



MASTERING TECHNOLOGY TOUCHING FUTURE



ANNUAL REPORT 2019

• Annual Report 2019

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FINANCIAL REPORT



FIRST VIETNAMESE
COMMERCIAL BANK IN UNITED STATES

PROFIT BEFORE TAX (VND billion)

23,122

Up 26.6% over 2018

CHAPTER 1

VIETCOMBANK PROFILE

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MESSAGE FROM
CHAIRMAN AND CEOChairman
NGHIEM XUAN THANH

“Thanks to a package of synchronous solutions and bankwide efforts, Vietcombank continued to achieve impressive breakthroughs in business performance, excelling on all planned targets including key business indicators”.

In 2019, the global economy was unpredictable. Major economies hit a growth slump; competition intensified in international trade, while the US-China trade war cast a dark shadow over global economic prospects. Nonetheless, the domestic economy proved its market attractiveness with the trade openness and great potential for a dynamic economy, becoming an international and regional phenomenon in economic growth. This is the second consecutive year that 12/12 socio-economic development targets have been fulfilled, 7 of which exceeded those set in the Resolution of the National Assembly. GDP growth reached 7.02% while CPI was controlled at a low level. Accordingly, Vietnam's ranking, position, and prestige were enhanced in the international arena.

The banking industry in 2019 continued to achieve remarkable successes in managing the monetary policy: Liquidity of credit institutions was good; exchange rates and foreign exchange markets were stable; lending interest rates declined and reached the lowest level in the last 10 years; credit growth expanded, focusing on effective business lines, contributing positively to GDP growth. Additionally, the number of banks recognized as Basel II compliant increased, asset quality was improved, and NPL ratio dropped to below 2%.

In line with the Government's guidelines and policies as well as directions provided by the State Bank of Vietnam, Vietcombank created development strategies in line with the macro-economy movements and market practices. Thanks to a package of synchronous solutions and bankwide efforts, Vietcombank continued to achieve impressive breakthroughs in business performance, excelling on all planned targets including key business indicators. The business was rapidly scaled up. Credit growth reached 16%, which was the highest among large commercial banks. Business restructuring was implemented towards higher quality, efficiency, and sustainability: Non-performing loan ratio dropped to below 0.8%. Particularly, Vietcombank continued to set a new record of profit before tax which reached VND 23,122 billion (equivalent to USD 01 billion). This was an increase of 26.6% over 2018, 3.4 times higher than the profit scale in 2015. Accordingly, Vietcombank was one of the two biggest taxpayers among all listed companies in the country's stock market.

PROFIT BEFORE TAX (VND BILLION)

23,122

EQUIVALENT TO 1 BILLION USD
UP 26.6% OVER 2018

MESSAGE FROM
CHAIRMAN AND CEO (continued)CEO
PHAM QUANG DZUNG

“The Bank’s achievements in 2019 were significant and acted as critical starting points to consolidate a foundation for a new development stage as well as international and regional integration”.

TOTAL ASSETS (VND BILLION)

1,222,719

Up 13.8% over 2018

Additionally, Vietcombank officially opened its Representative Office in New York City – the first presence of a Vietnamese commercial bank in the United States and entered into a Distribution Agreement to establish an exclusive 15-year bancassurance partnership with FWD Group, setting a record for the largest cooperative value in the Vietnamese bancassurance market. The Digital Banking Center was established, completing phase 1 of the Retail Banking Transformation Project towards the strategic goals to become the No. 1 bank in Retail and Digital Banking.

Those achievements in 2019 were tremendous and acted as critical starting points to consolidate a foundation for a new development stage as well as international and regional integration. They fulfilled the confidence and expectations of the Central Party, Government, State Bank of Vietnam, shareholders, and millions of customers.

In 2020, Vietcombank management and its 18,000 employees are fully committed with their best effort to realize the strategic goals of maintaining the position as the No. 1 bank in Vietnam, gradually making Vietcombank one of the world’s 300 largest financial-banking groups and 1,000 largest listed companies with considerable contribution to the development of Vietnam.

Chairman
NGHIEM XUAN THANHCEO
PHAM QUANG DZUNG

GENERAL INFORMATION

• TRADING NAME

Name in Vietnamese:

NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN NGOẠI THƯƠNG VIỆT NAM.

Name in English:

JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE OF VIET NAM.

Trading name: VIETCOMBANK

Abbreviated name: VIETCOMBANK

- **License of Establishment and Operation No. 138/GP-NHNN issued by State Bank of Vietnam, dated May 23rd, 2008.**

• Certificate of Business Registration:

Tax code: 0100112437

Certificate of Business Registration No. 0103024468 issued by Ha Noi Department of Planning and Investment dated June 02nd, 2008 (first registration)

13th amendment issued on January 16th, 2019

- **Charter capital (Owner's Equity): VND 37,088,774,480,000**

In word: Thirty seven thousand and zero eighty eight billion, seven hundred and seventy four million four hundred and eighty thousand dong

- **Ticker symbol: VCB**

Par value: VND 10,000

Number of shares: **3,708,877,448**

- **Address:** No. 198 Tran Quang Khai Str., Ly Thai To Ward, Hoan Kiem Dist., Ha Noi, Vietnam

- **Phone number:** +84-24-3934 3137

- **Fax:** +84-24-3826 9067

- **Website:** www.vietcombank.com.vn

CHARTER CAPITAL (VND BILLION)

37,089



ESTABLISHMENT AND DEVELOPMENT HISTORY

Vietcombank has always followed its well-defined goal to develop a standard bank adhering to legal regulations and promptly updating international best practices for safe and sustainable operations.

VIETCOMBANK'S EARLIER FORM

Vietcombank was originally the Foreign Exchange Bureau under the National Bank of Vietnam established according to Decree No.443/TTg dated January 20th, 1955 of the Prime Minister. In 1961, the Foreign Exchange Bureau was renamed Foreign Exchange Department under The State Bank of Vietnam pursuant to Decree No.171/CP dated October 26th, 1961 of the Council of Ministers. This unit simultaneously carried out advisory function, performed policy research on foreign exchange control and engaged in international banking operations. This was a step forward, paving the way for the establishment of specialized banks and foreign banking operations later on.

October 30th, 1962

DECREE NO. 115/CP ON THE ESTABLISHMENT OF THE BANK FOR FOREIGN TRADE OF VIETNAM

To conform to international practices on foreign banking operations, on October 30th, 1962, the Council of Ministers issued Decree No. 115/CP on the establishment of the Bank for Foreign Trade of Vietnam – tasked with foreign exchange trading, international payments, international credit, and foreign trade loans. The Bank was also tasked with participating in the management of foreign exchange; contributing to monetary and public property protection; enhancing and expanding economic, political relations and cultural exchanges with foreign countries.

April 1st, 1963

INTRODUCTION OF BANK FOR FOREIGN TRADE OF VIETNAM

After a preparation period, the Bank for Foreign Trade of Vietnam (Vietcombank) was officially introduced and put into operation as a banking entity specialized in foreign trade. The Bank's office was on the 1st floor, 47-49 Ly Thai To, Hanoi – the same building where the State Bank of Vietnam was located.

Vietcombank had 2 major "missions". Internally, Vietcombank provided advisory opinions to the State Bank of Vietnam on management of foreign exchange. Externally, it engaged in monetary trading, extended credit and carried out foreign banking operations such as import-export payments, loan payments and international aid. Vietcombank also provided banking services for international organizations in Vietnam and processed money transfer, cheque clearing transactions with foreign countries, etc.

Immediately after establishment, Vietcombank made every effort to amass experience and build on its operations, successfully developed trade relations with banks in other socialist states, established connections to support international payment to capitalist countries, as well as arranged credit relationships with foreign economic entities, all of which contributed to the construction of a socialist North Vietnam.



Period of 1963 – 1975

GREAT MISSION DURING NATIONAL WAR FOR INDEPENDENCE

At the height of the 1963-1975 American War, as the only authorized foreign trade bank in Vietnam, Vietcombank was charged with a historic mission, which involved providing financial support for the liberation war raging in the South while also ensuring continued contributions to the construction and economic development of the North.

In April 1965, the Politburo ordered the State Bank of Vietnam to establish a Special Foreign Currency Fund at Vietcombank (code name: B29) to receive international aid and carry out special payments. The Politburo and the Southern Central Committee directly supervised this compact organization of merely a dozen people. In 10 years of top-secret operations, B29 had transported a large amount of foreign currency aid to support our battles in the South. The "money trail" – often associated with code name B29 – became one of 5 legendary "Ho Chi Minh trails" and contributed to the nation's victory in the American War, the complete liberation of the South and the reunification of the country. The Foreign Exchange Department and later, the Bank for Foreign Trade of Vietnam was honored to have taken a role in this historic endeavor.



ESTABLISHMENT AND DEVELOPMENT HISTORY (continued)



Period of 1975–1990 GROWING THROUGH HARDSHIP

After the liberation of the South, through employing effective measures, Vietcombank had quickly taken over the banking system from the old regime, negotiated with foreign banks, recovered for the country hundreds of millions of dollars of assets and capital being held abroad, all the while making significant contributions to post-war Vietnam's economic and social development.

Also in this period, Vietcombank expanded its foreign relationships significantly through inheriting Vietnam memberships at the International Monetary Fund (IMF), World Bank (WB), Asian Development Bank. Vietcombank's correspondent network also grew to more than 500 correspondent banks worldwide. Overseas representative offices were opened. Vietcombank also participated in financing, monetary and payment activities within the SEV block (Council for Mutual Economic Assistance).

Vietcombank became the only authorized foreign trade bank in Vietnam with monopoly in foreign currency, international payments and import-export credit.

Towards the end of the 80s, Vietcombank had established a specialized foreign trade bank network nationwide with a Head Office in Hanoi and 11 branches in significant localities.

As a specialized foreign trade bank, Vietcombank made important contributions to resolving difficulties in industrial and agricultural manufacturing through loan and support for enterprises. The Bank was the first to provide guarantee allowing deferred payment for imports. Vietcombank also borrow hundreds of millions of dollars against its own credit to partly shoulder the country's burden.

EARLY PERIOD OF RENOVATION 1990–2000

In 1990, the Project for Renovation of Banking Operations was approved by the Council of Ministers; officially turning Vietcombank into a state-owned commercial bank specialized in foreign affairs.

With its function to manage foreign currency capital in 1993, Vietcombank gradually expanded its global presence through joining SWIFT and later in 1995, becoming a member of Asian Bankers Association. Vietcombank was the first bank in Vietnam to issue international credit cards such as MasterCard and Visa in 1996. Vietcombank was a founding member of Vietnam Bank Card Association and pioneered the adoption of new technologies to banking operations. Also in this period, Vietcombank invested in large projects to support key economic sectors such as Nam Con Son Gas Project, Phu My Fertilizer Plant Project, Phu My Plant Add-on Project, Yali Falls Dam Project, etc.

Despite difficulties coming from prolonged trade embargoes, Vietcombank had fulfilled its role as the only authorized foreign trade bank representing Vietnam on the world stage. Vietcombank, alongside the Ministry of Finance and the State Bank of Vietnam, successfully negotiated for the reduction of national debts at the Paris Club of creditors and subsequently, trade debts at the London Club of creditors, helping the country weather hardships and national economy gradually stabilize.

Vietcombank not only had to ensure the safety and efficiency of its own operations but during the difficult times of the Vietnamese banking sector, was also tasked by the Government and the State Bank of Vietnam to help reorganize, consolidate and supervise a number of weak joint stock banks. With the effective assistance of Vietcombank in terms of capital, human resources and transactional support, those weak banks were able to overcome the time of most difficulties to stabilize and grow back their business.

ESTABLISHMENT AND DEVELOPMENT HISTORY

(continued)



Period of 2000–2005

VIETCOMBANK RESTRUCTURING PERIOD

Vietcombank was the first bank to complete the Restructuring Project for the Banking System (2000–2005), which focused on improving banks' financial capacity, management strength and technological base to develop better products and services. The Project had a two-fold goal: Heightening banks' contribution to the economy's sustainable development and building their good reputation in the regional and global communities. With ING Bank's technical support as part of a World Bank project, Vietcombank managed to refresh its balance sheet, improved operational efficiency and took a first step towards standardizing, rearranging operational model to reflect practices employed by banks in more developed countries.

Vietcombank directed significant investment towards modernization, improving technology capabilities and diversifying products and services, expanding its operations to other sectors through the establishment of joint ventures and subsidiaries.

In 2002, Vietcombank implemented Core Banking system and became the first bank in Vietnam to provide Online Banking products and services, ATM services and Internet Banking. Vietcombank was a pioneer who revolutionized banking services and products, which not only met but also exceeded customers' demands.

With capital advantages, especially foreign currency capital, the Bank had participated in financing a range of projects of national importance in key economic sectors such as electricity, oil and gas, aviation and telecommunication.



December 26th, 2007

INITIAL PUBLIC OFFERING (IPO) OF VIETCOMBANK

With outstanding business performances and sound management, in 2007, Vietcombank was chosen as a pilot case for privatization in the banking sector under the policy of the Party and Government. On December 26th, 2007, Vietcombank's initial public offering (IPO) successfully took place. The event was the largest IPO up to that point and added a record-setting VND 10 trillion to the State budget.

June 2008

OPERATING AS A JOINT STOCK COMMERCIAL BANK

On June 2nd, 2008, Vietcombank officially completed its transformation and commenced operation as a joint stock commercial bank.

June 30th, 2009

LISTING OF SHARES ON THE HO CHI MINH STOCK EXCHANGE (HOSE)

Vietcombank shares were officially listed on the Ho Chi Minh Stock Exchange on June 30th, 2009, representing transparency of information, and attracting attention of numerous domestic and overseas investors.



September 30th, 2011

SIGNING A STRATEGIC SHAREHOLDERS AGREEMENT WITH MIZUHO CORPORATE BANK

On September 30th, 2011, Vietcombank once again took the first step forward by selling stakes to a foreign shareholder and entering into a Strategic Partner Agreement with Mizuho Corporate Bank, a member of Mizuho Corporation – the 3rd largest financial corporation in Japan and the 20th largest financial corporation in the world. This was the largest regional M&A transaction of the year, proof of foreign investors' confidence in the future development of Vietnam financial market in general and Vietcombank in particular.

March 31st, 2013

LAUNCHING A NEW BRAND IDENTITY

Celebrating its 50th anniversary, Vietcombank officially launched a new brand identity, marking significant successes and transformations, at the same time preparing for a new stage of development.

The new Vietcombank brand has its own distinctive personalities with core values as Innovative, Continuous, Caring, Connected, Unique and Secure. These core values not only channel the continuity of the Bank's history but also show a commitment to always accompany valuable clients who have trusted the Bank through half a century of development.



ESTABLISHMENT AND DEVELOPMENT HISTORY (continued)

Period of 2014–2019 MAKING BREAKTHROUGHS AND CONQUERING NEW HEIGHTS

During this period, Vietcombank built a comprehensive strategy to 2020; Approving information technology strategy with the motto of acceleration and demand fulfillment; building and approving restructuring plan in 2020, etc. These were strategic directions and prerequisites for Vietcombank to develop and implement plans for its sustainable development in the new period, which was the foundation for the stage of conquering the new heights.

The period of 2014–2019 witnessed comprehensive and impressive shifts in both business operations and corporate governance. The business was rapidly scaled up. The profit before tax in 2019 reached VND 23,000 billion (equivalent to USD 01 billion), which was nearly 4 times higher than that 5 years ago and achieved the goal of the restructuring plan one year earlier. Vietcombank was one of the two biggest taxpayers among all listed companies in the country. The operation network was expanded domestically and internationally: In 2019, Vietcombank opened its Representative Office in the US, marking the first presence of a Vietnamese bank in the world's largest financial hub.

In addition to business activities, Vietcombank was also proactive in social activities, building up the image of a green bank for the communities. Its reputation and brand image were continuously improved, thereby the bank was given many prestigious awards by domestic and international organizations: The national brand for 5 consecutive years; the strongest bank in Vietnam; among the most trustworthy banks ranked by Moody's; the leading Vietnamese enterprise in Top 2,000 largest public companies by Forbes, etc.

These recent successes boosted Vietcombank to become one of Asia's 100 strongest banks, one of the world's 300 largest financial-banking groups and the 1,000 largest listed companies which greatly contributed to the development of Vietnam.

July 15th, 2015 IMPLEMENTING BASEL II CAPITAL AGREEMENT, BECAME THE FIRST BANK IN VIETNAM OFFICIALLY RECOGNIZED AS BASEL II COMPLIANT

The kick-off ceremony for the Basel II Capital Agreement at Vietcombank was held on July 15th, 2015. Projects under the Basel II program were evaluated as the largest transformation activities, covering all risk management areas of the bank. After 3 years of implementation, on November 28th, 2018, Vietcombank was officially recognized by the State Bank of Vietnam's Governor as the first bank in Vietnam meeting Basel II standards and was allowed to apply Circular No. 41 one year earlier than required.



December 18th, 2017 LAUNCHING THE SWIFT GPI PROJECT, BECAME THE FIRST BANK IN VIETNAM CERTIFIED BY SWIFT TO MEET GPI STANDARDS

Vietcombank was the first Vietnamese bank to register and officially implement the Global Payments Innovation Initiative (SWIFT GPI) in December 2017. This project was completed in 6 months as committed with SWIFT. In June 2018, Vietcombank became the first bank in Vietnam certified by SWIFT to meet GPI standards and the 60th GPI certified bank in the world. The success of the project showed the effort and the determination of Vietcombank to improve the quality of payment services and uphold its market-leading position in international payment operations not only in Vietnam but also in the eyes of foreign partners.

ESTABLISHMENT AND DEVELOPMENT HISTORY (continued)



April 1st, 2018

CELEBRATING THE 55th ANNIVERSARY OF VIETCOMBANK

In 2018, celebrating 55 years of operation, Vietcombank has showcased remarkable strength and continues to hold its pioneering position within the Vietnam banking industry.

On the occasion of its 55th birthday, Vietcombank was awarded the President's First-Class Labor Medal to honor its achievements. In a congratulatory letter addressed to all Vietcombank employees, the General Secretary of the Vietnam Communist Party's Central Committee – Mr. Nguyen Phu Trong, the Prime Minister – Mr. Nguyen Xuan Phuc and the Governor of the State Bank of Vietnam – Mr. Le Minh Hung, all expressed a strong belief in the potential for Vietcombank to become not only the top bank in Vietnam, but also one with sizable regional and international presence.



October 19th, 2018

OPENING OF VIETCOMBANK LAOS

Vietcombank's subsidiary bank in Laos is located at No. 12, unit 15, Lanexang Avenue, Hatsady Village, Chanthabouly District, Vientiane Capital, Lao PDR. This is the first time in the history of branch network development that Vietcombank established a 100% foreign-owned bank, which was a strategic step for its presence in Southeast Asia and its international expansion.

December 28th, 2018

SUCCESSFULLY INCREASING TIER-I CAPITAL, BECAME THE BANK WITH THE HIGHEST OWNER'S EQUITY IN VIETNAM



On December 28th, 2018, Vietcombank received approval from the Government and the Governor of the State Bank of Vietnam to increase its charter capital through the sale of shares to foreign investors, including GIC and Mizuho, with a total transaction value of VND 6,168 billion. The successful sale of shares to GIC – an investment fund controlled by the Singapore Government, not only attested to the prestige, position, and potential of Vietcombank but also showed foreign investors' increasing confidence in the Vietnamese banking industry. The capital increase not only resulted in a higher capital safety standard for Vietcombank but also increased VND 3,783 billion for the State budget. The charter capital of Vietcombank was raised to VND 37.1 trillion (equivalent to USD 1.6 billion), creating a strong capital foundation for the Bank to meet Basel II standards in terms of capital safety while maintaining its growth momentum following the set targets.

ESTABLISHMENT AND DEVELOPMENT HISTORY (continued)



November 1st, 2019 OPENING A REPRESENTATIVE OFFICE IN NEW YORK, US

On November 1st, 2019, Vietcombank's Representative Office was officially launched in New York under the approval of the U.S. Federal Reserve Board, making Vietcombank the first Vietnamese bank to fulfill strict requirements to enter the US market. This is proof that Vietcombank's operations are in full compliance with international standards to be part of dynamic financial markets worldwide.



June 25th, 2019 CONCLUDING A 200 MILLION USD CREDIT CONTRACT WITH JBIC, SPONSORING RENEWABLE ENERGY PROJECTS IN VIETNAM

Green credit is a global development trend playing an important role in promoting sustainable socio-economic development and realizing nations' green growth strategy. This is a syndicated loan provided by JBIC and 4 leading commercial banks of Japan to invest in green energy projects aiming to protect Vietnam's environment. Vietcombank was the first bank in Vietnam to be granted this loan by JBIC to optimize positive social and environmental impacts for the sustainable economic development, regional integration, and environmental protection in Vietnam.



June 25th, 2019 CONCLUDING THE DISTRIBUTION AGREEMENT TO ESTABLISH AN EXCLUSIVE 15-YEAR BANCASSURANCE PARTNERSHIP WITH FWD GROUP

The historic cooperation agreement with FWD Group which is specialized in digital applications in all insurance operations reflected Vietcombank's strong efforts in digital transformation and retail operation to achieve the set goals and build a leading bancassurance franchise in the region.



SERVICES AND BUSINESS NETWORK

BANKING SERVICES

- Deposits;
- Loans;
- Discounting, re-discounting of bills and other valuable papers;
- Guarantees;
- Domestic and foreign factoring;
- Credit cards;
- Settlement and banknotes;
- Foreign exchange in domestic and international markets in accordance with relevant regulations;
- Correspondent banking;
- Other services as per the bank's Business Registration.

BRANCH NETWORK COVERAGE

As at December 31, 2019, Vietcombank has 111 branches and 472 transaction offices, operating in 53/63 provinces and cities across the country: 23 branches in the North (20.7%); 15 branches in Ha Noi (13.5%); 14 branches in Northern- Central region (12.6%); 12 branches in the Southern-Central and Highland Regions (10.8%); 18 branches in Ho Chi Minh City (16.2%); 14 branches in Eastern-Southern Region (12.6%); and 15 branches in the Western-Southern Region (13.5%).

Vietcombank established and maintained financial relationships of 1,316 correspondent banks in 102 countries and territories around the world.

1,316

correspondent banks in 102 countries and territories around the world

111

Branches

472

Transaction offices

53/63

Provinces and cities

102

Countries and territories around the world

10 NOTABLE EVENTS OF VIETCOMBANK IN 2019



BREAKTHROUGH IN PROFIT, USD 01 BILLION, AMONG THE TOP 200 MOST PROFITABLE FINANCIAL AND BANKING GROUPS IN THE WORLD

In 2019, Vietcombank continued to achieve impressive breakthroughs and new records, becoming the first Vietnamese bank to reach USD 01 billion in profit and to be listed in the Global Top 200 profitable financial and banking groups.

These achievements proves that Vietcombank is on the right track with its business transformation strategy that focuses on 3 key pillars: Retail, services and investment (treasury) to achieve the goals of high quality of growth, safety, efficiency, and sustainable development while reflecting the dedication and hard work of its 18,000 employees.

PROFIT BEFORE TAX (VND BILLION)

23,122

EQUIVALENT TO USD 01 BILLION
UP 26.6% OVER 2018



THE FIRST PRESENCE OF A VIETNAMESE COMMERCIAL BANK IN THE US; THE FIRST BANK TO BE APPROVED BY THE STATE BANK TO ESTABLISH NEW BRANCH IN AUSTRALIA FOR CONTINUOUS EXPANSION OF THE FOREIGN NETWORK

In 2019, Vietcombank's Representative Office was officially launched in New York under the approval of the U.S. Federal Reserve System, making Vietcombank the first Vietnamese bank to fulfill strict requirements to be present in the US market, thereby confirming that Vietcombank's operations met fully international standards to expand and present in the dynamic financial markets worldwide.

THE FIRST PRESENCE OF A VIETNAMESE COMMERCIAL BANK IN THE UNITED STATES



10 NOTABLE EVENTS OF VIETCOMBANK IN 2019 (continued)



CONCLUDING THE DISTRIBUTION AGREEMENT TO ESTABLISH AN EXCLUSIVE 15-YEAR BANCASSURANCE PARTNERSHIP WITH FWD GROUP

The historic cooperation agreement with FWD Group which is specialized in digital applications in all insurance operations reflected Vietcombank's strong efforts in digital transformation and retail operation to achieve the set goals, and building a leading bancassurance in the region.



INVESTMENT BY GIC AND MIZUHO (USD million)

265

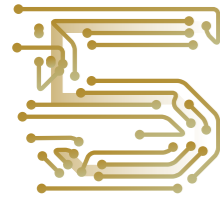
EQUIVALENT TO VND 6.2 TRILLION



SUCCESSFULLY ISSUING OVER 111 MILLION PRIVATE SHARES TO GIC AND MIZUHO, CONTINUING TO BE THE MOST WELL-CAPITALIZED BANK IN VIETNAM WITH USD 14 BILLION

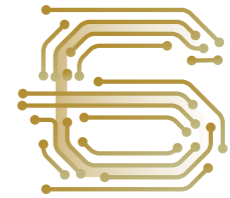
The GIC and Mizuho's investment of USD 265 million (equivalent to VND 6.2 trillion) raised Vietcombank's charter capital to VND 37.1 trillion (equivalent to USD 1.6 billion), a strong capital foundation for meeting Basel II standards of capital safety while maintaining its growth momentum following the set targets. This transaction demonstrated the confidence and interest of international investors in Vietnam.

10 NOTABLE EVENTS OF VIETCOMBANK IN 2019 (continued)



ESTABLISHING THE DIGITAL BANKING CENTER IN VIETNAM, STRIVING TO BECOME THE LEADING BANK IN DIGITAL TRANSFORMATION

Vietcombank is the first large bank to put a Digital Banking Center in to operations in Vietnam. In 2019, the "Digital Banking Transformation" project was kicked off to boost the development of digital business models in order to improve customer satisfaction through digitized experience when using data and technology.



THE FIRST BANK TO LAUNCH THE DOMESTIC CONTACTLESS CARD UNDER VCCS

Chip card technology, especially contactless chips that Vietcombank pioneered applying will open a new future for payment in many fields such as smart transportation (ticket payments for bus, BRT, subway, parking lot, toll stations, etc.) or education and medical with the issuance and payment by student cards, insurance cards, hospital cards, etc.

This step was considered to be in line with the global trend to eliminate the existing issues of credit card frauds. This event also made Vietcombank the largest bank supporting contactless payments in the market, which was in line with the national strategy of developing smart cities and cashless society.



PIONEERING DOMESTIC ENTERPRISE SUPPORT WITH 3 TIMES OF CUTTING INTEREST RATES IN 2019, OFFERING THE BEST INTEREST RATES IN THE MARKET (5%)

Under the Government's guidelines and the SBV's directions in improving the business environment, focusing on difficulty removal and growth promotion for businesses, in 2019, Vietcombank pioneered in supporting businesses by cutting the lending interest rates 3 times, in which, the lending interest rates was cut for 5 priority sectors twice, and it was cut by 0.5% once for businesses with outstanding loans at Vietcombank to facilitate their production and business activities.

These practical actions demonstrated Vietcombank's strong commitment in actively implementing policies provided by the Government and the SBV, and striving for the common goal of socio-economic development.



