

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

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

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

dated 31 October 2017, Decision No. 300/QD-NHNN dated 21 February 2019 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 SBV.

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 SBV, the Bank's charter capital was VND 37,088,774,480,000. The par value per share is VND 10,000.

	31/12/2020 and 31/12/2019	
	Number of shares	%
Shares owned by the Government of Vietnam	2,774,353,387	74.80%
Shares owned by foreign strategic shareholder (Mizuho Bank Ltd., Japan)	556,334,933	15.00%
Shares owned by other owners	378,189,128	10.20%
	3,708,877,448	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

Form B05/TCTD-HN
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1. REPORTING ENTITY *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 2020, the Bank had one (1) Head Office, one (1) Human Resource Training and Development College, two (2) Cash Processing Centers, one hundred sixteen (116) branches nationwide, four (4) local subsidiaries, three (3) overseas subsidiaries, two (2) 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 2019, the

Bank had one (1) Head Office, one (1) Human Resource Training and Development College, 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).

d. Subsidiaries, joint-ventures and associates

Subsidiaries

As at 31 December 2020 and 31 December 2019:

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 1 March 2019 granted by the Ministry of Planning and Investment	Office leasing	70%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

Joint-ventures

As at 31 December 2020:

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, the most recent amendment 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%

As at 31 December 2019:

Joint-ventures	Operating Licence	Business sector	Ownership percentage of the Bank
Vietcombank-Bonday-Benthanh Joint-venture Company Limited	Investment Licence No. 2458/GP dated 7 February 2005 granted by the Ministry of Planning and Investment, the most recent amendment 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 – Cardiff Life Insurance Company Limited	Investment Licence No. 55/GP/KDBH dated 23 October 2008 granted by the Ministry of Finance, the most recent amendment No. 55/GPDC1/KDBH dated 28 December 2018	Life insurance	45%

Associates

As at 31 December 2020 and 31 December 2019:

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, the most recent amendment No. 283/GPDC4 dated 4 March 2002	Office leasing	16%

e. Number of employees

As at 31 December 2020, Vietcombank had 20,062 employees (31 December 2019: 18,948 employees).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

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 2020 ("the separate financial statements") which was issued on 31 March 2021.

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 ("CIs") 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

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.

e. Basis of consolidation

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

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 SBV, treasury bills and other short-term valuable papers which are eligible for discounting with the SBV, balances with and loans to other CIs 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.

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.

Form B05/TCTD-HN
(Issued in accordance with Circular No. 49/2014/TT-NHNN dated 31 December 2014)

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 bank 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)(ii).

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

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 of loans to customers is implemented using the method presented at Note 2(h)(ii) and allowance for credit risk of loans to customers thereof is made in accordance with Circular 02 and Circular 09.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

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.

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.

Since 13 March 2020, the Bank has applied Circular No. 01/2020/TT-NHNN ("Circular 01") issued by the SBV regulating credit institutions and foreign bank branches to reschedule the debt repayment term, exempting, reducing interests and fees, retention of debt debt group in order to support customers affected by Covid-19 pandemic. Accordingly, for customers with debts arising the principal and/or interest repayment obligation during the period from 23 January 2020 to the day after 3 months from the day the Prime Minister declares the end of Covid-19 pandemic and the borrowers are unable to repay loan principal and/or interest on schedule specified in the contract, original signed agreement due to decreases in revenue, profit caused by the effect of the Covid-19 pandemic, the Bank is allowed to reschedule the repayment period for these debts while maintaining the same debt group as classified at the nearest time before 23 January 2020.

Form B05/TCTD-HN
(Issued in accordance with Circular No. 49/2014/TT-NHNN dated 31 December 2014)

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.

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

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.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

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 book value after amortisation less allowance for investment securities. 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). For other held-to-maturity investment securities, allowance for diminution in value is made when there is indication of impairment over a long time or there is certain evidences that it is hard for Vietcombank to fully recover the investment.

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.

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

For investments in unlisted securities, 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 when their carrying amounts are higher than their market prices.

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

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.

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

l. Intangible fixed assets

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.

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 a period from 3 to 4 years.

m. Other assets

Except for receivables from uncollectible income as presented in Note 2(t)(iv), 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 Vietcombank has collected evidence to identify that debtor has become bankrupt, filing for bankruptcy or has absconded; or

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

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 Vietcombank 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 ("Circular 180") 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.

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

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.

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.

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.

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

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

rate for this reserve does not exceed charter capital of the Bank/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/Board of Directors 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.

Foreign exchange difference

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

t. Income and expenses

Interest income and interest expenses

Interest income of outstanding unearned debts classified in Group 1 – Current debt as defined in Note 2(h) is recognised on an accrual basis. Interest arising from maintaining Group 1 – Current debts in accordance with Circular 01 or government regulations and unearned 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.

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.

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.

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

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.

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.

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

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.

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; and
- 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.

y. Off-balance sheet items

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

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

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.

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.

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.

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

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").

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 44(b).

