



TOTAL ASSETS (VND BILLION)

1,222,719

Increased 13.8% compared to 2018

CHAPTER 6

FINANCIAL REPORT

149-150	Bank Information
151	Report of the Board of Management
152-153	Independent Auditor's Report
154-156	Consolidated balance sheet
157	Consolidated statement of income
158-159	Consolidated statement of cash flows
160-218	Notes to the consolidated financial statements

JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE OF VIETNAM

*Consolidated Financial Statements
for the year ended 31 December 2019*

CONTENT

	Page
Bank Information	149 - 150
Report of the Board of Management	151
Independent Auditor's Report	152 - 153
Consolidated balance sheet	154 - 156
Consolidated statement of income	157
Consolidated statement of cash flows	158 - 159
Notes to the consolidated financial statements	160 - 218

BANK INFORMATION

ESTABLISHMENT AND OPERATION LICENCE

Establishment and Operation Licence No. 138/GP-NHNN dated 23 May 2008 issued by the Governor of the State Bank of Vietnam, Decision No. 2719/QD-NHNN dated 27 December 2011, Decision No. 523/QD-NHNN dated 22 March 2012, Decision No. 1547/QD-NHNN dated 6 August 2014, Decision No. 2182/QD-NHNN dated 26 October 2015, Decision No. 95/QD-NHNN dated 18 January 2017, Decision No. 891/QD-NHNN dated 8 May 2017, Decision No. 2293/QD-NHNN dated 31 October 2017, Decision No. 300/QĐĐ-NHNN dated 21 February 2019 and Decision No. 2447/QD-NHNN dated 25 November 2019 promulgated by the State Bank of Vietnam amending and supplementing the operations of Joint Stock Commercial Bank for Foreign Trade of Vietnam.

BUSINESS REGISTRATION CERTIFICATE

Business Registration Certificate No. 0103024468 dated 2 June 2008 issued by Hanoi Authority for Planning and Investment, Enterprise Code No. 0100112437 was reissued for the thirteenth time on 16 January 2019.

MEMBERS OF THE BOARD OF DIRECTORS DURING THE YEAR AND UNTIL THE ISSUING DATE OF THE CONSOLIDATED FINANCIAL STATEMENTS

Mr. Nghiem Xuan Thanh	Chairman	Reappointed on 27 April 2018
Mr. Pham Quang Dung	Member	Reappointed on 27 April 2018
Mr. Nguyen Manh Hung	Member	Reappointed on 27 April 2018
Mr. Nguyen My Hao	Member	Reappointed on 27 April 2018
Mr. Eiji Sasaki	Member	Reappointed on 27 April 2018
Mr. Pham Anh Tuan	Member	Reappointed on 27 April 2018
Mr. Hong Quang	Member	Appointed on 27 April 2018
Mr. Truong Gia Binh	Member	Appointed on 27 April 2018
Mr. Do Viet Hung	Member	Appointed on 26 April 2019

MEMBERS OF THE BOARD OF MANAGEMENT DURING THE YEAR AND UNTIL THE ISSUING DATE OF THE CONSOLIDATED FINANCIAL STATEMENTS

Mr. Pham Quang Dung	Chief Executive Officer ("CEO")	Reappointed on 1 November 2019
Mr. Dao Minh Tuan	Deputy CEO	Reappointed on 15 June 2017
Mr. Pham Manh Thang	Deputy CEO	Reappointed on 10 March 2019
Ms. Nguyen Thi Kim Oanh	Deputy CEO	Reappointed on 26 December 2019
Ms. Dinh Thi Thai	Deputy CEO	Appointed on 1 June 2015
Mr. Eiji Sasaki	Deputy CEO	Appointed on 15 December 2017
Ms. Phung Nguyen Hai Yen	Deputy CEO	Appointed on 15 December 2017
Mr. Le Quang Vinh	Deputy CEO	Appointed on 15 December 2017
Mr. Nguyen Thanh Tung	Deputy CEO	Appointed on 1 April 2019
Mr. Dang Hoai Duc	Deputy CEO	Appointed on 1 April 2019

BANK INFORMATION (continued)

MEMBERS OF THE SUPERVISORY BOARD DURING THE YEAR AND UNTIL THE ISSUING DATE OF THE CONSOLIDATED FINANCIAL STATEMENTS

Ms. Truong Le Hien	Chair of the Board	Reappointed on 27 April 2018
Ms. La Thi Hong Minh	Member	Reappointed on 27 April 2018
Ms. Do Thi Mai Huong	Member	Reappointed on 27 April 2018
Ms. Vu Thi Bich Van	Member	Dismissed from 26 April 2019

CHIEF ACCOUNTANT

Mr. Le Hoang Tung
Appointed on 15 December 2017

LEGAL REPRESENTATIVE

Since 1 November 2014
Mr. Nghiem Xuan Thanh
Title: Chairman of the Board of Directors

AUTHORISED SIGNATURE ON FINANCIAL STATEMENTS

(According to Letter of Authorisation No. 64/UQ-VCB-CSTCKT dated 4 March 2020)

Since 4 March 2020
Ms. Phung Nguyen Hai Yen
Title: Deputy CEO

THE BANK'S HEAD OFFICE

198 Tran Quang Khai Street
Hoan Kiem District, Hanoi, Vietnam

AUDITOR

KPMG Limited
Vietnam

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank") presents this report and the accompanying consolidated financial statements of the Bank and its subsidiaries for year ended 31 December 2019.

THE BOARD OF MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of 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 their consolidated results of operations and consolidated cash flows for the year. In preparing the consolidated financial statements, the Board of 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 or not, 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 its business.

The Board of Management is responsible for ensuring that proper accounting records are kept to disclose, with reasonable accuracy at any time, the 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 its subsidiaries and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements.

STATEMENT BY THE BOARD OF MANAGEMENT

The Board of 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 their consolidated results of operations and consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

For and on behalf of the Board of Management:

Ms. Phung Nguyen Hai Yen

Deputy CEO

Hanoi, 11 March 2020

INDEPENDENT AUDITOR'S REPORT

**TO: THE SHAREHOLDERS
JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE OF VIETNAM**

We have audited the accompanying consolidated financial statements of Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank") and its subsidiaries, which comprise the consolidated balance sheet as at 31 December 2019, the consolidated statement of income and the consolidated statement of cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank's Board of Management on 11 March 2020, as set out on pages 154 to 218.

THE BANK'S BOARD OF MANAGEMENT'S RESPONSIBILITY

The Bank's Board of Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 auditor considers internal control relevant to the Bank's 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Bank's Board of 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.

INDEPENDENT AUDITOR'S REPORT (continued)

AUDITOR'S 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 their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

KPMG LIMITED

Vietnam
Audit Report No.: 18-02-00541-20-4



Tran Dinh Vinh
Practicing Auditor Registration
Certificate No. 0339-2018-007-1
Deputy General Director
Hanoi, 11 March 2020

Pham Huy Cuong
Practicing Auditor Registration
Certificate No. 2675-2019-007-1

CONSOLIDATED BALANCE SHEET

Form B02/TCTD-HN

as at 31 December 2019

No.	Items	Note	31/12/2019 VND million	31/12/2018 VND million
A	ASSETS			
I	Cash on hand, gold, silver and gemstones	4	13,778,358	12,792,045
II	Balances with the State Banks	5	34,684,091	10,845,701
III	Balances with and loans to other credit institutions	6	249,470,372	250,228,037
1	Balances with other credit institutions		190,100,329	187,352,500
2	Loans to other credit institutions		62,370,043	63,875,537
3	Allowance for balances with and loans to other credit institutions		(3,000,000)	(1,000,000)
IV	Trading securities	7	1,801,126	2,654,806
1	Trading securities		1,889,628	2,725,051
2	Allowance for trading securities		(88,502)	(70,245)
V	Derivative financial instruments and other financial assets	8	98,312	275,983
VI	Loans to customers		724,290,102	621,573,249
1	Loans to customers	9	734,706,891	631,866,758
2	Allowance for loans to customers	10	(10,416,789)	(10,293,509)
VIII	Investment securities	11	167,529,689	149,296,430
1	Available-for-sale securities		35,699,090	35,321,259
2	Held-to-maturity securities		132,271,302	114,251,030
3	Allowance for investment securities		(440,703)	(275,859)
IX	Capital contributions, long-term investments		2,464,493	2,476,067
2	Investments in joint-ventures	12(a)	940,807	897,308
3	Investments in associates	12(b)	10,863	10,339
4	Other long-term investments	12(c)	1,587,823	1,635,418
5	Allowance for long-term investments		(75,000)	(66,998)
X	Fixed assets		6,710,443	6,527,466
1	Tangible fixed assets	13	4,449,649	4,459,292
a	Cost		11,161,239	10,534,068
b	Accumulated depreciation		(6,711,590)	(6,074,776)
3	Intangible fixed assets	14	2,260,794	2,068,174
a	Cost		3,050,669	2,772,517
b	Accumulated amortisation		(789,875)	(704,343)
XII	Other assets		21,891,872	17,356,776
1	Receivables	15(a)	8,829,375	4,065,268
2	Accrued interest and fee receivables	15(b)	8,150,156	7,409,149
3	Deferred tax assets	15(c)	405,543	6,740
4	Other assets	15(d)	4,510,592	5,879,141
5	Allowance for other assets		(3,794)	(3,522)
	TOTAL ASSETS		1,222,718,858	1,074,026,560

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET

Form B02/TCTD-HN

as at 31 December 2019 (continued)

No.	Items	Note	31/12/2019 VND million	31/12/2018 VND million
B	LIABILITIES AND SHAREHOLDERS' EQUITY			
I	Amounts due to the Government and the State Banks	16	92,365,806	90,685,315
II	Deposits and borrowings from other credit institutions	17	73,617,085	76,524,079
1	Deposits from other credit institutions		71,046,512	75,245,679
2	Borrowings from other credit institutions		2,570,573	1,278,400
III	Deposits from customers	18	928,450,869	801,929,115
V	Funds for finance, entrusted investments and entrusted loans	19	20,431	25,803
VI	Valuable papers issued	20	21,383,932	21,461,132
VII	Other liabilities		25,997,753	21,221,737
1	Accrued interest and fee payables	21(a)	10,382,357	8,717,540
2	Deferred tax liabilities		22,023	19,295
3	Other liabilities	21(b)	15,593,373	12,484,902
	TOTAL LIABILITIES		1,141,835,876	1,011,847,181
VIII	Shareholders' equity			
1	Capital		42,428,820	36,322,343
a	Charter capital		37,088,774	35,977,686
c	Share premium		4,995,389	-
g	Other capital		344,657	344,657
2	Reserves		12,186,141	9,445,732
3	Foreign exchange differences		16,361	84,450
4	Differences upon asset revaluation		113,011	119,178
5	Retained profits		26,055,190	16,138,687
a	Previous year's retained profits		12,188,554	5,383,568
b	Current year's retained profits		13,866,636	10,755,119
6	Non-controlling interest		83,459	68,989
	TOTAL SHAREHOLDERS' EQUITY	22(a)	80,882,982	62,179,379
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,222,718,858	1,074,026,560

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET

Form B02/TCTD-HN

as at 31 December 2019 (continued)

No.	Items	31/12/2019 VND million	31/12/2018 VND million
OFF-BALANCE SHEET ITEMS			
1	Credit guarantees	292,563	276,512
2	Foreign exchange commitments	91,594,629	61,831,282
	<i>Forward buying commitments</i>	25,775,812	12,471,111
	<i>Forward selling commitments</i>	65,818,817	49,360,171
4	Letters of credit	57,406,598	57,703,713
5	Other guarantees	53,276,574	54,250,031
6	Other commitments	349,311	295,856

Hanoi, 11 March 2020

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen






Deputy Director of
Financial and Accounting
Policy Department

Chief Accountant

Deputy CEO

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF INCOME

Form B03/TCTD-HN

for the year ended 31 December 2019

No.	Items	Note	2019 VND million	2018 VND million
1	Interest and similar income	24	67,724,190	55,863,951
2	Interest and similar expenses	25	(33,146,840)	(27,455,435)
I	Net interest income		34,577,350	28,408,516
3	Fee and commission income		9,002,507	7,022,155
4	Fee and commission expenses		(4,695,663)	(3,619,663)
II	Net fee and commission income	26	4,306,844	3,402,492
III	Net gain from trading of foreign currencies	27	3,378,274	2,266,429
IV	Net gain from trading securities	28	145,982	250,462
V	Net gain from investment securities	29	7,040	-
5	Other income		3,427,765	3,515,904
6	Other expenses		(357,970)	(281,539)
VI	Net other income	30	3,069,795	3,234,365
VII	Income from capital contributions and equity investments	31	245,096	1,716,169
	TOTAL OPERATING INCOME		45,730,381	39,278,433
VIII	TOTAL OPERATING EXPENSES	32	(15,817,575)	(13,611,094)
IX	Net operating profit before allowance for credit losses		29,912,806	25,667,339
X	Allowance for credit losses	33	(6,790,429)	(7,398,113)
XI	PROFIT BEFORE TAX		23,122,377	18,269,226
7	Current corporate income tax expenses	34(a)	(4,992,464)	(3,648,356)
8	Deferred corporate income tax expenses	34(b)	396,075	1,192
XII	Corporate income tax expenses		(4,596,389)	(3,647,164)
XIII	NET PROFIT AFTER TAX		18,525,988	14,622,062
XIV	Non-controlling interest		(15,090)	(16,484)
XVI	Net profit for the year		18,510,898	14,605,578
XV	Basic earnings per share (VND/share) (Restated)	35	4,481	3,323

Hanoi, 11 March 2020

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen






Deputy Director of
Financial and Accounting
Policy Department

Chief Accountant

Deputy CEO

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Form B04/TCTD-HN

for the year ended 31 December 2019 (Direct method)