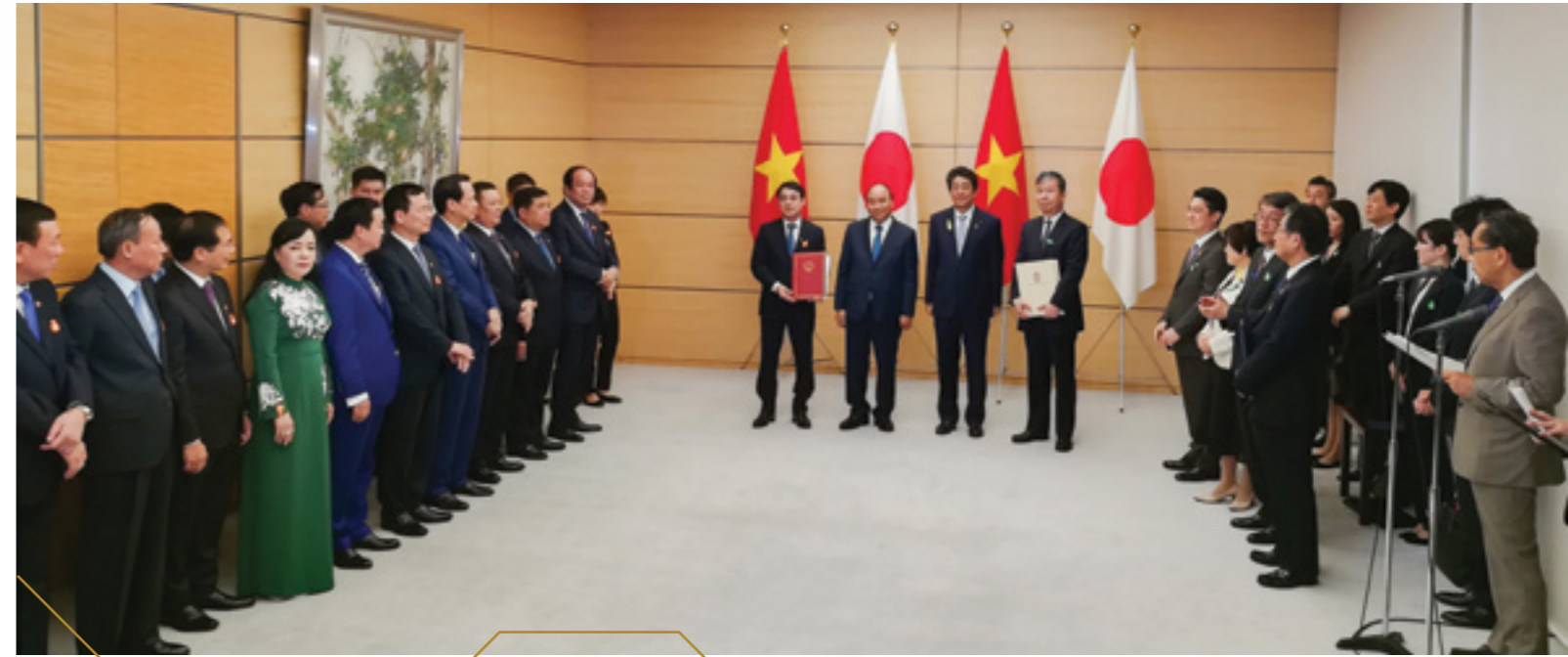
10 NOTABLE EVENTS OF VIETCOMBANK IN 2019 (continued)



THE BIGGEST CORPORATE INCOME TAX PAYING BANK IN VIETNAM; BANK WITH BEST WORKING ENVIRONMENT IN VIETNAM

According to information obtained from the General Department of Taxation, Vietcombank continued to be the biggest corporate income tax payer amongst banks in Vietnam for 2019 and one of two biggest corporate income tax payer amongst all enterprises. This result recognized important contributions of Vietcombank to the State budget. It also affirmed the Bank's outstanding effectiveness in business operations.

In 2019, Vietcombank was again nominated as the bank with the best working environment in Vietnam by Anphabe – a pioneer in consulting employer branding solutions and happy working environment in Vietnam and Intage – a leading market research company in Japan.



CO-HOSTING THE "FOR A GREEN VIETNAM" PROGRAM AND BECOMING THE FIRST BANK TO BE GRANTED A CREDIT LINE OF USD 200 MILLION BY JBIC TO SUPPORT RENEWABLE ENERGY PROJECTS IN VIETNAM

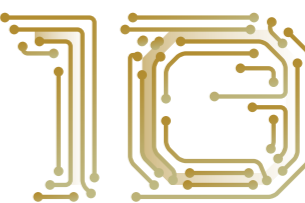
To achieve the goal of becoming a Green bank with sustainable development for the community, Vietcombank co-organized the program "For a Green Vietnam". This program was aimed to raise the awareness, responsibility and promote the determination and creativity of officers, unionists, and adolescents nationwide in planting, caring, and protecting trees for the purposes of environmental protection, climate change response and sustainable development.

In 2019, Vietcombank was the first bank to be granted the credit line of USD 200 million by JBIC to support renewable energy, green energy, and environmental protection projects in Vietnam.

"BEST BANK IN VIETNAM" - EUROMONEY

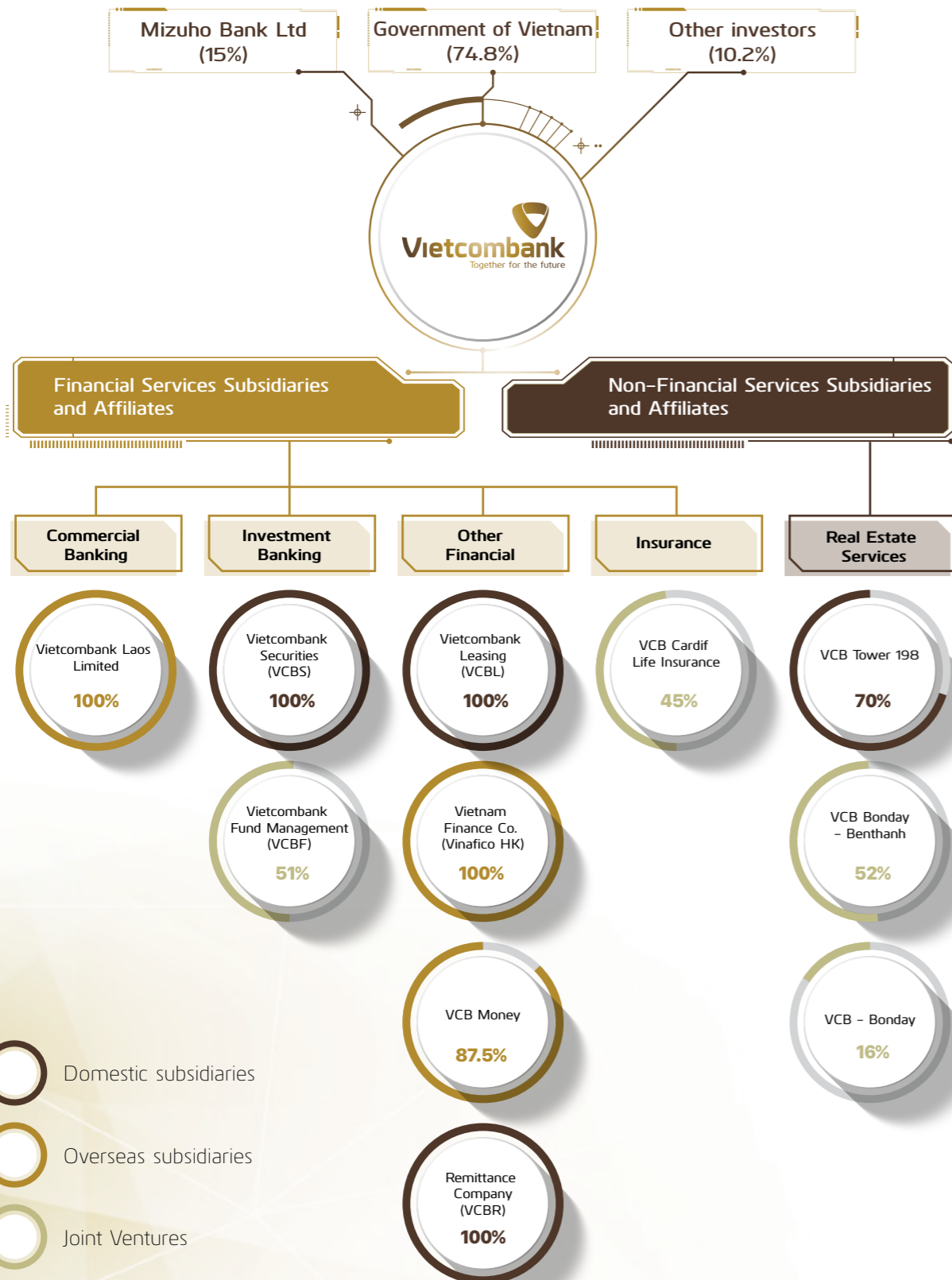
In 2019, Vietcombank was honored to be the only bank in Vietnam awarded the "Best Bank in Vietnam" by Euromoney. "Best Bank" in the "Awards for Excellence" is the world's most prestigious award in the banking and finance sector given by Euromoney to leading banks in 100 countries worldwide.

Vietcombank was named as the "Best Bank in Vietnam" by Euromoney based on the criteria of sustainable development, business results, risk management, information technology, efficient governance, and contributions to the domestic banking and financial market.

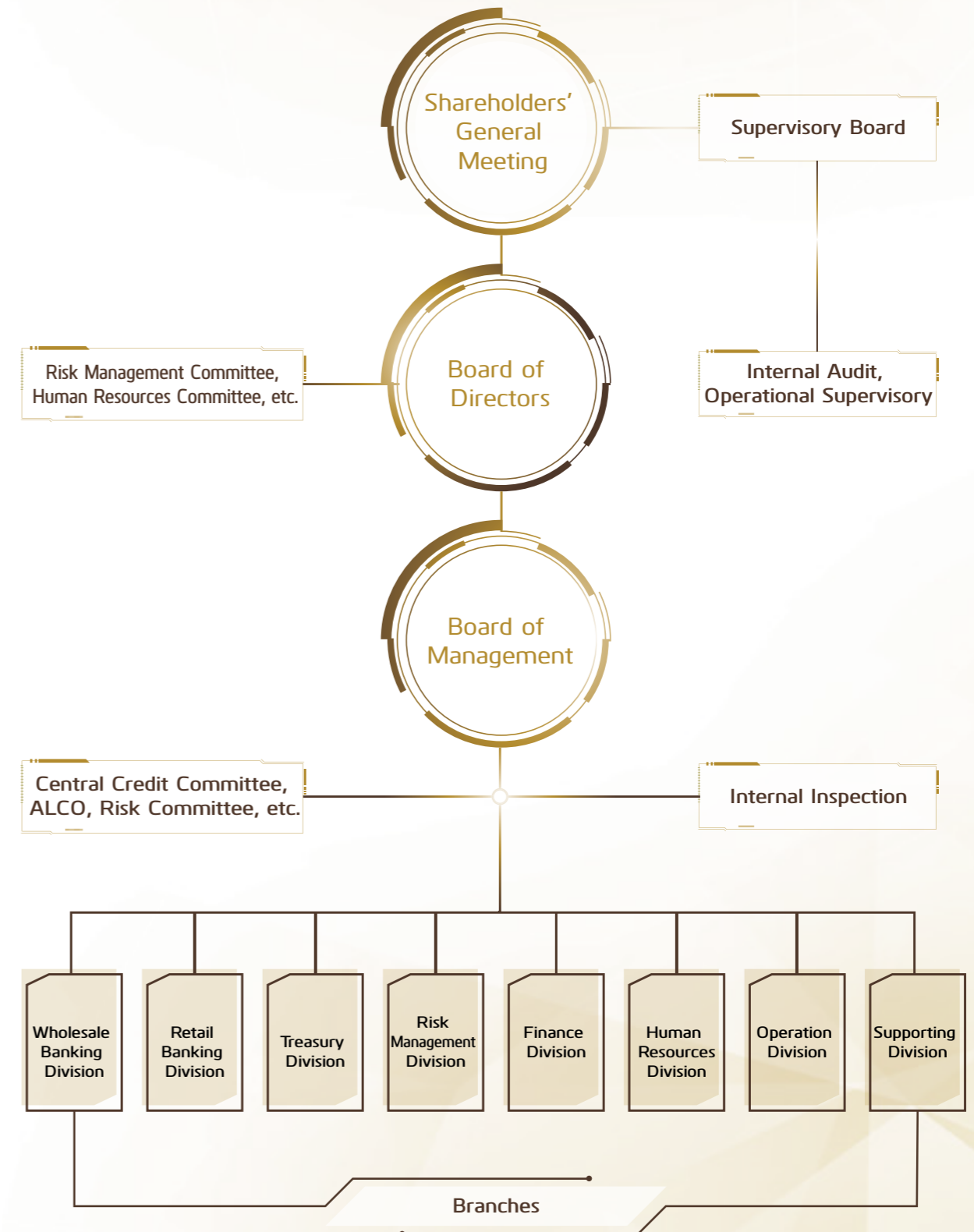


CORPORATE GOVERNANCE MODEL & MANAGEMENT STRUCTURE

CORPORATE GOVERNANCE MODEL



MANAGEMENT STRUCTURE

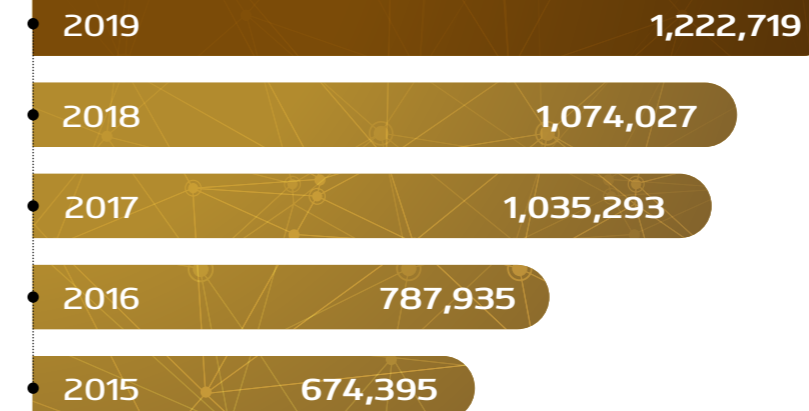


KEY FINANCIAL RATIOS 2015 - 2019

Unit: VND billion, %

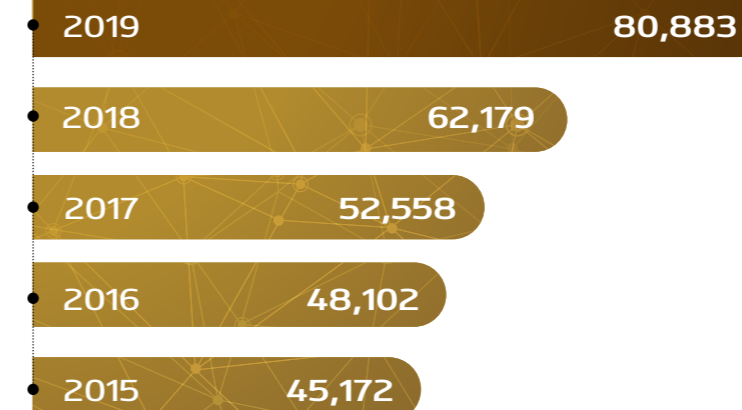
	2015	2016	2017	2018	2019
KEY BUSINESS INDICATORS					
Total assets	674,395	787,935	1,035,293	1,074,027	1,222,719
Shareholder's equity	45,172	48,102	52,558	62,179	80,883
Gross loans/Total assets ratio	57.4%	58.5%	52.5%	58.8%	60.1%
Non-interest income	5,749	6,352	7,469	10,870	11,153
Total operating income	21,202	24,886	29,406	39,278	45,730
Total operating expense	(8,306)	(9,950)	(11,866)	(13,611)	(15,818)
Net operating income before loan loss provision	12,896	14,929	17,540	25,667	29,913
Loan loss provision	(6,068)	(6,406)	(6,198)	(7,398)	(6,790)
Profit before tax	6,827	8,523	11,341	18,269	23,122
Corporate income tax	(1,495)	(1,672)	(2,231)	(3,647)	(4,596)
Profit after tax	5,332	6,851	9,111	14,622	18,526
Net profit for the year	5,314	6,832	9,091	14,606	18,511
PROFITABILITY AND KEY RISK INDICATORS					
• <i>Profitability ratios</i>					
NIM	2.58%	2.63%	2.66%	2.94%	3.10%
ROAE	12.03%	14.69%	18.09%	25.49%	25.90%
ROAA	0.85%	0.94%	1.00%	1.39%	1.61%
• <i>Key risk indicators</i>					
Gross loans (including corporate bonds)/ Total Deposits ratio	76.76%	76.71%	76.74%	77.68%	78.09%
Non-Performing loan ratio	1.79%	1.46%	1.11%	0.97%	0.78%
Capital adequacy ratio (CAR)	11.04%	11.13%	11.63%	12.14%	9.34%

TOTAL ASSETS (VND BILLION)



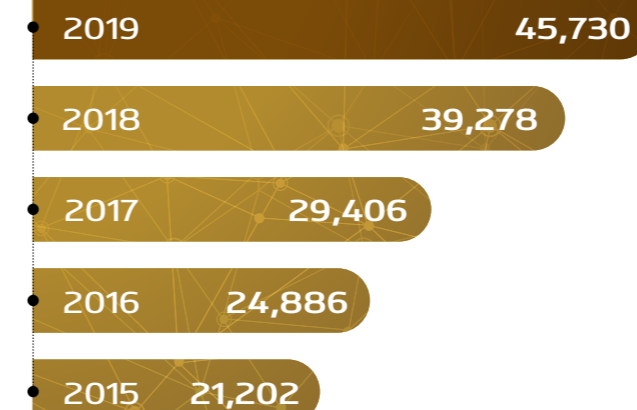
1,222,719
Up 13.8% over 2018

SHAREHOLDER'S EQUITY (VND BILLION)



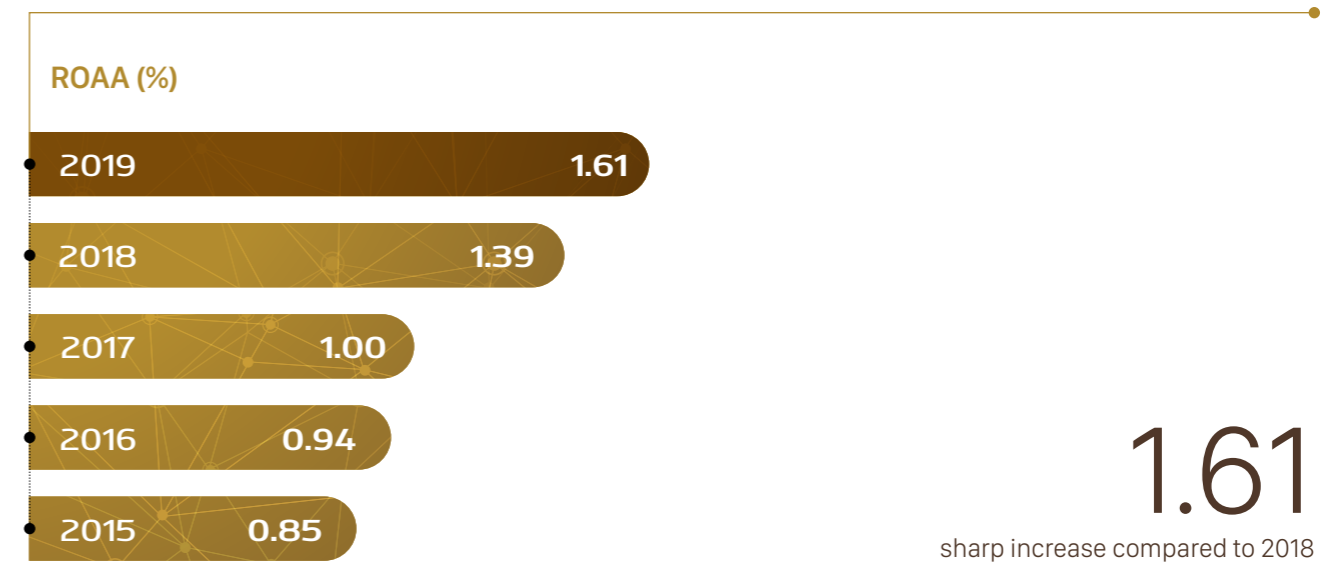
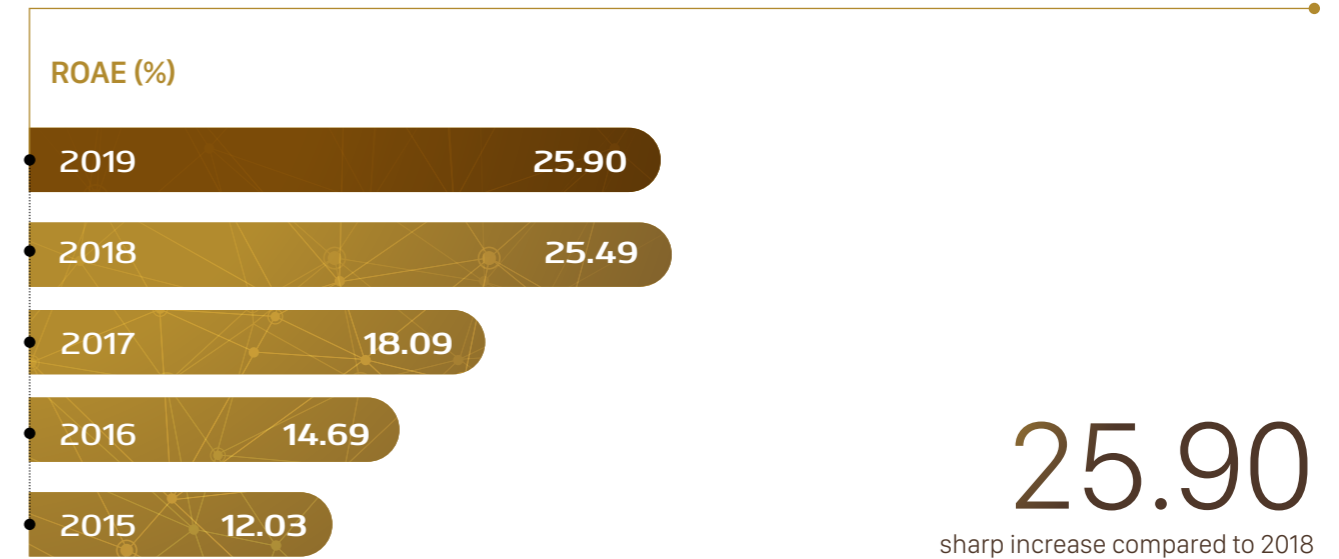
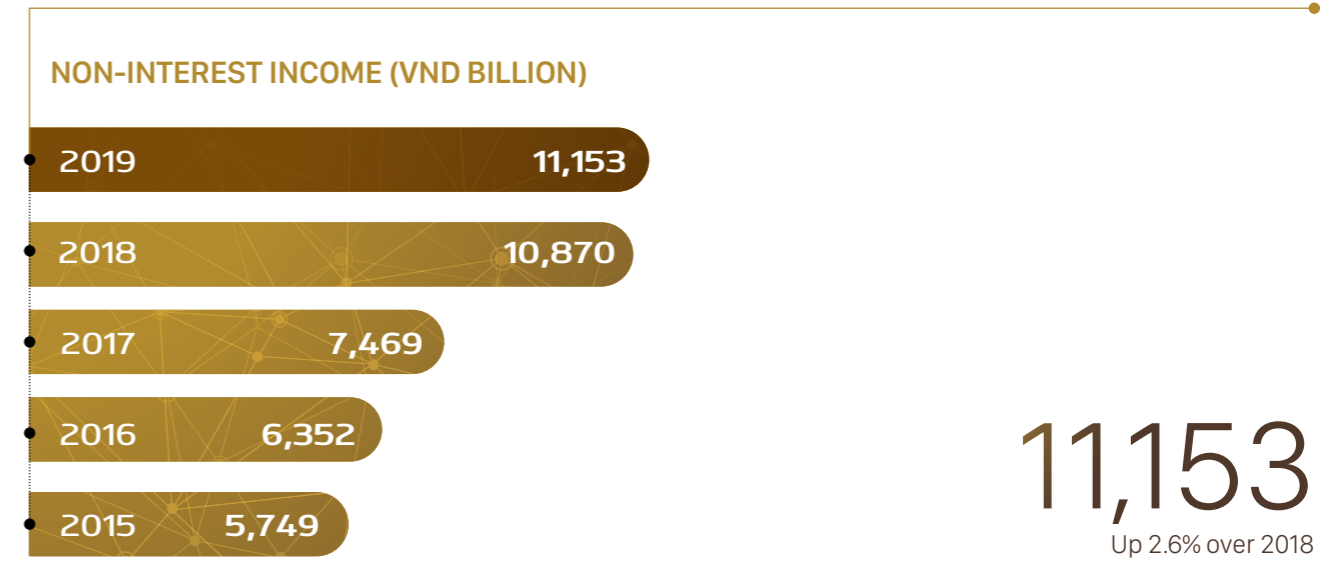
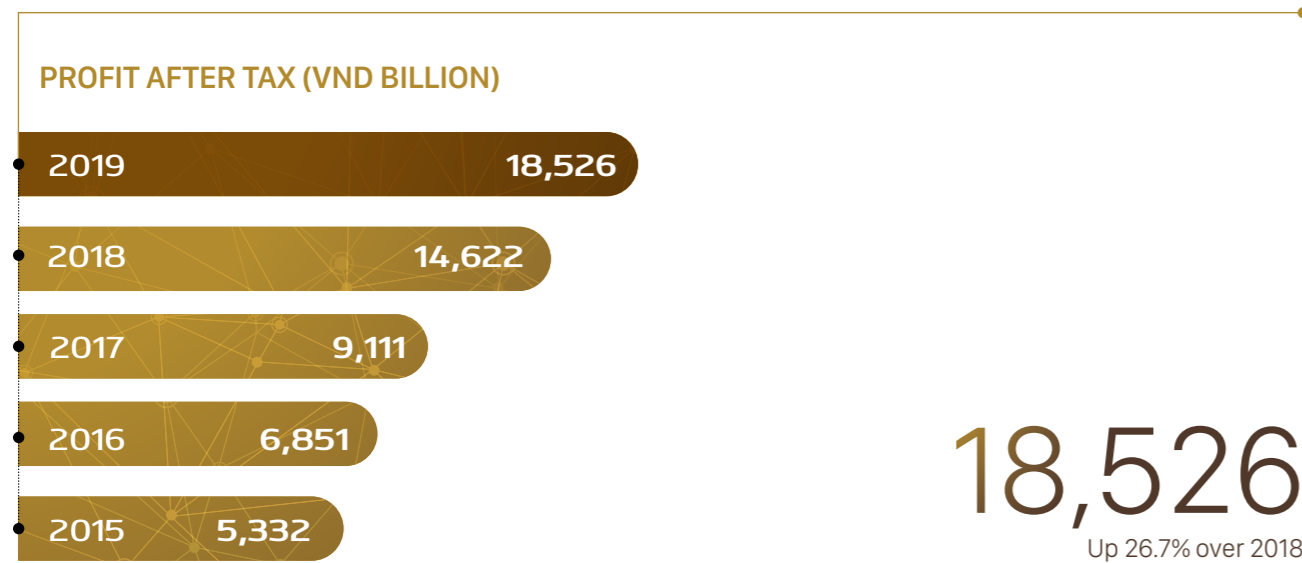
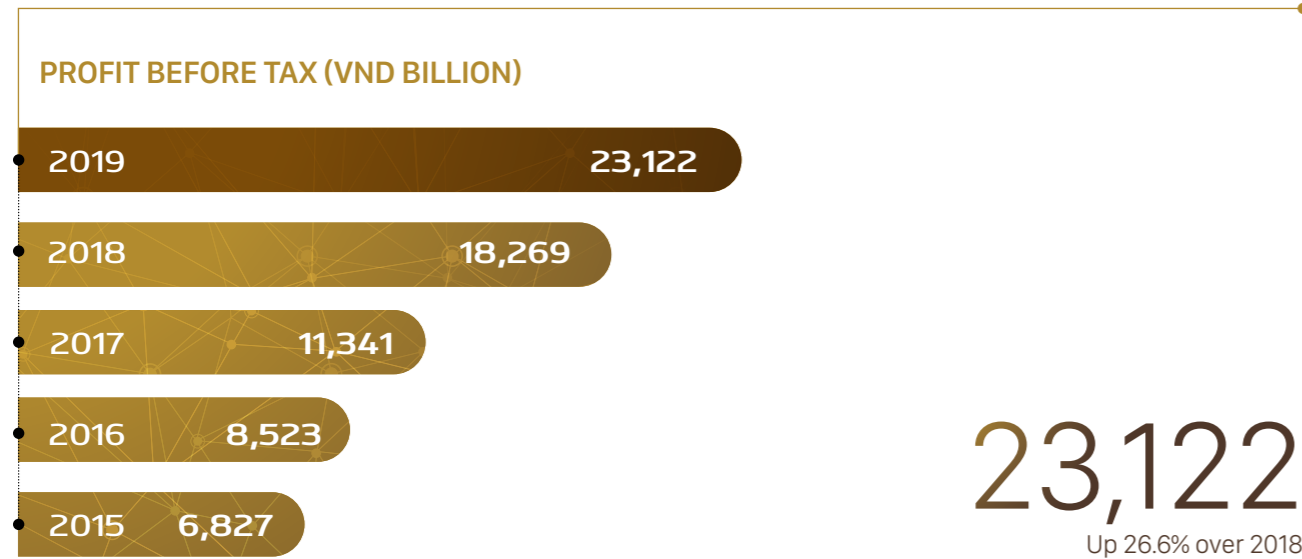
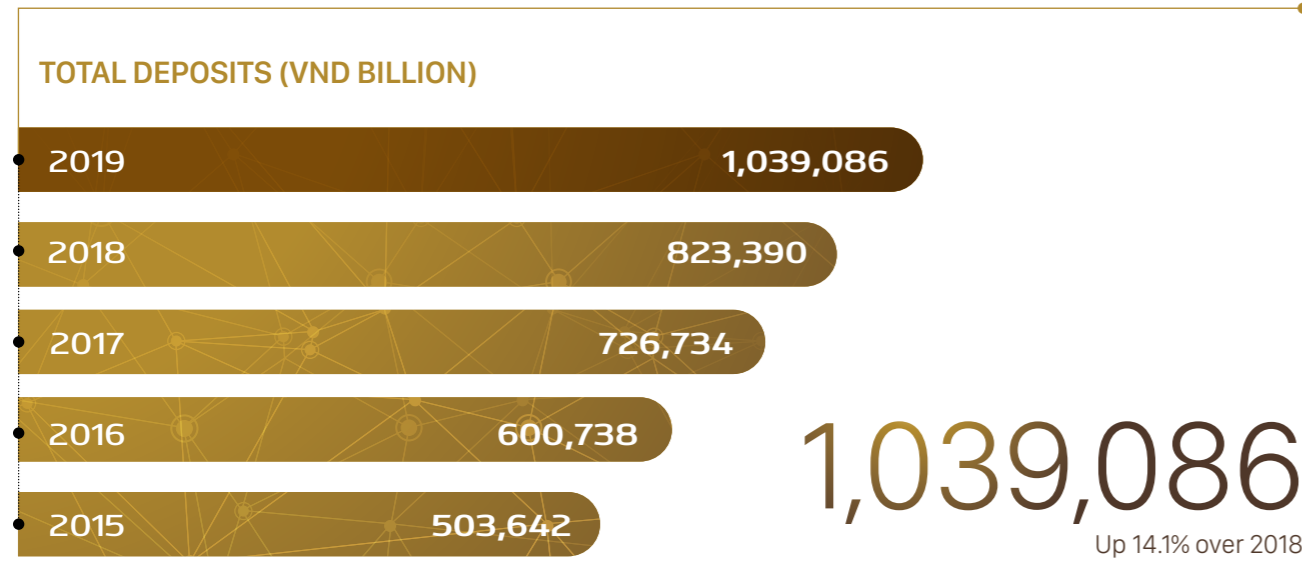
80,883
Up 30.1% over 2018