The presentation of the fair value of the financial instruments are only for the purpose of presenting in Note 44(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 active market are deemed not to have been reliably measured and therefore, not disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

4. CASH ON HAND, GOLD, SILVER AND GEMSTONES

	31/12/2020 VND million	31/12/2019 VND million
Cash on hand in VND	12,835,047	11,080,853
Cash on hand in foreign currencies	2,259,853	2,697,034
Valuable papers in foreign currencies	494	471
	15,095,394	13,778,358

5. BALANCES WITH THE STATE BANKS

	31/12/2020 VND million	31/12/2019 VND million
Balances with the State Bank of Vietnam (i)	33,010,030	34,404,607
Balances with Bank of the Lao L.D.R (ii)	129,343	279,484
	33,139,373	34,684,091

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	31/12/2020	31/12/2019
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	31/12/2020	31/12/2019
Within compulsory reserve in VND	0.5%/year	0.8%/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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

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	31/12/2020	31/12/2019
Deposits in LAK with terms of 12 months and below	4%	5%
Deposits in foreign currencies with terms of 12 months and below	8%	10%

6. BALANCES WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	31/12/2020 VND million	31/12/2019 VND million
Balances with other credit institutions		
Demand deposits in VND	25,796	113,811
Demand deposits in foreign currencies	45,065,025	40,081,007
Term deposits in VND	118,760,458	93,834,489
Term deposits in foreign currencies	40,862,504	56,071,022
	204,713,783	190,100,329
Loans to other credit institutions		
Loans in VND	60,801,208	60,449,061
Loans in foreign currencies	3,454,654	1,920,982
	64,255,862	62,370,043
Allowance for balances with and loans to other credit institutions	(1,000,000)	(3,000,000)
	267,969,645	249,470,372

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

	31/12/2020 VND million	31/12/2019 VND million
Current debt	222,878,824	209,275,554
Loss debt	1,000,000	3,000,000
	223,878,824	212,275,554

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

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

	2020 VND million	2019 VND million
Opening balance	3,000,000	1,000,000
Allowance (reversed)/made during the year (Note 33)	(2,000,000)	2,000,000
Closing balance	1,000,000	3,000,000

7. TRADING SECURITIES

	31/12/2020 VND million	31/12/2019 VND million
Debt securities		
Government bonds	1,126,417	994,592
Bonds issued by other local credit institutions	200,124	-
Securities issued by local economic entities	339,250	544,000
Equity securities		
Equity securities issued by other credit institutions	29,437	4,705
Equity securities issued by local economic entities	296,633	346,331
	1,991,861	1,889,628
Allowance for trading securities	(37,800)	(88,502)
	1,954,061	1,801,126

Trading securities by listing status were as follows:

	31/12/2020 VND million	31/12/2019 VND million
Debt securities		
Listed	1,126,417	994,592
Unlisted	539,374	544,000
Equity securities		
Listed	235,767	252,544
Unlisted	90,303	98,492
	1,991,861	1,889,628

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

	2020 VND million	2019 VND million
Opening balance	88,502	70,245
Allowance (reversed)/made during the year (Note 28)	(50,702)	18,257
Closing balance	37,800	88,502

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

8. DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER FINANCIAL ASSETS

	31/12/2020		31/12/2019	
	Contract value	Book value	Contract value	Book value
	Assets/(liabilities)		Assets/(liabilities)	
	VND million	VND million	VND million	VND million
Currency derivatives financial instruments				
Currency swap contracts	105,690,304	(69,164)	80,161,918	(59,895)
Currency forward contracts	13,207,615	17,133	13,347,334	158,207
	118,897,919	(52,031)	93,509,252	98,312

9. LOANS TO CUSTOMERS

	31/12/2020	31/12/2019
	VND million	VND million
Loans to local economic entities and individuals	832,010,220	726,968,213
Discounted bills and valuable papers	2,549,713	3,172,630
Finance leases	4,608,056	4,429,029
Loans given to make payments on behalf of customers	-	1,000
Loans to foreign organisations and individuals	620,272	136,019
	839,788,261	734,706,891

Loan portfolio by debt group was as follows:

	31/12/2020	31/12/2019
	VND million	VND million
Current debt	831,765,014	726,358,767
Special mentioned debt	2,793,678	2,978,196
Sub-standard debt	668,690	686,839
Doubtful debt	223,292	153,248
Loss debt	4,337,587	4,529,841
	839,788,261	734,706,891

Loan portfolio by term was as follows:

	31/12/2020	31/12/2019
	VND million	VND million
Short-term debt	434,373,690	384,355,979
Medium-term debt	43,091,944	48,461,992
Long-term debt	362,322,627	301,888,920
	839,788,261	734,706,891

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

Loan portfolio by type of borrowers was as follows:

	31/12/2020	31/12/2019
	VND million	VND million
State-owned enterprises	66,893,804	61,597,154
Limited companies	155,046,852	139,575,487
Foreign invested enterprises	52,121,844	43,644,729
Co-operative and private companies	2,653,308	2,268,308
Individuals	380,751,584	315,781,580
Others	182,320,869	171,839,633
	839,788,261	734,706,891

Loan portfolio by industry sector was as follows:

	31/12/2020	31/12/2019
	VND million	VND million
Processing and manufacturing	178,521,411	174,032,670
Trading and services	202,773,035	131,856,583
Electricity, gas, water processing and supplying	40,333,441	30,411,521
Construction	71,273,525	32,357,572
Transportation, logistics and communication	26,843,614	24,742,604
Mining	14,591,656	14,458,842
Agriculture, forestry and aquaculture	17,069,197	16,122,626
Hospitality	10,166,471	12,837,989
Others	278,215,911	297,886,484
	839,788,261	734,706,891

10. ALLOWANCE FOR LOANS TO CUSTOMERS

	31/12/2020	31/12/2019
	VND million	VND million
General allowance	5,895,579	5,282,328
Specific allowance	13,347,215	4,951,309
	19,242,794	10,233,637