No.	Items	2019 VND million	2018 VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Interest and similar income received	66,956,606	54,473,260
02	Interest and similar expenses paid	(31,567,168)	(27,395,363)
03	Net fee and commission income received	4,306,844	3,402,492
04	Net receipts and payments from trading activities (foreign currencies, gold and securities)	3,068,655	3,203,390
05	Other expenses paid	(115,005)	(42,957)
06	Receipts from recovery of bad debts previously written off	3,179,526	3,272,247
07	Payments to employees and for other operating activities	(14,532,712)	(12,787,284)
08	Corporate income tax paid during the year	(4,827,328)	(2,585,774)
Net cash flows from operating activities before changes in operating assets and liabilities		26,469,418	21,540,011
(Increase)/decrease in operating assets			
09	Balances with and loans to other credit institutions	2,189,341	2,306,008
10	Trading securities	(17,562,680)	(14,454,777)
11	Derivative financial instruments and other financial assets	177,671	556,371
12	Loans to customers	(102,840,133)	(88,432,298)
13	Utilisation of allowance for credit losses	(4,502,397)	(4,083,722)
14	Other operating assets	(3,354,149)	(2,666,699)
Increase/(decrease) in operating liabilities			
15	Amounts due to the Government and the State Banks	1,680,491	(80,699,753)
16	Deposits and borrowings from other credit institutions	(2,906,994)	9,581,876
17	Deposits from customers	126,521,754	93,409,398
18	Valuable papers issued	(77,572)	3,246,793
19	Funds for finance, entrusted investments and entrusted loans	(5,372)	2,650
21	Other operating liabilities	720,675	824,980
22	Payments from reserves	(1,434,221)	(1,365,175)
I	Net cash flows from operating activities	25,075,832	(60,234,337)

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Form B04/TCTD-HN

for the year ended 31 December 2019 (Direct method - continued)

No.	Items	2019 VND million	2018 VND million
CASH FLOWS FROM INVESTING ACTIVITIES			
01	Payments for purchases of fixed assets	(1,005,065)	(1,133,639)
02	Proceeds from disposals of fixed assets	11,589	6,767
03	Payments for disposals of fixed assets	(6,315)	(1,692)
04	Collections on investments in other entities	95,773	2,628,038
05	Dividends and interest received from long-term investments and capital contributions	154,582	129,753
06	Dividends of prior years received in the year	42,989	-
II	Net cash flows from investing activities	(706,447)	1,629,227
CASH FLOWS FROM FINANCING ACTIVITIES			
01	Proceeds from share issuance	1,111,088	-
02	Share premium from share issuance	4,995,389	-
03	Dividends paid to shareholders and profits distributed	(2,219,483)	(2,914,981)
III	Net cash flows from financing activities	3,886,994	(2,914,981)
IV	Net cash flows during the year	28,256,379	(61,520,091)
V	Cash and cash equivalents at the beginning of the year	244,014,156	305,534,247
VII	Cash and cash equivalents at the end of the year (Note 36)	272,270,535	244,014,156

Hanoi, 11 March 2020

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen



Deputy Director of
Financial and Accounting
Policy Department

Chief Accountant

Deputy CEO

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019

These notes form an integral part of, and should be read in conjunction with, the accompanying consolidated financial statements.

1. REPORTING ENTITY

(a) Establishment and operations

Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank") was established upon the transformation from a state-owned commercial bank following the approval of the Prime Minister on the equitisation plan of the Bank for Foreign Trade of Vietnam and in accordance with other relevant regulations. The Bank was granted Establishment and Operation Licence No. 138/GP-NHNN dated 23 May 2008 by the State Bank of Vietnam ("the SBV") for a period of 99 years, Business Registration Certificate No. 0103024468 dated 2 June 2008 by Hanoi Authority for Planning and Investment and Enterprise Code No. 0100112437 was reissued for the thirteenth time on 16 January 2019.

The principal activities of the Bank in accordance with Decision No. 2719/QD-NHNN dated 27 December 2011, Decision No. 2182/QD-NHNN dated 26 October 2015, Decision No. 891/QD-NHNN dated 8 May 2017, Decision No. 2293/QD-NHNN dated 31 October 2017 and Decision No. 2447/QD-NHNN dated 25 November 2019 amending and supplementing to Establishment and Operation Licence No. 138/GP-NHNN on the contents of the Bank's operations are to mobilise and receive short, medium and long-term deposits from organisations and individuals; lend to organisations and individuals up to the nature and capability of the Bank's capital resources; conduct settlement and cash services; provide other banking services as approved by the SBV; invest in associates, joint-ventures and other companies; invest in stocks and bonds and real-estate business in accordance with the relevant regulations; trade in and supply interest rates derivatives and commodity price derivatives in accordance with the relevant regulations; purchase debts; trade in and provide foreign exchange services in the domestic and international markets in accordance with the relevant regulations of the State Bank of Vietnam.

(b) Charter capital

Under Establishment and Operation Licence No. 138/GP-NHNN dated 23 May 2008 issued by the SBV and Business Registration Certificate No. 0103024468 dated 2 June 2008 issued by Hanoi Authority for Planning and Investment, the Bank's charter capital was VND 12,100,860,260,000. Under Business Registration Certificate with Enterprise Code No. 0100112437 was reissued for the thirteenth time on 16 January 2019 and the amendment of Establishment and Operation Licence No. 138/GP-NHNN of Joint Stock Commercial Bank for Foreign Trade of Vietnam under Decision No. 300/QD-NHNN dated 21 February 2019 of the State Bank of Vietnam, the Bank's charter capital was VND 37,088,774,480,000. The par value per share is VND 10,000.

	31/12/2019		31/12/2018	
	Number of shares	%	Number of shares	%
Shares owned by the Government of Vietnam	2,774,353,387	74.80%	2,774,353,387	77.10%
Shares owned by foreign strategic shareholder (Mizuho Bank Ltd., Japan)	556,334,933	15.00%	539,668,502	15.00%
Shares owned by other owners	378,189,128	10.20%	283,746,686	7.90%
	3,708,877,448	100%	3,597,768,575	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

(c) Location and network

The Bank's Head Office is located at 198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam. As at 31 December 2019, the Bank had one (1) Head Office, one (1) Human resource Training and Development Center, two (2) Cash Processing Centers, one hundred eleven (111) branches nationwide, four (4) local subsidiaries, three (3) overseas subsidiaries, three (3) joint-ventures, one (1) associate, one (1) representative office located in the United States of America, one (1) representative office located in Singapore and one (1) representative office located in Ho Chi Minh City (as at 31 December 2018, the Bank had one (1) Head Office, one (1) Training Center, one (1) Cash Processing Center, and one hundred and six (106) branches nationwide, four (4) local subsidiaries, two (3) overseas subsidiaries, three (3) joint-ventures, one (1) associate, one (1) representative office located in the United State of America, one (1) representative office located in Singapore and one (1) representative office located in Ho Chi Minh City).

The Bank and its subsidiaries hereinafter are referred to as "Vietcombank".

(d) Subsidiaries, joint-ventures and associates

Subsidiaries

Subsidiaries	Operating Licence	Business sector	Ownership percentage of the Bank
Vietcombank Financial Leasing Company Limited	Operating Licence No. 66/GP-NHNN dated 31 October 2017 granted by the SBV	Financial leasing	100%
Vietcombank Securities Company Limited	Operating Licence No. 09/GPHDKD dated 24 April 2002, the most recent amendment is Operating Licence No. 63/GPDC-UBCK dated 29 December 2017 granted by the State Securities Commission ("SSC")	Securities	100%
Vietnam Finance Company Limited in Hong Kong ("Vinafico")	Business Registration No. 58327 dated 10 February 1978 issued by Hong Kong Monetary Authority	Financial services	100%
Vietcombank Remittance Company Limited	Enterprise Registration Certificate No. 0314633162 dated 20 September 2017 granted by Ho Chi Minh City Department of Investment and Planning	Receipt of foreign exchange	100%
Vietcombank Laos Limited	Operating Licence No. 88/BOL dated 25 May 2018 granted by Bank of the Lao P.D.R	Banking	100%
Vietcombank Money Inc.	Business Registration No. E0321392009-6 dated 15 June 2009 granted by the Authority of the State of Nevada, United States	Foreign exchange remittance	87.5%
Vietcombank Tower 198 Ltd	Investment Licences No. 1578/GP dated 30 May 1996 and the most recent amendment dated 30 January 2019 granted by the Ministry of Planning and Investment	Office leasing	70%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

Joint-ventures

Joint-ventures	Operating Licence	Business sector	Ownership percentage of the Bank
Vietcombank – Bonday – Ben Thanh Joint-venture Company Limited	Investment Licence No. 2458/GP dated 7 February 2005 granted by the Ministry of Planning and Investment with Amended Licence No. 2458/GCND1/41/1 dated 26 October 2011 and Amended Licence No. 2458/GCND2/41/1 dated 28 December 2012	Office leasing	52%
Vietcombank Fund Management	Establishment and Operating Licence No. 06/UBCK-GPHDQLQ dated 2 December 2005 granted by the State Securities Commission; the most recent amendment No. 17/GPDC-UBCK dated 9 February 2018	Investment fund management	51%
Vietcombank – Cardif Life Insurance Company Limited	Investment Licence No. 55/GP/KDBH dated 23 October 2008 granted by the Ministry of Finance and Amended Licence No. 55/GPDC1/KDBH dated 28 December 2018	Life insurance	45%

Associates

Associates	Operating Licence	Business sector	Ownership percentage of the Bank
Vietcombank – Bonday Joint-venture Company Limited	Operating Licence No. 283/GP dated 5 December 1991 granted by the Department of Planning and Investment, most recent amendment licence No. 283/GPDC4 dated 4 March 2002	Office leasing	16%

(e) **Number of employees**

As at 31 December 2019, Vietcombank had 18,948 employees (31 December 2018: 17,215 employees).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted by Vietcombank in the preparation and presentation of these consolidated financial statements.

(a) **Purpose of preparing the consolidated financial statements**

The Bank has subsidiaries as disclosed in Note 1(d). The Bank prepared these consolidated financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular No. 155/2015/TT-BTC dated 6 October 2015 of the Ministry of Finance on disclosure of information on the securities market ("Circular 155"). In addition, as required by Circular 155, the Bank has prepared the separate financial statements of the Bank for the year ended 31 December 2019 ("the separate financial statements") which was issued on 11 March 2020.

(b) **Basis of financial statement preparation**

The consolidated financial statements, presented in Vietnam Dong ("VND") and rounded to the nearest million VND ("VND million"), have been prepared in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using direct method.

(c) **Annual accounting period**

Vietcombank's annual accounting period is from 1 January to 31 December.

(d) **Foreign currency transactions**

According to Vietcombank's accounting system, all transactions are recorded in their original currencies. Monetary items denominated in currencies other than VND are translated into VND at the exchange rates prevailing at the end of the annual accounting period. Non-monetary items denominated in foreign currencies are translated into VND at the exchange rate as at the date of the transaction. Income and expenses in foreign currencies are translated into VND in the consolidated statement of income at spot exchange rates as at the date of transaction.

Foreign exchange differences arising from foreign currencies trading activities in the year were recorded in the consolidated statement of income at the end of the annual accounting period.

In order to prepare the consolidated financial statements, for the subsidiaries using the consolidation method and for the associates and joint-ventures using the equity method, which have accounting currencies other than VND, assets, liabilities and equity of these companies are converted into VND at spot rates on the consolidated balance sheet date, and the income and expenses in the statement of income are converted into VND at the average exchange rate for the annual accounting period. Exchange differences arising from the conversion are taken into equity in the consolidated balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN for the year ended 31 December 2019 (continued)

(e) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Bank. The control exists when the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing the control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that the control commences until the date that the control ceases.

Inter-company balances, transactions and profit/loss on transactions between those subsidiaries and the Bank are eliminated in full in the consolidated financial statements. The accounting policies of subsidiaries have been changed if necessary to ensure the consistency with the policies adopted by the Bank.

Non-controlling interest is the portion of the profit or loss and net assets of a subsidiary attributable to equity interest that are not owned, directly or indirectly through subsidiaries, by the Bank.

(ii) Associates and joint-ventures

Associates are those entities to which the Bank has significant influence, but not control, over their financial and operating policies.

Joint-ventures are those entities to which the Bank has joint control, established by contractual agreements and require unanimous consent of all joint-venture investors for the entity's strategic financial and operating decisions.

The Bank uses the equity method for consolidating its investments in associates and joint ventures in the consolidated financial statements. The Bank's share of post acquisition profits or losses of its associates and joint-ventures is recognised in the consolidated statement of income. When the Bank's share of losses in associates and joint-ventures equals or exceeds the cost of its investments in the associates and joint-ventures, the Bank does not recognise further losses in its consolidated financial statements, unless it has obligations to pay on behalf of the associates and joint-ventures. Accounting policies of associates and joint-ventures have been changed where necessary to ensure consistency with the policies adopted by the Bank.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with the State Banks, treasury bills and other short-term valuable papers which are eligible for discounting with the State Banks, balances with and loans to other credit institutions with original terms to maturity not exceeding three months from the original date of placements or granting; investments in securities with recoverability or maturity not exceeding three months that are readily convertible into known amounts of cash, and that are subjected to an insignificant risk of change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN for the year ended 31 December 2019 (continued)

(g) Balances with and loans to other credit institutions

Balances with other credit institutions, except for current deposits, are term deposits at other credit institutions and foreign bank branches with terms of not exceeding three months.

Loans to other credit institutions are loans with original terms to maturity of not exceeding twelve months.

Current deposits at other credit institutions are stated at the amount of the outstanding principal.

Term deposits with and loans to other credit institutions are stated at the amount of the outstanding principal less any specific allowance for credit risks.