TOTAL OPERATING INCOME (VND BILLION)



45,730
Up 16.4% over 2018

KEY FINANCIAL RATIOS 2015 - 2019 (continued)



DEVELOPMENT STRATEGY

VISION

THE NUMBER 1 BANK IN VIETNAM

► The number 1 bank in Vietnam, striving to be one of the 100 largest banks in Asia, one of the 300 largest banking groups in the world and governed by the best international practices.

► In the next phase (after 2020), Vietcombank aims to maintain its position as the No.1 bank in Vietnam and gradually reinforce its regional presence.

STRATEGIC OBJECTIVES TOWARDS 2020



No.1 in retail banking and Top 2 in wholesale banking

Consolidate wholesale activities and strengthen retail activities to form a basis for sustainable development. Maintain and expand the existing domestic market while selectively developing the overseas market.



Bank with largest profit and high profitability

Optimize cost-to-income ratio, improve cost efficiency, increase scale and shift to high and sustainable income structure. Ensure safety indicators in accordance with the regulations of the State Bank of Vietnam and the objectives of Vietcombank. Improve the efficiency of investment activities and operations of subsidiaries.



No. 1 bank in customers' satisfaction

Increase quantity and sales from customers, diversify products, develop advanced banking services based on modern technology to maximize customer satisfaction.



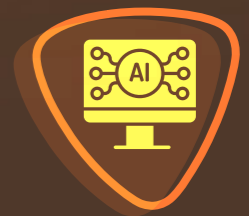
No. 1 bank in quality of human resources

Improve the quality of human resources through recruitment, training policies, rotation and appointment of staff; enhance staff loyalty and productivity.



Best bank in risk management

Adopt international standards in managing risks and continuously improve risk management culture.



No. 1 bank in digital transformation

Build advanced technological infrastructure to meet requirements of business development, especially in digital banking services and of transformation projects to improve competitiveness; accelerate digital banking transformation.

2019 AWARDS

2019 is a successful year for Vietcombank. What Vietcombank accomplished has strongly affirmed its position and brand domestically, regionally, and internationally, which sets a premise for Vietcombank to readily enter a new stage of development and conquer new heights.

In addition to achieving impressive results in all business aspects and exceeding all planned targets, Vietcombank continued to be honored with prestigious awards by domestic and international reputable organizations. These awards once again affirm Vietcombank's remarkable growth on its way to winning customers and sailing the vast sea.

DOMESTIC AWARDS

TOP 10 VIETNAMESE EXCELLENT BRANDS IN 2019

In April 2019, The Vietnam Economic Times held the 18th annual Golden Dragon Awards and Vietnamese Excellent Brands 2019 Festival with the theme of "New Prestige, New Opportunity" in Hanoi to announce and honor the Top 100 enterprises recognized as Golden Dragon and Vietnam Excellent Brands in 2018.

Both FDI and Vietnamese enterprises were voted and recognized based on their outstanding achievements in production and business activities, proactive innovation, digital transformation, and contributions to the community development. Vietcombank was honored in the Top 10 Vietnamese Excellent Brands in 2019.



As the representative of Vietcombank, Mr. Pham Manh Thang – Deputy CEO received the cup of the Top 10 Vietnamese Excellent Brands at the event.



As the representative of Vietcombank, Mr. Dang Hoai Duc – Deputy CEO (in the middle) received the honor presented by Forbes Vietnam.

VIETCOMBANK HONORED AS THE LARGEST BANK BY MARKET CAPITALIZATION (OVER USD 10 BILLION) BY FORBES VIETNAM

In June 2019, Forbes Vietnam announced the list of the 50 best listed companies in 2019. In the financial sector, Vietcombank was honored to be the only representative among the large-scale state-owned credit institutions to remain on the list of nominations for the 7th consecutive year.

Forbes Vietnam reviewed: In 2018, Vietcombank recorded profit of VND 14,605 billion which grew 60% from a year earlier and ranked highest in the Vietnamese banking system. This figure was VND 2 trillion higher than the combined profits of VietinBank and BIDV. In the stock market, Vietcombank has become the champion of profit for the first time, surpassing such big names as Vinhomes, Vinamilk, and PV Gas. Accordingly, Vietcombank has now become the Vietnam's largest bank by market capitalization of over USD 10 billion.

LEADER IN BEST-PERFORMING BILLION DOLLAR COMPANIES IN VIETNAM

In June 2019, Nhip Cau Dau Tu (Investment Bridge) Magazine held a ceremony in Ho Chi Minh City to announce and honor the "Vietnam's 50 best-performing companies" (Top 50). Vietcombank was listed in the Top 50 for the 7th year in a row and became the leading bank among the best-performing billion-dollar businesses in Vietnam.

The Investment Bridge Magazine reviewed: "Vietcombank recorded its revenue growth rate to double in the period of 2015 – 2018 up to 21.8% and the return on equity (ROE) to remain high compared to the industry average (16.2%). In the stock market, the bank's share price has increased by 73.5% over the past 3 years, making Vietcombank a "must-have" stock in large funds' investment portfolio".



Mrs. Phan Thi Thanh Tam – Deputy Chief Representative in the South (the third from the left) received the award of "Top 50 best-performing companies in Vietnam".

2019 AWARDS (continued)

DOMESTIC AWARDS (continued)

HONORED AS THE MOST VALUABLE BANK BRAND IN VIETNAM FOR THE THIRD CONSECUTIVE YEAR

In July 2019, Forbes Vietnam announced the list of Top 50 leading brands. According to the list, Vietcombank was the only bank named in the Top 10 leading brands with a brand value of USD 246.5 million (up USD 68.6 million from 2018) which was 98.5 million USD and 105.4 million USD higher than that of the 2nd and the 3rd bank, respectively, and made the bank a market leader. It was the third consecutive year Vietcombank had been voted as the most valuable bank brand by Forbes Vietnam.

Bank	Brand value (USD million)		Brand value change (USD million)	Brand value change (%)
	2018	2019		
Vietcombank	177.9	246.5	68.6	38.6
BIDV	148	146.2	1.8	1.2
Techcombank	141.1	89.2	51.9	58.2
VietinBank	139.9	153.6	-13.7	-8.9
VPBank	138.3	99.2	39.1	39.4



Representative of Vietcombank (in the middle) received the award of Top 10 Prestigious Commercial Banks in Vietnam 2019.

VIETCOMBANK REMAINED MOST PRESTIGIOUS BANK IN VIETNAM

In August 2019, a ceremony in honor of the Top 10 Prestigious Commercial Banks in Vietnam and Top 10 Prestigious Listed Companies 2019 was held by Vietnam Report JSC (Vietnam Report) in Hanoi. Vietcombank once again ranked the first in the Top 10 Prestigious Commercial Banks in Vietnam. It was the third consecutive year Vietcombank had been honored to receive this title. The ranking was based on an independent and unbiased study that has been published annually by Vietnam Report since 2016. The study employed the Media Coding method combined with in-depth research on key industries with high growth potential.

At the ceremony, Vietcombank was also honored in the Top 10 Prestigious Listed Companies 2019 by Vietnam Report.



Representative of Vietcombank received the award from the organizing committee.

LEADER IN TOP 500 MOST PROFITABLE COMPANIES IN VIETNAM 2019

In November 2019, the Announcement of Top 500 Most Profitable Companies in Vietnam 2019 was held by Vietnam Report and VietNamNet. With impressive business results, Vietcombank led the banking sector in profit scale and proudly made its way into the Top 10 most profitable companies in Vietnam in Profit 500 2019, maintaining the leadership position among the ranked banks.

Vietcombank ranked 4th among Top 10 most profitable companies, up 3 places from 2018.

The accolade affirmed Vietcombank's leading position in the banking industry. The bank also aims to become the No. 1 bank in Vietnam, one of the 100 banks in the region, one of the 300 largest financial banking groups in the world and governed by the best global practices by 2020.

BANK WITH BEST WORKING ENVIRONMENT IN VIETNAM

According to the survey "100 Best Places To Work in Vietnam 2018" conducted by Anphabe and market research firm Intage, Vietcombank continued to affirm its position as the bank with the most attractive working environment, ranking the 1st in the banking sector and the 2nd in the overall Vietnamese market, up 2 places from 2017. The bank also entered the "Top 50 Vietnamese Enterprises with Most Attractive Employer Brand".

Anphabe reviewed: "This is not only the achievement of the management and human resources department but also a testament to the efforts of each Vietcombank employee in building an ideal working environment together and spreading positive feelings of the company to the outside."



VIETNAM'S LARGEST TAX PAYING BANK

In October 2019, the General Department of Taxation (Ministry of Finance) announced the list of 1,000 largest corporate income taxpayers in Vietnam 2018. Vietcombank continued to be the largest tax-paying bank in Vietnam and one of the 2 largest taxpayers amongst all listed enterprises.

This result recognized important contributions of Vietcombank to the State budget. It also affirmed the Bank's outstanding effectiveness in business operations.

2019 AWARDS (continued)

INTERNATIONAL AWARDS



Mr. Thomas William Tobin – Retail Banking Group Director (the 2nd from the left) received the award presented by The Asian Banker.

"BANK WITH BEST MOBILE BANKING INITIATIVE IN VIETNAM" - ASIAN BANKER

In January 2019, within the framework of the Conference on The Prospect of Banking and Financial Services, the Asian Banker (TAB) solemnly organized the awarding ceremony of "Vietnam National Award 2019." Vietcombank was honored to receive the "Best mobile banking initiative in Vietnam" award.

This award was based on an objective selection and evaluation process conducted by a group of senior researchers with experience in assessing over 200 financial institutions across the globe which provided accurate standards for business performance of more than 25 Vietnamese financial institutions during the year in many different areas.

ONLY VIETNAMESE BANK NAMED IN TOP 30 STRONGEST BANKS IN ASIA-PACIFIC

In February 2019, The Asian Banker Magazine released its ranking of 500 strongest banks in Asia-Pacific. The Asian Banker compiled a list of the top 500 banks ranked by assets and a few other criteria (AB500 Rank) and another of the 500 strongest banks ranked by confidence in the long-term profitability from their core business (Strength Rank).

14 Vietnamese banks were named in this list. In terms of the Strength Bank, Vietcombank topped the 14 Vietnamese banks in the list and ranked 29th among the top 500 banks, up 19 places from 2017.

In terms of AB500Rank, Vietcombank continued to be the top banks among Vietnamese banks in the list and ranked 169th in the regional rankings, up 19 places from the previous year.



As the representative of Vietcombank, Mr. Pham Manh Thang – Deputy CEO (the 3rd from the left) and Mrs. Phan Khanh Ngoc – Director of PR Department (the 3rd from the right) received the award presented by The Asian Banker.

BEST BANK IN VIETNAM IN TERMS OF TRANSACTION BANKING, FX AND CASH MANAGEMENT

In May 2019, within the framework of the Conference on "Financial Prospects 2019" held in Thailand, Vietcombank was awarded with the titles "Best Transaction Bank in Vietnam", "Best Foreign Exchange Service Bank in Vietnam", and "Best Cash Management Service Bank in Vietnam" by The Asian Banker (TAB).

As shown in the ratings, 2018 was a year of outstanding success for Vietcombank as the only Vietnamese bank named in the Top 30 strongest banks in Asia-Pacific. The bank was also applauded for its services in the following 3 areas: Transaction banking, foreign exchange, and cash management.

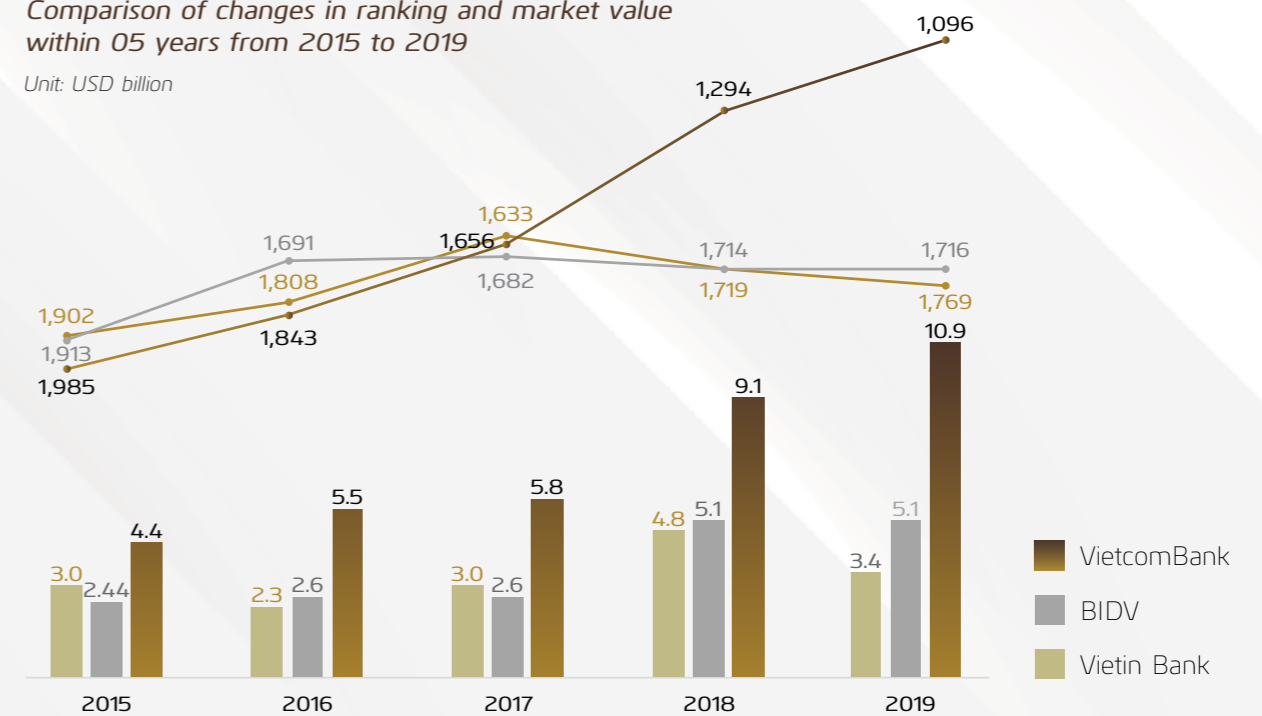
ONE OF WORLD'S LARGEST PUBLIC COMPANIES 2019 - FORBES

In Forbes' "The World's Largest Public Companies 2019", Vietcombank topped the Vietnamese companies and ranked 1,096th in the world, up 198 places from 2018. Vietcombank's market value has reached USD 10.9 billion, a threefold increase within 5 years from 2015 when the bank set out to enter the restructuring period 2016 – 2020.

Forbes calculated the rankings for companies based on their total score of revenue, profits, assets and market capitalization. It was the 17th consecutive year that Forbes had published the list of Global 2000 (2,000 largest listed companies in the world).

Comparison of changes in ranking and market value within 05 years from 2015 to 2019

Unit: USD billion



2019 AWARDS (continued)

INTERNATIONAL AWARDS (continued)



As the representative of Vietcombank, Mrs. Nguyen Thi Kim Oanh - Deputy CEO (the 2nd from the right) and Mr. Nguyen Tien Dat - Deputy Director of Planning Department (the 2nd from the left) received the "Best Bank in Vietnam" award in 2019 presented by Euromoney.

BEST BANK IN VIETNAM - EUROMONEY

In July 2019, Euromoney Magazine held the Ceremony of the "Best Bank of 2019" in Hong Kong (China). With the presence of major brands such as Credit Suisse, DBS Bank, Morgan Stanley, HSBC, Bank of America Merrill Lynch, UOB, UBS, Goldman Sachs, etc., Vietcombank was honored to be the only Vietnamese bank invited to attend the Awards Ceremony and receive the award "Best Bank in Vietnam 2019". It was the 5th time Vietcombank had received the award from Euromoney.

The "Best Bank in Vietnam" is annually awarded to a leading bank in Vietnam based on the criteria of sustainable development, business results, risk management, information technology, quality of management, and contributions to the domestic banking and financial market.

BEST BANK IN VIETNAM IN 2019 - FINANCE ASIA

In June 2019, the Ceremony "Best Bank of 2019" was held in Hong Kong (China) by Finance Asia. Vietcombank was honored to receive the "Best Bank in Vietnam 2019" award from Finance Asia. Vietcombank has won this award from Finance Asia for the 5th consecutive year.

Finance Asia recognized Vietcombank's great efforts in developing a balanced business model based on building retail sales and reducing its reliance on corporate credit. Retail market share of Vietcombank's total revenue has increased from 30% to 46%.



Mr. Nguyen Ngoc Ban - Director of Vietnam Finance Company Limited (Vinafico) in Hong Kong received the honor presented by Finance Asia

THE ONLY VIETNAMESE BANK LISTED IN TOP 100 MOST POWERFUL ENTERPRISES - NIKKEI

In July 2019, Nikkei published the Asia300 Ranking, providing an overview of businesses that are aiming to become the market leaders in the 21st century. This is Nikkei's exclusive list of the largest and fastest growing companies from economies across the continent.

5 representatives of Vietnam including Vietcombank, FPT, PetroVietnam, Vinamilk, and Vingroup were on Nikkei's Asia300 list.

Nikkei also ranked the Top 100 most powerful enterprises in this list. Three Vietnamese enterprises in the Top 100 are Vinamilk - ranked 25th, Vietcombank - ranked 54th and PetroVietnam, ranked 84th.

VIETCOMBANK WON CHAMPION SECURITY AWARD IN SOUTHEAST ASIA - VISA

In June 2019, Visa held its Champion Security Awards in China in recognition of eight banks and financial institutions in the Asia-Pacific Region. Vietcombank was the first and only nominee from Vietnam to receive such an honor.

This award recognized Vietcombank's efforts in effectively managing and combating fraud risks for years by providing innovative, modern and secure payment methods, as well as long-term commitment to build a cashless payment ecosystem which was user-friendly and safe for the community.



Vietcombank Card Center representative received the prize awarded by Visa.

No.	Company	Sector	Revenue growth	Net profit growth	Net profit margin	ROE	Equity-to-asset ratio
50	Swire Pacific	Conglomerate	96	91	30	199	59
51	Spring Airlines	Airline	64	75	125	111	102
52	Dabur India	Consumer products	202	114	87	29	46
53	Formosa Plastics	Chemicals	247	49	50	108	32
54	Commercial bank for Foreign Trade of Vietnam (Vietcombank)	Finance	43	27	71	42	322
55	Singapore Exchange	Financial exchange	207	187	12	14	91
56	Bank Central Asia	Finance	78	85	19	68	262

2019 AWARDS (continued)

INTERNATIONAL AWARDS (continued)

BEST BANK & MOST OUTSTANDING COMPANY IN FINANCIAL SECTOR OF VIETNAM – ASIAMONEY

In September 2019, Asiamoney held a ceremony in Singapore to honor and present important awards in the categories of National Awards and Asia's Most Outstanding Companies Awards to the best financial institutions in Asia - Pacific. Vietcombank won 3 important awards, namely: Best Domestic Bank in Vietnam, Best Bank for SMEs in Vietnam in the category of National Awards and Most Outstanding Company in Vietnam – Financial Sector in the category of "Asia's Most Outstanding Companies".

Representative of Vietcombank, Mr. Pham Anh Tuan - Member of the BOD (in the middle) received the Asiamoney Magazine award.



AWARDS BY INTERNATIONAL CARD ORGANIZATION JCB

In 2019, Vietcombank was honored to receive 4 important awards by JCB for its member banks in Vietnam.

At the 2019 Annual Meeting held by JCB in Vung Tau, Vietcombank was honored in 4 important award categories including: Leading Licensee in Total Retail Spending Volume, Leading Licensee in Merchant Sales, Leading Licensee in Cross Border Retail Spending Performance, Leading Licensee in New Product.



Mrs. Tran Thi Hanh - Deputy Director of Vietcombank Card Center received the awards presented by JCB.



THE STRONGEST BANK IN VIETNAM - THE ASIAN BANKER

In September 2019, within the framework of annual Sibos conference in the UK, The Asian Banker Magazine (TAB) held a ceremony to honor the 500 largest and most powerful banks in the world. In 2019, Vietcombank was the only Vietnamese bank invited by the Asian Banker to attend the event and receive the "Strongest Banks By Balance Sheet in Vietnam in 2019". This was the 4th consecutive year Vietcombank had received this award.

On behalf of Vietcombank, Mrs. Pham Van Giang - Deputy Head of Financial Institutions Department (the middle) received the award presented by The Asian Banker.

BEST BANK IN VIETNAM IN 2018 - ALPHA SOUTHEAST ASIA

In September 2019, Alpha Southeast Asia (Alpha SEA) held a ceremony in Singapore to honor the best financial institutions in Southeast Asia. Vietcombank was the only Vietnamese enterprise invited by Alpha SEA to attend the event and receive the "Best Bank in Vietnam 2019" award.

Alpha SEA commented: By maintaining its leading position, Vietcombank is the first choice of businesses and financial institutions with a growing customer network.

On behalf of Vietcombank, Mrs. Vu Thi Bich Thu - Vietcombank Chief Representative in Singapore (the 2nd from the left) received the "Best Bank in Vietnam" award presented by Alpha SEA.



06 AWARDS BY VISA - AN INTERNATIONAL CARD ASSOCIATION

In November 2019, within the framework of the 2019 Annual Customer Conference organized by Visa in Phu Quoc, Vietcombank was honored in 6 important award categories, including: Leadership in Payment Volume 2019; Leadership in Debit Payment Volume 2019; Leadership in Merchants Sales Volume 2019; Leadership in Cross-Border Payment Volume 2019; Leadership in Contactless active terminals penetration 2019; First Bank to launch Visa QuickRead 2019.



