611	5,369,065	65,941	599,602	11,836,676	296,225	67,316,334
Net profit for the year	-	-	-	-	-	-	-	9,461,267	15,722	9,476,989
Appropriation to reserves	-	-	-	477,851	954,582	10,671	-	(1,443,104)	-	-
Appropriation to bonus and welfare funds of 2018	-	-	-	-	-	-	-	(41,812)	(2,927)	(44,739)
Increase from subsidiaries' share issue	-	-	308,438	-	-	-	-	-	278,444	586,882
Increase from translation of financial statements for consolidation purposes	-	-	-	-	(2,220)	-	26,412	-	-	26,412
Utilization of reserves	-	-	-	-	-	-	-	-	-	(2,220)
Dividends paid for the fiscal year 2018 to non-controlling interests	-	-	-	-	-	-	-	-	(26,124)	(26,124)
Other adjustments	-	(15)	-	-	1,022	538	-	19,656	83	21,284
Balance as at 31 December 2019	37,234,046	8,974,683	515,908	3,210,462	6,322,449	77,150	626,014	19,832,683	561,423	77,354,818
Net profit for the year	-	-	-	-	-	-	-	13,693,588	63,646	13,757,234
Appropriation to reserves	-	-	-	675,218	1,349,516	598	-	(2,025,332)	-	-
Appropriation to bonus and welfare funds	-	-	-	-	-	-	-	(3,568,790)	(6,538)	(3,575,328)
Decrease from translation of financial statements for consolidation purposes	-	-	-	-	-	-	(144,233)	-	-	(144,233)
Dividends paid for the fiscal year 2019	-	-	-	-	(19,494)	(3,466)	-	(1,915,509)	(19,527)	(1,935,036)
Other adjustments	-	15	-	(6,965)	(19,494)	(3,466)	-	(16,010)	(285)	(46,205)
Balance as at 31 December 2020	37,234,046	8,974,698	515,908	3,878,715	7,652,471	74,282	481,781	26,000,630	598,719	85,411,250

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

26. OWNERS' EQUITY AND RESERVES (continued)

26.2 Equity

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

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

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

26.3 Dividend

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

In accordance with Resolution No. 01/NQ-HDDCD.2020 dated 29 April 2020, the General Meeting of Shareholders of VietinBank Insurance Joint Stock Corporation has decided to pay cash dividend of 2019 at 11% of par value (one share received VND1,100), which is equivalent to VND73,333 million. By 21 June 2020, the Company has completed the payment of dividends to its shareholders.

26.4 Breakdown of the Banks' owner equity:

Unit: VND million

	31 December 2020			31 December 2019		
	Total	Ordinary shares	Preferred shares	Total	Ordinary shares	Preferred shares
Contribution from the Government of Vietnam	24,001,066	24,001,066	-	24,001,066	24,001,066	-
Other capital contribution (shareholders, members...)	13,232,980	13,232,980	-	13,232,980	13,232,980	-
Share premium	8,974,698	8,974,698	-	8,974,683	8,974,683	-
Treasury shares	-	-	-	-	-	-
Total	46,208,744	46,208,744	-	46,208,729	46,208,729	-

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

26. OWNERS' EQUITY AND RESERVES (continued)

26.5 Basic earnings per share

Profit for calculation of basic earnings per share

	2020 VND million	2019 VND million (restated)
Net profit	13,693,588	9,461,267
Bonus and welfare fund (*)	-	(2,142,763)
Profit attributed to ordinary equity holders (*)	13,693,588	7,318,504

Number of ordinary shares for calculation of basic earnings

	2020 Shares	2019 Shares
Number of ordinary shares issued at the beginning of the year	3,723,404,556	3,723,404,556
Effect of the number of shares issued in the year	-	-
Weighted average of ordinary shares for calculation of basic earnings per share	3,723,404,556	3,723,404,556

Basic earnings per share

	2020 VND/share	2019 VND/share (restated)
Basic earnings per share (*)	3,678	1,966

(*) Profit attributed to ordinary equity holders and basic earnings per share are restated because the appropriation of bonus and welfare funds in 2019 is restated according to the Bank resolution.