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

	31/12/2020	31/12/2019
	VND million	VND million
Opening balance	5,282,328	4,695,445
Allowance made during the year (Note 33)	613,274	586,898
Foreign exchange difference	(23)	(15)
Closing balance	5,895,579	5,282,328

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

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

	2020 VND million	2019 VND million
Opening balance	4,951,309	5,598,064
Allowance made during the year (Note 33)	11,201,979	3,855,715
Allowance utilised for writing-off bad debts	(2,805,965)	(4,502,397)
Foreign exchange difference	(108)	(73)
Closing balance	13,347,215	4,951,309

11. INVESTMENT SECURITIES

	31/12/2020 VND million	31/12/2019 VND million
Available-for-sale securities (a)	41,955,076	35,574,786
Held-to-maturity securities (b)	114,976,021	131,954,903
	156,931,097	167,529,689

Available-for-sale securities

	31/12/2020 VND million	31/12/2019 VND million
AVAILABLE-FOR-SALE SECURITIES		
Debt securities		
Government bonds	9,444,422	17,444,329
Debt securities issued by other local credit institutions	32,696,219	18,246,571
Equity securities		
Equity securities issued by other local economic institutions	8,190	8,190
	42,148,831	35,699,090
Allowance for available-for-sale securities (i)	(193,755)	(124,304)
Total available-for-sale securities	41,955,076	35,574,786

Details of allowance for available-for-sale securities:

	31/12/2020 VND million	31/12/2019 VND million
General allowance for unlisted corporate bonds (*)	193,478	124,125
General allowance for equity investments	277	179
	193,755	124,304

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

(*) 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:

	31/12/2020 VND million	31/12/2019 VND million
Opening balance	124,125	88,125
Allowance made during the year (Note 33)	69,353	36,000
Closing balance	193,478	124,125

Held-to-maturity securities

	31/12/2020 VND million	31/12/2019 VND million
Held-to-maturity securities		
Government bonds	59,001,448	82,997,995
Debt securities issued by other local credit institutions	51,041,344	42,593,538
Debt securities issued by local economic entities	5,339,752	6,679,769
	115,382,544	132,271,302
Allowance for held-to-maturity securities (ii)	(406,523)	(316,399)
Total held-to-maturity securities	114,976,021	131,954,903

Details of allowance for held-to-maturity securities:

	31/12/2020 VND million	31/12/2019 VND million
General allowance for unlisted corporate bonds	406,523	316,399

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:

	31/12/2020 VND million	31/12/2019 VND million
Opening balance	316,399	187,734
Allowance made during the year (Note 33)	90,124	128,665
Closing balance	406,523	316,399

Classification of unlisted securities as assets with credit risk:

	31/12/2020 VND million	31/12/2019 VND million
Current debt	86,417,752	62,473,769

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

12. CAPITAL CONTRIBUTIONS, LONG-TERM INVESTMENTS

Investments in joint-ventures

As at 31 December 2020:

	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	552,840
Vietcombank Fund Management (i)	Investment fund management	51%	135,150	162,095
			545,515	714,935

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

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".

On 3 April 2020, the Bank received the Official Letter No. 3938/BTC-QLBH of the Ministry of Finance approving the principles of transferring the Bank's contributed capital at Vietcombank – Cardif Life Insurance Company Limited to FWD Life Insurance Company (Bermuda) Limited. In 2020, the Bank completed the procedures for transferring the contributed capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

Investments in associates

As at 31 December 2020:

	Business sector	Ownership percentage (%)	Cost VND million	Carrying value VND million
Vietcombank – Bonday Joint-venture Company Limited	Office leasing	16%	11,110	11,248

As at 31 December 2019:

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

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".

Other long-term investments

As at 31 December 2020:

	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	4.31%	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	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 and settlement 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

Continued

for the year ended 31 December 2020

As at 31 December 2019:

	Business sector	Ownership percentage (%)	Giá gốc 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	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 and settlement 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

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

	2020 VND million	2019 VND million
Opening balance	75,000	66,998
Allowance made during the year (Note 32)	-	8,002
Closing balance	75,000	75,000

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

13. TANGIBLE FIXED ASSETS

Year ended 31 December 2020:

	Buildings and structures VND million	Machinery and equipment VND million	Motor vehicles and means of transmission VND million	Others VND million	Total VND million
Cost					
Opening balance (restated)	4,528,872	4,152,078	986,640	1,494,580	11,162,170
Additions during the year	1,004,906	443,539	166,034	235,519	1,849,998
<i>Purchases</i>	<i>1,004,906</i>	<i>443,539</i>	<i>165,879</i>	<i>229,245</i>	<i>1,843,569</i>
<i>Other increases</i>	-	-	155	6,274	6,429
Decreases during the year	(19,397)	(87,754)	(23,134)	(15,694)	(145,979)
<i>Disposals</i>	<i>(9,805)</i>	<i>(86,734)</i>	<i>(23,117)</i>	<i>(15,689)</i>	<i>(135,345)</i>
<i>Other decreases</i>	<i>(9,592)</i>	<i>(1,020)</i>	<i>(17)</i>	<i>(5)</i>	<i>(10,634)</i>
Closing balance	5,514,381	4,507,863	1,129,540	1,714,405	12,866,189
Accumulated depreciation					
Opening balance (restated)	1,313,615	3,683,351	667,593	1,051,902	6,716,461
Additions during the year	219,735	370,123	89,048	196,889	875,795
<i>Charges for the year</i>	<i>218,752</i>	<i>370,026</i>	<i>89,048</i>	<i>196,735</i>	<i>874,561</i>
<i>Other increases</i>	<i>983</i>	<i>97</i>	-	<i>154</i>	<i>1,234</i>
Decreases during the year	(8,773)	(86,738)	(23,121)	(18,574)	(137,206)
<i>Disposals</i>	<i>(8,773)</i>	<i>(86,734)</i>	<i>(23,117)</i>	<i>(15,595)</i>	<i>(134,219)</i>
<i>Other decreases</i>	-	<i>(4)</i>	<i>(4)</i>	<i>(2,979)</i>	<i>(2,987)</i>
Closing balance	1,524,577	3,966,736	733,520	1,230,217	7,455,050
Net book value					
Opening balance (restated)	3,215,257	468,727	319,047	442,678	4,445,709
Closing balance	3,989,804	541,127	396,020	484,188	5,411,139