Mr. Thomas William Tobin - Head of Retail Banking Division received the award for the Leadership in Payment Volume 2019



TOTAL DEPOSIT (VND BILLION)
1,039,086
Up 14.1% over 2018

CHAPTER 2	REPORT OF THE BOM AND BOD
54	Report on financial
56	Shareholder structure changes in shareholders' equity
58-63	Implementation of projects
64-79	Assessment on business performance in 2019
80-85	Business orientation in 2020
86-89	Assessment by Board of Directors

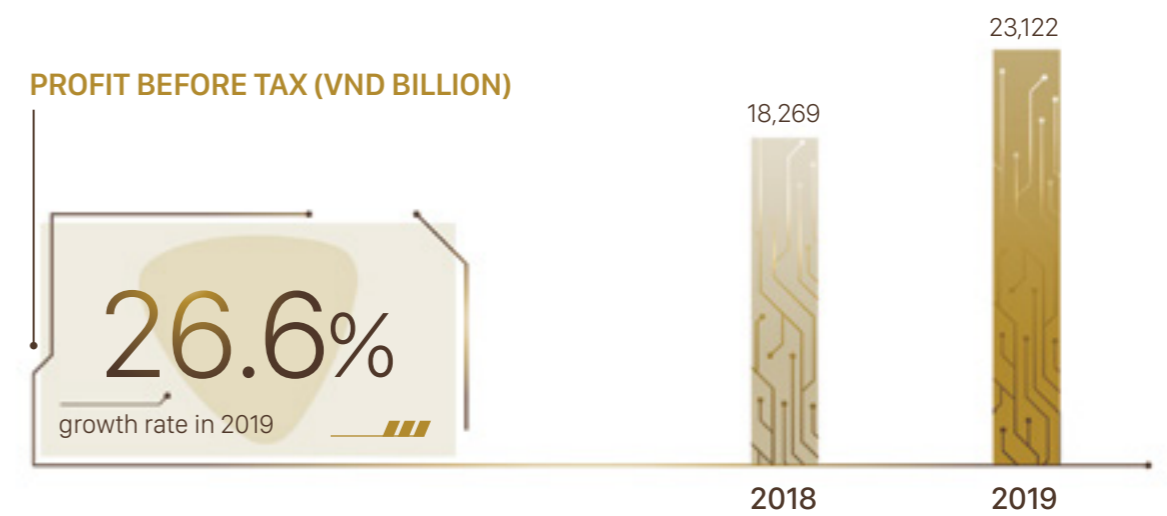
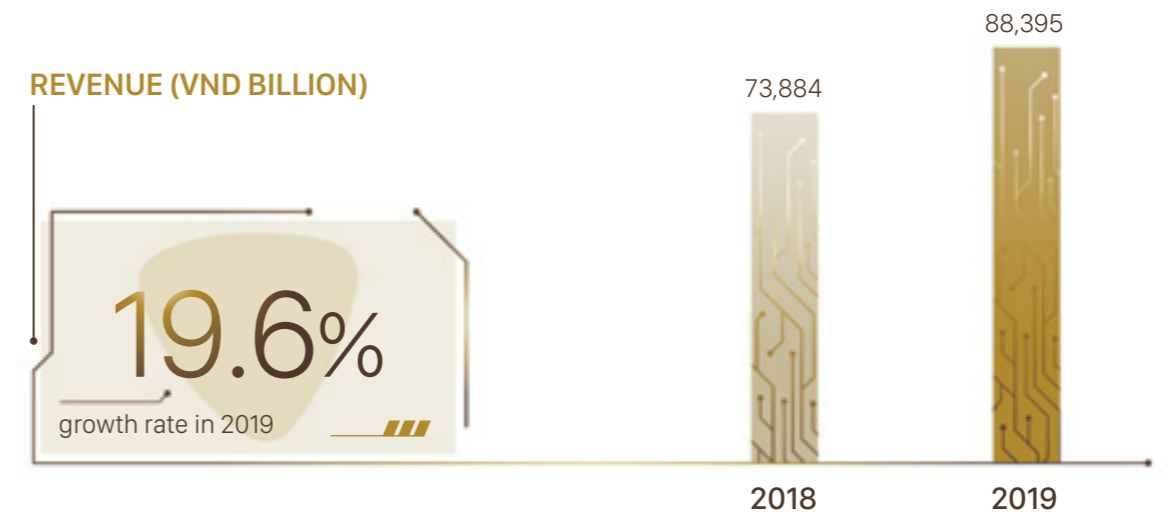
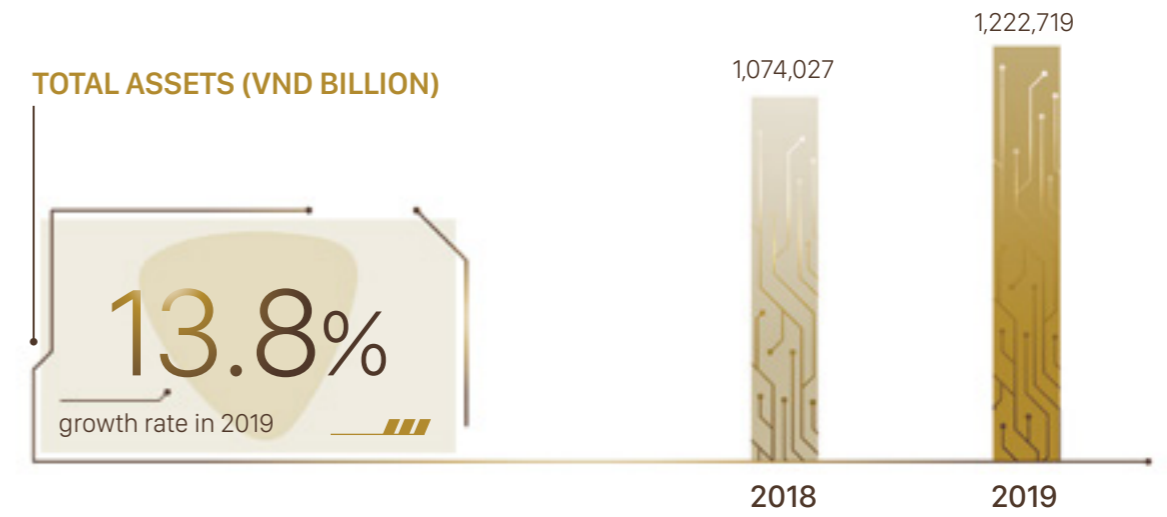
REPORT ON FINANCIAL

Unit: VND billion, %

	2018	2019
FINANCIAL HIGHLIGHTS		
Total assets	1,074,027	1,222,719
Revenue	73,884	88,395
Taxes and payables	4,141	6,751
Profit before tax	18,269	23,122
Profit after tax	14,622	18,526
Key Financial Indicators		
• Capital		
Charter capital	35,978	37,089
Total assets	1,074,027	1,222,719
Capital adequacy ratio(*)	12.14%	9.34%
• Business results		
Deposits volume	14,772,709	17,486,521
Loans volume	1,623,756	1,718,858
Debt collection volume	1,534,396	1,617,310
Non-performing loans	6,223	5,804
Loans (including corporate bonds)/Total deposits in first market (in VND)	77.68%	78.09%
Overdue guarantee balances/Total outstanding guarantees	1.57%	0.25%
Overdue loans/Total outstanding loans	1.58%	1.56%
Non-performing loans/Total outstanding loans in first market	0.97%	0.78%
• Liquidity		
Liquidity reserve ratio	24.1%	22.0%
Liquidity ratio within 30 days by currency		
• VND	91.8%	86.9%
• Foreign currencies in USD equivalent	104.0%	96.6%

(*) In 2018, Vietcombank applied the capital adequacy ratio as prescribed in the Circular No.36/2014/TTNHNN dated November 20th, 2014.

Since 2019, Vietcombank started to comply with the Circular No.41/2016/TT-NHNN dated December 30th, 2016.



SHAREHOLDER STRUCTURE CHANGES IN SHAREHOLDERS' EQUITY

TOTAL SHARES
3,708,877,448

SHARES

Total shares	Type of shares	Number of transferable shares	Number of restricted shares
3,708,877,448	Common shares	378,103,902	3,330,773,546

LIST OF SHAREHOLDERS HOLDING RESTRICTED SHARES

Shareholder	Total shares	Number of restricted shares	Restricted period
1 State Bank of Vietnam (Representative for the Government's shares)	2,774,353,387	2,774,353,387	According to the provisions of Clause 1, Article 56, Law on Credit Institutions No. 47/2010/ QH12: "Individuals and institutional shareholders who have representative(s) being member of the Board of Directors, Supervisory Board, CEO (General Director) of the credit institutions shall not be allowed to transfer his/ her shares during his/ her terms".
2 Internal shareholders	85,226	85,226	
• Board of Directors	71,590	71,590	
• Supervisory Board	13,636	13,636	
3 Foreign strategic shareholder: Mizuho Bank, Ltd.	556,334,933	556,334,933	
Total	3,330,773,546	3,330,773,546	

- According to Decision No. 2526/QĐ-NHNN dated December 5th, 2014 issued by State Bank of Vietnam on the appointment of representatives for the Government's shares at Vietcombank, Mr. Nghiem Xuan Thanh - Chairman of Vietcombank Board of Directors represents 40% of Government's shares, Mr. Pham Quang Dung - Member of Board of Directors, CEO of Vietcombank represents 30% of Government's shares.
- According to Decision No. 909/QĐ-NHNN dated April 26th, 2019 of the State Bank of Vietnam on official transfer, Mr. Do Viet Hung was appointed to represent 30% of Government's shares.



NUMBER OF SHAREHOLDERS
24,331

SHAREHOLDER STRUCTURE

Shareholders	Total shares	Ownership rate	Number of shareholders
I State Bank of Vietnam (Representative of Government's shares)	2,774,353,387	74.8%	1
II Foreign strategic shareholder Mizuho Bank, Ltd.	556,334,933	15.00%	1
III Other shareholders	378,189,128	10.2%	24,329
1 Domestic individual shareholders	31,332,500	0.84%	22,953
2 Domestic organization shareholders	18,601,077	0.50%	151
3 Foreign individual shareholders	6,592,681	0.18%	999
4 Foreign organization shareholders	321,662,870	8.67%	226
Total	3,708,877,448	100.00%	24,331

LIST OF MAJOR SHAREHOLDERS

Shareholders	Address	Total shares	Ownership rate
1 STATE BANK OF VIETNAM	47-49 Ly Thai To Street, Hoan Kiem District, Ha Noi City	2,774,353,387	74.8%
2 MIZUHO BANK. LTD	1-5-5 Otemachi, Chiyoda-ku, Tokyo, Japan	556,334,933	15.00%

(Source: Shareholders list as of December 31st, 2019 provided by Vietnam Securities Depository).

IMPLEMENTATION OF PROJECTS

INVESTMENTS/DIVESTMENTS IN 2019

INVESTMENTS/DIVESTMENTS IN 2019

In 2019, Vietcombank partially divested its investment capital from Vietnam Aviation Corporation, particularly:

Unit: VND billion, %

No.	Name of Unit	Investment capital as of 31/12/2019	Investment capital as of 31/12/2018	Divestments
1	Vietnam Aviation Corporation	305.58	353.18	47.59



SUBSIDIARIES, JOINT-VENTURES AND ASSOCIATES

General information of subsidiaries

Unit: VND billion, %

Company name	Abbreviation name	Business license	Sector	Capital investment as of 31/12/2019	Ownership rate
Vietcombank Securities Co., Ltd.	VCBS	Business license No. 09/GPHDKD dated April 24 th , 2002. Latest amendment in accordance with license No. 63/GPDCUBCK dated December 29 th , 2017 issued by State Security Commission of Vietnam.	Securities	700.00	100%
Vietcombank Leasing Co., Ltd.	VCBL	Business license No. 66/GPNHNN dated October 31 st , 2017 issued by State Bank of Vietnam.	Financial leasing	500.00	100%
Vietcombank Remittance Co., Ltd.	VCBR	Company registration certificate No. 0314633162 dated 20 September 2017 issued by Ho Chi Minh City Department of Planning and Investment.	Remittance payment	30.00	100%
Vietcombank Laos Limited	VCB Laos	Business license No. 88/BOL dated May 25 th , 2018 issued by Bank of the Lao P.D.R.	Bank	1,840	100%
Vietnam Finance Co.	VFC	Business license No. 58327 issued by Hong Kong Monetary Authority dated February 10 th , 1978.	Financial services	116,90	100%
VCB Money Inc.	VCBM	Business license No. E0321392009_6 issued by Nevada State Government (United States) dated June 15 th , 2009.	Remittance services	204.98	87.5%
Vietcombank Tower 198 Co., Ltd.	VCBT	Business license No. 1578/GP dated May 30 th , 1996. Latest amendment dated January 30 th , 2019 issued by the Ministry of Planning and Investment.	Office leasing	70.00	70%

IMPLEMENTATION OF PROJECTS (continued)

INVESTMENTS/DIVESTMENTS IN 2019 (continued)

Summary of subsidiaries' performance and financial situation

VCBL Vietcombank Leasing Co., Ltd.

PROFIT BEFORE TAX (VND BILLION)

97.39

attaining 80.5% of the plan

VCBL is a subsidiary 100% owned by Vietcombank, operating in the field of financial leasing. Profit before tax in 2019 reached VND 97.39 billion, attaining 80.5% of the plan. Outstanding financial leasing of VCBL until end of 2019 reached VND 4,436.5 billion, attaining 100% of the assigned plan.

VCBS Vietcombank Securities Co., Ltd.

PROFIT BEFORE TAX (VND BILLION)

180.81

attaining 78.6% of the plan

VCBS is 100% owned by Vietcombank, operating in the securities sector. Despite numerous trends in securities market, the Company continued to maintain good operating results. Profit before tax of the company in 2019 reached VND 180.81 billion, attaining 78.6% of the plan.

VCB Laos Vietcombank Laos Limited

PROFIT BEFORE TAX (VND BILLION)

32.22

fulfilling 81% of the plan.

VCB Laos is a subsidiary 100% owned by Vietcombank, operating in the field of financial & banking services in Laos. The company was officially put into operations from July 2018. In 2019, VCB Laos gained good operational efficiency with the profit before tax of VND 32.22 billion, fulfilling 81% of the plan.

VCBM VCB Money Inc.

PROFIT BEFORE TAX (VND BILLION)

4.55

exceeding 57% of the plan

VCBM is a joint stock company with 87.5% chartered capital owned by Vietcombank, providing remittance services in the U.S. and transferring money to Vietnam through domestic partners. In 2019, VCBM continues to expand its network with 150 agents in 19 states of the United States, which is an increase of 18 agents compared to the end of 2018. VCBM's profit before tax in 2019 reached VND 4.55 billion, exceeding 57% of the plan.

VFC Vietnam Finance Co.

PROFIT BEFORE TAX (VND BILLION)

9.08

exceeding 24% of the plan

VFC is a subsidiary 100% owned by Vietcombank, operating in the field of financial services in Hong Kong. Its major services include deposit, credit, payment, money transferring. In 2019, its profit before tax reached VND 9.08 billion, exceeding 24% of the plan.

VCBR Vietcombank Remittance Co., Ltd.

PROFIT BEFORE TAX (VND BILLION)

2.42

exceeding the assigned plan.

VCBR is a wholly-owned subsidiary of Vietcombank, operating in the field of receiving remittances from foreign partners and making payments to beneficiaries in Vietnam. Profit before tax of the company in 2019 reached VND 2.42 billion, exceeding the assigned plan.

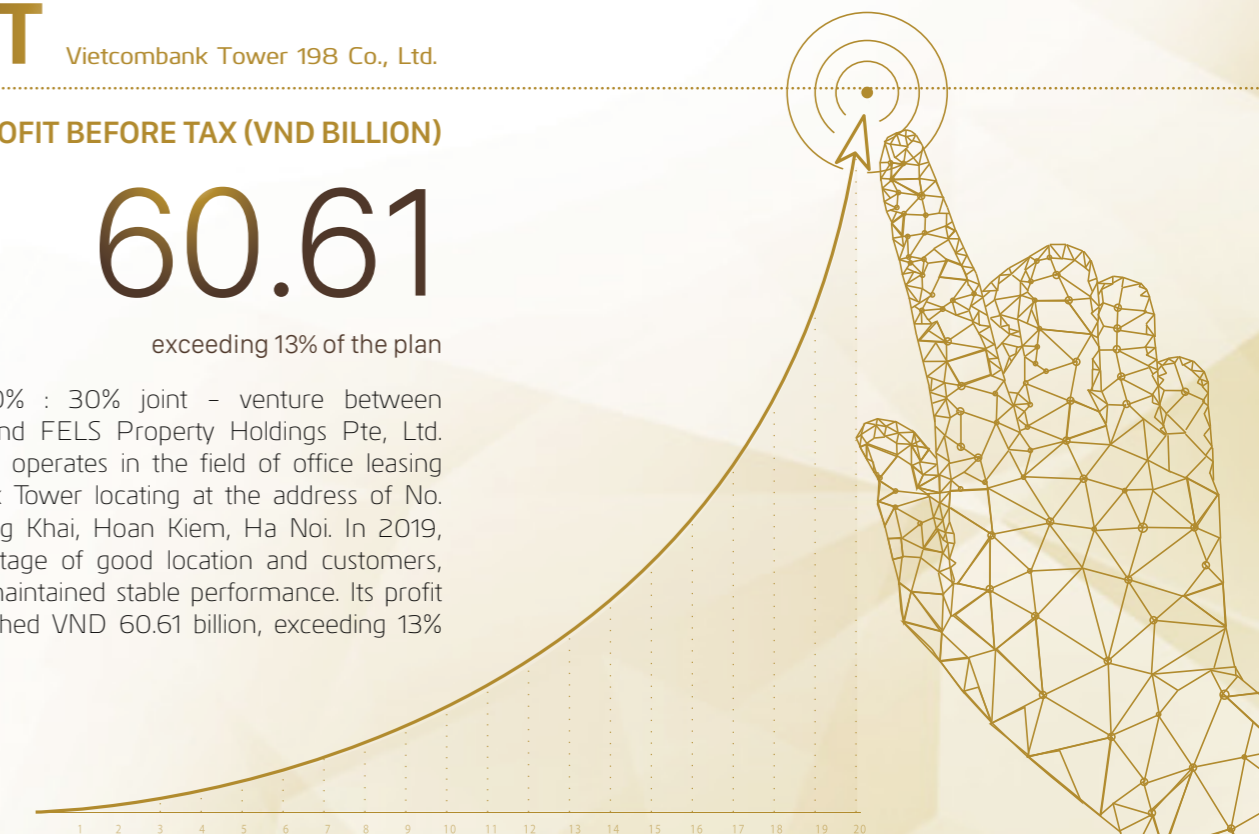
VCBT Vietcombank Tower 198 Co., Ltd.

PROFIT BEFORE TAX (VND BILLION)

60.61

exceeding 13% of the plan

VCBT is a 70% : 30% joint - venture between Vietcombank and FELS Property Holdings Pte, Ltd. of Singapore. It operates in the field of office leasing at Vietcombank Tower locating at the address of No. 198 Tran Quang Khai, Hoan Kiem, Ha Noi. In 2019, with the advantage of good location and customers, the company maintained stable performance. Its profit before tax reached VND 60.61 billion, exceeding 13% of the plan.



IMPLEMENTATION OF PROJECTS (continued)

INVESTMENTS/DIVESTMENTS IN 2019 (continued)

General information of joint-ventures and associates

Unit: VND billion, %

Company name	Abbreviation name	Business license	Sector	Capital investment as of 31/12/2019	Ownership rate
Vietcombank – Bonday – Ben Thanh Joint Venture Co., Ltd.	VBB	No. 2458/GP issued by the Ministry of Planning and Investment on February 07 th , 2005 with latest amendment No. 2458/ GCNDC2/41/1 dated December 28 th , 2012.	Office leasing	410.36	52%
Vietcombank Fund Management Co.	VCBF	No. 06/UBCK-GPHĐQLQ issued by State Security Commission of Vietnam dated December 02 nd , 2005; latest amendment No. 17/GPĐC-UBCK dated February 09 th , 2018.	Fund management	135.15	51%

Unit: VND billion, %

Company name	Abbreviation name	Business license	Sector	Capital investment as of 31/12/2019	Ownership rate
Vietcombank Cardif Life Insurance Co., Ltd.	VCLI	No. 55/GP issued by Ministry of Finance dated October 23 rd , 2008 with latest amendment No.55/ GPĐC1/KDBH dated December 28 th , 2018	Life insurance	270.00	45%
Vietcombank Bonday Co., Ltd.	VCBB	No. 283/GP issued by Ministry of Planning and Investment dated December 05 th , 1991; latest amendment No. 283/ GPĐC4 dated March 4 th , 2002.	Office leasing	11.11	16%

Summary of joint-ventures and associates' performance and financial situation

VBB Vietcombank – Bonday – Ben Thanh Joint Venture Co., Ltd.

VCBF Vietcombank Fund Management Co.

VCLI Vietcombank Cardif Life Insurance Co., Ltd.

VCBB Vietcombank Bonday Co., Ltd.

PROFIT BEFORE TAX (VND BILLION)

146.04

exceeding 25% of the plan

VBB is the joint venture between Vietcombank, Ho Chi Minh Commercial Services JSC. (Setra Corp.) and Bonday Investments Ltd. (Hong Kong) with contribution ratio of 52%, 18% and 30% respectively. It operates in the field of premium (class A) office leasing, locating at No.5 Me Linh Square, District 1, HCMC. It is also responsible for providing office space for Vietcombank's branches and subsidiaries in HCMC. In the end of 2019, nearly 100% of the leasable area has been occupied. Its profit before tax in 2019 was VND 146.04 billion, exceeding 25% of the plan.

PROFIT BEFORE TAX (VND BILLION)

22.32

exceeding 5% of the plan

VCBF is a joint venture between Vietcombank and Franklin Templeton with contribution ratio of 51% and 49% respectively. VCBF operates in the field of fund and investment portfolio management. The profit before tax in 2019 reached VND 22.32 billion, exceeding 5% of the plan.

PROFIT BEFORE TAX (VND BILLION)

32

exceeding the assigned plan

VCLI is a joint venture between Vietcombank and BNP Paribas Cardif with a contribution ratio of 45% and 55% respectively. VCLI provides life insurance products via partner banks (Bancassurance) including: personal credit insurance, group credit insurance, credit insurance for co borrowers, death insurance, mixed purpose insurance, etc.

In 2019, the Company focused on sales promotion and expansion of the financial consultant (FC) network within Vietcombank. The profit before tax reached VND 32 billion, exceeding the assigned plan.

PROFIT BEFORE TAX (VND BILLION)

41.70

exceeding 2% of the plan

VCBB is a joint venture between Vietcombank, Sai Gon Real Estate Corporation and Bonday Investments Ltd., Hong Kong. It operates in the business of office leasing – The Harbour View Tower locating at No. 35 Nguyen Hue Str., District 1, Ho Chi Minh City.

In 2019, the Company still maintained its stable performance, its profit before tax reached VND 41.70 billion, exceeding 2% of the plan.

(Note: Financial data for 2019 of VFC, VCBR, VCB Laos, VCBM, VCLI, and VCBB were unaudited, the remaining companies' were audited).

ASSESSMENT ON BUSINESS PERFORMANCE IN 2019

OUTSTANDING GROWTH IN BUSINESS OPERATIONS, SUCCESSFUL COMPLETION OF 2019 BUSINESS PLAN

In 2019, Vietcombank strove to basically complete the Restructuring Project by 2020, which was approved by the SBV Governor and successfully accomplished key business targets set by the General Meeting of Shareholders.



EXPANSION OF TOTAL ASSETS, STRONG GROWTH OF SHAREHOLDER'S EQUITY

- Total assets reached VND 1,222,719 billion, up 13.8% from the level in 2018.
- Shareholder's equity reached VND 80,883 billion, up 30.1% from the previous year, in which undistributed earnings were VND 26,055 billion (VND 16,139 billion in 2018).

TOTAL ASSETS (VND BILLION)

1,222,719

Up 13.8% against 2018

SHAREHOLDER'S EQUITY (VND BILLION)

80,883

Up 30.1% against 2018



OVER VND 01 QUADRILLION OF TOTAL DEPOSITS, LOW-COST FUNDING RATIO CONSTANTLY IMPROVED

TOTAL DEPOSIT (VND BILLION)

1,039,086

Up 14.1% against 2018

- Total deposits reached VND 1,039,086 billion, up 14.1% over 2018. In particular, customer deposits (including valuable paper issuance) reached VND 949,835 billion, increasing by 15.4% compared to 2018
- Demand deposit ratio accounted for 30.1% of Deposit inflows from the economy (2018: 29.5%).



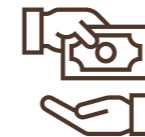
SIGNIFICANT CREDIT GROWTH, STRONGLY DIRECTED INTO RETAIL CREDIT

OUTSTANDING LOANS (VND BILLION)

741,387

Up 15.9% against 2018

- Outstanding loans reached VND 741,387 billion, increasing by 15.9% compared to 2018, and fulfilling 100% of the plan.
- Retail credit accounted for 51.8% of the total outstanding loans, much greater than the wholesale credit.



CREDIT QUALITY TIGHTLY CONTROLLED; RECOVERY OF NON-PERFORMING AND WRITTEN-OFF LOANS ACHIEVED GREATLY

RECOVERY OF WRITTEN-OFF LOANS (VND BILLION)

3,179

Fulfilling the assigned plan

- Loans classified under Group 2 reached VND 2,561 billion; Group 2 loans ratio was at 0.35%, decreasing from 0.59% at the end of 2018.
- Non-performing loans reached VND 5,804 billion with the NPL ratio of 0.78%, a drop from 0.97% at the end of 2018.
- Loan loss provision of outstanding loans to the economy amounted to VND 10,417 billion. Loan loss provision coverage ratio was at a high level (182.0%).
- Recovery of written-off loans reached VND 3,179 billion, fulfilling the assigned plan.

ASSESSMENT ON BUSINESS PERFORMANCE IN 2019 (continued)

OUTSTANDING GROWTH IN BUSINESS OPERATIONS, SUCCESSFUL COMPLETION OF 2019 BUSINESS PLAN (continued)



CONTINUOUS POSITIVE GROWTH OF SERVICE BUSINESS

INTERNATIONAL PAYMENT AND TRADE FINANCE TURNOVER (USD BILLION)

85.4

up 9.03% compared to 2018

- The activities of international payment, trade finance, FX transaction, electronic banking services, card services, and overseas remittance services achieved strong growth compared to the same period of the previous year, greatly contributing to the Bank's revenue.
- The market share of international payment and trade finance increased compared to 2018 (from 16.23% to 16.52%).
- International payment and trade finance turnover reached USD 85.4 billion, up 9.03% compared to 2018.



OUTSTANDING GROWTH IN PROFIT, POSITIVE MOVEMENTS OF INCOME STRUCTURE, HIGH PROFITABILITY

- Separated profit before tax reached VND 22,717 billion, increasing by 26.1% compared to 2018. Consolidated profit before tax reached VND 23,122 billion, increasing by 26.6% compared to 2018.
- Non-interest income accounted for 39.2% of the business income, of which:
Net income from investment activities accounted for 16.54% of total operating income.
Net income from services and others accounted for 22.67% and increased by 34% compared to the same period of the previous year (Net income from services included net income from foreign exchange and others). Noticeably, net income from foreign exchange increased by 49.2% over the last year and contributed 42.3% to the non-interest income.
- ROAA, ROAE were 1.61% and 25.90% respectively, significantly higher than those figures in 2018 as well as those of the market average.

PROFIT BEFORE TAX (VND BILLION)

23,122

Up 26.6% compared to 2018

ROAA (%)

1.61

Sharp increase compared to 2018

ROAE (%)

25.90

Sharp increase compared to 2018



NEARLY VND 9,000 BILLION CONTRIBUTED TO STATE BUDGET, INCLUDING VND 6,751 BILLION FOR TAX PAYING, INCREASED BY 33%

CONTRIBUTION TO STATE BUDGET (VND BILLION)

Nearly 9,000



BANK WITH LARGEST MARKET CAPITALIZATION AMONG LISTED BANKS

MARKET CAPITALIZATION (USD BILLION)

over USD 14.5 billion

and continued to be the leader in the banking sector

- Vietcombank continued to be the Bank with largest market capitalization of over USD 14.5 billion and continued to be the leader in the banking sector
- Capital Adequacy Ratio (CAR) (under Circular No. 41) reached 9.6%, up 0.8% compared to 2018.



ASSESSMENT ON BUSINESS PERFORMANCE IN 2019 (continued)

MANAGEMENT RESULT IN 2019

Vietcombank has been implementing synchronously various management solutions which were flexibly adapted to the business environment.



