

Vietnam Joint Stock Commercial Bank for Industry and Trade

Consolidated financial statements

For the year ended 31 December 2019



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Vietnam Joint Stock Commercial Bank for Industry and Trade

GENERAL INFORMATION

THE BANK

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

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

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

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

Charter capital

As at 31 December 2019, the charter capital of the Bank is VND37,234,046 million (31 December 2018: VND37,234,046 million).

Location

The Bank’s Head Office is located at 108 Tran Hung Dao Street, Hoan Kiem District, Hanoi, Vietnam. As at 31 December 2019, the Bank has one (1) Head Office; two (2) Local representative offices (in Da Nang and Ho Chi Minh City); nine (9) Administrative units include: one (1) School of Human Resource Development and Training; one (1) IT centre; one (1) Card centre; one (1) Trade finance centre; five (5) Cash management centres; one-hundred and fifty five (155) branches and seven (7) subsidiaries; foreign networks include: one (1) overseas representative office in Myanmar; two (2) branches in the Federal Republic of Germany, one (1) 100% owned bank in Lao People’s Democratic Republic (Vietnam Joint Stock Commercial Bank for Industry and Trade in Laos).

Vietnam Joint Stock Commercial Bank for Industry and Trade

GENERAL INFORMATION (continued)

BOARD OF DIRECTORS

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

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

MANAGEMENT AND CHIEF ACCOUNTANT

The members of the Management and Chief Accountant of the Bank during the year and at the date of the consolidated financial statements are as follows:

<i>Name</i>	<i>Position</i>
Mr. Tran Minh Binh	General Director
Ms. Nguyen Hong Van	Deputy General Director
Mr. Nguyen Hoang Dung	Deputy General Director
Mr. Nguyen Duc Thanh	Deputy General Director
Mr. Tran Cong Quynh Lan	Deputy General Director
Mr. Nguyen Dinh Vinh	Deputy General Director
Ms. Le Nhu Hoa	Deputy General Director
Mr. Hiroshi Yamaguchi	Deputy General Director
Mr. Nguyen Hai Hung	Chief Accountant

Vietnam Joint Stock Commercial Bank for Industry and Trade

GENERAL INFORMATION (continued)

SUPERVISORY BOARD

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

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

LEGAL REPRESENTATIVE

The legal representative of the Bank during the year and at the date of the consolidated financial statements is Mr. Le Duc Tho - the Chairman.

Ms. Nguyen Hong Van - Deputy General Director is authorized by Mr. Le Duc Tho to sign the accompanying consolidated financial statements for the year ended 31 December 2019 in accordance with the Letter of Authorization No. 1151/UQ-HDQT-NHCT18 dated 18 December 2018.

AUDITORS

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

Vietnam Joint Stock Commercial Bank for Industry and Trade

REPORT OF MANAGEMENT

Management of Vietnam Joint Stock Commercial Bank for Industry and Trade ("the Bank") is pleased to present this report and the consolidated financial statements of the Bank and its subsidiaries as at 31 December 2019 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 2019 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.



For and on behalf of management

Mr. Tran Minh Binh
General Director

Hanoi, Vietnam

28 February 2020

Reference: 60755043/20827148-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 28 February 2020 and set out on pages 7 to 76, which comprise the consolidated balance sheet as at 31 December 2019, 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 2019, 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



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

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

Hanoi, Vietnam

28 February 2020

CONSOLIDATED BALANCE SHEET
as at 31 December 2019

	Notes	31 December 2019 VND million	31 December 2018 VND million (restated)
ASSETS			
Cash, gold and gemstones	5	8,282,726	7,028,347
Balances with the State Bank of Vietnam	6	24,873,714	23,182,208
Placements with and loans to other credit institutions	7	129,388,518	130,512,012
Placements with other credit institutions		123,084,758	126,276,846
Loans to other credit institutions		6,303,760	4,235,166
Securities held for trading	8	3,825,374	3,131,835
Securities held for trading		4,051,245	3,279,561
Provision for securities held for trading		(225,871)	(147,726)
Derivatives and other financial assets	9	469,712	281,166
Loans to customers		922,325,251	851,865,984
Loans to customers	10	935,270,945	864,925,948
Provision for credit losses on loans to customers	11	(12,945,694)	(13,059,964)
Investment securities	12	104,615,279	102,100,093
Available-for-sale securities	12.1	97,131,629	88,586,344
Held-to-maturity investments	12.2	15,367,993	16,207,592
Provision for investment securities	12.4	(7,884,343)	(2,693,843)
Long-term investments	13	3,282,709	3,317,405
Investment in a joint venture	13.1	3,018,057	2,906,452
Other long-term investments		264,652	412,645
Provision for long-term investments		-	(1,692)
Fixed assets		10,996,975	11,139,862
Tangible fixed assets	14	6,422,382	6,194,652
Cost		14,817,602	13,919,662
Accumulated depreciation		(8,395,220)	(7,725,010)
Intangible fixed assets	15	4,574,593	4,945,210
Cost		6,302,326	6,447,395
Accumulated amortization		(1,727,733)	(1,502,185)
Other assets	16	32,651,217	31,730,749
Receivables	16.1	22,349,498	21,741,493
Accrued interest and fee receivables		6,675,886	6,593,324
Other assets	16.2	3,636,910	3,404,868
In which: Goodwill	17	-	907
Provision for other assets		(11,077)	(8,936)
TOTAL ASSETS		1,240,711,475	1,164,289,661

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2019

	<i>Notes</i>	<i>31 December 2019 VND million</i>	<i>31 December 2018 VND million (restated)</i>
LIABILITIES			
Due to the Government and the State Bank of Vietnam	18	70,602,893	62,600,159
Deposits and borrowings from other credit institutions	19	109,483,059	111,399,612
Deposits from other credit institutions	19.1	82,538,040	73,941,924
Borrowings from other credit institutions	19.2	26,945,019	37,457,688
Customer deposits	20	892,785,228	825,816,119
Other borrowed and entrusted funds	21	5,775,899	5,934,029
Valuable papers issued	22	57,066,353	46,216,359
Other liabilities	23	27,643,225	45,007,049
Interest and fee payables		17,835,374	15,820,561
Other payables	23.1	9,322,163	28,763,344
Other provision		485,688	423,144
TOTAL LIABILITIES		1,163,356,657	1,096,973,327
OWNERS' EQUITY			
Capital		46,724,637	46,416,214
- Charter capital		37,234,046	37,234,046
- Share premium		8,974,683	8,974,698
- Other capital		515,908	207,470
Reserves		9,610,061	8,167,617
Foreign exchange differences		626,014	599,602
Undistributed profits		19,832,683	11,836,676
Non-controlling interests		561,423	296,225
TOTAL OWNERS' EQUITY	25	77,354,818	67,316,334
TOTAL LIABILITIES AND OWNERS' EQUITY		1,240,711,475	1,164,289,661

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2019

OFF-BALANCE SHEET ITEMS

	31 December 2019 VND million	31 December 2018 VND million (restated)
Credit guarantees	526,118	3,058,616
Foreign exchange commitments	190,185,460	167,327,100
- Foreign exchange commitments - buy	4,525,641	2,507,667
- Foreign exchange commitments - sell	4,741,892	2,724,166
- Currency swap contracts	180,917,927	162,095,267
Letters of credit	34,487,895	52,935,903
Other guarantees	51,550,780	57,429,323
Other commitments	20,798,816	37,414,889

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

28 February 2020

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2019

	Notes	2019 VND million	2018 VND million (restated)
Interest and similar income	26	82,742,771	73,869,866
Interest and similar expenses	27	(49,543,734)	(51,658,034)
Net interest and similar income		33,199,037	22,211,832
Fee and commission income		7,888,130	5,963,790
Fee and commission expenses		(3,832,752)	(3,193,013)
Net fee and commission income	28	4,055,378	2,770,777
Net gain from trading in foreign currencies	29	1,564,300	709,869
Net gain from securities held for trading	30	365,564	271,475
Net gain/(loss) from investment securities	31	(790,728)	218,321
Other income		2,357,430	2,914,313
Other expenses		(859,995)	(1,025,298)
Net gain from other activities	32	1,497,435	1,889,015
Income from investments in other entities	33	628,400	374,238
TOTAL OPERATING EXPENSES	34	(15,734,862)	(14,084,040)
Net profit before provision for credit losses		24,784,524	14,361,487
Provision expense for credit losses		(13,003,531)	(7,802,854)
PROFIT BEFORE TAX		11,780,993	6,558,633
Current corporate income tax expense	24.1	(2,286,552)	(1,272,578)
Deferred tax expense		(17,452)	(8,809)
Corporate income tax expense		(2,304,004)	(1,281,387)
PROFIT AFTER TAX		9,476,989	5,277,246
Non-controlling interests		15,722	2,443
Owners' net profit		9,461,267	5,274,803
Basic earnings per share (VND/share)	25.3	2,044	1,417