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

27. INTEREST AND SIMILAR INCOME

	<i>2020</i> <i>VND million</i>	<i>2019</i> <i>VND million</i>
Interest income from deposits	2,263,553	3,121,356
Interest income from loans to customers	73,400,178	71,594,789
Interest income from debt securities	6,423,265	6,509,878
Income from guarantee activities	688,186	645,543
Income from finance leases	292,990	270,906
Other income from credit activities	609,545	600,299
	83,677,717	82,742,771

28. INTEREST AND SIMILAR EXPENSES

	<i>2020</i> <i>VND million</i>	<i>2019</i> <i>VND million</i>
Interest expenses for deposits	43,289,869	44,391,837
Interest expenses for borrowings	689,276	1,100,375
Interest expenses for valuable papers issued	3,923,225	3,680,910
Other expenses for credit activities	194,518	370,612
	48,096,888	49,543,734

29. NET FEE AND COMMISSION INCOME

	<i>2020</i> <i>VND million</i>	<i>2019</i> <i>VND million</i>
Fee and commission income	8,342,502	7,888,130
Settlement services	3,456,038	3,284,133
Advisory services	163,975	98,235
Trusted and agency services	177,882	131,427
Insurance services	2,348,967	2,154,701
Other services	2,195,640	2,219,634
Fee and commission expenses	(4,001,586)	(3,832,752)
Settlement services	(1,716,384)	(1,827,293)
Advisory services	(13,224)	(13,011)
Trusted and agency services	(183,716)	(133,299)
Treasury services	(333,535)	(301,880)
Insurance services	(1,524,305)	(1,283,159)
Other services	(230,422)	(274,110)
Net fee and commission income	4,340,916	4,055,378

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

30. NET GAIN FROM TRADING IN FOREIGN CURRENCIES

	<i>2020</i> <i>VND million</i>	<i>2019</i> <i>VND million</i>
Income from foreign currencies trading	17,807,817	5,488,757
Income from spot foreign currencies spot trading	1,317,040	960,754
Income from currency derivatives trading	1,484,248	1,463,386
Income from gold trading	15,006,529	3,064,617
Expenses for trading in foreign currencies	(15,808,096)	(3,924,457)
Expenses for spot foreign currencies spot trading	(120,420)	(64,166)
Expenses for currency derivatives trading	(726,661)	(800,196)
Expenses for gold trading	(14,961,015)	(3,060,095)
Net gain from foreign currencies trading	1,999,721	1,564,300

31. NET GAIN FROM HELD-FOR-TRADING SECURITIES

	<i>2020</i> <i>VND million</i>	<i>2019</i> <i>VND million</i>
Income from held for trading securities	526,731	463,490
Expenses for held for trading securities	(29,913)	(19,782)
Provision charged/(reversed) for held for trading securities	104,457	(78,144)
Net gain from held for trading securities	601,275	365,564

32. NET GAIN/(LOSS) FROM INVESTMENT SECURITIES

	<i>2020</i> <i>VND million</i>	<i>2019</i> <i>VND million</i>
Income from trading in investment securities	9,076	43,975
Expenses for trading in investment securities	(835)	(3,221)
Provision reserved/(charged) for investment securities	352,709	(831,482)
Net gain/(loss) from investment securities	360,950	(790,728)

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

33. NET GAIN FROM OTHER ACTIVITIES

	2020 VND million	2019 VND million
Income from other activities	2,694,931	2,357,430
Income from recovery of bad debts previously written-off	1,751,795	1,337,954
Income from other derivatives	502,215	408,870
Income from transfer, disposal of assets	108,163	139,813
Other income	332,758	470,793
Expenses for other activities	(785,226)	(859,995)
Expenses for other derivatives	(353,120)	(377,461)
Expenses for transfer, disposal of assets	(53,715)	(1,823)
Other expenses	(378,391)	(480,711)
Net gain from other activities	1,909,705	1,497,435