Conference on building Vietcombank development strategy by 2025 and vision by 2030 (July 3rd, 2019)

PROACTIVELY IMPLEMENTING POLICIES OF GOVERNMENT AND SBV, ACCOMPANYING ENTERPRISES IN COMMON GOAL OF NATIONAL ECONOMIC DEVELOPMENT

- Multiple measures were implemented to support domestic enterprises to overcome difficulties, particularly the reduction of loan interest applied to 05 prioritized sectors according to the guidance in Resolution No. 01/NQ-CP dated January 1st, 2019 of the Prime Minister and the management direction of the SBV Governor for the enterprise accompanying goal.
- Besides, Vietcombank continually carried out various favorable programs to small and medium enterprises while committing to remain fixed interest rate for the terms of 2 years/3 years/5 years, facilitating cost management, as well as production and business activities.

DRASTICALLY IMPLEMENTING VIETCOMBANK'S DEVELOPMENT ROADMAP TO 2020, AND RELATED ACTION PLANS AND SUB-PROJECTS

- Development projects, sub-projects, action plans continued to be strongly promoted and implemented, contributing to the operating results of VCB in 2019.
- Branches under the Branch Development Roadmap to 2020 basically completed the targets including improving market share and funding in the local areas, controlling credit quality, increasing profit and effectively expanding target customers.

FUNDING OPERATION WAS IMPLEMENTED TO MATCH MARKET CONDITIONS, ENSURING SUFFICIENT FINANCE FOR CREDIT GROWTH

- Payment accounts and collection accounts were expanded for State Treasury and Vietnam Social Insurance.
- Vietcombank deployed various programs for mobilizing foreign currency deposit and low-cost funding, as well as accompanying with customers owning important foreign currency funds.
- Interest rate for capital mobilization was also adjusted for specific region with higher competitiveness.
- Large IPO transactions were focused in order to provide foreign currency conversion services. Monitored enterprises with divestment plans and approached potential investors in order to provide related financial services.

STRENGTHENING CONTROL OF CREDIT QUALITY AND PROMOTING RECOVERY OF NON-PERFORMING/ WRITTEN-OFF LOANS

- Inspected and supervised credit activities at all branches.
- Assigned members of the BOD and BOM to be charge of particular Branches with major non-performing loans; strengthened the supervision and guidance in debt recovery of each branch.

RESTRUCTURING WHOLESALE PORTFOLIO, DEPLOYING NUMEROUS SOLUTIONS TO INCREASE RETAIL CREDIT AND CREDIT GROWTH THROUGH TRANSACTION OFFICES

- The wholesale credit portfolio was restructured to ensure the safety and higher overall efficiency for the customers.
- Issued flexible interest rate programs suitable for each customer/region during the acceleration of credit growth.
- Expanded credit to large FDI customers segment with low credit risk and to the industries in which Vietcombank tends to develop and offer a full package of services such as foreign currency funding, international payments and retail services.
- Stimulated retail credit growth with various interest-rate instruments and diversified products.

ROLLING OUT PROJECT TO INCREASE REVENUE FROM SERVICES

- Reviewed fee tables; set up approval mechanism for preferential fee based on customer segments and customer classes.
- Boosted the efficiency of card business and e-banking services: Increased cooperation with partners, developed utilities, integrated sales channels, expanded connections with service providers of bill payments and QR Code payments.
- Implemented the action plan of 2019 regarding international payments - trade finance to maintain and expand market shares and to increase fee income.
- Income from FX trade remained stable thanks to flexible exchange rate, expansion of customer base with high demand for foreign currency conversion.
- Increased fee income through distribution of open-ended funds, Bancassurance - life insurance/ non-life insurance products.



ASSESSMENT ON BUSINESS PERFORMANCE IN 2019 (continued)

MANAGEMENT RESULT IN 2019 (continued)

REALLOCATING INVESTMENT PORTFOLIO TOWARDS BETTER RETURN ON CAPITAL AND EXECUTING EFFECTIVE DIVESTMENT

- Restructured capital utilization in secondary market through increased investment in valuable papers and financial institutions bonds.
- Divestment at organizations as planned, contributing to the increase in profit of Vietcombank.

OPTIMIZING ORGANIZATION MODEL AND EXPANDING BRANCH NETWORK IN ACCORDANCE WITH BUSINESS STRATEGY

- Continued to expand the bank's network: Established 05 new branches, 39 transaction offices, put VCB Laos into operation; received FED's approval to establish a Representative Office in New York City (USA); deployed the establishment of new branches in Australia.
- Optimized the organization model, adjusted the functions and tasks of Departments/Divisions/Centers at the Head Office; rearranged the organizational structure of the Wholesale Division according to CTOM Model; established Human Resource Management Division; developed criteria for separate branch's departments and applying them to eligible branches.
- Employed and developed quality staff; implementing staff rotation such as rotating customer relationship managers at the Head Office to branches, etc.
- There were strong innovations in scientific researches while a great number of initiatives were brought into practice. Organized the "Innovation - Creativity for development and integration" competition at whole system scale, through which many initiatives with high capability of application and effectiveness were found.

SIMULTANEOUSLY AND EFFECTIVELY IMPLEMENTING PROJECTS TO ENHANCE MANAGEMENT AND OPERATION CAPACITY

Proactively deployed projects for improving management and operational skill. A number of projects were gradually applied in practice:

- Basel II program: The SBV recognized VCB as the first bank to meet Basel II standards in Vietnam in accordance with Circular No. 41, one year earlier than required.
- CTOM program: Continued to implement 17 initiatives of which 7 initiatives were completed. Since June 2019, CTOM Model was officially launched at Head Office and branches.
- Projects in Retail Division: In 2019, Retail Division proactively carried out their transformation projects, including RTOM, Retail CRM and RLOS;
- IT Development Roadmap to 2020: Implemented the Project with 54 IT projects to support the bank's operations; Built and upgraded infrastructure, steadily modernizing the IT system according to the VCB's development strategy roadmap by 2020. 14 key projects were implemented such as investment projects for innovations of Core Banking, Trade Finance, ERP, MPA, SOA, etc.

IMPROVING INTERNAL PROCESSES AND REGULATIONS TO ENHANCE OPERATIONAL EFFICIENCY AND RISK MANAGEMENT

- Developed and promulgated internal procedures and regulations regarding limits and adequacy ratios in Vietcombank's operations, wholesale credit processes, approval mechanism for favorable fee to wholesale customers, regulations on liquidity risk management, etc.
- Fulfilled internal regulations for instance Regulation on job rotation, mandatory leave for VCB's employees.



ASSESSMENT ON BUSINESS PERFORMANCE IN 2019 (continued)

MANAGEMENT RESULT IN 2019 (continued)



HỘI NGHỊ TRIỂN KHAI NHIỆM VỤ KINH DOANH NĂM 2020



STRENGTHENING INSPECTION, INTERNAL CONTROL AND COMPLIANCE

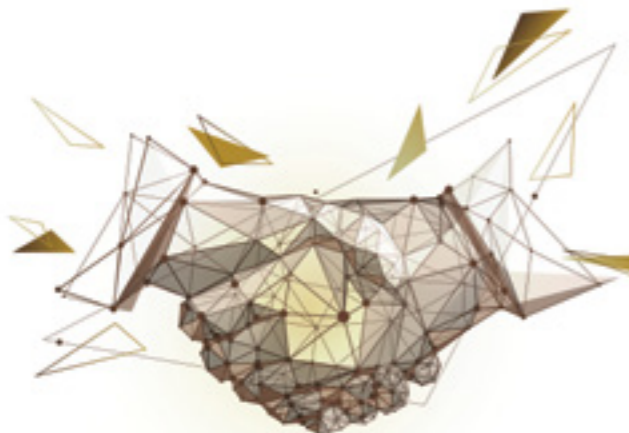
- Inspected all branches in the Bank network, 04 Departments/Divisions/Centers at the Head Office, 02 Subsidiaries. Also, 22 audit and inspection schemes were performed monthly at systemwide scale.
- Inspected operational risks at branches to timely prevent and report potential risks, propose solutions to operation issues found at branch level.

CHARTER CAPITAL INCREASE COMPLETED

- Successfully increased Tier 1 capital despite market difficulties, contributing to the affirmation of VCB's prestige, position and competitive capacity.
- Vietcombank issued 111,108,873 private shares to GIC Private Limited ("GIC") - an investment fund controlled by the Singapore Government and a current shareholder Mizuho Bank, bringing about VND 6.2 trillion (approximately USD 265 million).

SOCIAL AND COMMUNITY ACTIVITIES

The bank was proactive in social activities for community, contributing to socio-economic development. In 2019, VCB participated in financing social security programs with value of about VND 197 billion, focusing on education, health, house construction for the poor, etc.



REPORT ON SOCIAL AND ENVIRONMENTAL IMPACTS

COMPLIANCE WITH LEGISLATION ON ENVIRONMENTAL PROTECTION

- Being aware that Vietnam is one of the countries that considerably suffers from climate change, VCB strictly implemented Decision No. 403/QĐ-TTg dated March 20th, 2014 of the Prime Minister regarding the approval of national action plan on green growth during the 2014 - 2020 period, Directive No. 03/CT-NHNN dated March 24th, 2015 of Governor of SBV on promoting green credit growth and environmental and social risk management and Circular No. 39/2016/ TT-NHNN dated December 30th, 2016 of the Governor of SBV regarding lending activities of credit institutions, foreign bank's branches for customers as well as other regulations related to environmental protection in credit activities.
- When appraising credit grant for projects, Vietcombank assessed environmental and social risks that might affect the effective use of capital and customers' credit solvency. Besides, Vietcombank requested the investors of projects under consideration for credit grant to meet environmental and social protection standards and regularly, periodically inspect, supervise environmental and social risk management for loans granted to customers.
- Vietcombank paid attention to making public of environmental risk management responsibilities of credit institutions in order to achieve consent and support from customers.



ASSESSMENT ON BUSINESS PERFORMANCE IN 2019 (continued)

REPORT ON SOCIAL AND ENVIRONMENTAL IMPACTS (continued)

HUMAN RESOURCE POLICIES

VCB has always paid high attention to the development of human resources, facilitate employees to promote their capabilities, create opportunities in career promotion, improve income of employees and strengthen their loyalty. In particular:



Ensuring job stability for employees:

- Total employees as of 31/12/2019 were 18,948 people (including the number of employees of VCBS and VCBL), increasing by nearly 10% compared to 2018. Working time is 8 hours per day and 5 days per week. Vietcombank ensures annual leave, leave on public holidays, and leave for private reasons in compliance with the Labor Code, maternity leave and sick leave in line with the Law on Social Insurance.
- All employees sign appropriate labor contract in accordance with the law. Temporary deferment or termination of labor contract is done in accordance with the Labor Code. The employees who require early retirement are also given favorable conditions.
- VCB has applied information technology (recruitment software) in almost all stages of the recruitment (receiving, selecting applications, organizing online exams, etc.). Recruitment in VCB is complied with regulations, ensuring honesty and objectivity for recruiting staff that have qualifications suitable to their assigned jobs and meeting the job requirements. Probation time and salary in probation are in compliance with related regulations.



Developing financial and non-financial remuneration policy to guarantee interest of employees

In recent years, VCB's salary and remuneration mechanism system have gradually reached the market in the region and in the world as follows:

Remuneration mechanism regarding salary and insurance

• Remuneration mechanism regarding salary

Basically, the salary mechanism of Vietcombank has been built on the value of contributions in the bank, to be fair and compete with the market. The average income of VCB staff tends to increase over the years and is of high level compared to the average income in the market.

Salary of employees is divided into two parts: (1) Fixed salary: Be determined according to the rank/grade suitable to the positions of professional jobs. (2) Performance salary: Be defined based on performance measured by KPIs, encouraging employees to strive for good results.

Vietcombank has delegated powers to heads of units in reviewing and arranging salary of employees according to their capacity, quantity and quality of work completion. The salary increase is based on the level of evaluation of the work done by the employee. For staff having outstanding achievements and initiatives with effective application, Vietcombank's BOM and BOD will reward by approving their early salary raise.

Vietcombank has established a specialist salary mechanism with a very competitive salary for highly skilled employees in order to recruit a necessary labor force into a number of specific fields, launched transformation projects for management and operation capability building.

Extra remuneration beside salary

To motivate employees, in addition to the direct financial remuneration mechanisms, VCB has built and implemented training programs domestically and internationally for enhancing employees' expertise and engagement.

The Bank paid employees visits and provided them with allowances for sickness and maternity; presented flowers and gifts to retired employees; sent gifts to natural parents and parents-in-law of employees on International Day of Older Persons, etc.

• Health insurance, social insurance regimes

Vietcombank has paid social insurance for 100% employees who have signed labor contracts with term of one year or more working at the bank and quickly and timely settled social insurance regimes such as maternity and sickness insurance rights, etc. for employees. For seasonal workers, VCB pays social insurance for employees who sign contracts with term of one month or more according to regulations. Employees who retire are entitled to an appropriate allowance which is calculated on the basis of their salary for social insurance payment and the total years of employment.

In addition, Vietcombank shall pay health insurance and unemployment insurance in accordance with the regulations of the State.



ASSESSMENT ON BUSINESS PERFORMANCE IN 2019 (continued)

REPORT ON SOCIAL AND ENVIRONMENTAL IMPACTS (continued)

LOCAL COMMUNITY RESPONSIBILITIES

Vietcombank always puts enthusiasm in welfare and social security activities for the community; makes contributions to the economic and social development. In 2019, Vietcombank sponsored approximately VND 197 billion for welfare and social security programs, focusing on education, health, houses for the poor, etc.



Notable programs sponsored by Vietcombank such as: Building Son Ca Kindergarten, Tan Hung Commune, Cai Nuoc District, Ca Mau Province (VND 8.5 billion); Building Tran De District Hospital, phase II (VND 12.5 billion); Building Cam Binh Primary School, Cam Xuyen District, Ha Tinh Province (nearly VND 7 billion); Building Phu Quoi High School, Long Ho District, Vinh Long Province (VND 12.5 billion), etc.



The Prime Minister – Mr. Nguyen Xuan Phuc and Chairman of the Board of Directors – Mr. Nghiem Xuan Thanh paid Vietnamese Heroic Mothers a visit at the Dong Loc T-junction

ASSESSMENT ON BUSINESS PERFORMANCE IN 2019 (continued)

REPORT ON SOCIAL AND ENVIRONMENTAL IMPACTS (continued)



BUSINESS ORIENTATION IN 2020



With the motto “Transformation, Efficiency, Sustainability” in action and the viewpoint “Responsibility – Action – Creativity” in management, the focus in 2020 is innovating the growth model in depth, operational restructuring, sustainable growth, high efficiency, and labor productivity improvement. In 2020, Vietcombank will pursue Four strategic breakthroughs, Three central objectives in operational restructuring, etc.

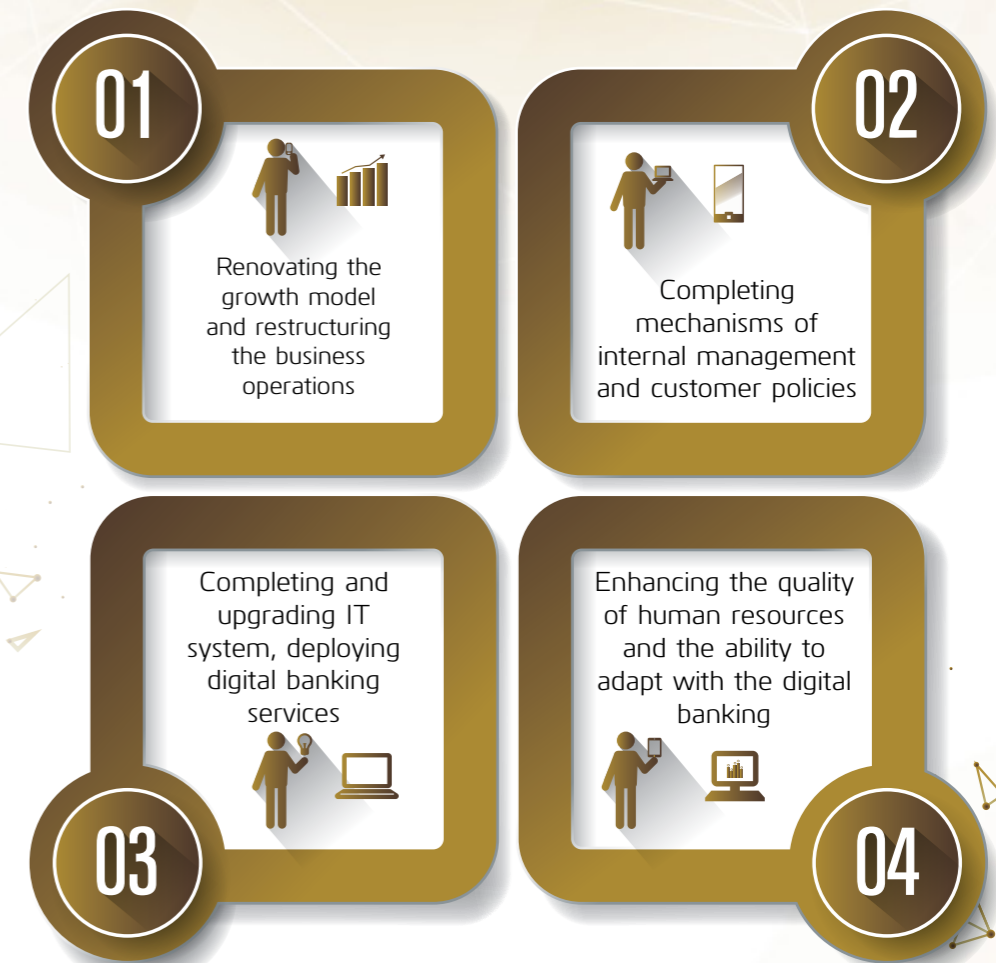
In 2020, the global economy are at risk of recession as a result of Covid-19 outbreak in China and global spread. Global production shows signs of stagnation while the consumption, investment and world trade have declined. China’s production index in February dropped to 37.5, the lowest point since 2004. Meanwhile, various existing risks, such as the US-China trade war, the increasing amount of government and personal debts, geopolitical and political instability, and climate change, etc. are weakening the global growth. Many governments and central banks have loosened monetary policy and offered economic support packages to overcome this epidemic.

In response to the pandemic, the Government drastically provided ministries with control measures and directions. The State Bank of Vietnam also directed

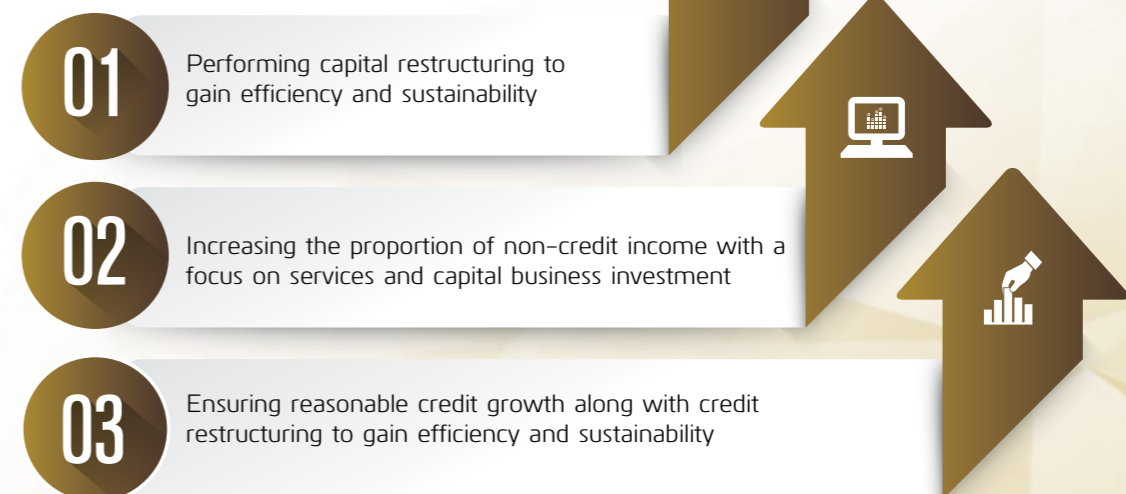
the implementation of various solutions (reduction of fees and lending interest rates, debt restructuring without adjustment of debt groups, etc.) for enterprises affected by Covid-19. Generally, Vietnam’s economic growth will be affected by Covid due to its high trade openness and heavy dependence on affected markets. Nevertheless, positive factors when EVFTA is approved by EU will only take effect as early as the third quarter of 2020.

2020 is expected to be a challenging year for the banking industry with severe economic impact of the epidemic and unpredictable international situation. As a result, the pressure for change and innovation is enormous due to increasingly fierce competition between the traditional and the digital banking sectors as well as between banks and fintech companies.

FOUR STRATEGIC BREAKTHROUGHS



THREE CENTRAL OBJECTIVES IN OPERATIONAL RESTRUCTURING



BUSINESS ORIENTATION IN 2020 (continued)



KEY TASKS IN 2020

SHIFTING BUSINESS STRUCTURE AND RENOVATING GROWTH MODEL



Focusing on promoting credit growth from the beginning of the year while restructuring

Improving the quality and efficiency of credit activities

- Increasing the proportion of retail credit, expanding credit growth through transaction offices. Developing diverse products suitable with customer segments, standard products, asset management products, production and business sectors, car purchase, etc.
- Expanding wholesale credit growth for new wholesale customers meeting Vietcombank's credit standards.
- Increasing the proportion of outstanding loans to important FDI customers with low credit risk and high potential of using full package of services.
- Increasing the proportion of secured credit; selecting highly effective medium and long-term credit projects while utilizing the full package of services to control the short-term capital use for medium and long-term loans under the SBV's regulations.
- Reviewing and adjusting the structure of interest rates for customers with both deposits and outstanding loans at Vietcombank.
- Limiting loans to high-risk sectors.

Strengthening inspection, control, and compliance

Promoting fee income and foreign currency trading

Improving deposit growth efficiently and sustainably



Promoting fee income and foreign currency trading

E-Banking services

- Expanding a new customer base and improving the retention rate of customers using e-banking services.
- Accelerating the implementation of e-banking services for electricity and water bill payment.
- Approaching customers of chain business and e-commerce business to expand the utilization of e-banking services.

Trade finance

- Expanding customer base using trade finance products.
- Proactively seeking, approaching and enhancing transactions with potential customers; expanding relationship with associations and industries in credit sector annually.
- Maintaining and expanding market share for domestic financial institutions by offering full package of international payments, trade finance, and funding services.

Foreign currency trading

- Increasing the market share of foreign currency trading of ODA projects. Coordinating with remittance companies for higher income from remittance and foreign currency trading.
- Effectively utilizing the combined services of international payment and foreign currency trading.

Other services

- Developing payment services while implementing projects of payment infrastructure.
- Effectively deploying cooperation agreement with international card organizations.
- Creating a plan and distributing insurance products according to the agreement signed with FWD.

BUSINESS ORIENTATION IN 2020 (continued)

KEY TASKS IN 2020 (continued)



Improving deposit growth efficiently and sustainably

- Adapting deposit interest rates to the market competition situation.
- Improving low-cost funding by opening new personal bank accounts; increasing sales promotion to increase the use of banking services. Strengthening relationship with large corporations, large enterprises, groups, centralized funds, ministries/sectors with large capital to establish, maintain, and increase deposit market share of Vietcombank.
- Efficiently providing State budget collection services and attracting State treasury deposits.
- Leading in the provision of non-cash payment services, cooperation in non-stop toll collection, payment services with the national public service portal, payment services of water and electricity bills, hospital charge, tuition fees and other non-cash payment services.
- Strengthening the sale of non-credit services, business chain, and cross-selling while managing cash flow to utilize new capital.

INCREASING PROFITABILITY FROM INVESTMENT BANKING

- Ensuring the liquidity by efficient use of capital to support the Wholesale and Retail Division.
- Reviewing and restructuring investment to improve the average interest rate and investment portfolio from the secondary market.
- Researching and deploying the sale of investment bank's products. Establishing a coordination mechanism between VCB, VCBS, and VCBF.

STRENGTHENING CONTROL OF CREDIT QUALITY, PROMOTING RECOVERY OF WRITTEN-OFF LOANS

- Reducing credit for high-risk sectors, customers without collaterals, customers with potential risks, customers with no overall benefits to Vietcombank.
- Reviewing and strictly controlling non-performing loans, potential non-performing loans, and creating recovery plan.

SOLUTIONS TO PROMOTE EFFICIENCY OF BUSINESS ORIENTATIONS



Business support solutions

- Developing specialized products in line with customer segments; promoting the development of new products, focusing on investment bank's products.
- Expanding customer base from securities companies/securities investment funds/fund management companies to provide comprehensive banking services and to focus on the development of open-end funds, ETF funds, additional voluntary pension funds, etc.
- Developing and implementing technology-based payment services in key sectors such as public transport, non-stop toll collection, health care, and education.
- Transforming contactless technology stage by stage in line with SBV regulations and the market's requirements.
- Developing digital products/services/platforms with high application of technology, encouraging transactions on digital banking channels.



Risk management solutions

- Promoting internal inspection and audit while closely supervising the results of implementing inspection and auditing proposals and remotely monitoring business activities of branches/subsidiaries in Vietcombank system.
- Continuing to improve risk management capacity through the implementation of transformation projects and initiatives under the Basel II Program.
- Upgrading operational risk management.



Supporting solutions for technology, human resources, and information management

- Accelerating the implementation of transformation and IT projects. Efficiently operating the new Signature Core banking system, as a foundation for digital transformation and development of new products and services.

- Upgrading IT systems to meet business requirements, ensuring the high availability as well as safe and secure operations; managing the IT systems under international standards.
- Developing and implementing a professional marketing strategy, promoting advertising communications to increase Vietcombank brand identity.
- Implementing reporting system for multi-dimensional profitability management by division/customer/product.
- Restructuring the sales and servicing models at all branches following the RTOM projects.
- Reforming and reorganizing the salary mechanism, as well as business efficiency and labor productivity.
- Developing and issuing a set of criteria for selecting talented staff; capacity framework, training roadmap; reviewing JDs and KPIs.
- Increasing the average number of training sessions, tests/skill competitions compared to 2019 while improving the training quality.
- Preparing necessary conditions for financial statement according to international standards.



Other solutions

- Increasing charter capital from retained profits and surplus; increasing capital through issuing private shares right after being approved by the competent authorities.
- Optimizing the organization model and working facilities following the approved plan for the higher business efficiency.
- Improving the quality of scientific research and innovations throughout the Bank for effective implementation of Vietcombank's growth and business promotion strategies.
- Implementing various social activities to support localities, alleviate damages of natural disasters, prioritizing education, healthcare, etc.

ASSESSMENT BY BOARD OF DIRECTORS

ASSESSMENT BY BOARD OF DIRECTORS

With the management motto of “Transformation – Efficiency – Sustainability” and “Innovation – Discipline – Responsibility” set for 2019, the BOD gave strict and prompt instructions to Vietcombank’s activities in the whole year.



HỘI NGHỊ TRIỂN KHAI NHIỆM VỤ KINH DOANH NĂM 2020



With effort and determination of the whole employees, at the end of 2019, Vietcombank achieved and exceeded all key business targets set by the Shareholders’ General Meeting, rose strongly to affirm its leading position in the banking sector in terms of profit size and asset quality.

Assessment of the implementation of the business targets set by Shareholders’ General Meeting:

BUSINESS RESULTS



In 2019, Vietcombank achieved positive results, especially new record-setting profits thanks to its movements on the right track.