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

28 February 2020

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2019

	Notes	2019 VND million	2018 VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		82,973,160	81,997,808
Interest and similar payments		(47,525,820)	(48,160,147)
Net fee and commission receipts		4,256,422	3,085,123
Net receipts from dealing in foreign currencies, gold and securities trading activities		2,676,918	1,729,360
Other expenses		(205,603)	(269,907)
Recoveries from bad debts written-off previously		1,337,954	1,968,711
Payments for operating and salary expenses		(14,329,018)	(14,727,086)
Corporate income tax paid during the year	24.1	(1,500,561)	(1,573,255)
Net cash flows from operating profit before changes in operating assets and liabilities		27,683,452	24,050,607
Changes in operating assets		(91,283,259)	(60,680,120)
(Increase)/Decrease in deposits at and loans to other credit institutions		(2,320,366)	1,061,676
(Increase)/Decrease in trading securities		(8,477,370)	22,721,999
(Increase)/Decrease in derivatives and other financial assets		(188,546)	247,596
Increase in loans to customers		(61,586,214)	(71,531,023)
Utilization of provision to write off loans to customers, securities, long-term investments and other receivables		(8,758,783)	(2,706,866)
Increase in other assets		(9,951,980)	(10,473,502)
Changes in operating liabilities		62,053,130	61,048,848
Increase in due to the SBV and the Government		8,002,734	47,393,260
(Decrease) in deposits and borrowings from other credit institutions		(1,916,553)	(3,759,153)
Increase in customers deposits		66,969,109	72,880,781
Increase in valuable papers issued (except for valuable papers issued for financing activities)		10,849,994	23,714,586
(Decrease) in other borrowed and entrusted funds		(158,130)	(430,129)
(Decrease) in other liabilities		(21,691,804)	(78,750,497)
Payments from reserves		(2,220)	-
Net cash flows (used in)/from operating activities		(1,546,677)	24,419,335

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

<u>Notes</u>	<u>2019</u> <u>VND million</u>	<u>2018</u> <u>VND million</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(378,539)	(1,006,229)
Proceeds from disposal of fixed assets	389,844	6,084
Payments for disposal of fixed assets	(251,854)	(5,037)
Proceeds from investments in other entities	304,905	-
Dividends and profits received from long-term investments	367,593	374,238
Net cash flows from/(used in) investing activities	431,949	(630,944)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in share capital from capital contribution and/or share issuance	586,882	-
Dividend payment to shareholders	(26,124)	-
Net cash flows from financing activities	560,758	-
Net cash flows in the year	(553,970)	23,788,391
Cash and cash equivalents at the beginning of the year	155,544,719	131,707,327
Impact of exchange rate fluctuation	55,995	49,001
Cash and cash equivalents at the end of the year	35 155,046,744	155,544,719

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

28 February 2020

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

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

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Location

The Bank's Head Office is located at 108 Tran Hung Dao Street, Hoan Kiem District, Hanoi, Vietnam. As at 30 June 2019, the Bank has one (1) Head Office; two (2) Local representative offices (in Da Nang and Ho Chi Minh City); nine (9) Administrative units include: one (1) School of Human Resource Development and Training; one (1) IT centre; one (1) Card centre; one (1) Trade finance centre; five (5) Cash management centres; ; one-hundred and fifty five (155) branches and seven (7) subsidiaries; foreign networks include: one (1) overseas representative office in Myanmar; two (2) branches in the Federal Republic of Germany, one (1) 100% owned bank in Lao People's Democratic Republic (Vietnam Joint Stock Commercial Bank for Industry and Trade in Laos).

Employees

The Bank has 24,105 employees as at 31 December 2019 (31 December 2018: 24,197 employees).

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

1. GENERAL INFORMATION (continued)

Subsidiaries

As at 31 December 2019, the Bank has seven (7) directly owned subsidiary companies and one (1) subsidiary bank as follows:

<i>Subsidiaries</i>	<i>Operating Licence</i>	<i>Nature of Business</i>	<i>Ownership</i>
VietinBank Leasing Company Limited	Business Registration No. 0101047075 dated 31 August 2009 granted by Hanoi Authority for Planning and Investment	Finance and Banking	100%
VietinBank Securities Joint Stock Company	Establishment and Operating License No. 107/UBCK - GP dated 1 July 2009 granted by State Securities Commission	Security market	75.6%
VietinBank Debt Management and Asset Exploitation Company Limited	Business Registration No. 0302077030/GP dated 20 July 2010 granted by Department of Planning and Investment of Ho Chi Minh City	Asset management	100%
VietinBank Insurance Joint Stock Corporation	Establishment and Operating License No. 21/GP-KDBH dated 12 December 2002 granted by the Ministry of Finance and Amended License No. 21/GPDC23/KDBH dated 2 November 2017 granted by the Ministry of Finance	Non-life insurance	73.4%
VietinBank Gold & Jewellery Trading Company Limited	Business Registration No. 0105011873/GP dated 25 November 2010 granted by Hanoi Authority for Planning and Investment	Gold, gold manipulation	100%
VietinBank Fund Management Company Limited	Establishment and Operating License No. 50/UBCK-GP dated 26 October 2010 granted by State Security Commission and No. 05/GPDC-UBCK dated 23 March 2011	Fund management	100%
VietinBank Global Money Transfer Company Limited	Business Registration No. 0105757686 dated 3 January 2012 granted by Hanoi Planning and Investment Department	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 2019 and for the year then ended

2. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

2.1 *Accounting period*

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

2.2 *Accounting currency*

Currency used in preparation of financial statement of the Bank is Vietnam Dong ("VND"). For the purpose of preparing consolidated financial statements as at 31 December 2019, all amounts are rounded to the nearest million and presented in VND million. The presentation makes no impact on readers' view of 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 and Circular No. 10/2014/TT-NHNN dated 20 March 2014 and Circular 22/2017/TT-NHNN issued on 29 December 2017 amending and supplementing Decision No. 479/2004/QD-NHNN; Decision No. 16/2007/QD-NHNN dated 18 April 2007, Circular No. 49/2014/TT-NHNN amending and supplementing a number of articles of Decision No. 16/2007/QD-NHNN and the chart of account system for Credit Institutions issued in connection with Decision No. 479/2004/QD-NHNN by the Governor of the State Bank of Vietnam and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series No.1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series No.2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series No.3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series No. 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series No.5).

The accompanying consolidated financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Vietnam. 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.

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

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

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM (continued)

3.3 Assumptions and uses of estimates

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

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 2019.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control.

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 consist of the amount of those interests at the date of the original business combination and the non-controlling's share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 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 2018, except for the following change in the accounting policies:

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

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

Key changes in Circular 48 are as below:

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

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

4.2 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, balance with the SBV, demand deposits and placements with other credit institutions with an original maturity of three months or less from the transaction date, Government treasury bills and other short-term valuable papers eligible for rediscount with the SBV, securities with recovery or maturity of three months or less from date of purchase which are convertible into a known amount of cash and do not bear liquidity risk as at the reporting date.

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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*.

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

Loan classification

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

Since 1 January 2015, credit institutions, foreign bank branches have been required to use the updated information from Credit Information Centre ("CIC") about the loan group of customers at the time of loan classification to adjust the classification group of loans and off-balance sheet items.

Accordingly, debts are classified based on risk level as follows: *Current, Special Mention, Sub-standard, Doubtful* and *Loss*. Loans which are classified as *Sub-standard, Doubtful* and *Loss* are non-performing loan.

Specific provision

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Specific provision (continued)

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

Group		Loan classification using the quantitative method	Loan classification using the qualitative method	Provision rate
1	Current	(a) Standard debts are assessed as fully and timely recoverable for both principals and interests; or (b) Debts are overdue for a period of less than 10 days and assessed as fully recoverable for both overdue principals and interests, and fully and timely recoverable for both remaining principals and interests.	Debts are assessed as fully and timely recoverable for both principals and interests.	0%
2	Special Mention	(a) Debts are overdue for a period between 10 days and 90 days; or (b) Debts which the repayment terms are restructured for the first time.	Debts are assessed as fully recoverable for both principals and interests but there is a sign that customers decline ability to pay for the debt.	5%
3	Sub-standard	(a) Debts are overdue for a period between 91 days and 180 days; or (b) Debts which the repayment terms are extended for the first time; or (c) Debts which interests are exempted or reduced because customers do not have sufficient capability to repay all interests under credit contracts; or (d) Debts under one of the following cases which have not been recovered in less than 30 days from the date of the recovery decision: - Debts made in compliance with Clause 1, 3, 4, 5, 6 under Article 126 of Law on Credit Institutions; or - Debts made in compliance with Clause 1, 2, 3, 4 under Article 127 of Law on Credit Institutions; or - Debts made in compliance with Clauses 1, 2, 5 under Article 128 of Law on Credit Institutions. (e) Debts are required to be recovered according to regulatory inspection conclusions.	Debts are assessed as not fully recoverable for both principals and interests when due, have possibility to make losses.	20%

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Specific provision (continued)

Group		Loan classification using the quantitative method	Loan classification using the qualitative method	Provision rate
4	Doubtful	(a) Debts are overdue for a period of between 181 days and 360 days; or (b) Debts which the repayment terms are restructured for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or (c) Debts which the repayment terms are restructured for the second time; or (d) Debts are specified in point (d) of Loan group 3 and overdue for a period of between 30 days and 60 days after decisions of recovery have been issued; or (e) Debts are required to be recovered according to regulatory inspection conclusions but still outstanding with an overdue period up to 60 days since the recovery date as required by regulatory inspection conclusions.	Debts are assessed as having ability to make high losses.	50%
5	Loss	(a) Debts are overdue for a period of more than 360 days; or (b) Debts which the repayment terms are restructured for the first time but still overdue for a period of 90 days or more under that first restructured repayment term; or (c) Debts which the repayment terms are restructured for the second time but still overdue under that second restructured repayment term; or (d) Debts which the repayment terms are restructured for the third time or more, regardless of being overdue or not; or (e) Debts are specified in point (d) of Loan group 3 and overdue for a period of more than 60 days after decisions on recovery have been issued; or (f) Debts are required to be recovered under regulatory inspection conclusions but still outstanding with an overdue period of more than 60 days since the recovery date as required by regulatory inspection conclusions; or (g) Debts of credit institutions under special control as announced by the SBV, or debts of foreign bank branches which capital and assets are blocked.	Debts are assessed as not recoverable, capital loss.	100%



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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Specific provision (continued)

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

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

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

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

General provision

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

Write-off bad debts

Provisions are recognized as an expense on the consolidated income statement and used to write-off bad debt. According to Circular 02, the Bank establishes a Risk Management Committee to deal with bad debts if they are classified in Group 5 or if the borrower is a dissolved, bankrupt organization or individual who is dead or missing.