34. INCOME FROM INVESTMENTS IN OTHER ENTITIES

	2020 VND million	2019 VND million
Income received from equity securities	4,854	9,428
Income received from capital contribution	62,207	59,675
Share from net profit under equity method of investment in a joint venture	456,977	402,385
Income received from divestments	-	156,912
	524,038	628,400

35. TOTAL OPERATING EXPENSES

	2020 VND million	2019 VND million
Expenses on taxes, fees, charges	21,059	21,180
Personnel expenses	9,261,722	9,434,827
Salary and allowances	7,425,497	7,769,361
Expenses related to salary	570,425	556,683
Allowances	4,718	2,994
Other expenses	1,261,082	1,105,789
Expenses on assets	2,604,914	2,280,260
Depreciation and amortization expenses	970,766	980,541
Other expenses	1,634,148	1,299,719
Administrative expenses	3,193,804	2,950,282
Per-diem	136,945	169,947
Expenses for union activities	15,769	33,359
Other expenses	3,041,090	2,746,976
Insurance premium for customer deposits	722,082	663,368
Other provision expenses (excluding provision expenses for credit loss on- and off-balance sheet credit loss; provision expenses for securities)	281,767	384,945
	16,085,348	15,734,862

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended**36. CASH AND CASH EQUIVALENTS**

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

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
Cash and cash equivalents on hand	9,930,181	8,282,726
Balances with the SBV	57,616,650	24,873,714
Current accounts at other credit institutions	37,969,725	59,830,519
Placements with other credit institutions with terms not exceeding three (03) months	54,658,520	62,059,785
	160,175,076	155,046,744

37. EMPLOYEES' REMUNERATIONS

	<i>2020</i>	<i>2019</i>
I. Total number of employees (persons) (*)	24,480	24,105
II. Employees' remuneration (VND million)		
1. Total salary fund	7,425,497	7,769,361
2. Other remuneration	422,871	356,255
3. Total remuneration (1+2)	7,848,368	8,125,616
4. Average monthly salary (**)	25.95	27.14
5. Average monthly remuneration (**)	27.42	28.38

(*) Data as at 31 December

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

38. COLLATERAL AND MORTGAGES**38.1 Assets, valuable papers taken for mortgage, pledge and discount, rediscount**

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

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
Real estates	1,718,726,044	1,280,623,861
Movables	66,735,221	66,317,982
Deposits, gold, gemstones and valuable papers	163,123,438	143,377,428
Other assets	567,084,360	496,795,576
	2,515,669,063	1,987,114,847

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

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

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

39. RELATED PARTY TRANSACTIONS

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

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

Details of significant balances with related parties as at 31 December 2020 are as follows:

Related organizations

<i>Related parties</i>	<i>Relationship</i>	<i>Balances</i>	<i>31 December 2020 VND million</i>	<i>31 December 2019 VND million</i>
The State Bank of Vietnam	Owner and direct management agency	Deposits of the Bank at the SBV	57,616,650	24,873,714
		Due to the SBV	1,969,774	2,616,734
Indovina Bank Limited	Joint venture	Deposits of the Bank and subsidiaries at Indovina Bank Limited	96,482	4,015,808
		Deposits of Indovina Bank Limited at the Bank	417,047	4,044,912

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

39. RELATED PARTY TRANSACTIONS (continued)

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

Related Organizations

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>2020 VND million</i>	<i>2019 VND million</i>
The State Bank of Vietnam ("the SBV")	Owner and direct management agency	Increase in deposits of the Bank at the SBV	32,742,936	1,691,506
		Decrease in borrowings from the SBV	(646,960)	(777,783)
Indovina Bank Limited	Joint venture	(Decrease)/increase in deposits of the Bank and subsidiaries at Indovina Bank Limited	(3,919,326)	4,013
		(Decrease)/increase in deposits of Indovina Bank Limited at the Bank	(3,627,865)	4,277
		Interest income	7,942	4,014
		Interest expenses	(28,584)	(3,749)