- Total assets reached VND 1,222,719 billion, increasing by 13.8% compared to 2018 and exceeding by 1.6% the 2019 goal set by the General Meeting of Shareholders.
- Total outstanding loans reached VND 741,208 billion, increasing by 15.9% over 2018 and complying with the credit growth set by the Governor of the SBV.
- Total deposits reached VND 1,039,086 billion, up 14.1% over 2018. In particular, customer deposits (including valuable paper issuance) reached VND 949,835 billion, increasing by 15.4% compared to 2018
- Vietcombank continued to tightly control credit quality and promote the recovery of non-performing loans. Non-performing loan was VND 5,804 billion, nonperforming loan ratio was 0.78%, while loan loss provision was VND 10,417 billion. Vietcombank’s loan loss reserve ratio was 179%, which was the highest level in the bank’s operations.
- Profit before tax reached VND 23,122 billion (equivalent to USD 1 billion), increasing by 26.6% compared to 2018 and fulfilling 116% the plan in 2019 set by the General Meeting of Shareholders.

TOTAL DEPOSIT (VND billion)

1,039,086

Up 14.1% over 2018

OUTSTANDING LOANS (VND billion)

741,208

Up 15.9% over 2018

NON-PERFORMING LOANS (VND billion)

5,804

PROFIT BEFORE TAX (VND billion)

23,122

Equivalent to 1 billion USD
Up 26.6% over 2018

ASSESSMENT BY BOARD OF DIRECTORS (continued)

ASSESSMENT BY BOARD OF DIRECTORS (continued)

GOVERNANCE AND MANAGEMENT ACTIVITIES



Regarding network development, human resource management and training

- 05 new Branches and 10 Transaction Offices were launched as approved by the SBV, increasing the total number of transaction points to 111 Branches and 472 Transaction Offices. Vietcombank opened a Representative Office in the US and got approval to establish a branch in Australia.
- Labor productivity was improved, EBT/person in 2019 was estimated to reach VND 1,220 million/person, up 15% compared to 2018. The scientific researches and activities of the Scientific Council were promoted.



Transformation projects

- In 2019, in addition to 27 projects and the CTOM program completed, Vietcombank continued to implement 44 projects (40 of which are classified into 02 programs/schemes). Particularly:
- IT Development Scheme to 2020: The implementation of the Scheme achieved positive changes in 2019 with numerous completed projects.
- Basel II program: 12 initiatives are being implemented. Most of them were applied in the governance of business operations. At the same time, Vietcombank was approved by the SBV to apply Circular No. 41 from January 1st, 2019.
- Other projects: Basically deployed on schedule. The RTOM Project has been implemented since the beginning of 2019 and had its testing phase completed at several branches, which there are reported and approved to apply the retail transformation model.



Digital banking transformation

- Approving the roadmap of a complete digital transformation;
- Proactively implementing the Digital Banking Transformation project in line with the bank's closed strategy;
- Establishing human resource for the digital transformation project.



Other management activities

- In the 2019 Annual General Meeting of Shareholders, a number of important matters regarding regulations and personnel of the BOD were approved. 01 additional member of the BOD was elected, making the total Board members of 9 members.
- The BOD continuously gave direction and periodically urged to review and evaluate the implementation of the restructuring plan and the recovery of non-performing loans by 2020 with 4 sub-schemes and 4 action programs of the Scheme.
- The BOD also approved and issued the Vietcombank Development Strategy by 2025, a vision by 2030, and sub-schemes, Action Programs performed by strategic divisions.



ASSESSMENT OF THE BOARD OF DIRECTORS AND THE BOARD OF MANAGEMENT'S ACTIVITIES

A regular meeting was monthly organized by the BOD to assess the business activities and performance of each Board member on his assigned tasks. On that basis, a resolution was promulgated to direct business activities, assign specific tasks to each member of the BOD and supervise the BOM in implementation and compliance with Bank's Charter, Regulations on organization and operation of the BOD, Internal management regulations and relevant regulations of Vietcombank.

In 2019, by grasping positive changes of world and Vietnam's economy, the BOM follow closely and drastically manage business tasks and plans according to orientations of the BOD as well as medium-term, long-term strategic goals and specific goals for 2019 set by the Shareholders' General Meeting and the BOD.

Members of the BOD and the BOM always considered interests of shareholders, the State and the Bank as top goals, well directed, operated and fulfilled their assigned duties and responsibilities.

BUSINESS STRATEGY FOR 2020

MOTTO

"Transformation, Efficiency, Sustainability" with a focus on growth model in depth, operational restructuring, sustainable growth, high efficiency, and labor productivity improvement.

IN 2020, VIETCOMBANK WILL FOCUS ON 4 STRATEGIC BREAKTHROUGHS, NAMELY

- Renovating the growth model and restructuring business operations;
- Completing mechanisms and policies (mechanisms of internal management and customer policies);
- Enhancing the quality of human resources and the ability to adapt to the digital banking;
- Completing and upgrading IT system, deploying digital banking services.

VIEWPOINT OF MANAGEMENT

"Responsibility – Action – Creativity".

3 CENTRAL OBJECTIVES IN OPERATIONAL RESTRUCTURING

- Gradually reducing the credit growth rate, in association with the sustainable and effective adjustment of credit structure: Increasing the proportion of outstanding loans with RTOM Project as a foundation; increasing the collateral coverage ratio to the total outstanding loans.
- Increasing the proportion of non-interest income with a focus on income from services and treasury;
- Performing capital restructuring to gain efficiency and sustainability.



TOTAL NUMBER OF EMPLOYEES (persons)

18,948

CHAPTER 3 **ORGANIZATION AND HUMAN RESOURCES**

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ORGANIZATION AND HUMAN RESOURCES

HUMAN RESOURCES

As at 31/12/2019, total number of employees was 18,948 persons. With large and increasingly growing number of employees, Vietcombank's BOD and BOM always focus on human resource development as this is the key to the success and effectiveness of the Bank:

- Human resources are managed under the best practices in order to build, develop and maintain a high-quality team who will implement the Bank's goals to become the leading bank in human resource quality.
- Taking initiative in applying flexibility, creativity, determination, innovation in human resources management. On one hand, arranging and strengthening the organizational structure in the direction of specialization, streamlining, efficiency in accordance with international practices. On the other hand, constantly reforming staff management policies in all phases from recruitment to planning, selection, appointment, rotation, discipline, evaluation, training; renovating staff evaluation methods.
- Employee quality is controlled from the recruitment step with a serious and professional recruitment policy; Accepted Staffs are suitable for the recruited position.
- HR planning activities are carried out fully and seriously to build a team of leaders who are updated with knowledge and have professional experiences in operation and management.
- Training activities are promoted to improve both quantity and quality of training courses for employees.
- A salary mechanism is flexible developed, connecting remuneration to productivity, quality, and performance to create motivation for the staff.

Vietcombank is actively implementing the Human resource development and management strategy until 2020 as a prerequisite to successfully implement the Bank restructuring project as directed by the Government and the State Bank of Vietnam.

CHANGES OF MEMBERS OF BOD AND BOM

The composition of the BOD and BOM had some changes as follows:

▼ DISMISSAL

- Ms. Vu Thi Bich Van, Member of Supervisory Board appointed by the SBV (dismissed from the General Meeting of Shareholders dated April 26th, 2019) due to retirement;
- Mr. Nguyen Thanh Tung, Wholesale Banking Group Director (appointed as Deputy CEO of Vietcombank from April 1st, 2019).

▲ NEW APPOINTMENT

- Mr. Do Viet Hung, Member of the BOD (appointed by the SBV to represent 30% of Government's shares, elected as Member of BOD from April 26th, 2019);
- Mr. Nguyen Thanh Tung, appointed as VCB Deputy CEO from April 1st, 2019;
- Mr. Dang Hoai Duc, appointed as VCB Deputy CEO from April 1st, 2019.

NETWORK AND ORGANIZATION OF VIETCOMBANK

In 2019, Vietcombank launched 10 transaction offices and 05 new branches (Kinh Bac, Chi Linh, Tan Sai Gon, Bao Loc, Ba Ria).

As at December 31st, 2019, Vietcombank's network included:

- Head office.
- 111 Branches.
- 472 Transaction offices (including 31 offices approved by the SBV Governor on September 20th, 2019, where 01 office was put into operation on January 2nd, 2020 and 30 offices are expected to launch in 2020).
- 03 Subsidiaries in Vietnam (Vietcombank Leasing Co., Ltd, Vietcombank Securities Co., Ltd, Vietcombank Remittance Co., Ltd.).
- 01 Representative Office in Singapore; 01 Representative Office in the US; 01 Representative Office in the South of Vietnam and 02 overseas subsidiaries (Vinafico Hongkong, VCB Money Inc.).
- 03 Non-business units (Cash Treatment Center in Ha Noi, Cash Treatment Center in HCMC, Human Resource Development and Training School).
- 01 Subsidiary bank in Laos.
- 04 other joint ventures and associates.



BOARD OF DIRECTORS

Mr. **NGHIEM XUAN THANH**

Chairman of the Board of Directors

Education

- Ph.D. in Economics, Banking Academy
- Master of Economics, Banking Academy



Mr. **PHAM QUANG DZUNG**

Member of the BOD cum Chief Executive Officer

Education

- Master of Banking and Finance, Birmingham University, UK
- Bachelor of Economics, National Economics University

Mr. **DO VIET HUNG**

Member of the Board of Directors

Education

- Master of Business Administration, Chulalongkorn University (Thailand)
- Bachelor of Economics, Vietnam Maritime University



Mr. **NGUYEN MANH HUNG**

Member of the Board of Directors

Education

- Master of Economics - The Vietnam - Netherlands Master Program
- Bachelor of Economics, National Economics University



Mr. **NGUYEN MY HAO**

Member of the Board of Directors

Education

- Master of Economics, Banking Academy
- Bachelor of Economics, Banking Academy

Mr. **EIJI SASAKI**

Member of the Board of Directors

Education

- Bachelor of Economics, Nihon University (Japan)
- Bachelor of Economics, The State University of New York at Buffalo



BOARD OF DIRECTORS (continued)

Mr. **PHAM ANH TUAN**

Member of the Board of Directors

Education

- Master of Business Administration, South Columbia University
- Bachelor of Economics, University of Economics Ho Chi Minh City



Mr. **HONG QUANG**

Member of the Board of Directors
Head of Human Resources Division

Education

- Master of Business Administration – Foreign Trade University in collaboration with Meiho University (Taiwan)
- Bachelor of Economics, National Economics University
- Bachelor of Laws, Ha Noi Law University

Mr. **TRUONG GIA BINH**

Independent member of the BOD

Education

- Associate Professor in Mechanics – By State Council for Academic Appraisal and Title of Vietnam
- Ph.D. in Mathematics and Physics – Lomonosov Moscow State University
- Bachelor of Mathematics and Mechanics – Lomonosov Moscow State University



BOARD OF MANAGEMENT

Mr. **PHAM QUANG DZUNG**

Chief Executive Officer

Education

- Master of Banking and Finance, Birmingham University, UK
- Bachelor of Economics, National Economics University



Mr. **DAO MINH TUAN**

Deputy CEO

Education

- Master of Economics, Banking Academy
- Applied Mathematics Engineering, Ha Noi University of Science and Technology
- Bachelor of Economics, National Economics University

Mr. **PHAM MANH THANG**

Deputy CEO

Education

- Ph.D. in Economics, Banking Academy
- Master of Economics, Banking Academy
- Bachelor of Economics, Banking Academy



BOARD OF MANAGEMENT (continued)

Ms. **NGUYEN THI KIM OANH**

Deputy CEO

Education

- Master of Banking and Finance, New South Wales University
- Bachelor of Economics, National Economics University



Ms. **PHUNG NGUYEN HAI YEN**

Deputy CEO

Education

- Master of Economics, Banking Academy – CPA Australia
- Bachelor of Economics, Banking Academy



Ms. **DINH THI THAI**

Deputy CEO

Education

- Master of Economics, National Economics University
- Bachelor of Economics, Foreign Trade University



Mr. **EIJI SASAKI**

Deputy CEO

Education

- Bachelor of Economics, Nihon University (Japan)
- Bachelor of Economics, The State University of New York at Buffalo



Mr. **LE QUANG VINH**

Deputy CEO

Education

- Master of Economics, New South Wales University, Australia
- Bachelor of Economics, National Economics University



BOARD OF MANAGEMENT (continued)

Mr. **NGUYEN THANH TUNG**

Deputy CEO

Education

- Master of Economics, Paris Dauphine University
- Bachelor of Economics, Foreign Trade University



DIVISION HEADS

Mr. **HONG QUANG**

Head of Human Resources Division

Education

- Master of Business Administration - Foreign Trade University in collaboration with Meiho University (Taiwan).
- Bachelor of Economics, National Economics University
- Bachelor of Laws, Ha Noi Law University



Mr. **DANG HOAI DUC**

Deputy CEO

Education

- Bachelor of Economics, Training and Scientific Research Center for Banking (now Banking University of Ho Chi Minh City)



Mr. **THOMAS WILLIAM TOBIN**

Head of Retail Banking Division

Education

- Master of Business Administration, McMaster University (Canada)
- Bachelor of Economics, Toronto University (Canada)



SUPERVISORY BOARD

Ms. **TRUONG LE HIEN**

Head of Supervisory Board

Education

- Master of Development Economics – The Vietnam – Netherlands Master Program
- Bachelor of Economics, Banking Academy



Ms. **DO THI MAI HUONG**

Member of Supervisory Board

Education

- Master of Economics, Foreign Trade University
- Bachelor of Economics, Foreign Trade University



CHIEF ACCOUNTANT

Ms. **LA THI HONG MINH**

Member of Supervisory Board

Education

- Master of Economics, National Economics University
- Bachelor of Economics, Banking Academy



Mr. **LE HOANG TUNG**

Chief Accountant

Education

- Master of Economics, Academy of Finance
- Bachelor of Economics, Academy of Finance





NUMBER OF SHAREHOLDERS (shareholders)

24,331

CHAPTER 4

CORPORATE GOVERNANCE

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Corporate governance

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Business network

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

STRUCTURE OF BOARD OF DIRECTORS

No.	Full name	Position	VCB shares owned		Remarks
			Number of shares	Ownership	
1	Nghiem Xuan Thanh	Chairman of BOD	59,025	0.00159%	Elected as member of BOD by Shareholders' General Meeting from April 25 th , 2013. Appointed as Chairman by the BOD from November 1 st , 2014. Non-executive member.
2	Pham Quang Dzung	Member of BOD, CEO	3,281	0.00009%	Elected as member of BOD by Shareholders' General Meeting from April 25 th , 2013. Appointed as CEO by the BOD from November 1 st , 2014.
3	Nguyen Manh Hung	Member of BOD	2,270	0.00006%	Elected as member of BOD at the Extraordinary General Meeting of Shareholders from December 26 th , 2014. Non-executive member.
4	Nguyen My Hao	Member of BOD	7,012	0.00019%	Elected as member of BOD by Shareholders' General Meeting from April 28 th , 2017. Non-executive member
5	Eiji Sasaki	Member of BOD, Deputy CEO	0	0.00000%	Elected as member of BOD by Shareholders' General Meeting from April 28 th , 2017.
6	Pham Anh Tuan	Member of BOD	0	0.00000%	Elected as member of BOD by Shareholders' General Meeting from April 28 th , 2017. Non-executive member
7	Hong Quang	Member of BOD Head of Human Resources Division	2	0.00000%	Elected as a Member of BOD by Shareholders' General Meeting from April 27 th , 2018.
8	Truong Gia Binh	Member of BOD	0	0.00000%	Elected as a Member of BOD by Shareholders' General Meeting from April 27 th , 2018. Independent member
9	Do Viet Hung	Member of BOD	0	0.00000%	Elected as a Member of BOD by Shareholders' General Meeting from April 26 th , 2019 Non-executive member

ACTIVITIES OF BOARD OF DIRECTORS

In 2019, the Board of Directors of Vietcombank organized 73 meeting sessions (in which 21 plenary sessions of BOD) and 59 sessions collecting opinions in writing to direct Vietcombank's operation in each period, make decisions on matters within the competence of BOD and discuss other specific topics.

The attendance rate of the Board members in 2019 is presented as below:

No.	Member of BOD	Position	Date being member of BOD	Number of meetings attended	Number of meetings on the basis of voting	Attendance rate	Reason for absence
1	Nghiem Xuan Thanh	Chairman of the BOD	25/04/2013	73/73	59/59	100%	
2	Pham Quang Dzung	Member of BOD, CEO	25/04/2013	73/73	59/59	100%	
3	Nguyen Manh Hung	Member of BOD	26/12/2014	73/73	59/59	100%	
4	Nguyen My Hao	Member of BOD	28/04/2017	73/73	59/59	100%	
5	Eiji Sasaki	Member of BOD, Deputy CEO	28/04/2017	21/21	2/2	100%	(1)
6	Pham Anh Tuan	Member of BOD	28/04/2017	73/73	59/59	100%	
7	Hong Quang	Member of BOD Head of Human Resources Division	27/04/2018	73/73	59/59	100%	
8	Truong Gia Binh	Independent member of BOD	27/04/2018	21/21	2/2	100%	(2)
9	Do Viet Hung	Member of BOD	26/04/2019	51/51	56/56	100%	(3)

Notes:

- (1) Mr. Eiji Sasaki is a concurrent member of BOD; thus only attendance in plenary sessions was counted.
 (2) Mr. Truong Gia Binh is an independent member of BOD; thus only attendance in plenary sessions was counted.
 (3) Mr. Do Viet Hung was elected as Member of BOD from April 26th, 2019; thus only attendance from April 26th, 2019 to December 31st, 2019 was counted.

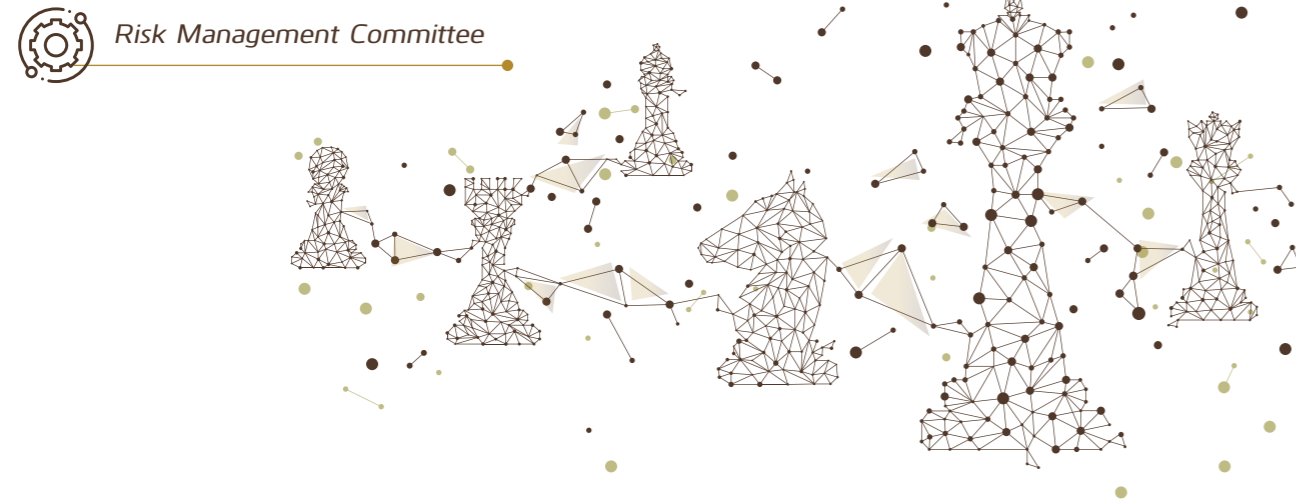
CORPORATE GOVERNANCE

(continued)

BOARD OF DIRECTORS (continued)

COMMITTEES UNDER BOARD OF DIRECTORS

Structure of Committees



Risk Management Committee assists BOD in approving appropriate policies and directions with regard to various types of risks (credit risk, market risk, operational risk, etc.) in each period, including defining ratios, limits/restrictions and risk appetite of the Bank.

Risk Management Committee consists of the following members:

1	Mr. Nguyen Manh Hung	Member of BOD	<i>Head of Committee</i>
2	Mr. Truong Gia Binh	Independent member of BOD	<i>Member</i>
3	Mr. Pham Anh Tuan	Member of BOD	<i>Member</i>
4	Mr. Nguyen My Hao	Member of BOD	<i>Member</i>
5	Mr. Eiji Sasaki	Member of BOD, Deputy CEO	<i>Member</i>
6	Ms. Dinh Thi Thai	Deputy CEO	<i>Member</i>
7	Ms. Nguyen Thi Kim Oanh	Deputy CEO	<i>Member</i>
8	Mr. Nguyen Thanh Tung	Deputy CEO	<i>Member</i>
9	Mr. Thomas William Tobin	Head of Retail Banking Division	<i>Member</i>

In 2019, Risk Management Committee organized 4 regular meeting sessions, coordinated with relevant divisions to build and complete Vietcombank's regulations, advised BOD with risk management strategies, policies and preventive measures covering numerous aspects of Vietcombank's operation.



Human Resource Committee

Human Resource Committee advises BOD with matters related to human resources, remuneration policies, salaries, bonuses and other compensation policies of Vietcombank.

Human Resource Committee consists of the following members:

1	Mr. Nghiem Xuan Thanh	Chairman of BOD	<i>Head of Committee</i>
2	Mr. Pham Quang Dzung	Member of BOD, CEO	<i>Member</i>
3	Mr. Nguyen Manh Hung	Member of BOD	<i>Member</i>
4	Mr. Hong Quang	Member of BOD, Head of Human Resources Division	<i>Member</i>
5	Mr. Dang Binh Nguyen	Director of Human Resources Department	<i>Member</i>

After new policies on human resource management were reviewed and issued simultaneously, Human Resource Committee actively assessed and managed the staff under its competence. During the past time, the appointment and reappointment of leaders at the Head office and business units have been approved by Human Resource Committee, contributing to improve capacity and quality of staff management.

ALL MEMBERS OF BOARD OF DIRECTORS WENT THROUGH TRAINING PROGRAMS ON MANAGEMENT

CORPORATE GOVERNANCE (continued)

SUPERVISORY BOARD

MEMBERS AND STRUCTURE OF SUPERVISORY BOARD

At the 12th Annual General Meeting of Shareholders of Joint Stock Commercial Bank for Foreign Trade of Vietnam on 26/04/2019, the dismissal of Ms. Vu Thi Bich Van as the Supervisory Board member for the term 2018 – 2023 was approved (retirement on March 1st, 2019 under the Governor’s Decision). By December 31st, 2019, the Supervisory Board had 03 members.

In 2019, member attending Supervisory Board were:

No.	Members of Supervisory Board	Position	Date being member of SB	Number of meetings attended	Attendance rate	Reason for absence
1	Ms. Truong Le Hien	Head of SB	June 2008	4/4	100%	-
2	Ms. La Thi Hong Minh	Member of SB	June 2008	4/4	100%	-
3	Ms. Do Thi Mai Huong	Member of SB	June 2008	4/4	100%	-
4	Ms. Vu Thi Bich Van	Member of SB	April 2011	1/4	25% (*)	-

(*) Note:

Ms. Vu Thi Bich Van retired from the State Bank from March 1st, 2019, which was approved by the General Meeting of Shareholders on April 26th, 2019.

ACTIVITIES OF SUPERVISORY BOARD

Assessment on activities of Supervisory Board

- *Supervision on BOD, BOM and shareholders by Supervisory Board*

Supervisory Board supervised BOD and BOM in the implementation of business orientations and objectives in 2019 of Vietcombank, which were approved by Shareholders’ General Meeting, supervising the compliance with the laws and the Bank’s Charter in management and governance. In general, in 2019, BOD and BOM well directed and managed Vietcombank’s business operations in line with the business targets. BOD and BOM complied with the provisions of the Law on Credit Institutions and the Bank’s Charter in management and governance.

Implementing the provisions in the Law on Credit Institutions, Supervisory Board has followed up with the list of founders, major shareholders, and member of BOD, member of Supervisory Board, and CEO as well as updated information regularly.

- *Coordinating between the Supervisory Board and BOD, BOM and other managers*

Performing Regulations on internal governance of Vietcombank, Supervisory Board attends regular/periodic meetings of BOD and monthly meetings of BOM. Supervisory Board is also fully provided with information and documents about management, governance and business activities of the Bank to serve its supervisory activity.

The Supervisory Board, in coordination with BOD and BOM, reviewed the regulations on internal governance (Vietcombank’s Charter on organization and operation, the BOD’s Regulations on organization and operation, the Regulations on internal governance, the Supervisory Board’s Regulations on organization and operation, etc.) to ensure the compliance with

the provisions of Circular No. 13/2018-TT-NHNN dated May 18th, 2018 and Circular No. 40/2018/TT-NHNN dated December 28th, 2018 on the internal governance system of commercial banks and their foreign branches.

The Supervisory Board worked closely with BOD and BOM in carrying out the assigned functions and tasks and supervising audit activities of the bank. Through its activities, the Supervisory Board has proposed opinions and suggestions to BOD and BOM for risk management enhancement, risk minimization, and compliance with the law, the Company’s Charter, and internal regulations, in order to improve the operational quality and efficiency of the Bank.

- *Other activities of Supervisory Board*

In 2019, the Supervisory Board evaluated the financial statements for the fiscal year 2018 and for the first 6 months of the year 2019, completed the internal control report; it acted as the center for deploying Circular No. 13/2018/TT-NHNN at VCB and monitoring limit management and safety ratios; as well as supervising the implementation of VCB Restructuring Plan to 2020.

Members of the Supervisory Board participated in professional trainings and seminars for better understanding of governance to join transformation projects; proactively monitored, urged and coordinated with Departments/Divisions/Centers at the Headquarter and the Branches to perform proposals of the Supervisory Board, internal audits, and suggestions from external inspection units.



CORPORATE GOVERNANCE

(continued)

TRANSACTIONS OF INTERNAL SHAREHOLDERS AND RELATED PERSONS

In 2019, there was transactions of internal shareholders and related persons as follows:

No.	Transaction performer	Position	Number of shares before transaction		Number of shares after transaction		Reasons for increase/decrease	Transaction result report time	Remarks
			Number of shares	Holding ratio (%)	Number of shares	Holding ratio (%)			
1	Mr. Nghiem Xuan Thanh	Chairman of BOD	49,025	0.00136	59,025	0.0016	Buy	01/2019	
2	Mr. Le Hoang Tung	Chief Accountant	10,000	0.00027	20,000	0.0005	Buy	01/2019	
3	Mr. Le Hoang Tung	Chief Accountant	20,000	0.0005	10,000	0.00028	Sell	11/2019	
4	Mr. Pham Manh Thang	Deputy CEO	37,197	0.001	197	0	Sell	07/2019	
5	Ms. Nguyen Thi Phuong		21,068	0.00057	68	0	Sell	07/2019	Deputy CEO Pham Manh Thang's wife

INVESTOR RELATIONS

In 2019, investor relations continued to be improved and focused. Vietcombank continued to strictly follow the regulations on information disclosure, ensured timely provision of transparent information to investors. In addition, Vietcombank proactively strengthened contact with shareholders and investors through direct conversations at the head office, attendance at domestic and foreign investment conferences, frequent updates and publishing brochures and quarterly business performance updates.

INVESTOR MEETINGS

Vietcombank held nearly 80 meetings at Vietcombank with hundreds of domestic and international institutional/individual investors, securities and fund management companies.