Included in tangible fixed assets were assets costing **VND4,879,798 million** which were fully depreciated as of 31 December 2020, but still in use (31 December 2019: VND4,374,256 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

14. INTANGIBLE FIXED ASSETS

Year ended 31 December 2020:

	Land use rights VND million	Copyrights and patents VND million	Others VND million	Total VND million
Cost				
Opening balance	2,180,059	827,249	43,361	3,050,669
Additions during the year	322,602	837,084	2,484	1,162,170
Purchases	318,765	837,084	2,484	1,158,333
Other increases	3,837	-	-	3,837
Other decreases during the year	-	(302)	(657)	(959)
Closing balance	2,502,661	1,664,031	45,188	4,211,880
Accumulated amortisation				
Opening balance	89,468	675,614	24,793	789,875
Charges for the year	15,017	276,937	1,984	293,938
Other decreases during the year	-	-	(156)	(156)
Closing balance	104,485	952,551	26,621	1,083,657
Net book value				
Opening balance	2,090,591	151,635	18,568	2,260,794
Closing balance	2,398,176	711,480	18,567	3,128,223

Included in intangible fixed assets were assets costing VND670,960 million which were fully depreciated as of 31 December 2020, but still in use (31 December 2019: VND632,470 million).

15. OTHER ASSETS

Receivables

	31/12/2020 VND million	31/12/2019 VND million
Internal receivables	1,653,804	1,595,353
External receivables (i)	5,014,791	7,235,037
	6,668,595	8,830,390

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

External receivables

	31/12/2020 VND million	31/12/2019 VND million
Advances for purchase of fixed assets	800,898	1,088,039
Receivables from the State Budget in relation to the interest subsidy program	325,088	311,981
Overpaid corporate income tax (Note 38)	1,182	60
Deductible value added tax (Note 38)	14,251	31,812
Advances for other taxes (Note 38)	230	2
Construction in progress (*)	455,357	794,212
Other receivables	3,417,785	5,008,931
	5,014,791	7,235,037

(*) Details of construction in progress are follows:

	31/12/2020 VND million	31/12/2019 VND million
Construction in progress	455,357	794,212
In which, large constructions include:	281,059	402,946
Thanh Cong Branch's office construction	47,881	268,588
North Sai Gon Branch's office construction	58,196	39,894
Can Tho Branch's office construction	47,811	25,309
Dong Thap Branch's office construction	30,431	2,261
Lao Cai Branch's office construction	25,365	1,016
Bac Lieu Branch's office construction	23,972	1,269
Phu Tho Branch's office construction	20,111	587
Gia Lai Branch's office construction	7,671	7,879
Ha Noi Branch's office construction	6,768	6,390
Binh Thuan Branch's office construction	5,908	2,445
Lang Son Branch's office construction	5,726	17,074
Phu Yen Branch's office construction	1,219	30,234

Accrued interest and fee receivables

	31/12/2020 VND million	31/12/2019 VND million
From loans to customers	2,381,755	2,760,538
From balances with and loans to other credit institutions	171,405	396,445
From investment securities	4,530,898	4,822,200
From derivative transactions	120,257	83,920
Fees receivable	1,810	1,705
	7,206,125	8,064,808

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

Deferred tax assets

	31/12/2020 VND million	31/12/2019 VND million
Deferred tax assets arising from deductible temporary differences	909,263	405,543

Other assets

	31/12/2020 VND million	31/12/2019 VND million
Prepaid expenses for office and fixed assets rental	802,036	886,166
Materials	141,229	155,406
Advance for card payment	1,289,754	1,422,634
Advance for rental land	726,733	465,839
Other assets	2,076,886	1,580,547
	5,036,638	4,510,592
Allowance for other assets	(3,934)	(3,839)
	5,032,704	4,506,753

16. AMOUNTS DUE TO THE GOVERNMENT AND THE STATE BANKS

	31/12/2020 VND million	31/12/2019 VND million
Borrowings from the State Bank of Vietnam	2,347,294	3,065,470
Borrowings on the basis of credit profiles	1,800,563	2,263,278
Other borrowings	546,731	802,192
Deposits from the State Treasury	36,393,923	89,288,604
Demand deposits in VND	463,641	335,832
Demand deposits in foreign currencies	513,282	1,087,772
Term deposits in VND	35,417,000	87,865,000
Deposits from the State Bank of Vietnam	2,435,778	11,732
	41,176,995	92,365,806

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

17. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

	31/12/2020 VND million	31/12/2019 VND million
Deposits from other credit institutions	100,916,433	71,046,512
Demand deposits in VND	6,654,782	7,400,827
Demand deposits in foreign currencies	42,123,289	27,053,436
Term deposits in VND	33,600,000	24,500,000
Term deposits in foreign currencies	18,538,362	12,092,249
Borrowings from other credit institutions	2,667,400	2,570,573
Borrowings in VND	2,667,400	1,259,900
Borrowings in foreign currencies	-	1,310,673
	103,583,833	73,617,085