Related individuals

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

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

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

40. SEGMENT INFORMATION

40.1 Business segment report

Items	Banking financial services		Non-banking financial services		Others	Adjustment	Total
	Banking financial services	Non-banking financial services	Banking financial services	Non-banking financial services			
I. Income	95,582,058	3,008,649	15,384,164	(392,104)		113,582,767	
1. Interest income	83,208,974	482,938	104,745	(118,940)		83,677,717	
- Interest income from external sources	83,119,063	455,772	102,882	-		83,677,717	
- Interest income from internal sources	89,911	27,166	1,863	(118,940)		-	
2. Income from services	6,066,979	2,458,296	3,624	(186,397)		8,342,502	
3. Other income	6,306,105	67,415	15,275,795	(86,767)		21,562,548	
II. Expenses	(66,811,825)	(2,693,790)	(15,160,106)	315,040		(84,350,681)	
1. Interest expenses	(48,067,137)	(70,432)	(78,259)	118,940		(48,096,888)	
- External interest expenses	(48,006,658)	(11,972)	(78,258)	-		(48,096,888)	
- Internal interest expenses	(60,479)	(58,460)	(1)	118,940		-	
2. Depreciation and amortization expenses	(948,997)	(10,333)	(11,436)	-		(970,766)	
3. Expenses related to operating business	(17,795,691)	(2,613,025)	(15,070,411)	196,100		(35,283,027)	
Net profit from operating activities before credit provision expenses	28,770,233	314,859	224,058	(77,064)		29,232,086	
Provision expenses for credit losses	(12,133,813)	(7,463)	(17,648)	11,687		(12,147,237)	
Segment profit before tax	16,636,420	307,396	206,410	(65,377)		17,084,849	
Current corporate income tax expense	(3,227,216)	(63,523)	(24,324)	-		(3,315,063)	
Deferred corporate income tax expense	-	(257)	(12,295)	-		(12,552)	
Segment profit after corporate income tax	13,409,204	243,616	169,791	(65,377)		13,757,234	
III. Assets	1,336,159,694	7,720,382	4,884,020	(7,327,628)		1,341,436,468	
1. Cash on hand	9,857,658	990	71,533	-		9,930,181	
2. Fixed assets	10,678,411	79,724	52,963	-		10,811,098	
3. Other assets	1,315,623,625	7,639,668	4,759,524	(7,327,628)		1,320,695,189	
IV. Liabilities	1,252,617,782	4,731,825	3,469,217	(4,793,606)		1,256,025,218	
1. External liabilities	1,250,176,246	3,307,903	3,436,142	(4,787,781)		1,252,132,510	
2. Internal liabilities	2,441,536	1,423,922	33,075	(5,825)		3,892,708	

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

40. SEGMENT INFORMATION (continued)

40.2 Geographical segment report

Items	Unit: VND million				Offset	Total
	North	South	Others	Total		
Segment profit before tax	13,082,681	3,184,735	882,808	17,084,849	(65,375)	17,084,849
Current corporate income tax expense	(3,287,343)	(1,703)	(26,017)	(3,315,063)	-	(3,315,063)
Deferred corporate income tax expense	(12,552)	-	-	(12,552)	-	(12,552)
Segment profit after corporate income tax	9,782,786	3,183,032	856,791	13,757,234	(65,375)	13,757,234
Segment assets	772,691,871	412,099,129	163,973,096	1,341,436,468	(7,327,628)	1,341,436,468
Segment liabilities	697,292,962	403,380,596	160,145,266	1,256,025,218	(4,793,606)	1,256,025,218