4.6 *Securities held for trading*

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

Securities held for trading are initially recognized at the cost of acquisition and subsequently measured at the lower of the book value and the market value. Gains or losses from sales of trading securities are recognized in the consolidated income statement.

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 *Investment securities*

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

4.7.1 *Available-for-sale securities*

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

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

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

In subsequent periods, these securities are continuously recorded at par value, and the discount/premium (if any) is amortized to the 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 securities investment.

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

Provision for diminution in value of securities is made when the carrying value is higher than the market value in compliance with Circular 48. In case market prices of securities are not available or cannot be determined reliably, no provision is required. Provision is recognized in the "*Net (loss)/gain from investment securities*" account of the 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 companies market is made in accordance with Circular 02, Circular 09 as described in *Note 4.5*.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 *Investment securities* (continued)

4.7.2 *Held-to-maturity investment securities*

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

Special bonds issued by VAMC

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

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

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

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

In which:

- $X_{(m)}$: minimum provision for special bonds in the m^{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 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 settlement date of special bonds, recovery from the debts is recognized into "Other income".

Other held-to-maturity securities

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 *Investments in 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 under agreements to appoint personnel to the members' council/board of directors/board of management but the Bank does not have control or significant influence over the investees.

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

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

The allowance for diminution in the value of long-term investments is made if the economic entity in which the Bank invests in suffers a loss 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 which 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 repurchase 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 liability 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.

Conversely, securities purchased under agreements to resell 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 2019 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 liquidated, their cost and accumulated depreciation are deducted from the consolidated balance sheet item and any gains or losses resulting from their disposal are recorded to the consolidated income statement.

4.12 Depreciation and amortization

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

Buildings and structure	05 - 40 years
Machine and equipment	03 - 07 years
Transportation vehicles	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 depreciated. Definite land use rights are depreciated over the lease or usage term.

4.13 Receivables

4.13.1 Receivables classified as credit bearing assets

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

4.13.2 Other receivables

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

Provision for receivables is determined based on the overdue status of debts or expected loss of current debts in case the debts are not due for payment yet, however, the corporate debtors have bankruptcy or are in the process of dissolution, or of individual debtors who are missing, escaped, deceased, prosecuted, on trial or under execution of criminal judgement by legal authority. Provision expense incurred is recorded in "Total operating expenses" of the 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 rate</u>
From over six months up to one year	30%
From one to under two years	50%
From two to under three years	70%
From three years and above	100%

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 *Prepaid expenses and deferred expenses*

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

4.15 *Leasing*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership 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 using the nominal interest rates. The recognition of accrued interest income of a loan is suspended when such loan is classified in groups 2 to 5 in compliance with Circular 02. Suspended interest income is reversed and monitored off-balance sheet and recognized in the consolidated income statement upon actual receipt.

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

4.16.2 *Income from securities trading*

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

4.16.3 *Dividends*

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Recognition of income and expense (continued)

4.16.4 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.

Specifically, 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

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

4.16.6 Recognition of receivables not yet collected

According to Circular No. 16/2018/TT-BTC dated 7 February 2018 issued by the Ministry of Finance, receivables from accrued income but not yet collected at the due date are recorded as reduction in revenue if the income has been accrued in the same accounting period or recorded as expense if the income has been accrued in different accounting periods and monitored in off-balance sheet. Upon actual receipt of these receivables, the Bank recognized in the consolidated income statement.

4.16.7 Claim settlement expenses of insurance activities

Claim 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 2019 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*

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

4.18 *Foreign currency transactions*

All transactions are recorded in original currencies. Monetary assets and liabilities denominated in foreign currencies are translated into VND using exchange rates ruling at the consolidated balance sheet date (*Note 47*). Income and expenses arising in foreign currencies during the year are converted into VND at rates ruling at the transaction dates. Foreign exchange differences arising from the translation of monetary assets and liabilities are recognized and monitored in the "Foreign exchange differences" under "Owners' equity" in the consolidated balance sheet 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 policies 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 policies 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 2019 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:

Reserve for payment of losses which have incurred but not yet reported for the current fiscal year	=	Total indemnity for claims incurred but not reported at the end of the last three years	x	Indemnity for losses arising in the current fiscal year	x	Net operating revenue of current fiscal year	x	Average delay in claim intimation of current fiscal year
		Total indemnity for losses arising in the last three years		the current fiscal year		Net operating revenue of the previous fiscal year		Average delay in claim intimation of previous 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/QD-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 2019 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 policies with a term of more than 1 year, mathematical reserve is calculated based on the 1/8 method.
- ▶ Regarding health insurance policies 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 policies.
- ▶ Mathematical reserve is recorded in un-earned premium reserve account in the balance sheet.

(ii) Unearned premiums reserve

Regarding insurance policies 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:

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

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 2019 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 - using the tax rates and tax laws are applied and 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 recognized directly to equity, in this case the current income tax is also recognized in equity.

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

Deferred tax

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

Deferred tax payable is recognized for temporary taxable differences.

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

4.22 Classification for off-balance sheet commitments

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

4.23 Derivatives

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.23 Derivatives (continued)

Currency forward contracts

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

Swap contracts

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

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

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

4.24 Employee benefits

4.24.1 Post - employment benefits

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

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

4.24.2 Voluntary resignation benefits

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

4.24.3 Unemployment insurance

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 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 General Meeting of Shareholders;
- ▶ Other reserves: are to be made upon the current regulations and decisions of the Annual General Shareholders' Meeting.

(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 accounting year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 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 less 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.

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

5. CASH, GOLD AND GEMSTONES

	<i>31 December 2019</i>	<i>31 December 2018</i>
	<i>VND million</i>	<i>VND million</i>
Cash on hand in VND	7,327,399	5,763,833
Cash on hand in foreign currencies	922,422	1,211,753
Valuable papers in foreign currencies	-	19,817
Monetary gold	12,074	10,467
Non-monetary gold	-	16
Other gemstones	20,831	22,461
	8,282,726	7,028,347

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

	<i>31 December 2019</i>	<i>31 December 2018</i>
	<i>VND million</i>	<i>VND million</i>
Balance with the SBV		
- In VND	21,219,322	19,753,319
- In foreign currencies	3,654,392	3,428,889
	24,873,714	23,182,208

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

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

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

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

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

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

7. PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	<i>31 December 2019</i>	<i>31 December 2018</i>
	<i>VND million</i>	<i>VND million</i>
Placements with other credit institutions		
Current accounts	59,830,519	67,777,391
- <i>In VND</i>	54,755,345	60,142,796
- <i>In foreign currencies</i>	5,075,174	7,634,595
Term deposits	63,254,239	58,499,455
- <i>In VND</i>	34,938,860	38,469,817
- <i>In foreign currencies</i>	28,315,379	20,029,638
	123,084,758	126,276,846
Loans to other credit institutions		
In VND	5,804,080	3,730,710
In foreign currencies	499,680	504,456
	6,303,760	4,235,166
	129,388,518	130,512,012

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

	<i>31 December 2019</i>	<i>31 December 2018</i>
	<i>VND million</i>	<i>VND million</i>
Current	69,557,999	62,734,621

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

8. SECURITIES HELD FOR TRADING

	<i>31 December 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
Debt securities	3,137,327	2,183,108
Government securities	2,363,665	1,276,084
Securities issued by other domestic credit institutions	111,318	575,179
Securities issued by other domestic economic entities	662,344	331,845
Equity securities	913,918	946,374
Equity securities issued by other domestic credit institutions	23,476	21,491
Equity securities issued by other domestic economic entities	890,442	924,883
Other trading securities	-	150,079
Fund certificates	-	150,079
	4,051,245	3,279,561
Provision for securities held for trading	(225,871)	(147,726)
	3,825,374	3,131,835

Securities held for trading by listing status

	<i>31 December 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
Debt securities	3,137,327	2,183,108
Listed securities	2,474,983	1,999,942
Unlisted securities	662,344	183,166
Equity securities	913,918	946,374
Listed securities	559,962	560,945
Unlisted securities	353,956	385,429
Other trading securities	-	150,079
Listed securities	-	-
Unlisted securities	-	150,079
	4,051,245	3,279,561

9. DERIVATIVES AND OTHER FINANCIAL ASSETS

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

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

10. LOANS TO CUSTOMERS

	<i>31 December 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
Loans to domestic economic entities and individuals	920,678,908	851,853,211
Discounted bills and valuable papers	1,389,621	1,026,188
Financial lease	2,785,755	2,486,941
Payments on behalf of customers	10,337	96,054
Loans financed by entrusted funds	348,928	452,354
Loans to foreign economic entities and individuals	10,057,396	9,011,200
	935,270,945	864,925,948

10.1 Analysis of loan portfolio by quality

	<i>31 December 2019</i> <i>(restated)</i>	<i>31 December 2018</i> <i>VND million</i> <i>(restated)</i>
Current	918,780,095	846,022,474
Special mention	5,677,439	5,194,126
Substandard	2,062,615	2,139,221
Doubtful	1,546,701	2,016,689
Loss	7,204,095	9,553,438
	935,270,945	864,925,948

10.2 Analysis of loan portfolio by original maturity

	<i>31 December 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
Short term loans	537,206,295	487,609,766
Medium term loans	61,930,487	70,340,280
Long term loans	336,134,163	306,975,902
	935,270,945	864,925,948