18. DEPOSITS FROM CUSTOMERS

	31/12/2020 VND million	31/12/2019 VND million
Demand deposits	307,026,182	262,977,124
Demand deposits in VND	238,209,238	199,196,380
Demand deposits in gold, foreign currencies	68,816,944	63,780,744
Term deposits	693,604,644	642,710,681
Term deposits in VND	614,908,265	561,425,254
Term deposits in gold, foreign currencies	78,696,379	81,285,427
Deposits for specific purposes	27,325,921	21,019,106
Margin deposits	4,156,820	1,743,958
	1,032,113,567	928,450,869

Deposits from customers by customer type were as follows:

	31/12/2020 VND million	31/12/2019 VND million
Economic entities	522,325,061	461,608,933
Individuals	509,788,506	466,841,936
	1,032,113,567	928,450,869

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

19. FUNDS FOR FINANCE, ENTRUSTED INVESTMENTS AND ENTRUSTED LOANS

	31/12/2020 VND million	31/12/2019 VND million
Funds for finance, entrusted investments and entrusted loans in VND	14,679	20,431

20. VALUABLE PAPERS ISSUED

	31/12/2020 VND million	31/12/2019 VND million
Certificates of deposits		
Medium-term in VND	115	325
Medium-term in foreign currencies	-	691
Bonds and bills		
Short-term in VND	47	47
Short-term in foreign currencies	30	30
Medium-term in VND	10,437,945	10,552,616
Medium-term in foreign currencies	12	12
Long-term in VND	10,802,048	10,830,211
	21,240,197	21,383,932

21. OTHER LIABILITIES

Accrued interest and fee payables

	31/12/2020 VND million	31/12/2019 VND million
Interest for deposits from customers	9,345,530	9,835,069
Interest for deposits and borrowings from other credit institutions	21,387	51,452
Interest for valuable papers issued	365,041	370,979
Interest for derivative financial instruments	65,876	102,640
Fee for entrusted investments	-	3,145
	9,797,834	10,363,285

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

Other liabilities

	31/12/2020 VND million	31/12/2019 VND million
Internal payables (i)	3,914,344	3,503,718
External payables (ii)	15,801,471	8,076,691
Bonus and welfare funds	4,440,162	4,055,515
	24,155,977	15,635,924

Internal payables

	31/12/2020 VND million	31/12/2019 VND million
Payables to employees	3,253,225	2,931,200
Other liabilities	661,119	572,518
	3,914,344	3,503,718

External payables

	31/12/2020 VND million	31/12/2019 VND million
Tax payables (Note 38)	2,191,103	1,823,729
<i>Corporate income tax payables</i>	1,927,716	1,525,963
<i>Value added tax payables</i>	124,718	117,018
<i>Other tax payables</i>	138,669	180,748
Unearned income	6,718,012	1,371
Payables for construction and acquisition of fixed assets	1,212,030	266,324
Deposits in custody relating to pending payments	205,442	253,820
Other payables to customers	834,760	1,288,992
Other pending items in settlement	204,272	176,176
Other payables to the State relating to interest subsidy program	64,528	64,528
Borrowings from the Ministry of Finance	906,194	1,003,156
Dividends payables (*)	747,619	747,619
Other payables	2,717,511	2,450,976
	15,801,471	8,076,691

(*) Until 8 January 2021, the Bank completed the payment of these dividends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

22. OWNERS' EQUITY

Statement of changes in equity

	Charter capital VND million	Share premium VND million	Other capital VND million	Reserves		Reserves		Foreign exchange differences VND million	Differences upon asset revaluation VND million	Retained profits VND million	Non-controlling interest VND million	Total VND million
				Supplementary charter capital reserve VND million	Financial reserve VND million	Investment and development fund VND million	Total VND million					
Balance as at 1/1/2020 (restated)	37,088,774	4,995,389	344,658	4,041,013	8,074,467	70,661	12,186,141	16,361	113,011	26,126,544	83,459	80,954,337
Net profit for the year	-	-	-	-	-	-	-	-	-	18,451,311	21,207	18,472,518
Compulsory reserves temporarily appropriated from profit for 2020	-	-	-	902,187	1,804,375	-	2,706,562	-	-	(2,706,562)	-	-
Bonus and welfare funds temporarily appropriated for 2020	-	-	-	-	-	-	-	-	-	(1,859,105)	-	(1,859,105)
Adjustments for the appropriation of reserves and fund according to the Resolution of General Meeting of Shareholders	-	-	-	(8)	(15)	-	(23)	-	-	(360,322)	-	(360,345)
Adjustments according to the Resolution of the subsidiary	-	-	-	(68)	4,070	-	4,002	-	-	(18,837)	(591)	(15,426)
Dividends of 2019 to shareholders (Note 23)	-	-	-	-	-	-	-	-	-	(2,967,102)	-	(2,967,102)
Dividends paid according to the Resolution of the subsidiary	-	-	-	-	-	-	-	-	-	-	(19,013)	(19,013)
Utilisation during the year	-	-	-	-	(11,903)	-	(11,903)	-	-	-	-	(11,903)
Reserves appropriation of subsidiaries	-	-	-	18,039	22,985	-	41,024	-	-	(53,326)	-	(12,302)
Foreign currency differences	-	-	-	-	-	-	-	(11,258)	-	-	(38)	(11,296)
Asset revaluation	-	-	-	-	-	-	-	-	(113,011)	-	-	(113,011)
Adjustments for joint-ventures and associates upon the equity method	-	-	-	-	-	-	-	-	-	2,361	-	2,361
Other movements	-	-	-	-	-	-	-	-	-	35,266	-	35,266
Balance as at 31/12/2020	37,088,774	4,995,389	344,658	4,961,163	9,893,979	70,661	14,925,803	5,103	-	36,650,228	85,024	94,094,979