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

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

	<i>Total loans VND million</i>	<i>Total deposits VND million</i>	<i>Credit commitments VND million</i>	<i>Derivative financial instruments VND million</i>	<i>Trading and investment of securities VND million</i>
Domestic	1,014,431,820	1,125,717,098	106,256,208	137,122	121,017,774
Overseas	10,806,023	5,779,041	41,555	-	-
	1,025,237,843	1,131,496,139	106,297,763	137,122	121,017,774

42. FINANCIAL RISK MANAGEMENT POLICIES

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

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

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

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

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

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

43. CREDIT RISK

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

Tools that the Bank uses to manage credit risk include:

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

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

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

Methods of minimizing credit risk

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

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

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

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

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

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

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

Unit: VND million

	Overdue				Total
	Less than 90 days	91-180 days	181-360 days	Over 360 days	
Loans to customers	1,004,297	273,381	260,888	327,622	1,866,188

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

43. CREDIT RISK (continued)

Methods of minimize credit risk (continued)

► *Financial assets which are impaired*

The maturity of impaired financial assets is presented as follows:

Unit: VND million

	Overdue				Total
	Less than 90 days	91-180 days	181-360 days	Over 360 days	
Loans to customers	1,794,857	1,583,860	1,350,701	5,722,649	10,452,067

44. MARKET RISK

44.1 *Interest rate risk*

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

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

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

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

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

44. MARKET RISK (continued)

44.1 Interest rate risk (continued)

The Bank's interest rate risk policies

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

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

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

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

Interest rate risk management

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

Interest rate risk management at the portfolio level

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

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

44. MARKET RISK (continued)

44.1 Interest rate risk (continued)

Interest rate risk management (continued)

Interest rate risk management at transaction level

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

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

44. MARKET RISK (continued)

44.1 Interest rate risk (continued)

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

	Non-interest bearing VND million	Interest rate re-pricing period							Total VND million	
		Overdue		Interest rate re-pricing period						
		Over 3 months VND million	Up to 3 months VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 6 months VND million	From 6 to 12 months VND million	From 1 to 5 years VND million		Over 5 years VND million
Assets										
Cash, gold and gemstones	9,930,181	-	-	-	-	-	-	-	-	9,930,181
Balances with the SBV	-	-	57,616,650	-	-	-	-	-	-	57,616,650
Placements with and loans to other credit institutions (*)	-	-	82,655,818	17,464,900	2,062,100	350,000	-	-	-	102,532,818
Securities held for trading (*)	-	-	5,723,160	-	-	-	-	-	-	5,723,160
Derivatives and other financial assets	-	-	137,122	-	-	-	-	-	-	137,122
Loans to customers (*)	-	9,519,101	2,799,154	269,804,731	252,590,450	71,688,888	27,687,522	2,539,868	1,015,333,270	1,015,333,270
Investment securities (*)	376,615	-	378,703,556	6,363,083	7,968,057	23,340,098	41,299,383	30,550,090	3,358,234	115,294,614
Long-term investments (*)	3,358,234	-	-	-	-	-	-	-	-	3,358,234
Fixed assets	10,811,098	-	-	-	-	-	-	-	-	10,811,098
Other assets (*)	20,251,084	73,313	-	3,147,727	5,917,011	4,315,463	126,194	-	-	33,830,792
Total assets	44,727,212	9,592,414	2,799,154	533,381,321	299,549,725	266,936,070	95,505,180	68,986,905	33,089,958	1,354,567,939
Liabilities										
Due to the Government and the SBV	-	-	-	42,864,597	650,097	637,176	445,318	-	-	44,597,188
Deposits and borrowings from other credit institutions	-	-	-	102,248,689	15,071,365	11,055,365	143,696	-	-	128,519,115
Customer deposits	-	-	-	441,458,716	189,644,870	156,653,224	186,786,596	15,780,958	6,921	990,331,285
Other borrowed and entrusted funds	-	-	-	2,733,251	-	-	-	-	-	2,733,251
Valuable papers issued	29,198,794	-	-	12,151,084	-	5,700,000	16,750,000	25,024,486	250,000	59,875,570
Other liabilities (*)	-	-	-	-	-	-	-	-	-	29,198,794
Total liabilities	29,198,794	-	-	598,723,086	208,099,583	174,045,765	204,125,610	40,805,444	256,921	1,255,255,203
Interest sensitivity gap of balance sheet items	15,528,418	9,592,414	2,799,154	(65,341,765)	91,450,142	92,890,305	(108,620,430)	28,181,461	32,833,037	99,312,736
Interest sensitivity gap of off-balance sheet items	-	-	-	-	-	-	-	-	-	-
Interest sensitivity gap of on, off-balance sheet items	15,528,418	9,592,414	2,799,154	(65,341,765)	91,450,142	92,890,305	(108,620,430)	28,181,461	32,833,037	99,312,736