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

10. LOANS TO CUSTOMERS (continued)

10.3 Analysis of loan portfolio by ownership and types of customers

	31 December 2019		31 December 2018	
	VND million	%	VND million	%
State-owned companies	42,213,282	4.51	35,753,678	4.13
One-member limited liability companies with 100% State ownership	33,347,654	3.57	38,958,135	4.50
Two or more member limited liability companies with over 50% State ownership or being controlled by the State	6,628,148	0.71	6,559,862	0.76
Other limited liability companies	210,675,358	22.53	192,470,350	22.25
Joint stock companies with over 50% State ownership or voting share capital; or being controlled by the State	35,845,575	3.83	32,583,840	3.77
Other joint-stock companies	264,881,824	28.32	247,586,087	28.64
Partnership companies	48,495	0.01	25,244	0.00
Private enterprises	12,450,347	1.33	12,548,898	1.45
Foreign invested enterprises	50,541,116	5.40	48,063,597	5.56
Co-operatives and unions of co-operative	1,365,946	0.15	1,338,775	0.15
Household business and individuals	274,787,877	29.37	246,593,889	28.51
Operation administration entities, the Party, unions and associations	1,553,548	0.17	2,173,765	0.25
Others	931,775	0.10	269,828	0.03
	935,270,945	100	864,925,948	100

10.4 Analysis of loan portfolio by sectors

	31 December 2019		31 December 2018	
	VND million	%	VND million	%
Construction	96,802,169	10.35	94,337,991	10.91
Electricity, petroleum and steam	34,076,022	3.64	27,952,631	3.23
Production and processing	236,237,449	25.26	233,772,041	27.03
Mining	16,943,774	1.81	18,643,873	2.16
Agricultural, forestry and aquaculture	39,074,667	4.18	35,792,236	4.14
Transportation, logistics and information	22,358,726	2.39	19,628,064	2.27
Wholesale and retail, repairing of cars, motor vehicles and motor cycles	293,911,523	31.43	254,030,031	29.36
Trading and services	133,592,532	14.28	119,245,916	13.79
Households services, production of material products and services used by households	41,905,460	4.48	44,614,817	5.16
Other activities	20,368,623	2.18	16,908,348	1.95
	935,270,945	100	864,925,948	100

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

11. PROVISION FOR CREDIT LOSSES ON LOANS TO CUSTOMERS

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

	<i>General provision VND million</i>	<i>Specific provision VND million</i>	<i>Total VND million</i>
Opening balance as at 1 January 2019 (restated)	6,768,218	6,291,746	13,059,964
Provision charged in 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	<u>6,857,832</u>	<u>6,087,862</u>	<u>12,945,694</u>

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

	<i>General provision VND million (restated)</i>	<i>Specific provision VND million (restated)</i>	<i>Total VND million (restated)</i>
Opening balance as at 1 January 2018	5,944,758	2,358,065	8,302,823
Provision charged in the year	823,460	4,188,222	5,011,682
Provision used to write-off bad debts	-	(254,541)	(254,541)
Closing balance as at 31 December 2018	<u>6,768,218</u>	<u>6,291,746</u>	<u>13,059,964</u>

12. INVESTMENT SECURITIES

12.1 Available-for-sale securities

	<i>31 December 2019 VND million</i>	<i>31 December 2018 VND million</i>
Debt securities	96,755,014	88,187,442
Government debt securities	44,898,960	41,709,054
Debt securities issued by other domestic credit institutions	34,998,124	24,007,410
Debt securities issued by other domestic economic entities	16,857,930	22,470,978
Equity securities	376,615	398,902
Equity securities issued by domestic economic entities	376,615	398,902
Provision for available-for-sale securities	(1,292,424)	(460,192)
In which:		
Provision for diminution in value	(168,306)	(117,473)
General provision	(293,268)	(342,719)
Specific provision	(830,850)	-
	<u>95,839,205</u>	<u>88,126,152</u>

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

12. INVESTMENT SECURITIES (continued)

12.2 Held-to-maturity securities

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

	31 December 2019 VND million	31 December 2018 VND million
Debt securities	2,586,748	2,780,789
Government bonds	2,200,000	2,200,000
Bonds issued by other domestic credit institutions	-	94,041
Bonds issued by other domestic economic entities	386,748	486,748
Provision for held-to-maturity securities	(2,901)	(3,651)
General provision	(2,901)	(3,651)
	2,583,847	2,777,138

12.2.2 Special bonds issued by VAMC

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

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

	31 December 2019 VND million	31 December 2018 VND million
Current	41,295,925	40,682,714
Special mention	-	590,000
Substandard	-	-
Doubtful	-	-
Loss	590,000	480,850
	41,885,925	41,753,564

12.4 Provision for investment securities

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

	Available-for-sale securities VND million	Held-to-maturity securities VND million	Total VND million
Opening balance as at 1 January 2019	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 2019 and for the year then ended

13. LONG-TERM INVESTMENTS

Analysis by type of investments:

	<i>31 December 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
Investment in a joint venture (Note 13.1)	3,018,057	2,906,452
Other long-term investments	264,652	412,645
Provision for long-term investments	-	(1,692)
	3,282,709	3,317,405

13.1 Investment in a joint venture

	<i>31 December 2019</i>			<i>31 December 2018</i>		
	<i>Cost VND million</i>	<i>Carrying value (equity method) VND million</i>	<i>% owned</i>	<i>Cost VND million</i>	<i>Carrying value (equity method) VND million</i>	<i>% owned</i>
Indovina Bank Limited	1,688,788	3,018,057	50%	1,688,788	2,906,452	50%
	1,688,788	3,018,057		1,688,788	2,906,452	

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

Since its establishment, with the approval of the State Bank, Indovina Bank Limited has made many capital increases, in which the value of capital contributed by the two parties to the joint venture increased but the proportion of contributed capital did not change. As at 31 December 2019, the charter capital of Indovina Bank Limited is USD193,000,000.

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

14. TANGIBLE FIXED ASSETS

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

	Building & construction VND million	Machines & equipment VND million	Transportation vehicles VND million	Other tangible fixed assets VND million	Total VND million
Cost					
Opening balance (<i>restated</i>)	7,176,678	5,053,894	1,393,414	295,676	13,919,662
Additions	54,666	163,360	166,891	25,749	410,666
Transfer from construction in progress	375,143	51,826	17,098	18,310	462,377
Disposals	(26,068)	(37,213)	(30,347)	(3,352)	(96,980)
Reclassification	-	(1,071)	-	1,071	-
Other increases/(decreases)	(9,555)	126,476	4,196	760	121,877
Closing balance	7,570,864	5,357,272	1,551,252	338,214	14,817,602
Accumulated depreciation					
Opening balance (<i>restated</i>)	1,993,441	4,532,603	974,771	224,195	7,725,010
Depreciation during the year	273,711	297,048	128,650	47,460	746,869
Disposals	(4,235)	(35,257)	(29,115)	(3,148)	(71,755)
Reclassification	-	(39)	-	39	-
Other increases/(decreases)	234	(6,378)	363	877	(4,904)
Closing balance	2,263,151	4,787,977	1,074,669	269,423	8,395,220
Net book value					
Opening balance (<i>restated</i>)	5,183,237	521,291	418,643	71,481	6,194,652
Closing balance	5,307,713	569,295	476,583	68,791	6,422,382

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

15. INTANGIBLE FIXED ASSETS

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

	<i>Land use rights</i> VND million	<i>Other intangible</i> <i>fixed assets</i> VND million	<i>Total</i> VND million
Cost			
Opening balance (<i>restated</i>)	4,504,749	1,942,646	6,447,395
Additions	6,020	1,812	7,832
Disposals	(425,270)	(1,904)	(427,174)
Other increases	5,748	268,525	274,273
Closing balance	4,091,247	2,211,079	6,302,326
Accumulated depreciation			
Opening balance (<i>restated</i>)	293,473	1,208,712	1,502,185
Amortization during the year	39,218	194,454	233,672
Disposals	(5,723)	(681)	(6,404)
Other decreases	(1,720)	-	(1,720)
Closing balance	325,248	1,402,485	1,727,733
Net book value			
Opening balance (<i>restated</i>)	4,211,276	733,934	4,945,210
Closing balance	3,765,999	808,594	4,574,593

16. OTHER ASSETS

16.1 Receivables

	31 December 2019 VND million	31 December 2018 VND million (<i>restated</i>)
Internal receivables	285,104	445,907
External receivables	15,275,062	14,051,703
<i>in which: CIT receivables</i>	-	136,488
Construction in progress	5,730,014	5,865,048
- <i>Constructions in the North</i>	5,247,938	5,144,184
- <i>Constructions in the Central</i>	304,640	559,290
- <i>Constructions in the South</i>	177,436	161,574
Fixed assets in purchase or under repair	1,059,318	1,378,835
	22,349,498	21,741,493

16.2 Other assets

	31 December 2019 VND million	31 December 2018 VND million (<i>restated</i>)
Materials	130,007	167,506
Prepaid expenses	3,398,502	3,175,473
Goodwill (<i>Note 17</i>)	-	907
Other assets	108,401	61,889
	3,636,910	3,404,868

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

17. GOODWILL

Goodwill represents business goodwill resulting from the enterprise valuation for purpose of equitizing VietinBank Securities Joint Stock Corporation - a subsidiary of the Bank.