Credit risk classification of term deposits with and loans to other credit institutions and allowance for credit risk thereof is made in accordance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 of the State Bank of Vietnam on classification of assets, level and method of allowance making, and use of allowance against credit risks in banking activities of credit institutions and foreign banks' branches ("Circular 02") and Circular No. 09/2014/TT-NHNN dated 18 March 2014 of the SBV on amending and supplementing a number of articles of Circular 02 ("Circular 09"). Accordingly, the Bank has made specific allowance for term deposits with and loans to other credit institutions in accordance with the method described in Note 2(h).

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

(h) Loans to customers

(i) Loans to customers

Loans to customers are stated in the consolidated balance sheet at the principal amounts outstanding as at the reporting date.

Allowance for credit risk of loans to customers is recorded and stated in a separate line in the consolidated balance sheet. Allowance for credit risk comprises specific allowance for credit risk and general allowance for credit risk.

Loan classification and allowance for credit risk of loans to customers thereof is made in accordance with Circular 02 and Circular 09.

(ii) Specific allowance for credit risk

Since 1 January 2010, the Bank has applied Article 7, Decision No. 493/2005/QĐ-NHNN dated 22 April 2005 issued by the SBV to make debt classification based on the qualitative method as approved by the SBV. However, according to Circular 02, the Bank is required to classify debts and off-balance sheet commitments in accordance with both Article 10 and Clause 1 of Article 11, Circular 02. In that case, should classifications of a debt in accordance with Article 10 and Clause 1 of Article 11, Circular 02 differ, the debt is to be classified into the group of higher risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

Since 1 January 2015, the Bank uses the information from Credit Information Center ("CIC") about the debt group of customers at the time of debt classification to adjust the debt group, off-balance sheet items. If a customer's debts and off-balance sheet commitments are classified in a debt group that has a lower risk than the debt groups provided in CIC's list, the Bank shall adjust its classification of debts and off-balance commitments following the debt groups provided by CIC.

Specific allowance is calculated based on the following allowance rates specified for the debt principal less the discounted value of collateral assets:

	Allowance rate
Group 1 – Current debt	0%
Group 2 – Special mentioned debt	5%
Group 3 – Sub-standard debt	20%
Group 4 – Doubtful debt	50%
Group 5 – Loss debt	100%

Bad debts are debts within groups 3, 4 and 5.

(iii) *General allowance for credit risk*

The Bank is required to make a general allowance of 0.75% of total outstanding debt balance of which are classified into Groups 1 to 4 as at the last working day of a quarter. For the fourth quarter of the year, a general allowance is made at 0.75% of total outstanding balance of loans which are classified into Groups 1 to 4 as at the last working day of November.

(iv) *Bad debts written-off*

According to Circular 02, the Bank writes off bad debts in the following cases:

- » Borrowers who are dissolved, bankrupted under legal regulations (in case of legal entities); or are deceased or missing (in case of individuals);
- » Debts are classified into Group 5.

(i) **Investments**

(i) *Trading securities*

Trading securities are debt securities, equity securities and other securities which are bought and held for the purpose of reselling within one year to earn capital gains.

Trading securities are initially recognised at the cost of acquisition. They are subsequently measured at the lower of book value and market price. Gains or losses from the sales of trading securities are recognised in the consolidated statement of income.

(ii) *Investment securities*

Investment securities are classified into two categories: available-for-sale and held-to-maturity investment securities. Vietcombank classifies investment securities on their purchase dates. In accordance with Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 by the SBV, Vietcombank is allowed to reclassify investment securities once, at maximum, after the purchase date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

Available-for-sale investment securities

Available-for-sale investment securities are debt securities, equity securities or other securities, which are acquired for an indefinite period and may be sold at any time. For equity securities, the investee is not a subsidiary, associate or joint-venture of Vietcombank and Vietcombank is neither a founding shareholder nor a strategic partner; nor has the impact on the enterprise's planning and determining of financial and operating policies under agreements to appoint personnel to the Members' Council/Board of Directors/Board of Management.

Held-to-maturity investment securities

Held-to-maturity investment securities are debt securities, with fixed or determinable payments and maturities where Vietcombank's management has the positive intention and ability to hold until maturity.

Investment securities are initially recognised at cost of acquisition, including transaction costs and other directly attributable costs. They are subsequently measured at the lower of the book value after amortisation and the market price. Premiums and discounts arising from purchases of debt securities are amortised in the consolidated statement of income using the straight-line method over the period from the acquisition dates to the maturity dates.

In addition, according to Circular 02 and Circular 09, investment securities which are unlisted corporate bonds (including bonds issued by other local credit institutions on the secondary market) are subject to classification and allowance in a manner similar to loans to customers described in Note 2(h).

(iii) *Other capital contributions, long-term investments*

Other long-term investments represent Vietcombank's capital investments in other enterprises where Vietcombank owns less than 11% of voting rights and is either a founding shareholder or a strategic partner; or has influences on the enterprise's planning and determining of financial and operating policies under agreements to appoint personnel to the Members' Council/Board of Directors/Board of Management but Vietcombank 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 for the local economic entity owned by the Bank at the end of the annual accounting period which has signs of decrease in value compared to the Bank's investment value in accordance with Circular No. 48/2019/TT-BTC dated 8 August 2019 issued by the Ministry of Finance ("Circular 48"). Accordingly, the allowance amount for the investment is the difference between the parties' actual investment capital at the economic entity receiving capital contribution and actual equity capital of economic entity at the time of provisioning multiplied (x) by the actual rate of chartered capital of the Bank at the economic entity at the time of provisioning. For an investment in listed securities or investments which market price can be determined reliably, allowance is made based on the securities' market price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

(j) Repurchase and reverse repurchase agreements

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

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

(k) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use on the site where it is located.

In accordance with Circular No. 45/2013/TT-BTC dated 25 April 2013 issued by the Ministry of Finance ("Circular 45") guiding the framework of management, use and depreciation of fixed assets, assets shall be considered as fixed assets if they meet all of the following three criteria:

- » It is certain to gain future economic benefits from the use of such assets;
- » The useful life of assets is above one year;
- » Historical costs of the assets must be determinable reliably, with a minimum value of VND 30,000,000.

Expenditures incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to the consolidated statement of income for the year in which the costs are incurred. In case it can be clearly demonstrated that these expenditures have resulted in an increase in the expected future economic benefits obtained from the use of these tangible fixed assets beyond their originally assessed standard level of performance, the expenditures will be capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

» Buildings and structures	25 years
» Machinery and equipment	3 - 5 years
» Motor vehicles and means of transmission	6 years
» Other tangible fixed assets	4 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

(l) Intangible fixed assets

(i) Land use rights

According to Circular 45, intangible fixed assets recognised as land use rights comprise:

- » The land use rights allocated by the State with land use fee or receiving the transfer of legal land use rights (including definite and indefinite land use rights);
- » The rights to use the leased land before the effective date of the Land Law 2003 but the rent has been paid for the leasing time or paid in advance for many years and the remaining paid land lease term is at least five years and granted with certificate of land use rights by the competent authority.

The initial cost of land use rights is determined as the total amount paid to have the land use rights plus costs of site clearance, ground levelling, registration fee (excluding costs of construction on that land) or the value of land use rights with contributed capital.

Land use rights not recognised as intangible assets comprise:

- » Land use rights allocated by the State without land use fee;
- » Land lease rent paid one time for the entire lease term (the land lease time after the effective date of the Land Law 2003 without certificate of land use rights granted), the rent is amortised into the business expenses by the number of lease periods;
- » Land lease rent paid annually, the rent is recorded into the business expenses in the year in proportion to the rent annually paid.

According to Circular 45, intangible fixed assets which are long-term land use rights with land use fee or receiving the legal long-term land use rights are not amortised.

For the intangible fixed assets which are the value of land use rights with term or the leased land use rights, the period of depreciation is the period permitted for land use of Vietcombank.

(ii) Copyrights, patents and other intangible fixed assets

Copyrights, patents and other intangible fixed assets are stated at cost less accumulated amortisation. These intangible fixed assets are amortised on a straight-line basis over 4 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

(m) Other assets

Except for receivables from uncollectible income as presented in Note 2(t), allowance for overdue other assets which are not classified as assets bearing credit risk are made in accordance with Circular 48 and Circular No. 200/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014 ("Circular 200"). Accordingly, allowance for these assets is based on their overdue period or estimated irrevocable loss for debts that are not due but the Bank has collected evidence to identify that debtor has become bankrupt, filing for bankruptcy or has absconded; or being prosecuted, detained or tried by law enforcement bodies or serving a sentence; or suffering from a serious illness (certified by the hospital); deceased; or those remains irrecoverable after the enterprise filing a lawsuit due to its debtor had fled from his/her residence; the debt which has been sued for debt collection by the Bank but the case has been suspended.

Overdue period	Allowance rate
From six (6) months to less than one (1) year	30%
From one (1) year to less than two (2) years	50%
From two (2) years to less than three (3) years	70%
From three (3) years and above	100%

For other assets that are classified as assets with credit risk, Vietcombank conducts debt classification and makes allowance similarly to those of loans to customers described in Note 2(h).

(n) Deposits and borrowings from other credit institutions

Deposits and borrowings from other credit institutions are stated at cost.

(o) Deposits from customers

Deposits from customers are stated at cost.

(p) Valuable papers issued

Valuable papers issued are stated at cost and accumulated amortised premiums or discounts. Cost of valuable papers issued includes the proceeds from the issuance less directly attributable costs.

(q) Severance allowance

Under the Vietnamese Labour Code, when an employee who has worked for Vietcombank for 12 months or more ("the eligible employees") voluntarily terminates his/her labour contract, Vietcombank is required to pay the eligible employee severance allowance calculated based on years of service until 31 December 2008 and employee's average monthly salary of the latest six-month period until termination. Before 2012, provision for severance allowance has been provided based on employees' years of service and their current salary level.

On 24 October 2012, the Ministry of Finance issued Circular No. 180/2012/TT-BTC guiding the financial treatment for redundancy allowance to employees of enterprises. This circular provides that, in preparation of financial statements for the year 2012, if an enterprise's provision for severance allowance still has the outstanding balance, the enterprise must reverse the balance to other income for the year 2012 and must not carry forward the balance to the following year. Accordingly, Vietcombank reversed the outstanding balance of provision for severance allowance. This change in accounting policy has been applied prospectively from 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

(r) Bonus and welfare funds

Bonus and welfare funds are allocated from profit after tax in accordance with the Resolution of the General Meeting of Shareholders and recorded as liabilities in the consolidated balance sheet. The bonus and welfare funds are used for the purposes specified in Decree No. 93/2017/ND-CP dated 7 August 2017 issued by the Government ("Decree 93").

(s) Capital and reserves

(i) Ordinary shares

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

(ii) 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.

(iii) Treasury shares

When Vietcombank repurchases its ordinary shares, the total paid amount including directly attributable costs, net off any tax effects, is recognised as a deduction from equity and referred to as treasury shares.

(iv) Reserves

Reserves are for specific purposes and appropriated from net profit after tax of the Bank and Vietcombank Finance Leasing Company Limited ("VCBL") at prescribed rates as below:

- » Supplementary charter capital reserve: 5% of net profit after tax of each entity. According to Decree 93, the maximum rate for this reserve does not exceed the Bank's charter capital/VCBL.
- » Financial reserve: 10% of net profit after tax of each entity. The maximum rate for this reserve is not specified in Decree 93.
- » Investment and development reserve and other reserves: are to be made upon the resolutions of the General Meeting of Shareholders and in accordance with the relevant statutory requirements.

The remaining net profit after tax, after appropriation to reserves and dividends payment, is recorded as retained profits of Vietcombank.

Vietcombank Securities Company Limited ("VCBS") appropriates of profits to reserves in accordance with Circular No. 146/2014/TT-BTC issued by the Ministry of Finance on 6 October 2014 as follows:

- » Supplementary charter capital reserve: 5% of net profit after tax and does not exceed 10% of VCBS's charter capital.
- » Financial reserve: 5% of net profit after tax and does not exceed 10% of VCBS's charter capital.

(v) Foreign exchange difference

Foreign exchange differences are differences arise when financial statements in foreign currencies of overseas subsidiaries converted into VND for consolidation purpose.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN for the year ended 31 December 2019 (continued)

(t) Income and expenses

(i) Interest income and interest expenses

Interest income of outstanding debts classified in Group 1 – Current debt as defined in Note 2(h) is recognised on an accrual basis. Interest on debts classified in Group 2 to Group 5 is recognised in the consolidated statement of income upon receipt.

Interest expenses are recorded on an accrual basis.

(ii) Fee and commission and dividend income

Fee and commission income is recognised on an accrual basis. Cash dividends from investment activities are recognised in the consolidated statement of income when Vietcombank's right to receive payment is established.

(iii) Share dividends

In accordance with Circular 200, dividends and other distribution received in the form of bonus shares and share dividends and amounts distributed in the form of shares coming from retained profits, share premium and reserves in equity of joint stock companies, are not recorded in the consolidated statement of income. Instead, the additional shares obtained are reflected in the number of shares held by Vietcombank.

(iv) Uncollectible income

According to Circular No. 16/2018/TT-BTC dated 7 February 2018 issued by the Ministry of Finance, income receivables that are recognised as income but uncollectible at the due date are reversed as a reduction of income if the due date is within the same annual accounting period, or recorded as an expense if the due date is not within the annual accounting period, and must be monitored on the off-balance sheet for following-up on collection. When the receivable is collected, Vietcombank will record it as an operating income.

(u) Lease

(i) Lessee

Payments made under operating leases are recognised in the consolidated statement of income on a straight-line basis over the term of the lease.

(ii) Lessor

Vietcombank recognises finance leased assets as "Loans to customers" in the consolidated balance sheet at the net value of the investment defined in the lease contract. Income from finance leases are recognised as "Income from interest and similar income". Instalment income is amortised over the lease term using interest rate over the net investment of the leased assets. The classification of finance lease receivables has been made in accordance with the quantitative method as stipulated in Article 10 of Circular 02.