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

Details of shareholders of the Bank

	31/12/2020	31/12/2019
	VND million	VND million
Ordinary shares		
The Government of Vietnam	27,743,534	27,743,534
Foreign strategic shareholder (Mizuho Bank Ltd., Japan)	5,563,349	5,563,349
Other shareholders	3,781,891	3,781,891
	37,088,774	37,088,774

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

	31/12/2020 và 31/12/2019	
	Số lượng cổ phiếu	VND million
Authorised share capital	3,708,877,448	37,088,774
Issued share capital		
Ordinary shares	3,708,877,448	37,088,774
Outstanding shares in circulation		
Ordinary shares	3,708,877,448	37,088,774

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

23. DIVIDENDS

In accordance with Resolution No. 13/TN2020/NQ-DHDCD dated 26 June 2020, the Bank's General Meeting of Shareholders decided to pay cash dividend of 2019 at 8% of par value, equivalent to VND2,967,102 million. On 8 December 2020, the Bank's Board of Director approved Resolution No. 595/NQ-VCB-HDQT on dividend payment of 2019. Until 8 January 2021, the Bank completed the payment of dividends to shareholders.

24. INTEREST AND SIMILAR INCOME

	2020	2019
	VND million	VND million
Interest income from loans to customers	56,056,454	53,100,063
Interest income from deposits	2,362,665	4,412,907
Interest income from trading and investing in debt securities	9,405,447	8,893,830
<i>from investment securities</i>	9,197,858	8,809,299
<i>from trading securities</i>	207,589	84,531
Interest income from finance lease	330,131	326,787
Income from guarantee activities	448,022	480,786
Other income from credit activities	602,415	451,123
	69,205,134	67,665,496

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

25. INTEREST AND SIMILAR EXPENSES

	2020	2019
	VND million	VND million
Interest expenses on deposits	31,150,286	31,205,637
Interest expenses on borrowings	197,705	337,223
Interest expenses on valuable papers issued	1,503,840	1,500,039
Other expenses on credit activities	67,828	84,869
	32,919,659	33,127,768

26. NET FEE AND COMMISSION INCOME

	2020	2019
	VND million	VND million
Fee and commission income from		
Settlement services	6,017,661	6,199,194
Treasury services	74,593	164,507
Trusted and agency activities	9,289	1,278
Other services	4,486,620	2,640,130
	10,588,163	9,005,109
Fee and commission expenses for		
Settlement services	(3,192,493)	(3,877,007)
Treasury services	(109,932)	(96,571)
Telecommunication services	(125,174)	(114,680)
Trusted and agency activities	(6,107)	(3,485)
Other services	(547,140)	(603,920)
	(3,980,846)	(4,695,663)
	6,607,317	4,309,446

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

27. NET GAIN FROM TRADING OF FOREIGN CURRENCIES

	2020 VND million	2019 VND million
Gains from trading of foreign currencies		
From foreign currencies spot trading	6,841,473	6,397,100
From currency derivatives financial instruments	650,399	781,001
From foreign exchange rate differences	474,545	562,523
From revaluation of derivative contracts	6,541	40,323
	7,972,958	7,780,947
Losses from trading of foreign currencies		
From foreign currencies spot trading	(2,913,034)	(3,627,773)
From currency derivatives financial instruments	(1,068,516)	(653,967)
From foreign exchange rate differences	(39,477)	(73,863)
From revaluation of derivative contracts	(45,532)	(47,070)
	(4,066,559)	(4,402,673)
	3,906,399	3,378,274

28. NET GAIN FROM TRADING SECURITIES

	2020 VND million	2019 VND million
Income from trading securities	113,299	207,337
Expenses for trading securities	(162,191)	(43,098)
Allowance reversed/(made) for trading securities (Note 7)	50,702	(18,257)
	1,810	145,982

29. NET (LOSS)/GAIN FROM INVESTMENT SECURITIES

	2020 VND million	2019 VND million
Income from investment securities	-	7,220
Expenses on investment securities	-	(1)
Allowance made for equity investments	(98)	(179)
	(98)	7,040

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

30. NET OTHER INCOME

	2020 VND million	2019 VND million
Other income		
Income from recoveries of loans previously written off	2,421,725	3,179,526
Income from interest rate swap transactions	195	59,590
Other income	122,794	188,679
	2,544,714	3,427,795
Other expenses		
Expenses on interest rate swap transactions	(117,968)	-
Expenses on debts trading activities	(171)	(32)
Expenses on social activities	(301,184)	(163,238)
Other expenses	(325,138)	(194,700)
	(744,461)	(357,970)
	1,800,253	3,069,825

31. INCOME FROM CAPITAL CONTRIBUTIONS AND EQUITY INVESTMENTS

	2020 VND million	2019 VND million
Dividends received from equity investments (Note 34(a))	83,959	154,582
<i>Dividends received from capital contribution, share purchases</i>	69,684	135,090
<i>Dividends received from trading equity securities</i>	14,275	19,492
Income from disposals of equity investments	335,274	48,178
Share of gain of investments in joint-ventures and associates upon the equity method (Note 34(a))	42,152	42,336
	461,385	245,096