	<i>31 December 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
Total value of goodwill	18,149	18,149
Amortized period	10 years	10 years
Value of accumulated amortized goodwill at the beginning of the year	(17,242)	(15,427)
Value of unamortized goodwill at the beginning of the year	907	2,722
Decrease in goodwill during the year	(907)	(1,815)
Goodwill amortized during the year	(907)	(1,815)
Total value of unamortized goodwill at the end of the year	-	907

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

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

19. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

19.1 Deposits from other credit institutions

	<i>31 December 2019</i> <i>VND million</i>	<i>31 December 2018</i> <i>VND million</i>
Demand deposits	41,418,294	45,929,817
In VND	40,981,731	45,506,583
In foreign currencies	436,563	423,234
Term deposits	41,119,746	28,012,107
In VND	35,846,997	24,662,300
In foreign currencies	5,272,749	3,349,807
	82,538,040	73,941,924

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

19. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS (continued)

19.2 Borrowings from other credit institutions

	<u>31 December 2019</u> VND million	<u>31 December 2018</u> VND million
In VND	3,500,812	4,244,314
In foreign currencies	23,444,207	33,213,374
	<u>26,945,019</u>	<u>37,457,688</u>

20. CUSTOMER DEPOSITS

	<u>31 December 2019</u> VND million	<u>31 December 2018</u> VND million
Demand deposits	146,420,659	124,039,627
- Demand deposits in VND	120,166,477	99,241,853
- Demand deposits in foreign currencies	26,254,182	24,797,774
Term deposits	740,861,362	694,572,398
- Term deposits in VND	712,001,684	665,347,621
- Term deposits in foreign currencies	28,859,678	29,224,777
Deposits for specific purpose	2,336,638	4,067,540
- Deposits for specific purpose in VND	1,507,119	2,471,786
- Deposits for specific purpose in foreign currencies	829,519	1,595,754
Margin deposits	3,166,569	3,136,554
- Margin deposits in VND	2,815,590	2,800,123
- Margin deposits in foreign currencies	350,979	336,431
	<u>892,785,228</u>	<u>825,816,119</u>

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

20. CUSTOMER DEPOSITS (continued)

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

	31 December 2019		31 December 2018	
	VND million	%	VND million	%
State-owned companies	134,000,840	15.01	144,282,240	17.47
One-member limited liability companies with 100% State ownership	18,924,304	2.12	32,455,154	3.93
Two or more member limited liability companies with over 50% State ownership	967,114	0.11	1,475,933	0.18
Other limited liability companies	34,231,510	3.83	27,192,508	3.29
Joint stock companies with over 50% State ownership	38,090,520	4.27	23,934,107	2.90
Other joint-stock companies	55,567,154	6.22	53,066,664	6.42
Partnership companies	3,657,234	0.41	2,641,632	0.32
Private enterprises	4,322,656	0.48	2,201,924	0.27
Foreign invested enterprises	72,930,412	8.17	57,591,086	6.97
Co-operatives and unions of co- operative	451,800	0.05	170,954	0.02
Household business and individuals	472,022,908	52.87	435,144,186	52.70
Operation administration entities, the Party, unions and associations	35,154,926	3.94	30,154,319	3.65
Others	22,463,850	2.52	15,505,412	1.88
	892,785,228	100	825,816,119	100

21. OTHER BORROWED AND ENTRUSTED FUNDS

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

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

22. VALUABLE PAPERS ISSUED

	<i>31 December 2019</i>	<i>31 December 2018</i>
	<i>VND million</i>	<i>VND million</i>
In VND	57,065,477	46,215,482
Par value	57,065,477	46,215,482
In foreign currencies	876	877
Par value	876	877
	57,066,353	46,216,359

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

	<i>Bills of exchange VND million</i>	<i>Bearer bonds VND million</i>	<i>Book-entry bonds VND million</i>	<i>Certificates of deposits VND million</i>	<i>Total VND million</i>
Less than 12 months	197	-	-	-	197
- <i>In VND</i>	197	-	-	-	197
From 12 months to under 5 years	-	166	5,550,000	19,450,890	25,001,056
- <i>In VND</i>	-	166	5,550,000	19,450,014	25,000,180
- <i>In foreign currencies</i>	-	-	-	876	876
From 5 years	-	-	32,065,100	-	32,065,100
- <i>In VND</i>	-	-	32,065,100	-	32,065,100
Closing balance	197	166	37,615,100	19,450,890	57,066,353



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

23. OTHER LIABILITIES

23.1 Other payables

	31 December 2019 VND million	31 December 2018 VND million (restated)
Internal payables	3,472,757	2,714,687
External payables (*)	5,519,040	24,543,836
Bonus, welfare funds	330,366	1,504,821
	9,322,163	28,763,344

(*) Details of external payables are as follows:

	31 December 2019 VND million	31 December 2018 VND million (restated)
Collection, payment on behalf of other organizations	1,477,465	20,933,729
Amount kept for customers and awaiting settlement	150,451	131,942
Corporate income tax payable/(receivable)	619,096	(32,586)
Other items awaiting for payment	1,483,731	1,410,283
Other payables related to securities operation	635,988	610,398
Tax and fee payables	311,302	226,737
Payables to the SBV due to the collection of written-off debts	92,380	90,046
Payables related to trade finance activities	6,008	6,005
Money transfer payable	250,237	860,339
Other payables	492,382	306,943
	5,519,040	24,543,836

24. TAX AND OTHER OBLIGATIONS TO THE STATE BUDGET

	Opening balance VND million (restated)	Movements during the year		Closing balance VND million
		Payables VND million	Paid VND million	
Value added tax	23,490	466,966	470,053	20,403
Corporate income tax	(169,074)	2,288,731	1,500,561	619,096
Other taxes	125,220	714,134	709,925	129,429
	(20,364)	3,469,831	2,680,539	768,928

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

24. TAX AND OTHER OBLIGATIONS TO THE STATE BUDGET (continued)

24.1 Current corporate income tax

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

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. 70 issued by the National Assembly on 15 December 2015, the CIT amount of VietinBank Lao Limited is determined by 24% 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.

Provision for current income tax expense is computed as follows:

	2019 VND million	VND million (restated)
Profit before tax	11,780,993	6,558,633
<i>Plus/(minus)</i>		
- Non-bearing tax dividend income	(305,360)	(229,761)
- Subsidiaries' profits	(618,607)	(702,521)
- Income from increase in interest at joint venture	(103,895)	(110,883)
- Movement of general provision for loans and bonds arising from consolidation	118,875	146,254
- Others	16,883	36,289
Estimated taxable income	10,888,889	5,698,011
Parent Bank's CIT expenses	2,177,778	1,139,602
Subsidiaries' CIT expenses	108,774	132,976
Total CIT expenses in the year	2,286,552	1,272,578
CIT payable at the beginning of the year	(169,074)	131,590
CIT paid during the year	(1,500,561)	(1,573,255)
Adjustment CIT differences of previous year	2,179	13
Current income tax payable at the end of the year	619,096	(169,074)

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

25. OWNERS' EQUITY AND RESERVES

25.1 Statement of changes in equity

	Charter capital VND million	Share premium VND million	Other owned capital VND million	Capital supplementary 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 2018	37,234,046	8,974,710	-	2,597,498	4,823,006	55,835	550,601	9,233,969	295,618	63,765,283
Net profit for the year (restated)	-	-	-	-	-	-	-	5,274,803	2,443	5,277,246
Appropriation to reserves	-	-	-	276,179	547,499	10,747	-	(834,425)	(1,833)	(1,833)
Appropriation of the Bank bonus and welfare funds in 2017	-	-	-	-	-	-	-	(1,702,564)	-	(1,702,564)
Increase from subsidiaries' share issue	-	-	66,404	-	-	-	-	(66,404)	-	-
Increase from translation of financial statements for consolidation purposes	-	-	-	-	-	-	49,001	(49,001)	-	-
Reclassification	-	(12)	141,066	(141,066)	(1,440)	(641)	-	(19,702)	(3)	(21,798)
Other adjustments	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2018 (restated)	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 of the Bank bonus and welfare funds in 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 in 2018 paid for non-controlling interests	-	-	-	-	1,022	538	-	-	(26,124)	(26,124)
Other adjustments	-	(15)	-	-	-	-	-	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

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

25. OWNERS' EQUITY AND RESERVES (continued)

25.2 Equity

Details of the Bank's shares are as follows:

	31 December 2019		31 December 2018	
	Shares	VND million	Shares	VND million
Number of registered shares	3,723,404,556	37,234,046	3,723,404,556	37,234,046
Number of shares issued	3,723,404,556	37,234,046	3,723,404,556	37,234,046
- Ordinary shares	3,723,404,556	37,234,046	3,723,404,556	37,234,046
Number of shares circulated	3,723,404,556	37,234,046	3,723,404,556	37,234,046
- Ordinary shares	3,723,404,556	37,234,046	3,723,404,556	37,234,046

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

25.3 Basic earnings per share

Profit for calculation of basic earnings per share

	2019 VND million	2018 VND million (restated)
Net profit	9,461,267	5,274,803
Bonus and welfare fund	(1,848,981)	-
Profit attributed to ordinary equity holders	7,612,286	5,274,803

Number of ordinary shares for calculation of basic earnings

	2019 Shares	2018 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

	2019 VND/share	2018 VND/share (restated)
Basic earnings per share	2,044	1,417

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

26. INTEREST AND SIMILAR INCOME

	2019 VND million	2018 VND million (restated)
Interest income from deposits	3,121,356	2,240,484
Interest income from loans to customers	71,594,789	61,328,093
Interest income from debt securities	6,509,878	8,940,971
Income from guarantee activities	645,543	650,154
Income from finance leases	270,906	236,292
Other income from credit activities	600,299	473,872
	82,742,771	73,869,866

27. INTEREST AND SIMILAR EXPENSES

	2019 VND million	2018 VND million
Interest expenses for deposits	44,391,837	40,920,955
Interest expenses for borrowings	1,100,375	1,971,206
Interest expenses for valuable papers issued	3,680,910	2,218,639
Other expenses for credit activities	370,612	6,547,234
	49,543,734	51,658,034

28. NET FEE AND COMMISSION INCOME

	2019 VND million	2018 VND million (restated)
Fee and commission income	7,888,130	5,963,790
Settlement services	3,284,133	2,626,613
Trustee and agency services	131,427	51,398
Other services	4,472,570	3,285,779
Fee and commission expenses	(3,832,752)	(3,193,013)
Settlement services	(1,827,293)	(1,547,393)
Trustee and agency services	(133,299)	(47,405)
Treasury services	(301,880)	(282,232)
Other services	(1,570,280)	(1,315,983)
Net fee and commission income	4,055,378	2,770,777