Vietcombank recognises operating lease assets in the consolidated balance sheet. Rental income is recognised on a straight-line basis over the lease term whatever payment method is. Expenses occurred during the leasing period, including depreciation expenses are recognised as operating expenses for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN for the year ended 31 December 2019 (continued)

(v) Taxation

Corporate income tax comprises of current and deferred tax. Corporate income tax is recognised in the consolidated statement of income except that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payables in respect of the previous years.

Deferred income tax is calculated by using the balance sheet method, providing for the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred income tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(w) Related parties

Related parties of Vietcombank include:

- » Individuals or organisations which have the authority to appoint managers or members of the Supervisory Board of the parent company of the Bank;
- » Management or members of the Supervisory Board of Vietcombank;
- » Companies or organisations which have the authority to appoint managers, or members of the Supervisory Board of Vietcombank;
- » Wives, husbands, parents, children (including foster parents, foster children, parents-in-law, son-in-law, daughter-in-law, step parents, step children), siblings (including half siblings), brothers-in-law, sisters-in-law of managers or members of the Supervisory Board, capital contributors or shareholders who hold at least 5% of charter capital or share capital with voting rights of the Vietcombank;
- » Individuals or organisations that hold at least 5% of charter capital or share capital with voting rights of Vietcombank;
- » Representatives for Vietcombank's paid-in capital and shares.

The Government of Vietnam, through the State Bank of Vietnam, is a shareholder of Vietcombank. Therefore, in these consolidated financial statements, some Government agencies, including the Ministry of Finance and the State Bank of Vietnam are considered as related parties of Vietcombank.

(x) Segment reporting

A segment is a distinguishable component of Vietcombank engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN for the year ended 31 December 2019 (continued)

(y) Off-balance sheet items

(i) Foreign exchange contracts

Vietcombank enters into foreign exchange forward and swap contracts which enable customers to transfer, modify or reduce their foreign exchange risk or other market risks and also are used for Vietcombank's business purpose.

Forward contracts are commitments to either purchase or sell a designated currency at a specific future date for a specific exchange rate and cash settlement. Forward contracts are recorded at nominal values at transaction dates and are subsequently revaluated at the end of the accounting period. Differences on revaluation are recognised under "Foreign exchange differences" in the equity and is recorded in the consolidated statement of income at the end of the annual accounting period. Differences between the amount in VND of the foreign currency amounts which are committed to buy/sell at forward rate and spot rate are recognised in the consolidated statement of income on a straight-line basis over the term of the contracts.

Currency swap contracts are commitments to settle in cash at a future date based on differences between specified exchange rates, calculated on the notional principal amount. Premiums/discounts arising from the difference of the spot exchange rate at the effective date of the contracts and the forward exchange rate will be recognised immediately on the effective date of the contracts as an asset if they are positive or as a liability if they are negative in the consolidated balance sheet. This difference is amortised to the consolidated statement of income on a straight-line basis over the term of the swap contracts.

(ii) Interest swap contracts

Interest swap contracts are commitments to settle in cash the notional principal amounts at the interest amount based on floating or fixed interest rates. The value of commitment in interest rate swap contracts is not recognised on the consolidated balance sheet. The difference of swap interest rates is recognised in the consolidated statement of income on an accrual basis.

(iii) Commitments and contingent liabilities

Vietcombank has credit commitments arising from its regular lending activities. These commitments are unutilised loans and overdraft facilities which are approved. Vietcombank also provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Many of the contingent liabilities and commitments will expire without any advanced payment, in whole or in part. Therefore, these commitments and contingent liabilities do not represent expected future cash flows.

According to Circular 02 and Circular 09, Vietcombank, for management purpose, has to classify guarantees, payment acceptances and irrevocable lending commitments with specific effective date into 5 groups, similar to loans to customers (Note 2(h)).

(z) Offsetting

Financial assets and liabilities are offset and the net amounts are reported in the consolidated balance sheet if, and only if, Vietcombank has currently enforceable legal rights to offset the recognised amounts and Vietcombank has an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN for the year ended 31 December 2019 (continued)

(aa) Basic earnings per share

Vietcombank presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of Vietcombank (after adjustment for appropriation to bonus and welfare funds) by the weighted average number of ordinary shares outstanding during the year.

If new shares issued during the year only change the number of shares, not the equity, Vietcombank will adjust the weighted average number of ordinary shares outstanding during the year presented on the consolidated financial statements, which leads to corresponding adjustment for EPS.

3. PRESENTATION OF FINANCIAL INSTRUMENTS IN ACCORDANCE WITH CIRCULAR NO. 210/2009/TT-BTC

During its business operations, Vietcombank regularly enters into contracts which give rise to financial assets, financial liabilities and equity instruments.

Financial assets of Vietcombank mainly include:

- » Cash;
- » Balances with the State Banks;
- » Balances with and loans to other credit institutions;
- » Trading securities;
- » Loans to customers;
- » Investment securities;
- » Capital contributions, long-term investments;
- » Financial derivative assets; and
- » Other financial assets.

Financial liabilities of Vietcombank mainly include:

- » Amounts due to the Government and the State Banks;
- » Deposits and borrowings from other credit institutions;
- » Deposits from customers;
- » Funds for finance, entrusted investments and entrusted loans;
- » Valuable papers issued;
- » Financial derivative liabilities; and
- » Other financial liabilities.

(a) Classification of financial assets and liabilities

Only for the disclosure purpose in the consolidated financial statements, Vietcombank classifies financial assets and financial liabilities in accordance with Circular No. 210/2009/TT-BTC dated 6 November 2009 issued by the Ministry of Finance ("Circular 210").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

Financial assets are classified as:

- » Financial assets held for trading;
- » Held-to-maturity investments;
- » Loans and receivables; and
- » Available-for-sale financial assets.

Financial liabilities are classified as:

- » Financial liabilities held for trading; and
- » Financial liabilities carried at amortised cost.

(b) Measurement and disclosures of fair value

In accordance with Circular 210, Vietcombank has to disclose the fair value of financial assets and financial liabilities to compare with the book value of those financial assets and financial liabilities as presented in Note 43(b).

The preparation and presentation of the fair value of the financial instruments are only for the purpose of presenting in Note 43(b). The financial instruments of Vietcombank are still recognised and recorded in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting as described in the notes above.

Fair value is the amount for which an asset could be exchanged, or a liability settled, among knowledgeable, willing parties in an arm's length transaction on the recognition date.

When an active market exists for a financial instrument, Vietcombank measures the fair value of that instrument using its quoted price in the active market. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions.

In case there is not enough information to utilise valuation techniques, fair value of the financial instruments without quoted market prices in the active market are deemed not to have been reliably measured and therefore, not disclosed.

4. CASH ON HAND, GOLD, SILVER AND GEMSTONES

	31/12/2019 VND million	31/12/2018 VND million
Cash on hand in VND	11,080,853	9,761,340
Cash on hand in foreign currencies	2,697,034	3,030,243
Valuable papers in foreign currencies	471	462
	13,778,358	12,792,045

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

5. BALANCES WITH THE STATE BANKS

	31/12/2019 VND million	31/12/2018 VND million
Balances with the State Bank of Vietnam (i)	34,404,607	10,152,565
Balances with Bank of the Lao L.D.R (ii)	279,484	693,136
	34,684,091	10,845,701

(i) Balances with the SBV consist of compulsory reserve ("CRR") balance and current deposits balance.

The monthly average balance of the demand deposits of the Bank with the SBV must not be less than the monthly balance of CRR. The amount of CRR during the CRR maintenance period is calculated by their respective CRR rates applicable to the Bank for each type of deposits during CRR maintenance period multiplied by the average balances of reservable deposits hold during the reserve computation period corresponding to that type of deposits.

The effective CRR rates at the year-end were as follows:

Type of deposits	31/12/2019	31/12/2018
Demand deposits and deposits in VND with terms of less than 12 months	3%	3%
Deposits in VND with terms of 12 months and above	1%	1%
Demand deposits and deposits in foreign currencies with terms of less than 12 months	8%	8%
Deposits in foreign currencies with terms of 12 months and above	6%	6%
Deposits from overseas credit institutions in foreign currencies	1%	1%

The actual interest rates of current account at the year-end were as follows:

Type of deposits	31/12/2019	31/12/2018
Within compulsory reserve in VND	0.8%/year	1.2%/year
Within compulsory reserve in USD	0%/year	0%/year
Over compulsory reserve in VND	0%/year	0%/year
Over compulsory reserve in USD	0.05%/year	0.05%/year

(ii) Balances with Bank of the Lao L.D.R ("the BOL") consist of margin deposits in Lao Kip ("LAK") relating to the establishment of the Bank's subsidiary in Lao People's Democratic Republic, compulsory reserve balance and current deposits balance in accordance with the BOL's requirement.

The effective CRR rates at the year-end were as follows:

Type of deposits	31/12/2019	31/12/2018
Deposits in LAK with terms of less than 12 months	5%	5%
Deposits in foreign currencies with terms of less than 12 months	10%	10%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

6. BALANCES WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	31/12/2019 VND million	31/12/2018 VND million
Balances with other credit institutions		
Demand deposits in VND	113,811	101,265
Demand deposits in foreign currencies	40,081,007	42,122,160
Term deposits in VND	93,834,489	71,666,407
Term deposits in foreign currencies	56,071,022	73,462,668
	190,100,329	187,352,500
Loans to other credit institutions		
Loans in VND	60,449,061	56,765,202
Loans in foreign currencies	1,920,982	7,110,335
	62,370,043	63,875,537
Allowance for balances with and loans to other credit institutions	(3,000,000)	(1,000,000)
	249,470,372	250,228,037

Balances with and loans to other credit institutions by debt group were as follows:

	31/12/2019 VND million	31/12/2018 VND million
Current debt	209,275,554	207,957,674
Special mentioned debt	-	46,938
Loss debt	3,000,000	1,000,000
	212,275,554	209,004,612

Movements in allowance for balances with and loans to other credit institutions during the year were as follows:

	31/12/2019 VND million	31/12/2018 VND million
Opening balance	1,000,000	-
Allowance made during the year (Note 33)	2,000,000	1,000,000
Closing balance	3,000,000	1,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

7. TRADING SECURITIES

	31/12/2019 VND million	31/12/2018 VND million
Debt securities		
Government bonds	994,592	1,181,914
Bonds issued by other local credit institutions	-	935,301
Securities issued by local economic entities	544,000	250,400
Equity securities		
Equity securities issued by other credit institutions	4,705	10
Equity securities issued by local economic entities	346,331	357,426
	1,889,628	2,725,051
Allowance for trading securities	(88,502)	(70,245)
	1,801,126	2,654,806

Trading securities by listing status were as follows:

	31/12/2019 VND million	31/12/2018 VND million
Debt securities		
Listed	994,592	2,117,216
Unlisted	544,000	250,399
Equity securities		
Listed	252,544	251,143
Unlisted	98,492	106,293
	1,889,628	2,725,051

Movements in allowance for trading securities during the year were as follows:

	2019 VND million	2018 VND million
Opening balance	70,245	81,211
Allowance made/(reversed) during the year (Note 28)	18,257	(10,966)
Closing balance	88,502	70,245

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

8. DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER FINANCIAL ASSETS

	31/12/2019		31/12/2018	
	Contract value VND million	Book value VND million	Contract value VND million	Book value VND million
Currency derivatives financial instruments				
Currency swap contracts	80,161,918	(59,895)	49,068,305	245,703
Currency forward contracts	13,347,334	158,207	15,228,880	30,280
	93,509,252	98,312	64,297,185	275,983

9. LOANS TO CUSTOMERS

	31/12/2019 VND million	31/12/2018 VND million
Loans to local economic entities and individuals	726,968,213	624,073,743
Discounted bills and valuable papers	3,172,630	3,930,917
Finance leases	4,429,029	3,855,993
Loans given to make payments on behalf of customers	1,000	1,000
Loans to foreign organisations and individuals	136,019	5,105
	734,706,891	631,866,758

Loan portfolio by debt group was as follows:

	31/12/2019 VND million	31/12/2018 VND million
Current debt	726,342,426	621,862,679
Special mentioned debt	2,560,532	3,781,086
Sub-standard debt	686,839	291,788
Doubtful debt	587,253	1,160,507
Loss debt	4,529,841	4,770,698
	734,706,891	631,866,758

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

Loan portfolio by term was as follows:

	31/12/2019 VND million	31/12/2018 VND million
Short-term debt	384,355,979	342,212,900
Medium-term debt	48,461,992	53,310,111
Long-term debt	301,888,920	236,343,747
	734,706,891	631,866,758

Loan portfolio by type of borrowers was as follows:

	31/12/2019 VND million	31/12/2018 VND million
State-owned enterprises	61,597,154	68,153,883
Limited companies	139,575,487	128,333,629
Foreign invested enterprises	43,644,729	38,567,007
Co-operative and private companies	2,268,308	2,487,292
Individuals	315,781,580	235,884,022
Others	171,839,633	158,440,925
	734,706,891	631,866,758

Loan portfolio by industry sector was as follows:

	31/12/2019 VND million	31/12/2018 VND million
Processing and manufacturing	174,032,670	163,734,487
Trading and services	131,856,583	120,238,625
Electricity, gas, water processing and supplying	30,411,521	29,340,404
Construction	32,357,572	28,873,357
Transportation, logistics and communication	24,742,604	23,352,261
Mining	14,458,842	15,476,351
Agriculture, forestry and aquaculture	16,122,626	14,499,324
Hospitality	12,837,989	11,362,643
Others	297,886,484	224,989,306
	734,706,891	631,866,758

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

10. ALLOWANCE FOR LOANS TO CUSTOMERS

	31/12/2019 VND million	31/12/2018 VND million
General allowance	5,282,328	4,695,445
Specific allowance	5,134,461	5,598,064
	10,416,789	10,293,509

Movements in general allowance for loans to customers during the year were as follows:

	2019 VND million	2018 VND million
Opening balance	4,695,445	4,116,920
Allowance made during the year (Note 33)	586,898	578,524
Foreign exchange difference	(15)	1
Closing balance	5,282,328	4,695,445