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

32. OPERATING EXPENSES

	2020	2019
	VND million	VND million
Tax, duties and fees	246,322	358,529
Salaries and related expenses	8,603,051	8,668,273
Of which:		
<i>Salary and allowances (Note 37)</i>	7,674,765	7,806,861
<i>Additional expenses based on salary</i>	683,529	654,098
<i>Other allowances</i>	5,868	5,566
Expenses on assets	2,902,528	2,701,784
Of which:		
<i>Depreciation of fixed assets</i>	1,168,499	829,204
Administrative expenses	3,603,531	3,515,461
Insurance expenses on deposits of customers	631,788	578,981
Allowance made for other long-term investments (Note 12(c))	-	8,002
Other expenses	51,030	43,512
	16,038,250	15,874,542

33. ALLOWANCE FOR CREDIT LOSSES

	2020	2019
	VND million	VND million
Allowance for balances with and loans to other credit institutions		
Allowance (reversed)/made (Note 6)	(2,000,000)	2,000,000
General allowance for loans to customers		
Allowance made (Note 10)	613,274	586,898
Specific allowance for loans to customers		
Allowance made (Note 10)	11,201,979	3,855,715
General allowance for unlisted corporate bonds		
Allowance made for available-for-sale securities (Note 11(a))	69,353	36,000
Allowance made for held-to-maturity securities (Note 11(b))	90,124	128,665
	9,974,730	6,607,278

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

34. CORPORATE INCOME TAX

Reconciliation of effective tax rate

	2020	2019
	VND million	VND million
Profit before tax	23,049,561	23,211,571
Adjustments:		
Taxable income of subsidiaries	(481,245)	(378,867)
Dividends received during the year (Note 31)	(83,959)	(154,582)
Share of profit from investments in joint-ventures and associates under the equity method (Note 31)	(42,152)	(42,336)
Tax exempt from consolidation adjustments	(36,959)	15,523
Non-deductible expenses during the year	4,518,833	2,020,699
Reversal of non-deductible expenses of the prior year	(2,000,000)	-
Taxable income	24,924,079	24,672,008
Statutory corporate income tax rate	20%	20%
Corporate income tax of the Bank (tax rate: 20%)	4,984,816	4,934,401
Corporate income tax of a subsidiary (tax rate: 24%)	7,711	7,835
Corporate income tax of subsidiaries (tax rate: 20%)	88,541	66,815
corporate income tax of a subsidiary (tax rate: 16.5%)	-	1,251
Current corporate income tax expenses for the year	5,081,068	5,010,302

Deferred corporate income tax expenses

	2020	2019
	VND million	VND million
Deferred corporate income tax expenses arising from deductible temporary differences	(504,025)	(396,075)

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 tax authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

35. BASIC EARNINGS PER SHARE

Profit used for calculation of basic earnings per share

	2020	2019
	VND million	VND million
Net profit	18,451,311	18,582,254
Appropriation to bonus and welfare funds (*)	(1,871,407)	(2,276,180)
Profit attributable to the ordinary shareholders during the year	16,579,904	16,306,074

(*) 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.

Weighted average number of ordinary shares.

	2020	2019
Issued ordinary shares at 1 January	3,708,877,448	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	3,708,877,448	3,700,658,435

Basic earnings per share

	2020	2019
Basic earnings per share (VND/share)	4,470	4,406

36. CASH AND CASH EQUIVALENTS

	31/12/2020	31/12/2019
	VND million	VND million
Cash on hand, gold, silver and gemstones	15,095,394	13,778,358
Balances with the State Banks	33,139,373	34,684,091
Balances with and loans to other credit institutions with original term not exceeding 3 months	244,347,935	223,808,086
	292,582,702	272,270,535

37. EMPLOYEES' BENEFITS

	2020	2019
Total number of employees (person)	20,062	18,948
Employees' income		
Total salary and allowance (VND million) (Note 32)	7,674,765	7,806,861
Monthly average income/person (VND million)	31.88	34.33

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

38. OBLIGATIONS TO THE STATE BUDGET

	Balance as at 1/1/2020	Occurrence during the year		Balance as at 31/12/2020		
		Incurred	Paid	Payables	Advances	Total
	VND million	VND million	VND million	VND million	VND million	VND million
Value added tax	85,206	572,182	(546,921)	124,718	(14,251)	110,467
Current corporate income tax	1,525,903	5,080,948	(4,680,317)	1,927,716	(1,182)	1,926,534
In which:						
Corporate income tax of Vietcombank	1,525,963	5,081,068	(4,680,425)	1,927,716	(1,110)	1,926,606
Adjustments on tax of previous years	(2)	(120)	108	-	(14)	(14)
Vinafico's tax obligation in 2008	(58)	-	-	-	(58)	(58)
Other taxes	180,746	1,200,435	(1,242,742)	138,669	(230)	138,439
	1,791,855	6,853,565	(6,469,980)	2,191,103	(15,663)	2,175,440

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

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

	31/12/2020	31/12/2019
	VND million	VND million
Deposits	124,105,909	109,803,809
Valuable papers	93,030,576	82,429,392
Real estate	957,536,579	795,024,169
Other collaterals	266,888,049	243,180,100
	1,441,561,113	1,230,437,470

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

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 Vietcombank to guarantee transactions of its customers with third parties including loan guarantee, payment guarantee, performance guarantee and bid guarantee. Such guarantees expose Vietcombank 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.