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

29. NET GAIN FROM TRADING IN FOREIGN CURRENCIES

	2019 VND million	2018 VND million
Income from trading in foreign currencies	5,488,757	2,249,446
Income from trading in spot foreign currencies	960,754	901,498
Income from trading in currency derivatives	1,463,386	890,449
Income from gold trading	3,064,617	457,499
Expenses for trading in foreign currencies	(3,924,457)	(1,539,577)
Expenses for trading in spot foreign currencies	(64,166)	(167,113)
Expenses for trading in currency derivatives	(800,196)	(916,742)
Expenses for gold trading	(3,060,095)	(455,722)
Net gain from trading in foreign currencies	1,564,300	709,869

30. NET GAIN FROM SECURITIES HELD FOR TRADING

	2019 VND million	2018 VND million
Income from securities held for trading	463,490	428,139
Expenses for securities held for trading	(19,782)	(82,399)
Provision charged for securities held for trading	(78,144)	(74,265)
Net gain from securities held for trading	365,564	271,475

31. NET (LOSS)/GAIN FROM INVESTMENT SECURITIES

	2019 VND million	2018 VND million
Income from trading in investment securities	43,975	105,868
Expenses for trading in investment securities	(3,221)	(32,839)
Provision (charged)/reserved for investment securities	(831,482)	145,292
Net (loss)/gain from investment securities	(790,728)	218,321

32. NET GAIN FROM OTHER ACTIVITIES

	2019 VND million	2018 VND million (restated)
Income from other activities		
Income from recovery of bad debts previously written-off	1,337,954	1,968,711
Income from other derivatives	408,870	542,512
Income from transfer, disposal of assets	139,813	6,084
Other income	470,793	397,006
Expenses for other activities		
Expenses for other derivatives	(377,461)	(450,370)
Expenses for transfer, disposal of assets	(1,823)	(5,037)
Other expenses	(480,711)	(569,891)
Net gain from other activities	1,497,435	1,889,015

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

33. INCOME FROM INVESTMENTS IN OTHER ENTITIES

	2019 VND million	2018 VND million
Income received from equity securities	9,428	8,180
Income received from capital contribution	358,165	255,175
Share from net profit under equity method of investment in a joint venture	103,895	110,883
Income received from divestments	156,912	-
	628,400	374,238

34. TOTAL OPERATING EXPENSES

	2019 VND million	2018 VND million (restated)
Expenses on taxes, fees, charges	21,180	27,769
Personnel expenses	9,434,827	7,345,648
Salary and allowances	7,769,361	5,822,268
Expenses related to salary	556,683	550,848
Allowances	2,994	14,320
Other expenses	1,105,789	958,212
Expenses on assets	2,280,260	2,350,109
Depreciation and amortization expenses	980,541	1,045,077
Others	1,299,719	1,305,032
Administrative expenses	2,950,282	3,293,825
Per-diem	169,947	222,664
Expenses for union activities	33,359	52,604
Other expenses	2,746,976	3,018,557
Insurance premium for customers' deposits	663,368	629,513
Other provision expenses	384,945	437,176
	15,734,862	14,084,040

35. CASH AND CASH EQUIVALENTS

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

	31 December 2019 VND million	31 December 2018 VND million
Cash and cash equivalents on hand	8,282,726	7,028,347
Balances with the SBV	24,873,714	23,182,208
Current accounts at other credit institutions	59,830,519	67,777,391
Placements with other credit institutions with terms not exceeding 3 months	62,059,785	57,556,773
	155,046,744	155,544,719

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

36. EMPLOYEES' REMUNERATIONS

	2019	2018 (restated)
I. Total number of employees (persons) (*)	24,105	24,197
II. Employees' remuneration (VND million)		
1. Total salary fund	7,769,361	5,822,268
2. Other remuneration	356,255	321,540
3. Total remuneration (1+2)	8,125,616	6,143,808
4. Average monthly salary (**)	27.14	20.42
5. Average monthly remuneration (**)	28.38	21.55

(*) Data as at 31 December

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

37. COLLATERAL AND MORTGAGES

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

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

	31 December 2019 VND million	31 December 2018 VND million (restated)
Real estates	1,280,623,861	1,081,899,099
Movables	66,317,982	75,665,024
Deposits, gold, gemstones and valuable papers	143,377,428	129,677,028
Other assets	496,795,576	489,774,872
	1,987,114,847	1,777,016,023

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended**38. RELATED PARTY TRANSACTIONS**

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

- (a) Directly, or indirectly through one or more intermediaries, the party:
- ▶ controls, is controlled by, or is under common control by the Bank (including parents and subsidiaries);
 - ▶ has an interest (owning 5% or more of the charter capital or voting share capital) in the Bank that gives it significant influence over the Bank;
 - ▶ has joint control over the Bank.
- (b) The party is a joint venture in which the Bank is a venture or an associate (owning over 11% of the charter capital or voting share capital, but is not a subsidiary of the Bank);
- (c) The party has a member which is the member of the key management personnel of the Bank;
- (d) The party is a close member of the family of any individual referred to in (a) or (c); or
- (e) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such company resides with, directly or indirectly, any individual referred to in (c) or (d).

Details of significant balances with related parties as at 31 December 2019 are as follows:

Related organizations

<i>Related parties</i>	<i>Relationship</i>	<i>Balances</i>	<i>31 December 2019 VND million</i>	<i>31 December 2018 VND million</i>
The State Bank of Vietnam	Owner and direct management agency	Deposits of the Bank at the SBV	24,873,714	23,182,208
		Due to the SBV	2,616,734	3,394,517
Indovina Bank Limited	Joint venture	Deposits of the Bank at Indovina Bank Limited	4,015,808	4,011,795
		Deposits of Indovina Bank Limited at the Bank	4,044,912	4,040,635

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

Related Organizations

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>2019 VND million</i>	<i>2018 VND million</i>
The State Bank of Vietnam ("the SBV")	Owner and direct management agency	Increase in deposits of the Bank at the SBV	1,691,506	2,425,677
		Decrease in borrowings from the SBV	(777,783)	(712,764)
Indovina Bank Limited	Joint venture	Increase in deposits of the Bank at Indovina Bank Limited	4,013	4,010
		Increase in deposits of Indovina Bank Limited at the Bank	4,277	29,015

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

38. RELATED PARTY TRANSACTIONS (continued)

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

Related Individual

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

(*) The salary and remuneration of the Board of Directors and Supervisory Board comply with Resolution No. 20/NQ-DHDCD dated 23 April 2019 approved by the General Meeting of Shareholders and other related documents of subsidiaries.

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

	<i>Total loans VND million</i>	<i>Total deposits VND million</i>	<i>Credit commitments VND million</i>	<i>Derivative financial instruments VND million</i>	<i>Trading and investment of securities VND million</i>
Domestic	931,818,363	1,036,777,145	86,407,609	469,712	116,550,867
Overseas	9,756,342	6,532,282	157,184	-	-
	941,574,705	1,043,309,427	86,564,793	469,712	116,550,867

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 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	Others	Adjustment	Total			
I. Income	93,937,633	2,820,803	3,374,765	(520,248)	99,612,953			
1. Interest income	82,310,757	471,311	108,634	(147,931)	82,742,771			
- Interest income from external sources	82,304,484	451,234	107,494	(120,441)	82,742,771			
- Interest income from internal sources	6,273	20,077	1,140	(27,490)	-			
2. Income from services	5,799,170	2,270,662	8,557	(190,259)	7,888,130			
3. Other income	5,827,706	78,830	3,257,574	(182,058)	8,982,052			
II. Expenses	(69,284,519)	(2,548,266)	(3,346,942)	351,298	(74,828,429)			
1. Interest expenses	(49,529,654)	(105,484)	(56,527)	147,931	(49,543,734)			
- External interest expenses	(49,498,945)	(15,550)	(56,407)	27,168	(49,543,734)			
- Internal interest expenses	(30,709)	(89,934)	(120)	120,763	-			
2. Depreciation and amortization expenses	(957,908)	(10,249)	(12,384)	-	(980,541)			
3. Expenses related to operating business	(18,796,957)	(2,432,533)	(3,278,031)	203,367	(24,304,154)			
Net profit from operating activities before credit provision expenses	24,653,114	272,537	27,823	(168,950)	24,784,524			
Provision expenses for credit losses	(12,995,835)	2,736	429	(10,861)	(13,003,531)			
Segment profit before tax	11,657,279	275,273	28,252	(179,811)	11,780,993			
Current corporate income tax expense	(2,223,560)	(53,040)	(9,952)	-	(2,286,552)			
Deferred corporate income tax expense	-	(272)	(17,180)	-	(17,452)			
Segment profit after corporate income tax	9,433,719	221,961	1,120	(179,811)	9,476,989			
III. Assets	1,237,114,844	6,879,672	2,946,811	(6,229,852)	1,240,711,475			
1. Cash on hand	8,247,742	942	34,042	-	8,282,726			
2. Fixed assets	10,850,245	82,389	64,341	-	10,996,975			
3. Other assets	1,218,016,857	6,796,341	2,848,428	(6,229,852)	1,221,431,774			
IV. Liabilities	1,161,321,168	3,742,167	1,689,074	(3,395,752)	1,163,356,657			
1. External liabilities	1,158,851,681	2,432,372	1,658,429	(3,388,949)	1,159,553,533			
2. Internal liabilities	2,469,487	1,309,795	30,645	(6,803)	3,803,124			

Unit: VND million

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

40. SEGMENT INFORMATION (continued)

40.2 Geographical segment report

Items	Unit: VND million				
	North	South	Others	Offset	Total
Segment profit before tax	8,926,323	401,658	2,632,823	(179,811)	11,780,993
Current corporate income tax expense	(2,232,367)	(1,569)	(52,616)	-	(2,286,552)
Deferred corporate income tax expense	(17,452)	-	-	-	(17,452)
Segment profit after corporate income tax	6,676,504	400,089	2,580,207	(179,811)	9,476,989
Segment assets	711,352,558	384,210,148	151,378,621	(6,229,852)	1,240,711,475
Segment liabilities	643,027,757	376,355,558	147,369,094	(3,395,752)	1,163,356,657

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

41. FINANCIAL RISK MANAGEMENT POLICIES

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

Due to the goal of sustainable development, improving operational efficiency and competitive advantage, the Bank has always been one of the pioneers in researching and applying international practices on governance. In particular, the application of Basel II is one of the Bank's priority solutions. Since 2013, the Bank has begun to research and gradually implemented the Basel Accord standards in accordance with the schedule. Projects under the Basel II Accord focus on comprehensive enhancing of risk management capacity on material areas.