Movements in specific allowance for loans to customers during the year were as follows:

	2019 VND million	2018 VND million
Opening balance	5,598,064	3,996,136
Allowance made during the year (Note 33)	4,038,866	5,683,777
Allowance utilised for writing-off bad debts	(4,502,397)	(4,083,722)
Foreign exchange difference	(72)	1,873
Closing balance	5,134,461	5,598,064

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

11. INVESTMENT SECURITIES

	31/12/2019 VND million	31/12/2018 VND million
Available-for-sale securities (a)	35,574,786	35,233,134
Held-to-maturity securities (b)	131,954,903	114,063,296
	167,529,689	149,296,430

(a) Available-for-sale securities

	31/12/2019 VND million	31/12/2018 VND million
Available-for-sale securities		
<i>Debt securities</i>		
Government bonds	17,444,329	22,120,565
Debt securities issued by other local credit institutions	18,246,571	13,192,504
<i>Equity securities</i>		
Equity securities issued by other local economic institutions	8,190	8,190
	35,699,090	35,321,259
Allowance for available-for-sale securities (i)	(124,304)	(88,125)
Total available-for-sale securities	35,574,786	35,233,134

(i) Details of allowance for available-for-sale securities:

	31/12/2019 VND million	31/12/2018 VND million
General allowance for unlisted corporate bonds (*)	124,125	88,125
General allowance for equity investments	179	-
	124,304	88,125

(*) Movements in general allowance for unlisted corporate bonds (including bonds issued by other local credit institutions on the secondary market) during the year were as follows:

	2019 VND million	2018 VND million
Opening balance	88,125	16,500
Allowance made during the year (Note 33)	36,000	71,625
Closing balance	124,125	88,125

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

(b) Held-to-maturity securities

	31/12/2019 VND million	31/12/2018 VND million
Held-to-maturity securities		
Government bonds	82,997,995	83,967,301
Debt securities issued by other local credit institutions	42,593,538	22,601,979
Debt securities issued by local economic entities	6,679,769	7,681,750
	132,271,302	114,251,030
Allowance for held-to-maturity securities (ii)	(316,399)	(187,734)
Total held-to-maturity securities	131,954,903	114,063,296

(i) Details of allowance for held-to-maturity securities:

	31/12/2019 VND million	31/12/2018 VND million
General allowance for unlisted corporate bonds	316,399	187,734

Movements in general allowance for unlisted corporate bonds (including bonds issued by other local credit institutions on the secondary market) during the year were as follows:

	2019 VND million	2018 VND million
Opening balance	187,734	123,547
Allowance made during the year (Note 33)	128,665	64,187
Closing balance	316,399	187,734

(iii) Classification of unlisted securities as assets with credit risk:

	31/12/2019 VND million	31/12/2018 VND million
Current debt	62,473,769	38,080,751

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

12. CAPITAL CONTRIBUTIONS, LONG-TERM INVESTMENTS

(a) Investments in joint-ventures

As at 31 December 2019:

	Business sector	Ownership percentage (%)	Cost VND million	Carrying value VND million
Vietcombank – Bonday – Ben Thanh Joint-venture Company Limited (i)	Office leasing	52%	410,365	515,262
Vietcombank Fund Management (i)	Investment fund management	51%	135,150	152,913
Vietcombank – Cardif Life Insurance Company Limited (ii)	Life insurance	45%	270,000	272,632
			815,515	940,807

As at 31 December 2018:

	Business sector	Ownership percentage (%)	Cost VND million	Carrying value VND million
Vietcombank – Bonday – Ben Thanh Joint-venture Company Limited (i)	Office leasing	52%	410,365	492,807
Vietcombank Fund Management (i)	Investment fund management	51%	135,150	145,031
Vietcombank – Cardif Life Insurance Company Limited (ii)	Life insurance	45%	270,000	259,470
			815,515	897,308

(i) The Bank owns 52% of the total contributed capital of Vietcombank – Bonday – Ben Thanh Joint-venture Company Limited and 51% of the total contributed capital of Vietcombank Fund Management. These companies' charters require a consensus among related parties on all important decisions on the companies' operational and financial matters. Hence, owning more than half of the companies' contributed capital does not mean that the Bank has control over these companies. The investments in these two companies are classified into "Investments in joint-ventures" rather than "Investments in subsidiaries".

(ii) The Bank owns 45% of the total contributed capital of Vietcombank – Cardif Life Insurance Company Limited. This company's charter requires a consensus among related parties on all important decisions on this company's operational and financial matters. Therefore, the investment in the company is classified into "Investments in joint-ventures" rather than "Investments in associates".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

(b) Investments in associates

As at 31 December 2019:

	Business sector	Ownership percentage (%)	Cost VND million	Carrying value VND million
Vietcombank – Bonday Joint-venture Company Limited	Office leasing	16%	11,110	10,863

As at 31 December 2018:

	Business sector	Ownership percentage (%)	Cost VND million	Carrying value VND million
Vietcombank – Bonday Joint-venture Company Limited	Office leasing	16%	11,110	10,339

The Bank has significant influence but limited control, through its participation in this company's Members' Council, over the financial and operating policies of this company. Therefore, the investment in the above company is classified into "Investments in associates" rather than "Other long-term investments".

(c) Other long-term investments

As at 31 December 2019:

	Business sector	Ownership percentage (%)	Cost VND million
Vietnam Export – Import Commercial Joint Stock Bank	Banking	4.50%	319,907
Military Commercial Joint Stock Bank	Banking	4.42%	802,269
Small and Medium Enterprises Credit Guarantee Fund	Credit guarantee services	0.80%	1,864
Petrolimex Insurance Corporation	Insurance	8.03%	67,900
Vietnam Credit Information Joint Stock Company (PCB)	Credit information services	6.64%	7,962
Vietnam Infrastructure Development and Financial Investment JSC.	Highway investment	1.97%	75,000
National Payment Corporation of Vietnam	Card services	1.83%	4,400
Vietnam Airlines JSC.	Aviation	1.04%	305,585
SWIFT, MASTER and VISA	Card and settlement services	-	2,936
			1,587,823
Allowance for other long-term investments			(75,000)
			1,512,823

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

As at 31 December 2018:

	Business sector	Ownership percentage (%)	Cost VND million
Vietnam Export – Import Commercial Joint Stock Bank	Banking	4.50%	319,907
Military Commercial Joint Stock Bank	Banking	4.50%	802,269
Small and Medium Enterprises Credit Guarantee Fund	Credit guarantee services	0.80%	1,864
Petrolimex Insurance Corporation	Insurance	8.03%	67,900
Vietnam Credit Information Joint Stock Company (PCB)	Credit information services	6.64%	7,962
Vietnam Infrastructure Development and Financial Investment JSC.	Highway investment	1.97%	75,000
National Payment Corporation of Vietnam	Card services	1.83%	4,400
Vietnam Airlines JSC.	Aviation	1.21%	353,180
SWIFT, MASTER and VISA	Card and settlement services	-	2,936
			1,635,418
Allowance for other long-term investments			(66,998)
			1,568,420

Movements in allowance for other long-term investments during the year were as follows:

	2019 VND million	2018 VND million
Opening balance	66,998	25,139
Allowance made during the year (Note 32)	8,002	41,859
Closing balance	75,000	66,998

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

13. TANGIBLE FIXED ASSETS

Year ended 31 December 2019:

	Buildings and structures	Machinery and equipment	Motor vehicles and means of transmission	Others	Total
	VND million	VND million	VND million	VND million	VND million
Cost					
Opening balance	4,342,436	3,986,076	882,033	1,323,523	10,534,068
Additions during the year	199,053	234,813	130,325	203,575	767,766
- Purchases	192,190	229,427	123,163	178,672	723,452
- Other increases	6,863	5,386	7,162	24,903	44,314
Decreases during the year	(13,851)	(68,811)	(25,718)	(32,215)	(140,595)
- Disposals	(13,851)	(40,015)	(25,690)	(19,133)	(98,689)
- Other decreases	-	(28,796)	(28)	(13,082)	(41,906)
Closing balance	4,527,638	4,152,078	986,640	1,494,883	11,161,239
Accumulated depreciation					
Opening balance	1,119,209	3,453,910	608,271	893,386	6,074,776
Additions during the year	205,415	297,156	85,965	176,286	764,822
- Charges for the year	205,415	296,590	85,595	155,163	742,763
- Other increases	-	566	370	21,123	22,059
Decreases during the year	(13,452)	(67,715)	(26,643)	(20,198)	(128,008)
- Disposals	(8,958)	(39,926)	(25,690)	(19,031)	(93,605)
- Other decreases	(4,494)	(27,789)	(953)	(1,167)	(34,403)
Closing balance	1,311,172	3,683,351	667,593	1,049,474	6,711,590
Net book value					
Opening balance	3,223,227	532,166	273,762	430,137	4,459,292
Closing balance	3,216,466	468,727	319,047	445,409	4,449,649

Included in tangible fixed assets were assets costing VND 4,374,256 millions which were fully depreciated as of 31 December 2019, but still in use (31 December 2018: VND 3,885,159 millions).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

14. INTANGIBLE FIXED ASSETS

Year ended 31 December 2019:

	Land use rights	Copyrights and patents	Others	Total
	VND million	VND million	VND million	VND million
Cost				
Opening balance	2,069,536	602,318	100,663	2,772,517
Additions during the year	112,847	226,355	4,608	343,810
- Purchases	112,847	164,794	3,972	281,613
- Other increases	-	61,561	636	62,197
Decreases during the year	(2,324)	(1,424)	(61,910)	(65,658)
- Disposals	-	(1,424)	-	(1,424)
- Other decreases	(2,324)	-	(61,910)	(64,234)
Closing balance	2,180,059	827,249	43,361	3,050,669
Accumulated amortisation				
Opening balance	72,279	546,672	85,392	704,343
Additions during the year	17,189	130,366	1,322	148,877
- Charges for the year	13,871	68,805	1,322	83,998
- Other increases	3,318	61,561	-	64,879
Decreases during the year	-	(1,424)	(61,921)	(63,345)
- Disposals	-	(1,424)	-	(1,424)
- Other decreases	-	-	(61,921)	(61,921)
Closing balance	89,468	675,614	24,793	789,875
Net book value				
Opening balance	1,997,257	55,646	15,271	2,068,174
Closing balance	2,090,591	151,635	18,568	2,260,794

Included in intangible fixed assets were assets costing VND 632,470 millions which were fully depreciated as of 31 December 2019, but still in use (31 December 2018: VND 562,477 millions).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

15. OTHER ASSETS

(a) Receivables

	31/12/2019 VND million	31/12/2018 VND million
Internal receivables	1,595,353	1,361,701
External receivables (i)	7,234,022	2,703,567
	8,829,375	4,065,268

(i) External receivables

	31/12/2019 VND million	31/12/2018 VND million
Advances for purchase of fixed assets	1,088,039	927,569
Receivables from the State Budget in relation to the interest subsidy program	311,981	290,225
Overpaid corporate income tax (Note 38)	60	80
Deductible value added tax (Note 38)	31,812	19,743
Advances for other taxes (Note 38)	2	2
Construction in progress (*)	794,000	492,249
Other receivables	5,008,128	973,699
	7,234,022	2,703,567

(*) Details of construction in progress are follows:

	31/12/2019 VND million	31/12/2018 VND million
Construction in progress	794,000	492,249
<i>In which, large constructions include:</i>	<i>704,857</i>	<i>383,354</i>
Thanh Cong Branch's office construction	268,588	92,133
Ho Chi Minh City Branch's office construction	244,565	102,005
North Sai Gon Branch's office construction	39,894	22,832
Thu Duc Branch's office construction	32,590	28,831
Phu Yen Branch's office construction	30,234	18,421
Can Tho Branch's office construction	25,309	-
Lang Son Branch's office construction	17,074	-
Vung Tau Branch's office construction	14,138	1,336
Gia Lai Branch's office construction	7,879	-
Hung Yen Branch's office construction	6,989	95
Hanoi Branch's office construction	6,390	3,499
Quang Tri Branch's office construction	5,812	2,647
Quang Ngai Branch's office construction	5,395	2,422
Ninh Binh Branch's office construction	-	60,000
Kon Tum Branch's office construction	-	49,133

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

(b) Accrued interest and fee receivables

	31/12/2019 VND million	31/12/2018 VND million
From loans to customers	2,845,886	2,971,363
From balances with and loans to other credit institutions	396,445	365,801
From investment securities	4,822,200	4,017,845
From derivative transactions	83,920	51,938
Fees receivable	1,705	2,202
	8,150,156	7,409,149

(c) Deferred tax assets

	31/12/2019 VND million	31/12/2018 VND million
Deferred tax assets arising from deductible temporary differences	405,543	6,740

(d) Other assets

	31/12/2019 VND million	31/12/2018 VND million
Prepaid expenses for office and fixed assets rental	886,166	626,509
Materials	155,406	123,944
Advance for card payment	1,422,634	4,082,720
Advance for rental land	465,839	467,016
Other assets	1,580,547	578,952
	4,510,592	5,879,141
Allowance for other assets	(3,794)	(3,522)
	4,506,798	5,875,619

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

16. AMOUNTS DUE TO THE GOVERNMENT AND THE STATE BANKS

	31/12/2019 VND million	31/12/2018 VND million
Borrowings from the State Bank of Vietnam	3,065,470	3,580,863
Borrowings on the basis of credit profiles	2,263,278	2,787,812
Other borrowings	802,192	793,051
Deposits from the State Treasury	89,288,604	87,095,730
Demand deposits in VND	335,832	21,407,768
Demand deposits in foreign currencies	1,087,772	9,687,962
Term deposits in VND	87,865,000	56,000,000
Deposits from the State Bank of Vietnam	11,732	8,722
	92,365,806	90,685,315

17. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

	31/12/2019 VND million	31/12/2018 VND million
Deposits from other credit institutions	71,046,512	75,245,679
Demand deposits in VND	7,400,827	14,859,745
Demand deposits in foreign currencies	27,053,436	46,498,477
Term deposits in VND	24,500,000	8,490,250
Term deposits in foreign currencies	12,092,249	5,397,207
Borrowings from other credit institutions	2,570,573	1,278,400
Borrowings in VND	1,259,900	1,278,400
Borrowings in foreign currencies	1,310,673	-
	73,617,085	76,524,079

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

18. DEPOSITS FROM CUSTOMERS

	31/12/2019 VND million	31/12/2018 VND million
Demand deposits	262,977,124	226,842,211
Demand deposits in VND	199,196,380	170,439,488
Demand deposits in gold, foreign currencies	63,780,744	56,402,723
Term deposits	642,710,681	558,786,377
Term deposits in VND	561,425,254	471,896,716
Term deposits in gold, foreign currencies	81,285,427	86,889,661
Deposits for specific purposes	21,019,106	14,948,566
Margin deposits	1,743,958	1,351,961
	928,450,869	801,929,115

Deposits from customers by customer type were as follows:

	31/12/2019 VND million	31/12/2018 VND million
Economic entities	461,608,933	380,422,106
Individuals	466,841,936	421,507,009
	928,450,869	801,929,115

19. FUNDS FOR FINANCE, ENTRUSTED INVESTMENTS AND ENTRUSTED LOANS

	31/12/2019 VND million	31/12/2018 VND million
Funds for finance, entrusted investments and entrusted loans in VND	20,431	25,803

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

20. VALUABLE PAPERS ISSUED

	31/12/2019 VND million	31/12/2018 VND million
Certificates of deposits		
Medium-term in VND	325	325
Medium-term in foreign currencies	691	994
Bonds and bills		
Short-term in VND	47	47
Short-term in foreign currencies	30	30
Medium-term in VND	10,552,616	10,630,839
Medium-term in foreign currencies	12	12
Long-term in VND	10,830,211	10,828,885
	21,383,932	21,461,132

21. OTHER LIABILITIES

(a) **Accrued interest and fee payables**

	31/12/2019 VND million	31/12/2018 VND million
Interest for deposits from customers	9,854,141	8,210,463
Interest for deposits and borrowings from other credit institutions	51,452	32,613
Interest for valuable papers issued	370,979	376,975
Interest for derivative financial instruments	102,640	91,193
Fee for entrusted investments	3,145	6,296
	10,382,357	8,717,540

(b) **Other liabilities**

	31/12/2019 VND million	31/12/2018 VND million
Internal payables (i)	3,503,957	2,809,792
External payables (ii)	8,031,170	7,076,700
Bonus and welfare funds	4,058,246	2,598,410
	15,593,373	12,484,902

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

(i) **Internal payables**

	31/12/2019 VND million	31/12/2018 VND million
Payables to employees	2,931,439	2,473,336
Other liabilities	572,518	336,456
	3,503,957	2,809,792

(ii) **External payables**

	31/12/2019 VND million	31/12/2018 VND million
Tax payables (Note 38)	1,748,922	1,610,091
- Corporate income tax payables	1,508,125	1,342,984
- Value added tax payables	60,684	50,938
- Other tax payables	180,113	216,169
Unearned interest income	1,371	87,535
Payables for construction and acquisition of fixed assets	266,354	347,802
Deposits in custody relating to pending payments	253,820	220,120
Other payables to customers	1,288,992	1,524,150
Other pending items in settlement	176,176	269,602
Other payables to the State relating to interest subsidy program	64,528	64,528
Borrowings from the Ministry of Finance	1,003,156	1,001,583
Dividends payables (*)	747,619	-
Other payables	2,480,232	1,951,289
	8,031,170	7,076,700

(*) By 13 January 2020, the Bank has completed the payment of these dividends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

22. OWNERS' EQUITY

(a) Statement of changes in equity

	Charter capital VND million	Share premium VND million	Other capital VND million	Supplementary charter capital reserve VND million	Reserves	Total	Foreign exchange differences VND million	Differences upon asset revaluation VND million	Retained profits VND million	Non-controlling interest VND million	Total VND million	
Balance as at 1/1/2019	35,977,686	-	344,657	3,119,785	6,255,286	70,661	9,445,732	84,450	119,178	16,138,687	68,989	62,179,379
Share capital issued during the year	1,111,088	4,995,400	-	-	-	-	-	-	-	-	-	6,106,488
Net profit for the year	-	-	-	-	-	-	-	-	18,510,898	15,090	-	18,525,988
Compulsory reserves temporarily appropriated from profit for 2019	-	-	-	910,048	1,820,095	-	2,730,143	-	(2,730,143)	-	-	-
Bonus and welfare funds temporarily appropriated for 2019	-	-	-	-	-	-	-	-	(1,897,716)	-	-	(1,897,716)
Adjustments for the appropriation of reserves and fund according to the Resolution of General Meeting of Shareholders	-	-	-	5	10	15	-	-	(939,661)	-	-	(939,646)
Dividends of 2018 to shareholders (Note 23)	-	-	-	-	-	-	-	-	(2,967,102)	-	-	(2,967,102)
Utilisation during the year	-	-	-	-	(15,996)	(15,996)	-	-	-	-	-	(15,996)
Reserves appropriation of subsidiaries	-	-	-	11,175	15,072	26,247	-	-	(56,848)	(575)	-	(31,176)
Foreign currency differences	-	-	-	-	-	-	(68,089)	-	-	(21)	-	(68,110)
Asset revaluation	-	-	-	-	-	-	-	(6,167)	-	-	-	(6,167)
Adjustments for joint-ventures and associates upon the equity method	-	-	-	-	-	-	-	-	1,687	-	-	1,687
Other movements	-	(11)	-	-	-	-	-	-	(4,612)	(24)	-	(4,647)
Balance as at 31/12/2019	37,088,774	4,995,389	344,657	4,041,013	8,074,467	70,661	12,186,141	16,361	113,011	26,055,190	83,459	80,882,982

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

(b) Details of shareholders of the Bank

	31/12/2019 VND million	31/12/2018 VND million
Ordinary shares		
The Government of Vietnam	27,743,534	27,743,534
Foreign strategic shareholder (Mizuho Bank Ltd., Japan)	5,563,349	5,396,685
Other shareholders	3,781,891	2,837,467
	37,088,774	35,977,686

The Bank's authorised and issued share capital is as follows:

	31/12/2019		31/12/2018	
	Number of shares	VND million	Number of shares	VND million
Authorised share capital	3,708,877,448	37,088,774	3,597,768,575	35,977,686
Issued share capital				
Ordinary shares	3,708,877,448	37,088,774	3,597,768,575	35,977,686
Outstanding shares in circulation				
Ordinary shares	3,708,877,448	37,088,774	3,597,768,575	35,977,686

All ordinary shares of the Bank have a par value of VND 10,000.

23. DIVIDENDS

In accordance with Resolution No. 12/TN2019/NQ-DHDCD dated 26 April 2019, the Bank's General Meeting of Shareholders decided to pay cash dividend of 2018 at 8% of par value, equivalent to VND 2,967,102 million. On 17 December 2019, the Bank's Board of Director approved Resolution No. 598/NQ-VCB-HDQT on dividend payment of 2018. By 13 January 2020, the Bank has completed the payment of dividends to shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

24. INTEREST AND SIMILAR INCOME

	2019 VND million	2018 VND million
Interest income from loans to customers	53,185,411	43,756,805
Interest income from deposits	4,412,907	2,880,373
Interest income from trading and investing in debt securities	8,893,830	8,304,634
- from investment securities	8,809,299	8,164,621
- from trading securities	84,531	140,013
Interest income from finance lease	326,787	287,078
Income from guarantee activities	454,131	411,962
Other income from credit activities	451,124	223,099
	67,724,190	55,863,951

25. INTEREST AND SIMILAR EXPENSES

	2019 VND million	2018 VND million
Interest expenses on deposits	31,224,709	25,365,310
Interest expenses on borrowings	337,223	544,079
Interest expenses on valuable papers issued	1,500,039	1,516,041
Other expenses on credit activities	84,869	30,005
	33,146,840	27,455,435

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

26. NET FEE AND COMMISSION INCOME

	2019 VND million	2018 VND million
Fee and commission income from		
Settlement services	6,199,194	4,590,636
Treasury services	164,507	245,694
Trusted and agency activities	1,278	6,321
Other services	2,637,528	2,179,504
	9,002,507	7,022,155
Fee and commission expenses for		
Settlement services	(3,877,007)	(2,907,563)
Treasury services	(96,571)	(69,372)
Telecommunication services	(114,680)	(100,790)
Trusted and agency activities	(3,485)	(746)
Other services	(603,920)	(541,192)
	(4,695,663)	(3,619,663)
	4,306,844	3,402,492

27. NET GAIN FROM TRADING OF FOREIGN CURRENCIES

	2019 VND million	2018 VND million
Gains from trading of foreign currencies		
From foreign currencies spot trading	6,397,100	4,449,872
From currency derivatives financial instruments	781,001	363,485
From foreign exchange rate differences	562,523	325,992
From revaluation of derivative contracts	40,323	87,041
	7,780,947	5,226,390
Losses from trading of foreign currencies		
From foreign currencies spot trading	(3,627,773)	(865,920)
From currency derivatives financial instruments	(653,967)	(983,543)
From foreign exchange rate differences	(73,863)	(466,445)
From revaluation of derivative contracts	(47,070)	(644,053)
	(4,402,673)	(2,959,961)
	3,378,274	2,266,429

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

28. NET GAIN FROM TRADING SECURITIES

	2019 VND million	2018 VND million
Income from trading securities	207,337	539,389
Expenses for trading securities	(43,098)	(299,893)
Allowance (made)/reversed for trading securities (Note 7)	(18,257)	10,966
	145,982	250,462

29. NET GAIN FROM INVESTMENT SECURITIES

	2019 VND million	2018 VND million
Income from investment securities	7,220	-
Expenses on investment securities	(1)	-
Allowance made for equity investments	(179)	-
	7,040	-

30. NET OTHER INCOME

	2019 VND million	2018 VND million
Other income		
Income from recoveries of loans previously written off	3,179,526	3,272,247
Income from interest rate swap transactions	59,590	-
Other income	188,649	243,657
	3,427,765	3,515,904
Other expenses		
Expenses on interest rate swap transactions	-	(9,117)
Expenses on debts trading activities	(32)	(159)
Expenses on social activities	(163,238)	(150,034)
Other expenses	(194,700)	(122,229)
	(357,970)	(281,539)
	3,069,795	3,234,365

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

31. INCOME FROM CAPITAL CONTRIBUTIONS AND EQUITY INVESTMENTS

	2019 VND million	2018 VND million
Dividends received from equity investments (Note 34(a))	154,582	129,753
- Dividends received from capital contribution, share purchases	135,090	122,636
- Dividends received from trading equity securities	19,492	7,117
Income from disposals of equity investments	48,178	1,557,490
Share of gain of investments in joint-ventures and associates upon the equity method (Note 34(a))	42,336	28,926
	245,096	1,716,169

32. OPERATING EXPENSES

	2019 VND million	2018 VND million
Tax, duties and fees	302,195	253,632
Salaries and related expenses	8,668,512	7,677,596
<i>Of which:</i>		
- Salary and allowances (Note 37)	7,807,100	6,920,065
- Additional expenses based on salary	654,053	608,943
- Other allowances	5,566	3,977
Expenses on assets	2,700,957	2,340,006
<i>Of which:</i>		
- Depreciation of fixed assets	826,761	797,551
Administrative expenses	3,515,416	2,728,089
Insurance expenses on deposits of customers	578,981	526,591
Allowance made for other long-term investments (Note 12(c))	8,002	41,859
Other expenses	43,512	43,321
	15,817,575	13,611,094

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

33. ALLOWANCE FOR CREDIT LOSSES

	2019 VND million	2018 VND million
Allowance for balances with and loans to other credit institutions		
Allowance made (Note 6)	2,000,000	1,000,000
General allowance for loans to customers		
Allowance made (Note 10)	586,898	578,524
Specific allowance for loans to customers		
Allowance made (Note 10)	4,038,866	5,683,777
General allowance for unlisted corporate bonds	164,665	135,812
Allowance made for available-for-sale securities (Note 11(a))	36,000	71,625
Allowance made for held-to-maturity securities (Note 11(b))	128,665	64,187
	6,790,429	7,398,113

34. CORPORATE INCOME TAX

(a) Reconciliation of effective tax rate

	2019 VND million	2018 VND million
Profit before tax	23,122,377	18,269,226
<i>Adjustments:</i>		
Taxable income of subsidiaries	(379,354)	(436,375)
Dividends received during the year (Note 31)	(154,582)	(129,753)
Share of profit from investments in joint-ventures and associates under the equity method (Note 31)	(42,336)	(28,926)
Tax exempt from consolidation adjustments	15,523	104,032
Other non-deductible expenses	2,020,699	29,601
Taxable income	24,582,327	17,807,805
Statutory corporate income tax rate	20%	20%
Estimated corporate income tax of the Bank (tax rate: 20%)	4,916,465	3,561,561
Estimated corporate income tax of a subsidiary (tax rate: 24%)	7,835	-
Estimated corporate income tax of subsidiaries (tax rate: 20%)	66,913	84,024
Estimated corporate income tax of a subsidiary (tax rate: 16.5%)	1,251	2,771
Current corporate income tax expenses for the year	4,992,464	3,648,356

(b) Deferred corporate income tax expenses

	2019 VND million	2018 VND million
Deferred corporate income tax expenses arising from deductible temporary differences	(396,075)	(1,192)

(c) Applicable tax rates

The Bank and its subsidiaries have an obligation to pay the Government income tax at the rate of 20% of taxable profits, except for Vietcombank Laos Limited whose applicable tax rate is 24% and Vietnam Finance Company Limited in Hong Kong whose applicable tax rate is 16.5%. Corporate income tax computation is subject to review and approval by local tax authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

35. BASIC EARNINGS PER SHARE

(a) Profit used for calculation of basic earnings per share

	2019 VND million	2018 VND million (Restated)
Net profit	18,510,898	14,605,578
Appropriation to bonus and welfare funds (*)	(1,928,317)	(2,650,736)
Profit attributable to the ordinary shareholders during the year	16,582,581	11,954,842

(*) As the bonus and welfare funds is to be appropriated at the year-end, net profit used to calculate earnings per share for the year ended 31 December was revised to deduct the amount appropriated to bonus and welfare funds of the corresponding year.