(*): Excluding provision

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

44. MARKET RISK (continued)

44.2 Currency risk

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

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

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

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

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

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

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

44. MARKET RISK (continued)

44.2 Currency risk (continued)

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

	EUR equivalent VND million	USD equivalent VND million	Other currencies equivalent VND million	Total VND million
Assets				
Cash, gold and gemstones	185,417	821,428	24,582	1,031,427
Balances with the SBV	-	2,480,821	-	2,480,821
Placements with and loans to other credit institutions	912,339	16,877,891	15,073,908	32,864,138
Loans to customers (*)	5,018,334	76,146,910	2,903,854	84,069,098
Fixed assets	42,363	-	496,701	539,064
Other assets (*)	1,634,497	11,000,369	70,572	12,705,438
Total assets	7,792,950	107,327,419	18,569,617	133,689,986
Liabilities				
Deposits and borrowings from other credit institutions	196,019	36,517,650	1,000,988	37,714,657
Customer deposits	2,526,513	60,328,371	2,633,471	65,488,355
Derivatives and other financial liabilities	2,336,734	18,454,205	14,393,392	35,184,331
Other borrowed and entrusted funds	177,593	1,900,244	9,984	2,087,821
Valuable papers issued	-	873	-	873
Other liabilities (*)	2,471,613	1,235,898	334,834	4,042,345
Total liabilities	7,708,472	118,437,241	18,372,669	144,518,382
FX position on balance sheet	84,478	(11,109,822)	196,948	(10,828,396)
FX position off-balance sheet	-	-	-	-
Net on, off-balance sheet FX position	84,478	(11,109,822)	196,948	(10,828,396)