The application of advanced practices and risk management is a prerequisite for the integration and expansion of the Bank's influence in the global financial banking industry. The Bank has always played a pioneering role in the modernization of the banking system. In addition, after the Circular No.13/2018/TT-NHHH (Circular 13) stipulating the internal control system of commercial banks and foreign bank branches, the Bank took initiatives in reviewing control and adjusting regulations and processes in accordance with the requirements of Circular 13 to ensure compliance with the standards of internal control system, risk management, internal audit from 01 January 2019 and have preparation for the implementation of the internal assessment on capital adequacy which will take effect on 01 January 2021.

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

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

To manage risk related to financial instruments, the Bank issues regulations, procedures, detailed guidance and internal indicators as well as strictly manages the balance between assets and liabilities, tightly controls the growth in business activities and credit quality; complies with limitation and safety rate for its operation and requirements on risk management as stipulated in Circular 36/2014/TT-NHNN and Circular 06/2016/TT-NHNN, Circular 19/2017/TT-NHNN, Circular 22/2019/TT-NHNN (applied from 01 January 2020) and regulations of the State Bank of Vietnam and meets requirements on risk management in accordance with Basel II.

42. CREDIT RISK

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

Tools that the Bank uses to manage credit risk include:

For credit activities: The Bank manages and controls credit risk by setting credit limits for each counterparty and industrial concentration, and by monitoring exposures in relation to such limits.

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

42. CREDIT RISK (continued)

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

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

Methods of minimize credit risk

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

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

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

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

Financial assets are overdue but not impaired as the Bank is currently holding sufficient collateral assets to offset credit risk in accordance with the SBV's regulations.

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

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

Unit: VND million

	Overdue				Total
	Less than 90 days	91-180 days	181-360 days	Over 360 days	
Loans to customers	530,988	210,133	102,529	339,645	1,183,295

► **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	5,146,451	1,852,482	1,444,172	6,864,450	15,307,555
Available-for-sale securities	-	-	-	590,000	590,000
	5,146,451	1,852,482	1,444,172	7,454,450	15,897,555

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

43. MARKET RISK

43.1 Interest rate risk

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

Interest rate risk to the Bank possibly derives from investment activities and fund mobilization and lending activities.

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

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

The Bank's interest rate risk policies

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

The Bank forecasts fluctuation of the market interest rate and its fund balancing ability in order to make appropriate investment decisions. In case that the interest rates are forecasted to decline, the Bank will focus on long-term investments to increase profitability. Conversely, if interest rates are forecasted to have increasing trend, the Bank will increase short-term investments.

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

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

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

43. MARKET RISK (continued)

43.1 Interest rate risk (continued)

Interest rate risk management

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

Interest rate risk management at portfolio level

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

Interest rate risk management at transaction level

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

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

43. MARKET RISK (continued)

43.1 Interest rate risk (continued)

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

	Non-interest bearing VND million	Interest re-pricing period							Total VND million	
		Overdue		Interest re-pricing period						
		Over 3 months VND million	Up to 3 months VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 6 months VND million	From 6 to 12 months VND million	From 1 to 5 years VND million		Over 5 years VND million
Assets										
Cash, gold and gemstones	8,282,726	-	-	24,873,714	-	-	-	-	-	8,282,726
Balances with the SBV	-	-	-	-	-	-	-	-	-	24,873,714
Placements with and loans to other credit institutions (*)	-	-	102,862,661	24,745,857	1,268,000	512,000	-	-	-	129,388,518
Securities held for trading (*)	-	-	4,051,245	-	-	-	-	-	-	4,051,245
Derivatives and other financial assets	-	-	469,712	-	-	-	-	-	-	469,712
Loans to customers (*)	-	10,813,411	379,769,979	259,416,799	211,468,782	57,049,706	9,764,628	1,310,201	935,270,945	
Investment securities (*)	376,615	590,000	-	9,170,993	6,635,239	12,082,002	57,521,779	22,558,430	112,499,622	
Long-term investments (*)	3,282,709	-	-	3,564,564	-	-	-	-	3,282,709	
Fixed assets	10,996,975	-	-	-	-	-	-	-	10,996,975	
Other assets (*)	32,662,294	-	-	-	-	-	-	-	32,662,294	
Total assets	55,601,319	11,403,411	5,677,439	515,591,875	293,333,649	219,372,021	69,643,708	67,286,407	23,868,631	1,251,778,460
Liabilities										
Due to the Government and the SBV	-	-	-	41,858,341	27,015,097	637,176	1,092,279	-	-	70,602,893
Deposits and borrowings from other credit institutions	-	-	80,836,237	20,986,679	6,146,752	1,471,745	41,646	-	-	109,483,059
Customer deposits	-	-	382,425,407	177,622,468	157,477,117	164,850,790	10,305,335	104,111	892,785,228	
Other borrowed and entrusted funds	-	-	-	1,212,000	1,668,024	-	2,895,875	-	-	5,775,899
Valuable papers issued	-	-	-	-	24,900,000	2,001,253	30,165,100	-	-	57,066,353
Other liabilities (*)	27,157,537	-	-	-	-	-	-	-	-	27,157,537
Total liabilities	27,157,537	-	-	505,119,985	226,836,244	190,829,069	169,416,067	43,407,956	104,111	1,162,870,969
Interest sensitivity gap of balance sheet items	28,443,782	11,403,411	5,677,439	10,471,890	66,497,405	28,542,952	(99,772,359)	23,878,451	23,764,520	98,907,491
Interest sensitivity gap of off-balance sheet items	-	-	-	-	-	-	-	-	-	-
Interest sensitivity gap of on, off-balance sheet items	28,443,782	11,403,411	5,677,439	10,471,890	66,497,405	28,542,952	(99,772,359)	23,878,451	23,764,520	98,907,491

(*): Excluding provision

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

43. MARKET RISK (continued)

43.2 Currency risk

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

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

The Bank is exposed to the following risks:

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

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

Based on the actual data, the growth demand of affiliates and business orientation, Treasury and Financial Planning Department analyses and projects cash inflows and outflows and proposes fund planning projection for each currency unit (in VND, USD, and EUR equivalent) to the Bank's management based on actual daily cash flows to ensure safety and effectiveness of the whole system. All foreign currency loans are financed through mobilized funds in the same currency, thus no currency risk arises in lending and mobilization activities.

For investment activities:

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

For foreign currency trading activities:

Regulations on currency position for each currency unit and stop-loss limits in foreign exchange trading are developed by the Market Risk Management Department at the Head Office and approved by the General Director, which are within the Bank's risk tolerance. The market risk limits are controlled and executed by the Treasury Dealing Department at the Head Office and independently supervised and reported by the Market Risk Management Department. The currency position is managed on a daily basis and hedging strategies are used to ensure that the currency position is maintained within established limits.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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43. MARKET RISK (continued)
43.2 Currency risk (continued)

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

	EUR equivalent VND million	USD equivalent VND million	Other currencies equivalent VND million	Total VND million
Assets				
Cash, gold and gemstones	128,332	773,812	53,183	955,327
Balances with the SBV	-	3,654,392	-	3,654,392
Placements with and loans to other credit institutions	253,603	31,740,146	1,896,484	33,890,233
Loans to customers (*)	135,347	71,867,898	3,676,010	75,679,255
Long-term investments (*)	-	1,688,788	-	1,688,788
Other assets (*)	2,112,791	12,619,796	497,055	15,229,642
Total assets	2,630,073	122,344,832	6,122,732	131,097,637
Liabilities				
Deposits and borrowings from other credit institutions	221,151	28,435,478	496,890	29,153,519
Customer deposits	1,382,088	54,745,995	166,275	56,294,358
Derivatives and other financial liabilities	796,825	38,786,275	431,432	40,014,532
Other borrowed and entrusted funds	174,454	4,845,473	5,467	5,025,394
Valuable papers issued	-	876	-	876
Other liabilities (*)	47,579	1,337,372	7,636	1,392,587
Total liabilities	2,622,097	128,151,469	1,107,700	131,881,266
FX position on balance sheet	7,976	(5,806,637)	5,015,032	(783,629)
FX position off-balance sheet	-	-	-	-
Net on, off-balance sheet FX position	7,976	(5,806,637)	5,015,032	(783,629)

(*): Excluding provision

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

43. MARKET RISK (continued)

43.3 Liquidity risk

Liquidity risk is defined as the risk that results in the Bank's difficulty in meeting obligations associated with its financial liabilities. Liquidity risk arises since the Bank might be unable to meet its payment obligations when they fall due under both normal and stressed circumstances or when the Bank has to mobilize funds at a higher cost to meet its payment obligations.