Foreign investors who are interested in Vietcombank came from different countries with the majority from foreign investment funds locating in Vietnam, followed by investors from the USA, Japan, Korea, Singapore, Europe, etc.

During meetings, the investors were timely updated with the movements of macro economy and banking sector, the operation and prospectus of Vietcombank. Good performance and effective investor relation raised Vietcombank's shares at securities market, especially compared with other listed banks.

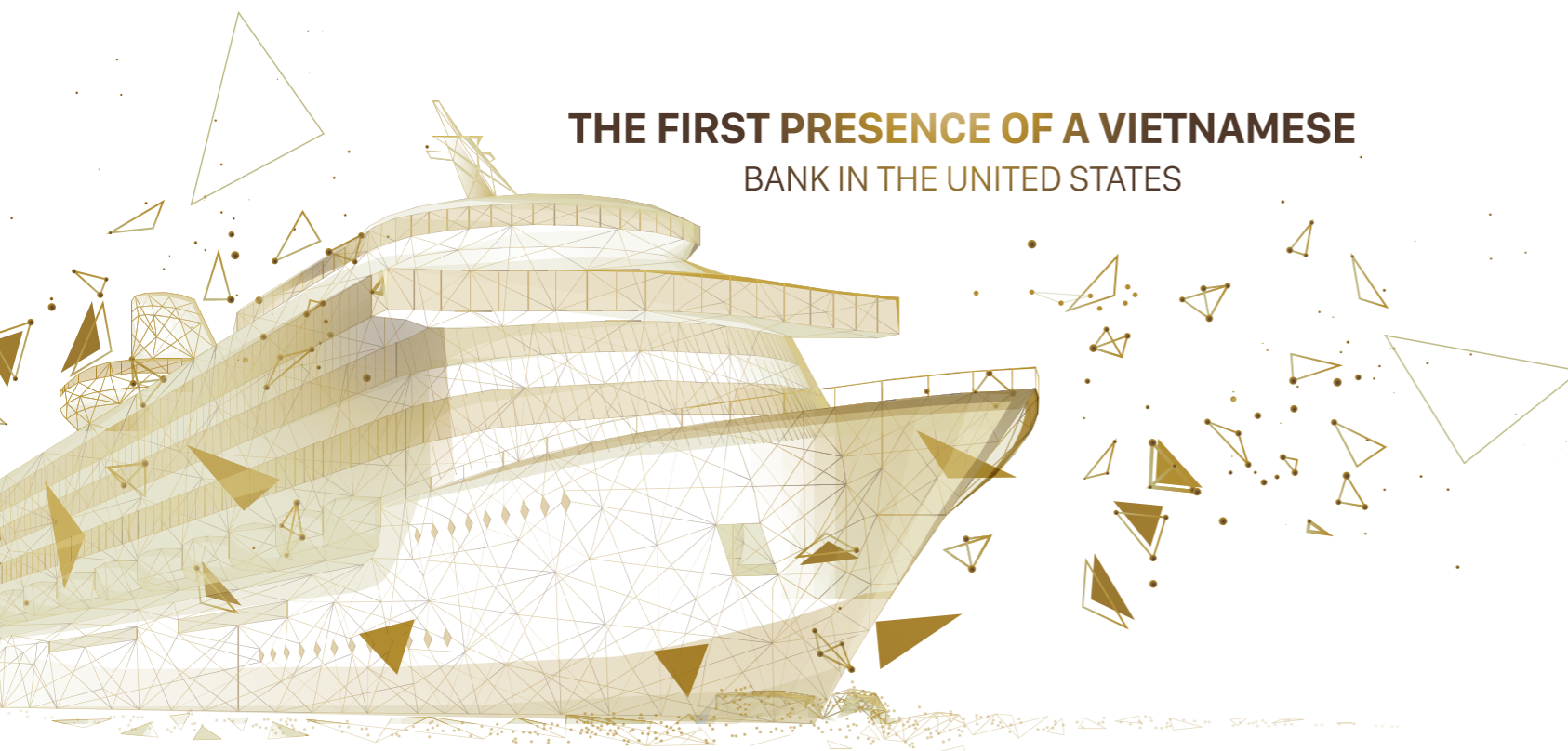
PARTICIPATION IN INTERNATIONAL INVESTMENT CONFERENCES

As a large public company with significant impact and a highly appreciated IR team, Vietcombank is invited to various domestic and overseas investment events every year. In 2019, Vietcombank has participated in the following events:

- *Investment events organized by Daiwa Capital Markets (Japan) at the world's large financial centers: Japan (03/2019), US (05/2019), Singapore (08/2019), Hong Kong (09/2019).*
- *Investment events organized abroad by other prestigious financial institutions: Credit Suisse organized in London and New York (02/2019). UBS organized in Bangkok (09/2019).*
- *Domestic investment events organized by Vietnam's leading securities companies: Vietnam Access Day by VCSC (03/2019), Emerging Vietnam 2019 Conference by HSC (06/2019) and 2019 Investor Conference by Vinacap (10/2019).*

Continuously being invited to all the most important investment events organized in the country and being one of the few Vietnamese enterprises constantly invited to participate in international events have affirmed the position of Vietcombank in the investment community. Through these events, the IR department provided information fully and regularly to investors, strengthening connections with hundreds of prestigious domestic & foreign financial institutions and investment funds.

THE FIRST PRESENCE OF A VIETNAMESE BANK IN THE UNITED STATES



RISK MANAGEMENT

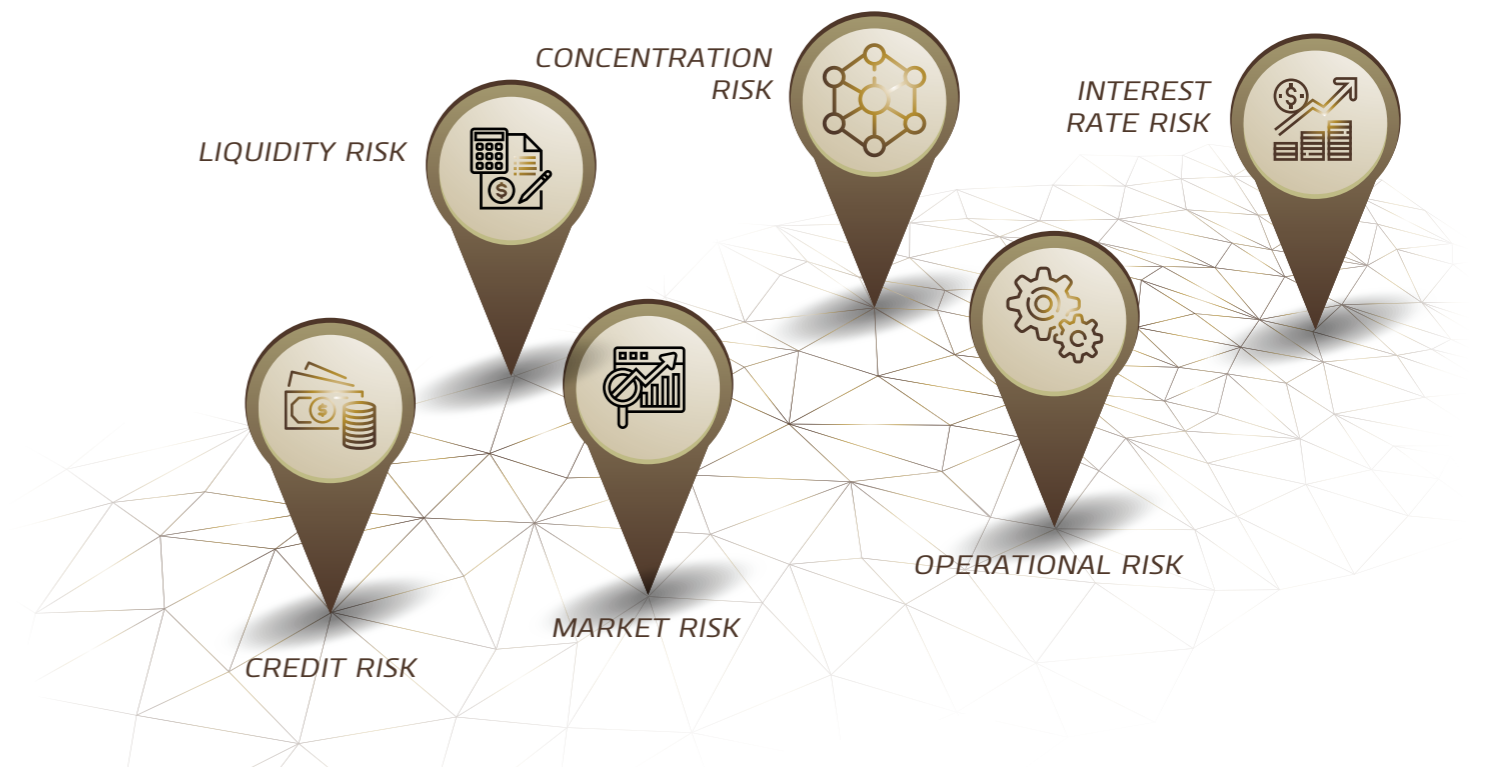


In order to become a bank with the best risk management in Vietnam, Vietcombank always proactively enhances the risk management culture, pioneers in researching and applying modern credit risk management measures and models in conformity with international standards, orientations of regulatory authorities, as well as internal management needs.

In terms of organization and risk management, Vietcombank regularly reviews and consolidates its risk management apparatus in line with 3 Lines of Defense: (i) the first line is to identify, control and mitigate risks; (ii) the second line is to develop risk management policy, internal regulations on risk management, measurement, monitoring in compliance with the law and (iii) the third line is for internal auditing. At the same time, the bank strengthens and enhances role and activities of Committees, Councils and Departments in risk management, such as Risk Management Committee, Risk Council, Risk Management Department, Compliance Department and Internal Audit Department. Thereby, improving efficiency of risk control, while proactively supporting business operations to achieve the best business efficiency.

Vietcombank's documents, regulations, guidelines on risk management are periodically reviewed and updated, meeting requirements and following orientations of regulatory authorities, as well as operational status of Vietcombank.

Summary of the key risk management at Vietcombank:



Vietcombank also focused on investment in developing risk measurement tools and models utilizing advanced methods. Credit risk quantification model was developed, covering most of the bank portfolio, namely: Probability of default model (PD model) according to Basel II standard; Loss given default model (LGD model); Exposure at default (EAD model) for both Wholesale and Retail portfolios.

Besides, the information technology systems were also regularly upgraded to meet the governance requirements the best. The quality and completeness of the data continue to be improved as an important foundation for the Bank's risk management.

Regarding the Basel II Program, following the positive result in 2018 of being recognized as the first bank to meet Basel II standards in Vietnam under Circular No. 41 when achieving the capital adequacy ratio one year earlier than required, in 2019, Vietcombank continued to promote the implementation of ICAAP and other contents by advanced methods. At present, necessary conditions to meet Basel Standards are basically completed under the advanced methodology.

RISK MANAGEMENT (continued)



CREDIT RISK

Credit risk includes: i) Credit risk is the risk generated when customers do not fulfil or are unable to fulfil part or all repayment obligations under contracts or agreements with VCB; (ii) Counterparty risk is the risk generated when the counterparty does not fulfil or is unable to fulfil part or all repayment obligations before or at the maturity of trading transactions; repo transactions; reverse repo transactions; transactions of derivative products for hedging purpose; transactions of foreign currency and financial assets for the needs of customers and partners.

Vietcombank's credit risk management framework includes organizational structure, policies, processes, models, limits and reports. Several recent results of credit risk management:

- Building early warning system ("EWS") for early detection of corporate customers with potential risk, thereby improving the quality of the Bank's credit portfolio by regularly evaluating customers after loans, promptly providing preventive and remedial measures to minimize damages to the Bank. Customer identification was built on the quantitative

analysis of data on the core banking system, credit rating system and the qualitative questionnaires to assess the customers' goodwill, business performance, and repayment ability.

- Regularly reviewing and updating: (i) reporting on the management of wholesale and retail credit portfolios; (ii) periodically preparing sectoral reports as a basis for identifying industry risks to have the orientation for credit granting to each industry corresponding to the risk level; (iii) providing information about related customer groups for decentralized authorization in credit activities, ensuring that the credit limit for customer groups with significant influence are granted by a higher authority.
- Building, monitoring, and managing credit risk limits, including: (i) Credit limit by customer, industry, economic sector on the basis of customers' ability to repay debts, credit risk of economic sectors and fields; (ii) Credit limit by product, form of guarantee on the basis of corresponding credit risk of the product, form of security.

MARKET RISK

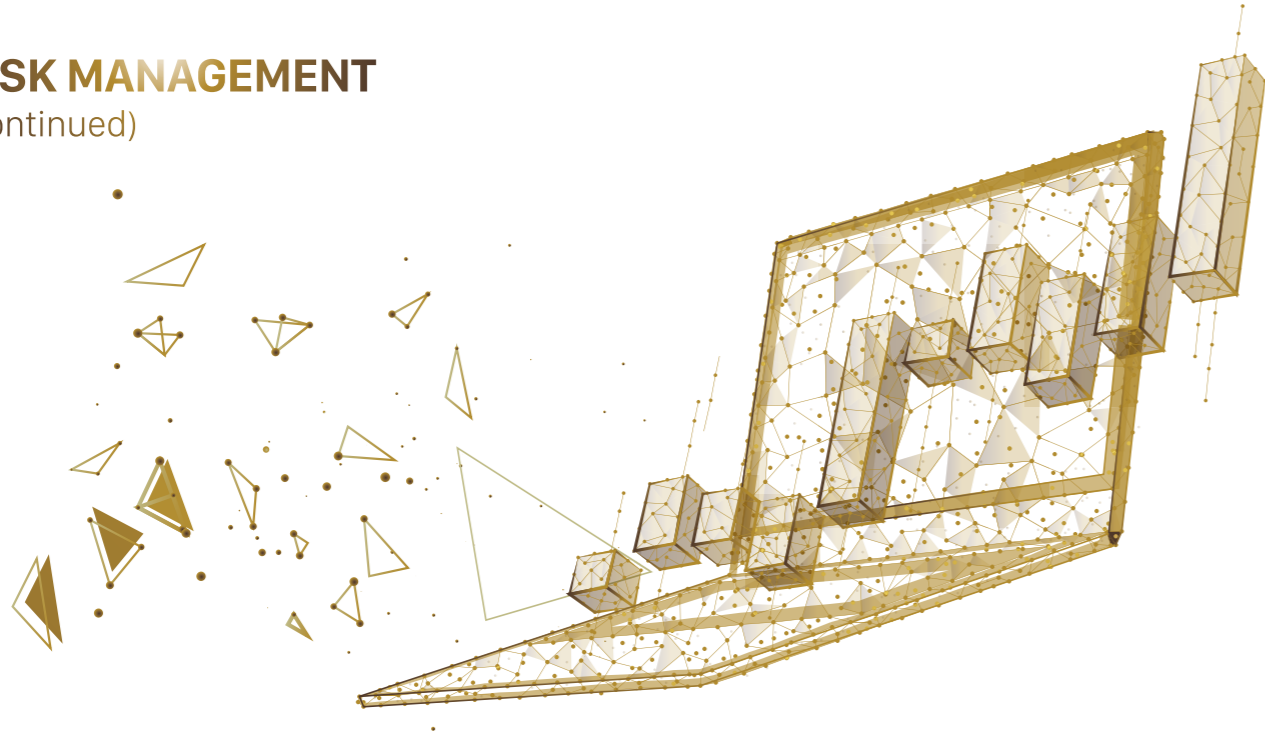
Market risk is the risk generated due to negative changes in interest rates, exchange rates, gold price, securities and goods to values of VCB's financial assets. Market risk includes: Interest rate risk, stock price risk on the trading book and foreign exchange risk, commodity price risk on the trading and banking books.

The market risk management framework is a close combination of organizational structure, policies, processes, models, limits and reports of market risks, towards the world's innovative standards. Market risk management is carried out at each business unit and operational unit, based on each risk profile in particular and VCB's risk appetite in general. Based on its synchronous market risk management framework, Vietcombank can actively prevent risks to limit the impact of market fluctuations.

In 2019, after being approved for early application of Circular No. 41 on capital adequacy ratio and Circular No. 13 on internal control system, Vietcombank continued to periodically review and update policies, procedures while supplementing and upgrading systems, models, measurement and market risk management programs to meet the State Bank's regulations as well as the international practices.



RISK MANAGEMENT (continued)



OPERATIONAL RISK

Operational risk is the risk generated due to incomplete or erroneous internal processes, human errors, incidents of system or external factors which causes financial losses, negative non-financial impacts on commercial bank and its overseas branches (including legal risks).

Along with comprehensive provision of banking products and services, Vietcombank has increasingly focused on the operational risk management (ORM). The ORM Framework of Vietcombank, composed of organizational model and structure and ORM policies and processes, was consistently improved according to the innovative standards of Basel II and SBV's regulations in Circular No. 13.

In 2019, operational risk management (ORM) at Vietcombank was still a focus and significantly improved to protect the Bank, the shareholders and the customers. ORM was successfully implemented not only in width but also in depth across Vietcombank thanks to ORM tools including incident report, risk self-assessment, and checkpoints. Additionally, Vietcombank developed and monitored key risk indicators (KRI), risk assessment for all policies, regulations, and new products and services, including outsourcing activities. These tools effectively assisted in identifying, measuring, evaluating and minimizing operational risks. In particular, Vietcombank

invested in risk management software system, thereby enhancing automation, efficiency, and quality of risk management at Vietcombank.

Vietcombank was proactive in implementing specific processes and actions to manage key operational risks. The fraud risk management (FRM) continued to be promoted with strict compliance with FRM policies, procedures and tools, as well as the implementation of denouncement mechanism and related regulations on human resource management for early prevention and detection of fraud risks. In addition, the information technology risk management frame continued to be enhanced and completed to prevent and minimize IT risks, while maintaining the continuity in IT system operation.

In addition to measures to prevent, detect and mitigate operational risks, Vietcombank also conducted operational risk transfer through the operational risk insurance packages for its assets as an additional ORM measure to protect the bank in case of serious losses.

Not only using technical tools, Vietcombank also focused on improving operational risk management culture through training, ensuring compliance with the Code of Conduct and professional ethics, developing an engaged working environment for risk prevention.



LIQUIDITY RISK

Liquidity risk is the risk generated when:

- The bank fails to fulfil its repayment obligations at due date; or
- The bank is able to fulfil its repayment obligations at due date but has to pay a higher cost than the average market price according to VCB's internal regulations.

Vietcombank's liquidity risk management framework has been fully set up with models, organizational management structures, set of documents and policies, processes, regulations and overall limits to identify, measure, supervise and report risks according to international practices and innovative Basel standards, and strictly comply with the SBV's regulations on solvency and liquidity ratios in banking operations.

In 2019, Vietcombank tested new tools such as minimum survival time limits, capital concentration ratio monitoring threshold, etc., based on the results of transformation projects. At the same time, Vietcombank invested in ALM software and system to meet the international practices on liquidity risk management.



RISK MANAGEMENT (continued)



CONCENTRATION RISK

Concentration risk occurs when a bank's business focuses on only one customer (including related persons), partner, product, transaction, industry, economic sector, and currency with significant impact on income, risk status according to internal regulations of the bank. Concentration risks include concentration risks for credit activities and proprietary transactions. Vietcombank has established a comprehensive concentration risk management framework, composed of organizational model and structure, comprehensive system of policies, processes, regulations, and limits to identify, measure, supervise and report risks for compliance with the State Bank's regulations as well as Vietcombank's internal regulations.

In the concentration risk management of credit activities, Vietcombank diversified the credit portfolio according to the following principles: (i) defining credit limits of

concentration risks for credit products, customers, industries and economic sectors; (ii) identifying the relevant person of the customer; (iii) defining the level of diversity and interaction of credit products, industries and economic sectors. In 2019, Vietcombank constantly supervised and monitored credit limits of concentration risks to ensure the credit limits to comply with the regulations.

For concentration risks in proprietary transactions, Vietcombank officially deployed management tools based on criteria of identifying proprietary transaction portfolios to apply limits in order to ensure the diversity and interaction level. The limits were set based on the maximum proportion of the balance from traded product, the currency and the trading partner compared to the total proprietary trading balance.

INTEREST RATE RISK

Interest rate risk management: is the risk generated by negative changes of interest rate on income, asset value, value of liabilities and value of off-balance sheet due to:

- *Difference in period to apply new interest rates or to re-define interest rates;*
- *Change of relationship among interest rates from different financial tools with the same maturity;*
- *Change of relationship among interest rates at different maturities;*
- *Impact from products with interest rate options.*

For interest rate risk management, Vietcombank has established a comprehensive system of policies, processes and limitations to identify, measure, supervise and report risks according to international practices, Basel in accordance with SBV's regulations.

Vietcombank is one of the first banks to apply interest rate risk management tools and limits to daily management activities (management of the difference in reprising gap between rate-sensitive assets and rate-sensitive liabilities, the sensitive of net interest income (NII sensitivity) and the sensitive of economic value of equity (EVE sensitivity)). Vietcombank also uses appropriate derivative products to minimize negative impact of interest rate fluctuations.

In 2019, Vietcombank continued implementing ALM/FTP software system to improve the level of automation as well as the efficiency of interest rate risk management.

BUSINESS NETWORK

LIST OF BRANCHES AND TRANSACTION OFFICES BY DECEMBER 31st, 2019

By December 31st, 2019: Vietcombank has 111 Branches and 472 Transaction Offices. On September 20th, 2019, Vietcombank was approved by the SBV to establish 31 Transaction Offices. These Transaction Offices are expected to launch in 2020.

Branch	Address	Tel	Fax
An Giang	30-32 Hai Ba Trung Street, My Long Ward, Long Xuyen City, An Giang Province	02963.898999 02963.841075 02963.841816	02963.841591
Ba Dinh	521 Kim Ma Street, Ngoc Khanh Ward, Ba Dinh District, Ha Noi City	024.37665318	024.37665313
North Binh Duong	Lot D1-4-TT, NA3 Street, My Phuoc 2 IP, My Phuoc Ward, Ben Cat Town, Binh Duong Province	0274.3697979	0274.3618787
Bac Giang	278 Hoang Van Thu Street, Dinh Ke Ward, Bac Giang City, Bac Giang Province	0204.3855576	0204.3855575
North Ha Tinh	52 Tran Phu Street, Hong Linh Town, Ha Tinh Province	0239.6262555	0239.6269555
Bac Lieu	14-15 Lot B, Ba Trieu Street, Ward 3, Bac Lieu City, Bac Lieu Province	0291.3955055	0291.3955055
Bac Ninh	6-way intersection Street, Dai Phuc Ward, Bac Ninh City, Bac Ninh Province	0222.3811880	0222.3811848
North Gia Lai	737 Pham Van Dong Street, Yen The Ward, Pleiku City, Gia Lai Province	02693.867927	02693.867929
North Sai Gon	Administrative Area, Road 7, Vinh Loc IP, Binh Hung Hoa Ward, Binh Tan District, HCMC	028.37654666	028.37651327
Ben Tre	55B3, Dong Khoi Boulevard, Phu Khuong Ward, Ben Tre City, Ben Tre Province	0275.6255888	0275.6253666
Bien Hoa	22, 3A Street, Bien Hoa 2 IP, Bien Hoa City, Dong Nai Province	0251.3991944	0251.3991947
Binh Dinh	66C Le Duan Street, Ly Thuong Kiet Ward, Quy Nhon City, Binh Dinh Province	0256.3526666 0256.3526526	0256.3523181
Binh Duong	314 Binh Duong Boulevard, Phu Hoa Ward, Thu Dau Mot City, Binh Duong Province	0274.3831227	0274.3838675
Binh Phuoc	744 Phu Rieng Do Street, Tan Xuan Ward, Dong Xoai Town, Binh Phuoc Province	0271.3558888	0271.3867575
Binh Tay	129-129A Hau Giang Street, Ward 5, District 6, HCMC	028.39600477 028.39600478	028.39606217

Branch	Address	Tel	Fax
Binh Thuan	50 Nguyen Tat Thanh Boulevard, Hung Long Ward, Phan Thiet City, Binh Thuan Province	0252.3739064 0252.3739065	0252.3739290
Ca Mau	07 An Duong Vuong Street, Ward 7, Ca Mau City, Ca Mau Province	0290.3575857 0290.3835207	0290.3833466
Can Tho	03-05-07 Hoa Binh Street, Tan An Ward, Ninh Kieu District, Can Tho City	0292.3820445	0292.3817299
Chau Doc	20 Le Loi Street, Chau Phu B Ward, Chau Doc City, An Giang Province	0296.3565603 0296.3561702	0296.3561703
Chuong Duong	564 Nguyen Van Cu Street, Gia Thuy Ward, Long Bien District, Ha Noi City	024.36523333	024.36522949
Da Nang	140-142 Le Loi Street, Hai Chau Ward, Hai Chau District, Da Nang City	0236.3822110	0236.3826062
Dak Lak	06 Tran Hung Dao Street, Thang Loi Ward, Buon Ma Thuot City, Dak Lak Province	0262.3818444 0262.2240777 0262.3857899	0262.3855038
Dong Anh	Nghia Lai Village, Uy No Commune, Dong Anh District, Ha Noi City	024.38835999	024.38835888
Dong Nai	53-55 Vo Thi Sau Street, Quyet Thang Ward, Bien Hoa City, Dong Nai Province	0251.3823666	0251.3824191
East Sai Gon	22F-24 Phan Dang Luu Street, Ward 06, Binh Thanh District, HCMC	028.38407924	028.38407925
Dong Thap	66, 30/4 Street, Ward 1, Cao Lanh City, Dong Thap Province	0277.3872110 0277.3872114	0277.3872119
Dung Quat	East Dung Quat IP, Dung Quat Economic Zone, Binh Thuan Commune, Binh Son District, Quang Ngai Province	0255.3632333 0255.3632212 0255.3632797	0255.3632336 0255.3610806 0255.3616688
Gia Dinh	423-425 Le Van Viet Street, Tang Nhon Phu A Ward, District 9, HCMC	028.37307799	028.37361199
Gia Lai	33 Quang Trung Street, Hoi Thuong Ward, Pleiku City, Gia Lai Province	0269.3875566	0269.3828592
Tan Son Nhat	366A33 Phan Van Tri Street, Ward 5, Go Vap District, HCMC	028.39856868	028.39856869
Ha Long	166 Ha Long Street, Bai Chay Ward, Ha Long City, Quang Ninh Province	0203.3811808 0203.3811911	0203.3844746
Ha Nam	Le Hoan Street, Hai Ba Trung Ward, Phu Ly City, Ha Nam Province	0226.3616666	0226.3616567
Ha Noi	Floor 1-5, 11B Cat Linh Street, Quoc Tu Giam Ward, Dong Da District, Ha Noi City	0220.3891131	0220.3891807
West Ha Noi	Lot HH-03, To Huu Street, Van Phuc Ward, Ha Dong District, Ha Noi City	024.33554545	024.33554444

BUSINESS NETWORK (continued)