(b) Weighted average number of ordinary shares

	2019	2018
Issued ordinary shares at 1 January	3,597,768,575	3,597,768,575
Effect of ordinary shares issued during the year	102,889,860	-
Weighted average number of outstanding ordinary shares during the year	3,700,658,435	3,597,768,575

(c) Basic earnings per share

	2019	2018 (Restated)
Basic earnings per share (VND/share)	4,481	3,323

36. CASH AND CASH EQUIVALENTS

	31/12/2019 VND million	31/12/2018 VND million
Cash on hand, gold, silver and gemstones	13,778,358	12,792,045
Balances with the State Banks	34,684,091	10,845,701
Balances with and loans to other credit institutions with original term not exceeding 3 months	223,808,086	220,376,410
	272,270,535	244,014,156

37. EMPLOYEES' BENEFITS

	2019	2018
Total number of employees (person)	18,948	17,215
Employees' income		
Total salary and allowance (VND million) (Note 32)	7,807,100	6,920,065
Monthly average income/person (VND million)	34.34	33.50

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

38. OBLIGATIONS TO THE STATE BUDGET

	Balance as at 1/1/2019		Occurrence during the year		Balance as at 31/12/2019		Total VND million
	VND million		VND million		VND million		
Value added tax	31,195		636,927	(639,250)	60,684	(31,812)	28,872
Current corporate income tax	1,342,904		4,992,489	(4,827,328)	1,508,125	(60)	1,508,065
<i>In which:</i>							
- Corporate income tax of Vietcombank	1,342,984		4,992,464	(4,827,323)	1,508,125	-	1,508,125
- Adjustments on tax of previous years	(22)		25	(5)	-	(2)	(2)
- Vinafico's tax obligation in 2008	(58)		-	-	-	(58)	(58)
Other taxes	216,167		1,247,993	(1,284,049)	180,113	(2)	180,111
	1,590,266		6,877,409	(6,750,627)	1,748,922	(31,874)	1,717,048

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

39. ASSETS AND VALUABLE PAPERS FOR PLEDGING, MORTGAGING AND DISCOUNT, RE-DISCOUNT

Assets and valuable papers received for pledging, mortgaging and discount, re-discount

	31/12/2019 VND million	31/12/2018 VND million
Deposits	109,803,809	91,140,187
Valuable papers	82,429,392	91,307,623
Real estate	795,024,169	622,702,902
Other collaterals	243,180,100	241,787,741
	1,230,437,470	1,046,938,453

40. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

In the normal course of business, Vietcombank is a party to financial instruments which are recorded as off-balance sheet items. These financial instruments mainly comprise financial guarantees and letters of credit. These instruments involve elements of credit risk in excess of the amounts recognised in the consolidated balance sheet.

Credit risk for off-balance sheet financial instruments is defined as the possibility of incurring a loss because any other counterparty to a financial instrument fails to discharge its contractual obligations.

Financial guarantees are conditional commitments issued by the Bank to guarantee transactions of its customers with third parties including loan guarantee, payment guarantee, performance guarantee and bid guarantee. Such guarantees expose the Bank to similar credit risk to loans to customers.

Commercial at sight letters of credit represent a financing transaction by Vietcombank to its customers where the customer is usually the buyer/importer of goods and the beneficiary is typically the seller/exporter. Credit risk is limited as the imported merchandise serves as collaterals for the transaction.

Deferred payment letters of credit contain the risk of customers not making payment to their beneficiaries upon contract performance. When deferred payment letters of credit are defaulted by customers, Vietcombank recognises a compulsory loan to a customer and at the same time a corresponding liability representing the financial obligation of Vietcombank to pay the beneficiaries and to fulfil the guarantor obligations.

Vietcombank normally requires margin deposits to support credit-related financial instruments as necessary. The margin deposits ratio required varies from nil to 100% of the value of a commitment granted depending on the creditworthiness of customers as assessed by Vietcombank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

41. SIGNIFICANT TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(a) Significant transactions with related parties

Relationship	2019	2018
	VND million	VND million
	Income/(expense)	
The State Bank of Vietnam Representative of owner		
Interest income from deposits	209,296	216,309
Interest expenses on deposits and borrowings	(130,356)	(152,162)
The Ministry of Finance Related party of owner		
Interest expenses on deposits	(1,557,823)	(1,287,656)
Interest expenses on borrowings	(43,855)	(31,792)

Remuneration for the Board of Directors and the Supervisory Board did not exceed 0.35% profit after tax for the year ended 31 December 2019 according to Resolution No. 12/TN2019/NQ-DHDCD dated 26 April 2019 of General Meeting of Shareholders.

Remuneration for the Board of Management complied with Salary Regulation of Vietcombank.

(b) Significant balances with related parties

Relationship	31/12/2019	31/12/2018
	VND million	VND million
	Receivable/(payable)	
The State Bank of Vietnam Representative of owner		
Deposits at the SBV	34,404,607	10,152,565
Deposits and borrowings from the SBV	(3,077,202)	(3,589,585)
The Ministry of Finance ("the MoF") Related party of owner		
Deposits at the Bank	(89,288,604)	(87,095,730)
Borrowings from the MoF	(1,003,156)	(1,001,583)
Mizuho Bank Ltd., Japan Strategic shareholder		
Deposits at Mizuho Bank Ltd., Japan	5,588,921	1,767,477
Deposits from Mizuho Bank Ltd., Japan	(3,913,211)	(3,667,092)
Loans to Mizuho Bank Ltd., Japan	100,000	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

42. SEGMENT REPORTING

(a) Geographical segment reporting

	Year ended 31 December 2019:				Total	
	The North	The Middle and Central Highland	The South	Overseas		Elimination
	VND million	VND million	VND million	VND million	VND million	
1 Interest and similar income	95,199,315	16,255,408	46,137,389	129,333	(89,997,255)	67,724,190
2 Interest and similar expenses	(80,280,125)	(11,405,025)	(31,425,673)	(45,540)	90,009,523	(33,146,840)
I Net interest income	14,919,190	4,850,383	14,711,716	83,793	12,268	34,577,350
3 Fee and commission income	4,820,544	922,245	3,362,244	60,376	(162,902)	9,002,507
4 Fee and commission expenses	(4,597,071)	(26,731)	(95,016)	(18,261)	4,146	(4,695,663)
II Net fee and commission income	223,473	895,514	3,267,228	42,115	(121,486)	4,306,844
III Net gain from trading of foreign currencies	2,321,020	160,871	895,207	1,176	-	3,378,274
IV Net gain from trading securities	158,250	-	-	-	(12,268)	145,982
V Net gain from investment securities	7,040	-	-	-	-	7,040
5 Other income	1,333,541	356,208	1,737,690	326	-	3,427,765
6 Other expenses	(131,162)	(114,512)	(112,296)	-	-	(357,970)
VI Net other income	1,202,379	241,696	1,625,394	326	-	3,069,795
VII Income from capital contributions and equity investments	245,096	-	-	-	-	245,096
Total operating income	19,076,448	6,148,464	20,499,545	127,410	(121,486)	45,730,381
Total operating expenses	(10,485,636)	(1,436,113)	(3,914,410)	(77,422)	96,006	(15,817,575)
IX Net operating profit before allowances for credit losses	8,590,812	4,712,351	16,585,135	49,988	(25,480)	29,912,806
X Allowances for credit losses	(3,337,520)	(1,590,605)	(1,861,639)	(665)	-	(6,790,429)
XI Profit before tax	5,253,292	3,121,746	14,723,496	49,323	(25,480)	23,122,377
7 Current corporate income tax expenses	(1,414,814)	(624,349)	(2,944,216)	(9,085)	-	(4,992,464)
8 Deferred corporate income tax expenses	398,803	-	-	(2,728)	-	396,075
XII Corporate income tax expenses	(1,016,011)	(624,349)	(2,944,216)	(11,813)	-	(4,596,389)
XIII Profit after tax	4,237,281	2,497,397	11,779,280	37,510	(25,480)	18,525,988

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

Form B05/TCTD-HN

42. SEGMENT REPORTING (CONTINUED)

(b) Business segment

Year ended 31 December 2019:		Banking financial services		Non-banking financial services		Securities		Others		Elimination		Total	
		VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
1	Interest and similar income	156,994,074	481,737	225,558	20,076	(89,997,255)							67,724,190
2	Interest and similar expenses	(122,800,545)	(256,493)	(88,668)	(10,657)	90,009,523							(33,146,840)
I	Net interest income	34,193,529	225,244	136,890	9,419	12,268							34,577,350
3	Fee and commission income	8,748,238	33,161	189,637	194,373	(162,902)							9,002,507
4	Fee and commission expenses	(4,613,979)	(971)	(39,584)	(82,545)	41,416							(4,695,663)
II	Net fee and commission income	4,134,259	32,190	150,053	111,828	(121,486)							4,306,844
III	Net gain from trading of foreign currencies	3,378,187	87	-	-	-							3,378,274
IV	Net gain from trading securities	123,062	-	35,188	-	(12,268)							145,982
V	Net gain/(loss) from trading investment securities	7,219	-	(179)	-	-							7,040
5	Other income	3,423,239	3,304	893	329	-							3,427,765
6	Other expenses	(357,891)	(53)	(26)	-	-							(357,970)
VI	Net other income	3,065,348	3,251	867	329	-							3,069,795
VII	Income from capital contributions and equity investments	225,604	-	19,492	-	-							245,096
	Total operating income	45,127,208	260,772	342,311	121,576	(121,486)							45,730,381
VIII	Total operating expenses	(15,571,930)	(113,760)	(173,904)	(53,987)	96,006							(15,817,575)
IX	Net operating profit before allowance for credit losses	29,555,278	147,012	168,407	67,589	(25,480)							29,912,806
X	Allowance for credit losses	(6,752,585)	(37,844)	-	-	-							(6,790,429)
XI	Profit before tax	22,802,693	109,168	168,407	67,589	(25,480)							23,122,377
7	Current corporate income tax expenses	(4,924,300)	(20,729)	(35,226)	(12,209)	-							(4,992,464)
8	Deferred corporate income tax expenses	4,00,000	(2,728)	(1,197)	-	-							396,075
XII	Corporate income tax expenses	(4,524,300)	(23,457)	(36,423)	(12,209)	-							(4,596,389)
XIII	Profit after tax	18,278,393	85,711	131,984	55,380	(25,480)							18,525,988

43. DISCLOSURE OF FINANCIAL INSTRUMENTS

(a) Collateral disclosure

Vietcombank does not hold collaterals which it is permitted to sell or re-pledge in the absence of default by the owner of the collaterals.

(b) Fair value disclosure

Circular 210 requires the Bank to disclose the measurement method and related information of fair value of financial assets and financial liabilities for the purpose of comparing their carrying value and fair value.

The following table presents carrying value and fair value of Vietcombank's financial assets and liabilities as at 31 December 2019:

As at 31 December 2019		Held for trading		Carrying amount - gross		Recognised at		Total of	
		VND million	VND million	Loans and receivables	Available for sale	amortised cost	carrying value	Fair value	
		VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Financial assets									
I	Cash on hand, gold, silver and gemstones	-	-	13,778,358	-	-	-	13,778,358	13,778,358
II	Balances with the State Banks	-	-	34,684,091	-	-	-	34,684,091	34,684,091
III	Balances with and loans to other credit institutions	-	-	252,470,372	-	-	-	252,470,372	(*)
IV	Trading securities	1,889,628	-	-	-	-	-	1,889,628	(*)
V	Derivative financial instruments and other financial assets	98,312	-	-	-	-	-	98,312	(*)
VI	Loans to customers	-	-	734,706,891	-	-	-	734,706,891	(*)
VIII	Investment securities	-	132,271,302	-	35,699,090	-	-	167,970,392	(*)
IX	Capital contributions, long-term investments	-	-	-	1,587,823	-	-	1,587,823	(*)
XII	Other financial assets	-	-	15,943,148	-	-	-	15,943,148	(*)
		1,987,940	132,271,302	1,051,582,860	37,286,913	-	-	1,223,129,015	
Financial liabilities									
Amounts due to the Government and the State Banks and deposits and borrowings from other credit institutions									
I		-	-	-	-	-	-	165,982,891	165,982,891
II	Deposits from customers	-	-	-	-	-	-	928,450,869	928,450,869
IV	Funds for finance, entrusted investments and entrusted loans	-	-	-	-	-	-	20,431	20,431
V	Valuable papers issued	-	-	-	-	-	-	21,383,932	21,383,932
VI	Other financial liabilities	-	-	-	-	-	-	13,169,028	13,169,028
		-	-	-	-	-	-	1,129,007,151	1,129,007,151

(*) Due to insufficient information for valuation techniques, fair value of these financial assets and liabilities without an active market is not reliably estimated, and therefore is not disclosed.

42.

43.

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

Form B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN

for the year ended 31 December 2019 (continued)

43. DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Risk management policies for financial instruments

The Board of Directors has the highest rights and responsibilities for Vietcombank's financial risk management to facilitate its sustainable growth.

Having taken those responsibilities, the Board of Directors appropriately promulgates risk management policies and strategies for each period, establishes risk limits, directly approves high-value business transactions in accordance with legal and internal requirements for each period, and determines organisational structure and key personnel positions.

Risk management strategies and policies of the Board of Directors are adhered to Vietcombank's charter and General Shareholders' Meeting resolution for each period.