The Bank had issued regulations and procedures on the liquidity risk management which establishes rules of managing the liquidity gap through maturity, liquidity risk ratios, designs stress test scenarios and backup plan to proactively handle measures in facing with the market volatility. To minimize this risk, the management plans to diversify its funding sources and also develops fund management report system to calculate liquidity position on a daily basis as well as prepares analysis and forecast report on future liquidity position on a regular basis.

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

In addition, the Bank also maintains a list of secondary liquid assets such as the Government bonds, which may be sold or under repurchased contracts with the State Bank of Vietnam. It is not only the secondary reserve in liquidity stress circumstances (if any) but also the profitable investments, providing funds for key national projects. The maturity of assets and liabilities represents the remaining time to the contractual maturity date from the balance sheet date until the payment date regulated in the contract or terms of issuance.

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

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

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

43. MARKET RISK (continued)

43.3 Liquidity risk (continued)

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

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

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

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2019 and for the year then ended

43. MARKET RISK (continued)**43.3 Liquidity risk (continued)**

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

	Overdue		Current					Total VND million
	Over 3 months VND million	Up to 3 months VND million	Up to 1 month VND million	From 1 month to 3 months VND million	From 3 months to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million	
Assets								
Cash, gold and gemstones	-	-	8,282,726	-	-	-	-	8,282,726
Balances with the SBV	-	-	24,873,714	-	-	-	-	24,873,714
Placements with and loans to other credit institutions (*)	-	-	102,862,661	24,745,857	1,780,000	-	-	129,388,518
Securities held for trading (*)	-	-	4,051,245	-	-	-	-	4,051,245
Derivatives and other financial assets	-	-	469,712	-	-	-	-	469,712
Loans to customers (*)	10,813,411	5,677,439	50,599,128	192,747,559	323,425,506	138,460,127	213,547,775	935,270,945
Investment securities (*)	590,000	-	2,538,509	2,393,281	15,219,203	66,523,686	25,234,943	112,499,622
Long-term investments (*)	-	-	-	-	-	-	3,282,709	3,282,709
Fixed assets	-	-	-	-	-	-	10,996,975	10,996,975
Other assets (*)	-	-	-	-	-	-	32,662,294	32,662,294
Total assets	11,403,411	5,677,439	193,677,695	219,886,697	340,424,709	204,983,813	285,724,696	1,261,778,460
Liabilities								
Due to the Government and the SBV	-	-	41,858,341	27,015,097	1,729,455	-	-	70,602,893
Deposits and borrowings from other credit institutions	-	-	80,531,043	20,864,392	6,264,527	1,689,630	133,467	109,483,059
Customer deposits	-	-	187,237,145	209,444,488	400,801,956	94,549,559	752,080	892,785,228
Other borrowed and entrusted funds	-	-	-	-	-	2,895,875	2,880,024	5,775,899
Valuable papers issued	-	-	-	-	24,900,000	2,101,253	30,065,100	57,066,353
Other liabilities (*)	-	-	9,860,138	3,960,131	6,768,532	5,975,757	592,979	27,157,537
Total liabilities	-	-	319,486,667	261,284,108	440,464,470	107,212,074	34,423,650	1,162,870,969
Net liquidity gap	11,403,411	5,677,439	(125,808,972)	(41,397,411)	(100,039,761)	97,771,739	251,301,046	98,907,491

(*): Excluding provision

Other market price risk

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

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

44. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

Financial assets within the scope of Circular 210, for disclosures in 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 short term;
 - ✓ There is evidence of a recent actual pattern of short-term profit-taking; or
 - ✓ It is a derivative (except derivative that is a financial guarantee contract or effective hedging instrument).
- b) Upon initial recognition, it is designated by the entity as at fair value through profit or loss.

► *Held-to-maturity investments*

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

- a) Those that the Bank upon initial recognition designates as at fair value through profit or loss report;
- 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 2019 and for the year then ended

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

Financial assets (continued)

► *Loans and receivables:*

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

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

► *Available-for-sale financial assets:*

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

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

Financial liabilities

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

Financial liabilities within the scope of Circular 210, for disclosures in the notes to the 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 short term;
 - ✓ There is evidence of a recent actual pattern of short-term profit-taking; or
 - ✓ It is a derivative (except derivative that is a financial guarantee contract or effective hedging instrument).
- b) Upon initial recognition, it is designated by the entity as at fair value through profit or loss.

► *Financial liabilities at amortized cost:*

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

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

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

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 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.

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

	Carrying value					Fair value VND million
	Financial assets at fair value through profit and loss VND million	Held-to- maturity VND million	Loans and receivables VND million	Available-for- sale VND million	Other assets and liabilities recorded at amortized cost VND million	
Cash, gold and gemstones	8,282,726	-	-	-	-	8,282,726
Balances with the SBV	24,873,714	-	-	-	-	24,873,714
Placements with and loans to other credit institutions	-	-	129,388,518	-	-	129,388,518
Securities held for trading	4,051,245	-	-	-	-	4,051,245
Derivatives and other financial assets	469,712	-	-	-	-	469,712
Loans to customers	-	-	935,270,945	-	-	935,270,945
Available-for-sale securities	-	-	-	97,131,629	-	97,131,629
Held-to-maturity securities	-	15,367,993	-	-	-	15,367,993
Other long-term investments	-	-	-	264,652	-	264,652
Other financial assets	-	-	32,617,889	-	-	32,617,889
	37,677,397	15,367,993	1,097,277,352	97,396,281	-	1,247,719,023
Due to the Government and the SBV	-	-	-	-	70,602,893	70,602,893
Deposits and loans from other credit institutions	-	-	-	-	109,483,059	109,483,059
Customer deposits	-	-	-	-	892,785,228	892,785,228
Other borrowed and entrusted funds	-	-	-	-	5,775,899	5,775,899
Valuable papers issued	-	-	-	-	57,066,353	57,066,353
Other financial liabilities	-	-	-	-	26,344,203	26,344,203
	-	-	-	-	1,162,057,635	1,162,057,635

(*) 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)
as at 31 December 2019 and for the year then ended

45. COMPARATIVE FIGURES

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

Extracted from the Balance Sheet

Unit: VND million

<i>Items</i>	<i>31/12/2018 Restated (As adjusted by State Audit)</i>	<i>31/12/2018 Audited (As audited by independent auditor)</i>	<i>Adjustment</i>
Loans to customers	851,865,984	851,917,565	(51,581)
Provision for credit losses on loans to customer	(13,059,964)	(13,008,383)	(51,581)
Fixed assets	11,139,862	11,114,537	25,325
Tangible fixed assets	6,194,652	6,193,312	1,340
Cost	13,919,662	13,925,207	(5,545)
Accumulated depreciation	(7,725,010)	(7,731,895)	6,885
Intangible fixed assets	4,945,210	4,921,225	23,985
Cost	6,447,395	6,424,369	23,026
Accumulated depreciation	(1,502,185)	(1,503,144)	959
Other assets	31,730,749	31,849,567	(118,818)
Receivables	21,741,493	21,556,765	184,728
Accrued interest and fees receivable	6,593,324	6,901,214	(307,890)
Other assets	3,404,868	3,400,524	4,344
Total assets	1,164,289,661	1,164,434,735	(145,074)
Other liabilities	45,007,049	45,012,940	(5,891)
Interest and fee payables	15,820,561	15,820,192	369
Other payables	28,763,344	28,772,169	(8,825)
Other provision (Allowance for contingent liabilities)	423,144	420,579	2,565
Total liabilities	1,096,973,327	1,096,979,218	(5,891)
Equity and reserves	67,316,334	67,455,517	(139,183)
Undistributed profits	11,836,676	11,975,822	(139,146)
Non-controlling interests	296,225	296,262	(37)
TOTAL LIABILITIES AND OWNERS 'EQUITY	1,164,289,661	1,164,434,735	(145,074)

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

45. COMPARATIVE FIGURES (continued)

Extracted from Off-balance sheet

Unit: VND million

Items	31/12/2018 Restated (As adjusted by State Audit)	31/12/2018 Audited (As audited by independent auditor)	Adjustment
Letters of credit	52,935,903	52,940,203	(4,300)
Other guarantees	57,429,323	57,634,431	(205,108)

Extracted from the Income Statement

Unit: VND million

Items	2018 Restated (As adjusted by State Audit)	2018 Audited (As audited by independent auditor)	Adjustment
Interest and similar income	73,869,866	74,176,120	(306,254)
Net interest and similar income	22,211,832	22,518,086	(306,254)
Fee and commission income	5,963,790	5,954,421	9,369
Fee and commission expenses	(3,193,013)	(3,186,894)	(6,119)
Net fee and commission income	2,770,777	2,767,527	3,250
Other income	2,914,313	2,903,224	11,089
Other expenses	(1,025,298)	(1,024,814)	(484)
Net gain from other activities	1,889,015	1,878,410	10,605
Total operating expenses	(14,084,040)	(14,256,251)	172,211
Net profit before provision for credit losses	14,361,487	14,481,675	(120,188)
Provision expense for credit losses	(7,802,854)	(7,751,273)	(51,581)
PROFIT BEFORE TAX	6,558,633	6,730,402	(171,769)
Current corporate income tax expense	(1,272,578)	(1,305,164)	32,586
Corporate income tax expense	(1,281,387)	(1,313,973)	32,586
PROFIT AFTER TAX	5,277,246	5,416,429	(139,183)
Non-controlling interests	2,443	2,480	(37)
Owners' net profit	5,274,803	5,413,949	(139,146)
Basic earnings per share (VND/share)	1,417	1,454	(37)

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

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 SOME FOREIGN CURRENCIES AGAINST VIETNAM DONG AT THE BALANCE SHEET DATE

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

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Hanoi, Vietnam

28 February 2020