(*): Excluding provision

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

44. MARKET RISK (continued)

44.3 Liquidity risk

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

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

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

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

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

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

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

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

44. MARKET RISK (continued)

44.3 Liquidity risk (continued)

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

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

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

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

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

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

44. MARKET RISK (continued)

44.3 Liquidity risk (continued)

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

	Overdue						Current					Total VND million
	Over 3 months		Up to 3 months		Up to 1 month		From 1 to 3 months		From 3 to 12 months		From 1 to 5 years	
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	
Assets												
Cash, gold and gemstones	-	-	-	9,930,181	-	-	-	-	-	-	-	9,930,181
Balances with the SBV	-	-	-	57,616,650	-	-	-	-	-	-	-	57,616,650
Placements with and loans to other credit institutions (*)	-	-	-	87,045,768	-	13,074,950	-	-	2,412,100	-	-	102,532,818
Securities held for trading (*)	-	-	-	5,723,160	-	-	-	-	-	-	-	5,723,160
Derivatives and other financial assets	-	-	-	137,122	-	-	-	-	-	-	-	137,122
Loans to customers (*)	9,519,101	2,799,154	61,014,107	209,323,691	164,357,018	367,089,039	18,994,899	41,131,785	201,231,160	102,532,818	1,015,333,270	
Investment securities (*)	-	-	-	5,072,609	1,153,512	-	-	-	3,358,234	-	-	115,294,614
Long-term investments (*)	-	-	-	-	-	-	-	-	-	-	-	3,358,234
Fixed assets	-	-	-	-	-	-	-	-	-	-	-	10,811,098
Other assets (*)	73,313	-	-	2,921,274	5,453,556	4,021,020	117,584	21,244,045	-	-	-	33,830,792
Total assets	9,592,414	2,799,154	229,460,871	229,005,709	213,416,411	392,517,058	213,416,411	277,776,322	1,354,567,939			
Liabilities												
Due to the Government and the SBV	-	-	-	42,864,597	650,097	1,082,494	-	-	-	-	-	44,597,188
Deposits and borrowings from other credit institutions	-	-	-	101,931,361	13,403,740	12,764,034	332,848	87,132	128,519,115	-	-	128,519,115
Customer deposits	-	-	-	166,250,171	193,094,468	431,231,116	199,276,729	478,801	990,331,285	-	-	990,331,285
Other borrowed and entrusted funds	-	-	-	910,882	57,614	-	381,507	1,383,248	2,733,251	-	-	2,733,251
Valuable papers issued	-	-	-	-	3,062,221	26,300,000	1,151,250	32,424,320	59,875,570	-	-	59,875,570
Other liabilities (*)	-	-	-	9,869,326	6,077,482	9,679,661	510,104	-	-	-	-	29,198,794
Total liabilities	-	-	321,826,337	210,210,526	210,821,995	477,512,740	210,821,995	34,883,605	1,255,255,203			
Net liquidity gap	9,592,414	2,799,154	(92,365,466)	18,795,183	2,594,416	(84,995,682)	2,594,416	242,892,717	99,312,736			

(*): Excluding provision

Other market price risk

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

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

45. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

Financial assets

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

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

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

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

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

► *Held-to-maturity investments:*

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

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

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

45. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Financial assets (continued)

▶ *Loans and receivables:*

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

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

▶ *Available-for-sale financial assets:*

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

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

Financial liabilities

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

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

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

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

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

▶ *Financial liabilities at amortized cost:*

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

Offsetting of financial assets and financial liabilities

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

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

45. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

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

	Carrying value					Fair value VND million
	Financial assets at fair value through profit or loss VND million	Held-to- maturity VND million	Loans and receivables VND million	Available-for- sale VND million	Other assets and liabilities recorded at amortized cost VND million	
Assets						
Cash, gold and gemstones	9,930,181	-	-	-	-	9,930,181
Balances with the SBV	57,616,650	-	-	-	-	57,616,650
Placements with and loans to other credit institutions	-	-	102,532,818	-	-	102,532,818
Securities held for trading	5,723,160	-	-	-	-	5,723,160
Derivatives and other financial assets	137,122	-	-	-	-	137,122
Loans to customers	-	-	1,015,333,270	-	-	1,015,333,270
Available-for-sale securities	-	-	-	112,677,836	-	112,677,836
Held-to-maturity securities	-	2,616,778	-	-	-	2,616,778
Other long-term investments	-	-	-	240,662	-	240,662
Other financial assets	-	-	33,816,313	-	-	33,816,313
	73,407,113	2,616,778	1,151,682,401	112,918,498	-	1,340,624,790
Liabilities						
Due to the Government and the SBV	-	-	-	-	44,597,188	44,597,188
Deposits and borrowings from other credit institutions	-	-	-	-	128,519,115	128,519,115
Customer deposits	-	-	-	-	990,331,285	990,331,285
Other borrowed and entrusted funds	-	-	-	-	2,733,251	2,733,251
Valuable papers issued	-	-	-	-	59,875,570	59,875,570
Other financial liabilities	-	-	-	-	27,682,000	27,682,000
	-	-	-	-	1,253,738,409	1,253,738,409

(*) 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 CONSOLIDATED FINANCIAL STATEMENTS (continued)
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46. EVENTS AFTER THE CONSOLIDATED BALANCE SHEET DATE

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

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

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

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22 March 2021