Branch	Address	Tel	Fax
Ha Thanh	344 Ba Trieu Street, Le Dai Hanh Ward, Hai Ba Trung District, Ha Noi City	024.36503333	024.32252222
Ha Tinh	02 Nguyen Thi Minh Khai Street, Tran Phu Ward, Ha Tinh City, Ha Tinh Province	0239.3857003 0239.3777886	0239.3857002
Hai Duong	66 Nguyen Luong Bang Street, Binh Han Ward, Hai Duong City, Hai Duong Province	03203.891131	03203.891807
Hai Phong	275 Lach Tray Street, Dang Giang Ward, Ngo Quyen District, Hai Phong City	0225.3842658	0225.3841117
Ho Chi Minh	VBB Tower, 05 Me Linh Square, Ben Nghe Ward, District 1, HCMC	028.38297245 028.39141777	028.38297228
Hoan Kiem	23 Phan Chu Trinh Street, Phan Chu Trinh Ward, Hoan Kiem District, Ha Noi City	024.39335566	024.39335580
Hoang Mai	Floor 1-2, Tower 1, Times City, 458 Minh Khai, Vinh Tuy Ward, Hai Ba Trung District, Ha Noi City	024.38383383	024.32115555
Hue	78 Hung Vuong Street, Phu Nhuan Ward, Hue City, Thua Thien Hue Province	0234.3811900	0234.3824631
Hung Vuong	664 Su Van Hanh Street, Ward 12, District 10, HCMC	028.38663983 028.38663984 028.38624810	028.38624804 028.38624806
Hung Yen	02 Nguyen Cong Hoan Street, Ban Yen Nhan Ward, My Hao Town, Hung Yen Province	0221.3941886	0221.3941044
Khanh Hoa	17 Quang Trung Street, Van Thanh Ward, Nha Trang City, Khanh Hoa Province	0221.3589368	02583.815114
Kien Giang	89, 3/2 Street, Vinh Bao Ward, Rach Gia City, Kien Giang Province	0297.3862749	0297.3866243
Kon Tum	01 Phan Dinh Phung Street, Quyet Thang Ward, Kon Tum City, Kon Tum Province	0260.3703337	0260.3913516
Ky Dong	13-13 Bis Ky Dong Street, Ward 9, District 3, HCMC	028.39318968	028.39318953
Lam Dong	33 Nguyen Van Cu Street, Ward 1, Da Lat City, Lam Dong Province	0263.3511811	0263.3533666
Lang Son	37 Le Loi Street, Vinh Trai Ward, Lang Son City, Lang Son Province	0205.3859859	0205.3866555
Lao Cai	79 Hoang Lien Street, Coc Leu Ward, Lao Cai City, Lao Cai Province	0214.3828396 0214.3828265	0214.3828261 0214.3828326
Long An	2A Pham Van Ngu Street, Quarter 5, Ben Luc Town, Ben Luc District, Long An Province	0272.3633683	0272.3633687
East Dong Nai	No.163 National Highway 1A, Hoi Nai 3 Commune, Trang Bom District, Dong Nai Province	02513.646151	02513.646157

Branch	Address	Tel	Fax
Mong Cai	05 Hung Vuong Street, Tran Phu Ward, Mong Cai City, Quang Ninh Province	0203.3757575	0203.3881676 0203.372886
South Binh Duong	121, DT 743B Street, Thong Nhat 1 Quarter, Di An Ward, Di An Town, Binh Duong Province	0274.7307777	0274.3710725
South Da Nang	537 Tran Hung Dao Street, An Hai Tay Ward, Son Tra District, Da Nang City	0236.3932999	0236.3932009
Nam Dinh	629 Tran Hung Dao Street, Loc Vuong Ward, Nam Dinh City, Nam Dinh Province	0228.3558666	0228.3558333
South Ha Noi	Floor 1-3, Cau Tien Apartments, 1277 Giai Phong Street, Thinh Liet Ward, Hoang Mai District, Ha Noi City	024.38699696	024.36281000
South Hai Phong	11 Hoang Dieu, Minh Khai Ward, Hong Bang District, Hai Phong City	0225.3552299 0225.3841080	0225.3569611
South Sai Gon	Floor 1, 2, 3, 4 V6 Tower, Lot V, Himlam New Urban Area, 23 Nguyen Huu Tho, Tan Hung Ward, District 7, HCMC	028.37701634	028.37701635
Nghe An	21 Quang Trung Street, Vinh City, Nghe An Province	0238.3842033 0220.3891807	0238.3842192
Phu Nhuan	285 Nguyen Van Troi, Ward 10, Phu Nhuan District, Ho Chi Minh City	028.38479966	028.38476226
Nha Trang	21 Le Thanh Phuong Street, Van Thang Ward, Nha Trang City, Khanh Hoa Province	0258.3826279 0258.829689	0258.3829682
Nhon Trach	Nguyen Huu Canh Street, Xom Ho Hamlet, Phu Noi Commune, Nhon Trach District, Dong Nai Province	0251.3521888 0251.3561628	0251.3521999
Ninh Binh	1069 Tran Hung Dao Street, Quarter 14, Van Giang Ward, Ninh Binh City, Ninh Binh Province	0229.3894444	0229.3894446
Ninh Thuan	47, 16/4 Street, Kinh Dinh Ward, Phan Rang - Thap Cham City, Ninh Thuan Province	0259.3922.755	0259.3922.756
Pho Hien	186 Chu Manh Trinh Street, Hien Nam Ward, Hung Yen City, Hung Yen Province	0221.3596666	0211.3856866
Phu Quoc	1A, Hung Vuong Street, Quarter 1, Duong Dong Town, Phu Quoc District, Kien Giang Province	0297.3626264	0297.3626265
Phuc Yen	Hoai Nam Building, No.06 Group 8 Hai Ba Trung Street, Hung Vuong Ward, Phuc Yen Town, Vinh Phuc Province	0211.3636666	02113 856 866
Quy Nhon	433 Lac Long Quan Street, Tran Quang Dieu Ward, Quy Nhon City, Binh Dinh Province	0256.3541377	0256.3741007
Phu Tho	1606A Hung Vuong Boulevard, Gia Cam Ward, Viet Tri City, Phu Tho Province	0210.3766666	0210.3766667
Phu Yen	192-194-196 Hung Vuong Street, Ward 7, Tuy Hoa City, Phu Yen Province	0257.3811709	0257.3818186

BUSINESS NETWORK

(continued)

Branch	Address	Tel	Fax
Quang Binh	01C Tran Hung Dao Street, Dong My Ward, Dong Hoi City, Quang Binh Province	0232.3840380	0232.3828347
Quang Nam	35 Tran Hung Dao Street, Tam Ky City, Quang Nam Province	0235.3813062	0235.3813235
Quang Ngai	345 Hung Vuong Street, Tran Phu Ward, Quang Ngai City, Quang Ngai Province	0255.3828578	0255.3711482
Quang Ninh	25/4 Street, Bach Dang Ward, Ha Long City, Quang Ninh Province	0203.3629213 0203.3627972	0203.3827206
Quang Tri	51 Tran Hung Dao Street, Dong Ha City, Quang Tri Province	0233.3555727	0233.3555726
Sai Gon	69 Bui Thi Xuan Street, Pham Ngu Lao Ward, District 1, HCMC	028.38359323 028.38359262	028.38325041
Sai Thanh	2D-2E Ly Thuong Kiet Street, Ward 12, District 5, HCMC	028.39573378	028.39573380
Operation center	31-33 Ngo Quyen Street, Hang Bai Ward, Hoan Kiem District, Ha Noi City	024.39368547	024.39363354 024.38241395
Soc Son	51, Highway 3, Group 12, Soc Son Town, Soc Son District, Ha Noi City	024.35950000	024.35950505
Soc Trang	3 Tran Hung Dao Street, Cluster 6, Ward 3, Soc Trang City, Soc Trang Province	02993.883888 02993.883889	02993 610137
New Binh Duong	16 Le Trong Tan Street, Binh Duong 2 Quarter, An Binh Ward, Di An Town, Binh Duong Province	0274.3792158 028.37241627	0274.3790134 028.37241498
Tan Binh	108 Tay Thanh Street, Tay Thanh Ward, Tan Phu District, HCMC	028.38157777	028.38106838
Tan Dinh	72 Pham Ngoc Thach Street, Ward 6, District 3, HCMC	028.38208762	028.38206846
West Can Tho	Lot 30A7A, Tra Noc 1 IP, Tra Noc Ward, Binh Thuy District, Can Tho City	0292.3844272	0292.3843056
Tay Ho	565 Lac Long Quan Street, Xuan La Ward, Tay Ho District, Ha Noi City	024.37581111	024.37585399 024.37585388
Tay Ninh	313, 30/4 Street, Quarter 1, Ward 1, Tay Ninh City, Tay Ninh Province	0276.3818996 0276.3818997 0276.3818992	0276.3818998
West Sai Gon	321-323-325 Pham Hung Street, Him Lam Residential Area, Hamlet 4A, Binh Hung Commune, Binh Chanh District, HCMC	028.37589297	028.37589298
Thai Binh	Guest house, Thai Binh Province's Police Headquarter 1, Le Quy Don Street, Le Hong Phong Ward, Thai Binh City, Thai Binh Province	0227.3839724	0227.3845994
Thai Nguyen	10 Cach Mang Thang Tam Street, Phan Dinh Phung Ward, Thai Nguyen City, Thai Nguyen Province	0208.3658200	0208.3658219
Thang Long	Phu Tho PVOIL Building, 148 Hoang Quoc Viet Street, Nghia Tan Ward, Cau Giay District, Ha Noi City	024.37557194	024.37569006

Branch	Address	Tel	Fax
Thanh Cong	01 Thai Ha Street, Trung Liet Ward, Dong Da District, Ha Noi City	024.62578686	024.37761747
Thanh Hoa	05 Phan Chu Trinh Street, Dien Bien Ward, Thanh Hoa City, Thanh Hoa Province	0237.3728286	0237.3728386
Thanh Xuan	448-450 Nguyen Trai Street, Thanh Xuan Trung Ward, Thanh Xuan District, Ha Noi City	024.35578589	024.35579138
Thu Duc	Linh Trung I Export Processing Zone, Linh Trung Ward, Thu Duc District, HCMC	028.38966806	028.38974176
Thu Thiem	55-56, Song Hanh Street, An Phu Ward, District 2, HCMC	028.73079668	028.73079530
Tien Giang	152 Dinh Bo Linh Street, Ward 2, My Tho City, Tien Giang Province	0273.3976999	0273.3975878
Tra Vinh	05 Le Thanh Ton Street, Ward 2, Tra Vinh City, Tra Vinh Province	0294.3868780	0294.3868791
Vinh	9 Nguyen Sy Sach Street, Ha Huy Tap Ward, Vinh City, Nghe An Province	0238.8699567	0238.8699568
Vinh Long	5C Hung Dao Vuong Street, Ward 1, Vinh Long City, Vinh Long Province	0270.3888288	0270.836479
Vinh Phuc	392A Me Linh Street, Khai Quang Ward, Vinh Yen City, Vinh Phuc Province	0211.3720920	0211.3720921
Vung Tau	27 Tran Hung Dao, Ward 1, Vung Tau City, Ba Ria - Vung Tau Province	0254.3852309 0254.3859874 0254.3859168	0254.3859859
East Binh Duong	26, Le Duan Street, Quarter 2, Hoa Phu Ward, Thu Dau Mot City, Binh Duong Province	0274.3589999	0274.3582222
Nghi Son	Nam Yen Village, Hai Yen Commune, Tinh Gia District, Thanh Hoa Province	0237.3613999	0237.3616869
Tuyen Quang	Group 14, Tan Quang Ward, Tuyen Quang City, Tuyen Quang Province	0207.3999666	0207.3999555
Kinh Bac	Long Phuong Building, 370 - 372 Tran Phu Street, Dong Ngan Ward, Tu Son Town, Bac Ninh Province	0222.3818828	0222.3906910
Chi Linh	01 Thai Hoc Street, Sao Do Ward, Chi Linh Town, Hai Duong Province	0220.3885522	0220.3588000
Bao Loc	452 Tran Phu Street, Ward 2, Bao Loc City, Lam Dong Province	0263.3726886	0263.3727778
New Sai Gon	1943-1945 Huynh Tan Phat Street, Quarter 5, Nha Be Town, Nha Be District, HCMC	028.38738686	028.37810081
Ba Ria	03 Truong Chinh Street, Phuoc Trung Ward, Ba Ria City, Ba Ria - Vung Tau Province	0254.3716275 0254.3716989	0254.3716276

BUSINESS NETWORK (continued)

SUBSIDIARIES, JOINT-VENTURES AND ASSOCIATES IN VIETNAM

Vietcombank Leasing Co., Ltd.

Floor 4, 25T1 N05 Building, Hoang Dao Thuy Street,
Cau Giay District, Ha Noi City

[T] : 024.39289289

[F] : 024.39289150

Vietcomank Securities Co., Ltd.

Floor 12-17, VCB Tower, Hoan Kiem, Ha Noi

[T] : 0439369990, 0439366991, 0439366992

[F] : 0439360262, 0439360263

Vietcombank Remittance Co., Ltd.

Floor 4, VCB Ky Dong Tower, 13 - 13 Bis, Ky Dong Street,
Ward 9, District 3, HCMC.

[T] : 028.35260888

[F] : 028.35260808

Vietcombank Tower 198 Co., Ltd.

Floor 14, Room 1406, 198 Tran Quang Khai Street,
Hoan Kiem, Ha Noi

[T] : 024.39340919

[F] : 024.39340918

Vietcombank - Bonday - Ben Thanh Joint Venture Co., Ltd. (VBB)

05 Me Linh square, Ben Nghe Ward, District 1, HCMC

[T] : 028.39153360

Vietcombank Fund Management Co. (VCBF)

Floor 15, VCB Tower, 198 Tran Quang Khai Street,
Hoan Kiem, Ha Noi

[T] : 024.39364540

[F] : 024.39364542

Vietcombank Cardif Life Insurance Co., Ltd. (VCLI)

Room 1101, Capital Tower, 109 Tran Hung Dao Street,
Hoan Kiem District, Ha Noi City

[T] : 024.39368507

[F] : 024.39367375

Vietcombank Bonday Co., Ltd. (VCBB)

35 Nguyen Hue Street, Ben Nghe Ward, District 1, HCMC

[T] : 028.38213321, 38213345

[F] : 028.38213366, 38213366

REPRESENTATIVE OFFICE IN VIETNAM

Representative office in HCMC

Floor 33-34, VBB Building, 05 Me Linh Square, Ben Nghe Ward,
District 1, HCMC

[T] : 028.39826468

[F] : 028.39393948

OVERSEAS SUBSIDIARIES AND REPRESENTATIVE OFFICES

Representative office in Singapore

1 Raffles Place, #26-03 OUB Centre, Singapore 048616

[T] : 65 6323 7558

[F] : 65 6323 7559

Representative Office in the US

Suite 1427-1428, 14th floor, One Rockefeller Plaza,
NewYork, NY 10020

[T] : (1) 646 937 1999

Vietnam Finance Co. (Vinafico)

16/F, Golden Star Building, 20-24, Lockhart Road,
Wanchai, Hong Kong

[T] : +852-28653905

[F] : +852-28660007

VCB Money Inc.

12112 Brookhurst Street, Suite 11, Garden Grove,
CA 92840 United States

[T] : (+1)-714-979-1055

[F] : (+1)-714-979-1278

Vietcombank Laos Limited

No. 12, Unit 15, Lanexang Avenue, Hatsady Village,
Chanthabouly District, Vientiane Capital, Lao PDR

[T] : +85621253838





TOTAL AMOUNT OF DONATION
TO SOCIAL ACTIVITIES IN 2019

196,510

VND million

CHAPTER 5

COMMUNITY AND SOCIAL ACTIVITIES

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Social activities of Vietcombank

COMMUNITY AND SOCIAL ACTIVITIES

SOCIAL ACTIVITIES OF VIETCOMBANK

With the throughout goal toward a green bank and sustainable development for the community, Vietcombank's social activities are increasingly promoted with many practical and meaningful programs, contributing to the general development of the community and society.

The social activities have been performed by Vietcombank for many years and were participated by head office and all branches. The activities aim to alleviate difficulties and improve living conditions for the poor in disadvantaged regions in the country.

In 2019, Vietcombank spent more than VND 197 billion for social activities. During 2015 - 2019 period, the amount for this activity was over VND 959 billion.

THE AMOUNT FOR SOCIAL ACTIVITIES
DURING 2015 - 2019 PERIOD

959
VND billion



COMMUNITY AND SOCIAL ACTIVITIES (continued)



FOR A GREEN VIETNAM

"For A Green Vietnam" was a program organized by the Secretariat of the Central Committee of the Ho Chi Minh Communist Youth Union in collaboration with the Executive Boards of provinces/cities in 63 provinces and cities nationwide with the goal to enhance awareness, responsibility and promote the role and creativity of union members and adolescents in planting, caring and protecting trees, contributing to environmental protection, climate change response and sustainable development of the country; the program aimed to fulfil targets of Resolution of the 11th National Assembly to plant 30 million new trees.

With the practical meaning of environmental protection, the program received special attention of leaders of the Party, State, Government, the National Assembly and ministries, sectors, localities as well as artists, movie actors and actresses, scientists, prestigious experts in the field who accompanied and encouraged people and fans to advocate the program.

As a commercial bank with leading business efficiency in Vietnam's banking system, with the goal of being a Green Bank for sustainable development that benefits the community, Vietcombank was honored to accompany the program "For A Green Vietnam" to contribute to the establishment of 63 youth roads/gardens in 63 provinces/cities nationwide.



JOIN HANDS FOR THE POOR, NO ONE IS LEFT BEHIND

To implement the national program on sustainable poverty reduction and to respond to the movement "Join hands for the Poor - no one is left behind", in the TET 2020, Vietcombank's Labor Union encouraged its officers to join hands to support the poor and received 100% response from officers and employees in the whole system. They voluntarily contributed at least their one-day salary, and donated nearly VND 9 billion to share a warm New Year to the Poor in disadvantaged areas across the country.

This was a meaningful program that spread widely to all walks of life. The amount contributed by Vietcombank's labor union members and employees was a significant resource along with the state's resources to care for the Poor and reduce poverty, especially for poor households in disadvantaged areas and ethnic minorities in order to achieve the noble and humane goal "no one is left behind".

COMMUNITY AND SOCIAL ACTIVITIES (continued)



VIETNAMESE NATIONAL TALENT

Vietnamese National Talent Award is annually co organized by Vietnam Association for Promoting Education and Dan Tri News, which initially aimed to encourage and honor talents in IT - Communication. Over the years, Vietnamese National Talent Award has been increasingly expanded with many other fields such as Science and Technology, Medicine, Environment and Talent encouragement.

Vietcombank has accompanied this award for 7 years (2013-2019) with a desire to join hands with the organizers to arouse creativity and researches of individuals and organizations to bring practical solutions to the community and promote the economic and social development in many fields.

7 YEAR

ACCOMPANYING
VIETNAMESE NATIONAL
TALENT AWARD



12 YEAR

ACCOMPANYING THE
"LIGHT UP VIETNAMESE
CHILDREN'S DREAMS"
PROGRAM

LIGHT UP VIETNAMESE CHILDREN'S DREAMS

"Light up Vietnamese children's dreams" is an annual activity (which was initially organized in 2008), co-organized by Ho Chi Minh Communist Youth Union and Ho Chi Minh Young Pioneer Organization for poor and studious children, street children, and children in difficult circumstances. During 12 years of deploying and organizing in many provinces and cities such as Ha Noi, Nghe An, Ho Chi Minh City, Can Tho, and Da Nang, the program has received special attention from the leaders and valuable supports from the organizations and individuals, for the purposes of joining hands with the community and sharing with the children in difficult circumstances, lighting up belief and determination for the children to overcome difficulties. Vietcombank has accompanied the program for 12 years as a co-organizer.

COMMUNITY AND SOCIAL ACTIVITIES (continued)



GREENNESS FOR LIFE

"Greenness for life" is a project aiming to enhance awareness of primary students in the importance of environmental protection, which was deployed by Vietcombank in some primary schools in Ha Noi in late 2016 and early 2017. The largest desire of the organizers of this project is to develop awareness of students in community responsibility through meaningful activities.

With familiar contents, the volunteers of "Greenness for life" program have skillfully inspired awareness of environmental protection for the children in Ha Noi via attractive and interesting interactive games. Participating in the program, the primary students not only engage in interesting activities but are also guided to identify organic and inorganic waste and put waste into light green and dark green bins provided by Vietcombank.

Through each specific activity, the students more clearly understand the necessity of waste sorting, biodegradable waste and non-biodegradable waste that must be properly handled to be recycled before being discharged into the environment. This helpful practical knowledge needs to be kept in mind by youngsters to frequently apply in their daily activities. In addition, the children also participate in meaningful games such as picture puzzles, which are related to environmental protection.

These experiences have brought the students comfortable moments when they join hands to spread the message of protecting green - clean - beautiful environment. This is also the effort of Vietcombank to increasingly build the image of a Green Bank for sustainable development that benefits the community.



TOWARD THE HOMETLAND'S SEA AND ISLANDS

Deeply understanding the importance of preserving national sea sovereignty, during more than half a century accompanying the national history to fight, build and protect homeland as well as develop economy and society, with the heart toward the homeland's sea and islands, Vietcombank has had many meaningful activities such as: Launching the campaign "For beloved Truong Sa" to get donation up to VND 5 billion from the employees of Vietcombank among VND 50 billion of donation from banking sector, improving living conditions of people, officers and soldiers on Truong Sa Islands, giving more strength and willpower for their mission of preserving national sea sovereignty; Donating for the programs "Gratitude net for Hoang Sa and Truong Sa fishermen", "Contribute stones to build Truong Sa"; Funding the project of connecting Co To island to electricity grid; Giving a special loudspeaker system with value of more than VND 3 billion to Vietnam Coastal Guards; Giving 03 CQ lifeboats valued at VND 10.5 billion to High Command of Vietnam People's Navy.



GIVING COWS TO PEOPLE LIVING IN MOUNTAINOUS AREAS BORDERING THE CENTRAL HIGHLANDS, SUSTAINABLY HELPING THEM OUT OF POVERTY

In 2015-2016, Vietcombank developed the project to sponsor thousands of cows to the poor households in some communes in Central Highlands and bordering Central Highlands. The program was highly appreciated by the Central Highlands Steering Committee by its practicality and effectiveness in improving economic and living conditions for the people in mountainous areas, helping them develop stable household economy and escape poverty sustainably.

COMMUNITY AND SOCIAL ACTIVITIES (continued)



Besides, many other practical and meaningful activities such as regional development programs in Northwest, Central highlands, and Southwest; educational and healthcare development; building gratitude houses; supporting disaster fund in central region; and other programs of caring for families under preferential treatment and helping the poor, the disabled, poor children, and the old under special circumstances are always paid attention and implemented by Vietcombank.

Education and healthcare are two important areas that Vietcombank always pays special attention. Social welfare activities in these areas have been carried out by Vietcombank in many localities across the countries during the last time.

EDUCATION

Not only building new schools, Vietcombank also takes lead in sponsoring learning and teaching equipment and upgrading facilities for schools nationwide. Furniture, library, computer rooms or fresh water tanks, garages, sports grounds, etc. are simple but very practical for those schools that are in difficult situations. These significantly contribute to improving and enhancing teaching and learning quality for both teachers and students. In addition, empowering the poor students to rest their mind for a safer way to school is also taken care of by Vietcombank through donation of over 10,000 life jacket briefcases for poor students in flooded lands and wetlands; and many bicycles to poor pupils and students in other hardship areas.

Every year, Vietcombank also rewards scholarships to pupils and students with outstanding academic achievements or having great learning efforts despite difficult situations through the Scholarship Funds, Study Encouragement Funds, etc. Through these activities, Vietcombank wishes to contribute to lighting up trust for children who are less fortunate and lighting up passion and traditional fondness of learning of the Vietnamese younger generation.



COMMUNITY AND SOCIAL ACTIVITIES (continued)

HEALTHCARE

Not only funding construction of hospitals, healthcare centers, and buying necessary equipment for diagnosis and treatment, Vietcombank is also interested in sharing difficulties with patients by supporting surgery costs, visiting patients, especially poor children in difficult circumstances. The activities to provide meals to hospital patients in many localities are also regularly undertaken by Vietcombank's union group.

Besides the programs that Vietcombank coordinated with local authorities and agencies, each Vietcombank's staff is fully aware of daily contribution to many practical and meaningful programs to share the responsibility of building a more civilized and beautiful society.



COMMUNITY AND SOCIAL ACTIVITIES

(continued)

DATA ON SOCIAL AND COMMUNITY ACTIVITIES IN 2019 AND 5-YEAR PERIOD OF 2015-2019

TOTAL FIGURES ON SOCIAL ACTIVITIES

Unit: VND million

No.	Content	2019	5 years period (2015-2019)
1	Total amount of donation to social activities deployed by Vietcombank	196,510	959,259

TOTAL AMOUNT OF DONATION TO SOCIAL ACTIVITIES IN 2019

196,510

VND million

REGIONS

Unit: VND million

No.	Regions	2019
1	Northwest region	40,338
2	Central Highlands	19,621
3	Southwest region	34,114
4	Other provinces/cities	102,437

AREAS

Unit: VND million

TT	Funding Purposes	Value realized in 2019
1	Education	122,845
2	Healthcare	20,620
3	Build houses for poor people/solidarity houses	25,405
4	Overcome disaster consequences	658
5	Other areas	26,982

NOTABLE SOCIAL WELFARE PROGRAMS/PROJECTS DEPLOYED BY VIETCOMBANK IN 2019

Unit: VND billion

No.	Program	Total
1	Building Vang Anh Kindergarten, Thoi Binh Commune, Thoi Binh District, Ca Mau Province	13
2	Building Nam Cuong primary school, Tien Hai District, Thai Binh Province	5
3	Building Tran Hung Dao secondary school, Ea Pok Town, Cu M'gar District, Dak Lak Province	4
4	Building houses for the poor in Quang Ngai province	5
5	Building Lo Ku Semi-Boarding Ethnic Minority High School and Primary School in Kbang District, Gia Lai Province	5.5
6	Building Hien Luong Village Kindergarten, Vinh Thanh Commune, Vinh Linh District, Quang Tri Province	5

TOTAL ASSETS (VND BILLION)

1,222,719

Increased 13.8% compared to 2018

CHAPTER 6

FINANCIAL REPORT

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JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE OF VIETNAM

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

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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:

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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.

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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.

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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

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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

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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%

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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

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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

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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

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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

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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

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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

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(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	
				Financial reserve VND million	Investment and development fund 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)
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

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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.

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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

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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

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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.

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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	-

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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

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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	4,000,000	(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.

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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.

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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.

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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.

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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

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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 (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	
II Balances with the State Banks	31,147,235	3,506,001	-	30,855	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	
IV Trading securities - gross	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	
VI Loans to customers - gross	644,893,007	89,343,948	326,393	143,543	734,706,891	
VII Investment securities - gross	110,045,392	57,925,000	-	-	167,970,392	
VIII Capital contributions, long-term investments - gross	2,539,493	-	-	-	2,539,493	
IX Fixed assets	6,666,780	31,268	-	12,395	6,710,443	
X Other assets - gross	19,965,272	1,636,840	68,592	224,962	21,895,666	
Total assets	1,032,710,629	175,547,478	8,590,651	19,894,888	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	
II Deposits from customers	774,022,063	147,404,192	4,407,479	2,617,135	928,450,869	
IV Funds for finance, entrusted investments and entrusted loans	20,431	-	-	-	20,431	
V Valuable papers issued	21,383,199	733	-	-	21,383,932	
VI Other liabilities	24,127,872	1,612,902	104,235	152,744	25,997,753	
Total liabilities	943,980,595	171,531,673	8,432,842	17,890,766	1,141,835,876	
Currency positions on balance sheet	88,730,034	4,015,805	157,809	2,004,122	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)	37,714,634	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



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