The Risk Management Committee was established by the Board of Directors to assist the Board of Directors in managing all risks that may arise from Vietcombank's day-to-day business operations.

The Asset and Liability Credit and Operational Risk Committee ("ALCO") was established and chaired by the Chief Executive Officer. ALCO members are key personnel of the Bank being in-charge of risk management.

ALCO is responsible for comprehensively monitoring and managing assets and liabilities in the consolidated and separate balance sheet of Vietcombank in order to maximise profit while minimising losses arising from negative market trends, manage liquidity risk and appropriately direct interest and foreign exchange rate schemes.

Within its authority, ALCO has the rights to make risk management decisions.

(i) Credit risk

Vietcombank is exposed to credit risk, which is the risk of incurring a loss because its customers or counterparties fail to discharge their contractual obligations. Credit exposures arise mainly in lending activities relating to loans to customers, and in investments in debt securities. Off-balance sheet financial instruments, such as loan commitments, also contain credit risk. Vietcombank controls and manages credit risk by setting up related policies and procedures, including the credit risk management policies and operational risk management policy by the Risk Management Committee and Credit Committee.

Vietcombank classifies loans to customers and other credit institutions, off-balance sheet commitments, entrusted loans and unlisted corporate bonds in accordance with Circular 02 and Circular 09 (Note 2(h)), and regularly assesses credit risks of non-performing loans in order to have appropriate resolutions.

In order to manage credit risks, Vietcombank has established policies and procedures relating to credit risk management; established credit manuals; performed credit risk assessment; set up internal credit rating systems and debt classification and decentralised authorisation in credit activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN

for the year ended 31 December 2019 (continued)

43. DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Risk management policies for financial instruments (continued)

(i) Credit risks (continued)

Vietcombank's maximum exposure amounts to credit risk as at 31 December 2019, excluding collaterals and credit risk mitigations as follows:

	Neither past due nor impaired	Past due but not impaired	Impaired and allowance made	Total
	VND million	VND million	VND million	VND million
Balances with the State Banks	34,684,091	-	-	34,684,091
Balances with and loans to other credit institutions – gross	249,470,372	-	3,000,000	252,470,372
Balances with other credit institutions	190,100,329	-	-	190,100,329
Loans to other credit institutions	59,370,043	-	3,000,000	62,370,043
Trading securities	1,538,592	-	-	1,538,592
Loans to customers – gross	720,768,201	5,574,225	8,364,465	734,706,891
Investment securities – gross	167,962,202	-	-	167,962,202
Available-for-sale investment securities	35,690,900	-	-	35,690,900
Held-to-maturity investment securities	132,271,302	-	-	132,271,302
Other assets	15,943,148	-	-	15,943,148
	1,190,366,606	5,574,225	11,364,465	1,207,305,296

Further information of the carrying value of collaterals held by Vietcombank as at the reporting date are described in Note 39.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

43. DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Risk management policies for financial instruments (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will unexpectedly fluctuate due to changes in market interest rates.

The actual interest re-pricing term is the remaining term starting from the end of the annual accounting period to the nearest interest re-pricing term of the items in the consolidated balance sheet.

The following assumptions and conditions have been adopted in the analysis of actual interest re-pricing term of asset and liabilities items in the consolidated balance sheet of Vietcombank:

- » Cash, gold, silver and gemstones, capital contributions, long-term investments, and other assets (including fixed assets and other assets) are classified as free of interest items;
- » Trading securities which are debt securities are classified as "Up to 1 month" items;
- » The actual interest re-pricing terms of investment securities are subject to issuers' terms and conditions on interest rate of issuing institution for each security type;
- » The actual interest re-pricing term of balances with and loans to other credit institutions, loans to customers, amounts due to the Government and the State Banks, deposits and borrowings from other credit institutions, deposits from customers, funds for finance, entrusted investments, entrusted loans and other liabilities are identified as follows:
 - » Items with fixed interest rate during the contractual term: the actual interest re-pricing term is based on the contractual maturity date subsequent to the end of the annual accounting period;
 - » Items with floating interest rate: the actual interest re-pricing term is based on the nearest re-pricing term subsequent to the end of the annual accounting period.
- » The actual interest re-pricing term of valuable papers issued is based on valuable papers' maturities and the Bank's interest rate for each issuance.

43. DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Risk management policies for financial instruments (continued)

(ii) Interest rate risk (continued)

The following table presents the interest rate re-pricing terms of Vietcombank's assets and liabilities as at 31 December 2019:

	Overdue VND million	Free of interest VND million	Up to 1 month VND million	From 1 to 3 months VND million	From over 3 months to 6 months VND million	From over 6 months to 12 months VND million	From over 1 year to 5 years VND million	Over 5 years VND million	Total VND million
Assets									
I Cash on hand, gold, silver and gemstones	-	13,778,358	-	-	-	-	-	-	13,778,358
II Balances with the State Banks	-	-	34,684,091	-	-	-	-	-	34,684,091
III Balances with and loans to other credit institutions - gross	-	-	166,767,335	63,512,600	5,682,919	16,507,518	-	-	252,470,372
IV Trading securities - gross	-	351,036	1,538,592	-	-	-	-	-	1,889,628
V Derivative financial instruments and other financial assets	-	98,312	-	-	-	-	-	-	98,312
VI Loans to customers - gross	13,450,643	-	172,783,068	249,956,439	169,916,966	69,009,842	56,577,264	3,012,669	734,706,891
VII Investment securities - gross	-	8,190	2,349,121	10,561,314	8,351,206	29,631,777	86,125,572	30,943,212	167,970,392
VIII Capital contributions, long-term investments - gross	-	2,539,493	-	-	-	-	-	-	2,539,493
IX Fixed assets	-	6,710,443	-	-	-	-	-	-	6,710,443
X Other assets - gross	-	21,895,666	-	-	-	-	-	-	21,895,666
Total assets	13,450,643	45,381,498	378,122,207	324,030,353	183,951,091	115,149,137	142,702,836	33,955,881	1,236,743,646
Liabilities									
I Amounts due to the Government and the State Banks and deposits and borrowings from other credit institutions	-	-	111,616,654	38,688,625	11,836,221	917,090	2,924,301	-	165,982,891
II Deposits from customers	-	100,412	502,251,079	159,733,741	124,124,767	136,497,176	5,734,252	9,442	928,450,869
IV Funds for finance, entrusted investments and entrusted loans	-	-	148	-	-	-	20,283	-	20,431
V Valuable papers issued	-	-	183,035	-	-	5,106,100	14,899,586	1,195,211	21,383,932
VI Other liabilities	-	24,994,597	936,283	66,873	-	-	-	-	25,997,753
Total liabilities	-	25,095,009	614,987,199	198,489,239	135,960,988	142,520,366	23,578,422	1,204,653	1,141,885,876
Interest sensitivity gap - on balance sheet	13,450,643	20,286,489	(236,864,992)	125,541,114	47,990,103	(27,371,229)	119,124,414	32,751,228	94,907,770

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

43. DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Risk management policies for financial instruments (continued)

(iii) *Currency risk*

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Vietcombank was incorporated and operates in Vietnam, with VND as its reporting currency. The major currency in which the Bank transacts is VND. Vietcombank's loans to customers are mainly denominated in VND, USD and EUR. Some of Vietcombank's other assets and other liabilities are in currencies other than VND, USD and EUR. Vietcombank has set limits on currency positions based on its internal risk management system and relevant statutory requirements stipulated by the SBV. Currency positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

The followings are the major exchange rates applied by Vietcombank at the reporting date:

	Exchange rate as at	
	31/12/2019	31/12/2018
USD/VND	23,170	23,200
EUR/VND	26,213	26,757

43. DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Risk management policies for financial instruments (continued)

(iii) *Currency risk (continued)*

The following table presents Vietcombank's assets and liabilities denominated in foreign currencies that were translated into VND as at 31 December 2019:

	VND million	VND million	USD million	EUR million	Other currencies VND million	Total VND million
Assets						
I Cash on hand, gold, silver and gemstones	11,080,852	2,033,415	333,168	330,923	13,778,358	13,778,358
II Balances with the State Banks	31,147,235	3,506,001	-	30,855	34,684,091	34,684,091
III Balances with and loans to other credit institutions - gross	154,397,361	70,814,463	7,859,176	19,399,372	252,470,372	252,470,372
IV Trading securities - gross	1,889,628	-	-	-	1,889,628	1,889,628
V Derivative financial instruments and other financial assets	50,085,609	(49,743,457)	3,322	(247,162)	98,312	98,312
VI Loans to customers - gross	644,893,007	89,343,948	326,393	143,543	734,706,891	734,706,891
VII Investment securities - gross	110,045,392	57,925,000	-	-	167,970,392	167,970,392
VIII Capital contributions, long-term investments - gross	2,539,493	-	-	-	2,539,493	2,539,493
IX Fixed assets	6,666,780	31,268	-	12,395	6,710,443	6,710,443
X Other assets - gross	19,965,272	1,636,840	68,592	224,962	21,895,666	21,895,666
Total assets	1,032,710,629	175,547,478	8,590,651	19,894,888	1,236,743,646	1,236,743,646
Liabilities						
I Amounts due to the Government and the State Banks and deposits and borrowings from other credit institutions	124,427,030	22,513,846	3,921,128	15,120,887	165,982,891	165,982,891
II Deposits from customers	774,022,063	147,404,192	4,407,479	2,617,135	928,450,869	928,450,869
IV Funds for finance, entrusted investments and entrusted loans	20,431	-	-	-	20,431	20,431
V Valuable papers issued	21,383,199	733	-	-	21,383,932	21,383,932
VI Other liabilities	24,127,872	1,612,902	104,235	152,744	25,997,753	25,997,753
Total liabilities	943,980,595	171,531,673	8,432,842	17,890,766	1,141,835,876	1,141,835,876
Currency positions on balance sheet	88,730,034	4,015,805	157,809	2,004,122	94,907,770	94,907,770

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

43. DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Risk management policies for financial instruments (continued)

(iv) *Liquidity risk*

Liquidity risk occurs when Vietcombank fails to fulfil its financial commitments with customers or counterparties due to unavailability of funds or liquidity.

The maturity of assets and liabilities represents the remaining terms of these assets and liabilities from the end of the annual accounting period to the maturity date according to the underlying contractual agreements or term of issuance.

The following assumptions and conditions have been adopted in the preparation of Vietcombank's assets and liabilities maturity analysis in the consolidated balance sheet:

- » Balances with the State Banks are considered as current accounts including the compulsory deposits;
- » The maturity of trading securities is considered as below one month because they are held in the short term for profit taking due to price differences;
- » The maturity of investment securities is based on maturity dates of each securities established by the issuers of these financial instruments;
- » The maturities of balances with and loans to other credit institutions and loans to customers are based on the contractual maturity date. The actual maturity may vary from the original contractual term when the contract is extended;
- » The maturity of equity investments is considered to be over five years as equity investments have no stated maturity; and
- » Deposits and borrowings from other credit institutions, deposits from customers and valuable papers issued are determined based on either the nature of the loans, deposits and valuable papers issued or their contractual maturities. For example, current accounts of other credit institutions at Vietcombank and current accounts of Vietcombank at other credit institutions paid upon customers' demand are considered to be demand deposits, the maturity of term deposits and borrowings is based on the contractual maturity date. In practice, such items may be rolled over and maintained for longer period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

43. DISCLOSURE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Risk management policies for financial instruments (continued)

(iv) *Liquidity risk (continued)*

The following table analyses the remaining terms to maturity of Vietcombank's assets and liabilities as at 31 December 2019:

	Overdue		Not overdue		From over 1 year to 5 years	Over 5 years	Total
	Over 3 months	Up to 3 months	From over 1 month to 3 months	From over 3 months to 12 months			
	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Assets							
I Cash on hand, gold, silver and gemstones	-	-	-	-	-	-	13,778,358
II Balances with the State Banks	-	-	-	-	-	-	34,684,091
III Balances with and loans to other credit institutions - gross	-	-	63,512,600	19,266,137	2,702,961	221,340	252,470,372
IV Trading securities - gross	-	-	-	-	-	-	1,889,628
V Derivative financial instruments and other financial assets	-	-	98,312	-	-	-	98,312
VI Loans to customers - gross	1,513,875	11,936,768	49,674,140	212,894,486	117,088,777	189,421,951	734,706,891
VII Investment securities - gross	-	-	8,937,296	34,737,239	88,774,014	33,528,212	167,970,392
VIII Capital contributions, long-term investments - gross	-	-	-	-	-	2,539,493	2,539,493
IX Fixed assets	-	-	-	-	-	6,710,443	6,710,443
X Other assets - gross	-	-	-	21,895,666	-	-	21,895,666
Total assets	1,513,875	11,936,768	268,787,182	246,620,768	208,565,752	232,421,439	1,236,743,646
Liabilities							
I Amounts due to the Government and the State Banks and deposits and borrowings from other credit institutions	-	-	110,814,696	38,692,742	3,428,054	248,760	165,982,891
II Deposits from customers	-	-	249,661,404	170,000,193	44,839,964	182,628,463	928,450,869
IV Funds for finance, entrusted investments and entrusted loans	-	-	148	-	20,283	-	20,431
V Valuable papers issued	-	-	184,106	-	10,373,400	10,826,426	21,383,932
VI Other liabilities	-	-	-	24,994,597	-	1,003,156	25,997,753
Total liabilities	-	-	360,660,354	233,687,532	58,661,701	194,706,805	1,141,835,876
Net liquidity gap	1,513,875	11,936,768	(91,873,172)	12,933,236	(27,221,622)	149,904,051	94,907,770

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Form B05/TCTD-HN
for the year ended 31 December 2019 (continued)

44. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Management of the Bank on 11 March 2020.

Hanoi, 11 March 2020

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen



Deputy Director of
Financial and Accounting
Policy Department

Chief Accountant

Deputy CEO