41. SIGNIFICANT TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Significant transactions with related parties

	Relationship	2020	2019
		VND million	VND million
		Income/(expense)	
The State Bank of Vietnam	Representative of owner		
Interest income from deposits		147,042	209,296
Interest expenses on deposits and borrowings		(107,008)	(130,356)
The Ministry of Finance	Related party of owner		
Interest expenses on deposits		(539,434)	(1,557,823)
Interest expenses on borrowings		(34,167)	(43,855)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

Significant balances with related parties

	Mối liên quan	31/12/2020	31/12/2019
		VND million	VND million
		Receivable/(payable)	
The State Bank of Vietnam	Representative of owner		
Deposits at the SBV		33,010,030	34,404,607
Deposits and borrowings from the SBV		(4,783,072)	(3,077,202)
The Ministry of Finance ("the MoF")	Related party of owner		
Deposits at the Bank		(36,393,923)	(89,288,604)
Borrowings from the MoF		(906,194)	(1,003,156)
Mizuho Bank Ltd., Japan	Strategic shareholder		
Deposits at Mizuho Bank Ltd., Japan		9,711,861	5,588,921
Deposits from Mizuho Bank Ltd., Japan		(4,236,034)	(3,913,211)
Loans to Mizuho Bank Ltd., Japan		-	100,000

42. DISCLOSURE OF REMUNERATION FOR MEMBERS OF THE BOARD OF DIRECTORS AND MEMBERS OF THE SUPERVISORY BOARD AND SALARY FOR MEMBERS OF THE BOARD OF MANAGEMENT

Remuneration for members of the Board of Directors and members of the Supervisory Board and salary for members of the Board of Management incurred and paid from the salary fund during the year were as follows:

	2020	2019
	VND million	VND million
Members of the Board of Directors	13,792	14,849
Members of the Supervisory Board	3,651	3,927
Members of the Board of Management	14,710	16,253
	32,153	35,029

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

43. SEGMENT REPORTING

Geographical segment reporting

Year ended 31 December 2020:

	The North (*)	The Middle and Central Highland	The South	Overseas	Elimination	Total
	VND million	VND million	VND million	VND million	VND million	VND million
1 Interest and similar income	93,561,834	16,509,703	47,598,660	76,861	(88,541,924)	69,205,134
2 Interest and similar expenses	(78,134,685)	(11,245,574)	(32,081,595)	(5,876)	88,548,071	(32,919,659)
I Net interest income	15,427,149	5,264,129	15,517,065	70,985	6,147	36,285,475
3 Fee and commission income	7,189,794	679,034	2,928,411	76,477	(285,553)	10,588,163
4 Fee and commission expenses	(3,970,123)	(33,886)	(99,106)	(23,190)	145,459	(3,980,846)
II Net fee and commission income/(expense)	3,219,671	645,148	2,829,305	53,287	(140,094)	6,607,317
III Net gain from trading of foreign currencies	2,533,901	156,766	1,214,879	853	-	3,906,399
IV Net gain/(loss) from trading securities	7,941	-	-	-	(6,131)	1,810
V Net loss from investment securities	(98)	-	-	-	-	(98)
5 Other income	1,159,082	500,291	884,050	1,291	-	2,544,714
6 Other expenses	(365,632)	(127,133)	(251,696)	-	-	(744,461)
VI Net other income	793,450	373,158	632,354	1,291	-	1,800,253
VII Income from capital contributions and equity investments	461,385	-	-	-	-	461,385
Total operating income	22,443,399	6,439,201	20,193,603	126,416	(140,078)	49,062,541
VIII Total operating expenses	(10,949,821)	(1,378,082)	(3,775,168)	(79,694)	144,515	(16,038,250)
IX Net operating profit before allowances for credit losses	11,493,578	5,061,119	16,418,435	46,722	4,437	33,024,291
X Allowances for credit losses	(7,697,793)	(792,057)	(1,482,438)	(2,442)	-	(9,974,730)
XI Profit before tax	3,795,785	4,269,062	14,935,997	44,280	4,437	23,049,561
7 Current corporate income tax expenses	(1,232,984)	(853,812)	(2,986,561)	(7,711)	-	(5,081,068)
8 Deferred corporate income tax expenses	503,720	-	-	305	-	504,025
XII Corporate income tax expenses	(729,264)	(853,812)	(2,986,561)	(7,406)	-	(4,577,043)
XIII Profit after tax	3,066,521	3,415,250	11,949,436	36,874	4,437	18,472,518

(*) As at 31 December 2020, the Bank's Head Office in the North made several payments of operating expenses for the entire system but did not allocate such expenses to the units within the Bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

Business segment

Year ended 31 December 2020:

	Banking financial services	Non-banking financial services	Securities	Others	Elimination	Total
	VND million	VND million	VND million	VND million	VND million	VND million
1 Interest and similar income	157,054,516	400,398	271,951	20,193	(88,541,924)	69,205,134
2 Interest and similar expenses	(121,217,494)	(152,921)	(89,668)	(7,647)	88,548,071	(32,919,659)
I Net interest income	35,837,022	247,477	182,283	12,546	6,147	36,285,475
3 Fee and commission income	10,301,436	42,567	300,344	229,369	(285,553)	10,588,163
4 Fee and commission expenses	(3,977,860)	(964)	(54,541)	(92,940)	145,459	(3,980,846)
II Net fee and commission income/(expense)	6,323,576	41,603	245,803	136,429	(140,094)	6,607,317
III Net gain/(loss) from trading of foreign currencies	3,908,963	(2,564)	-	-	-	3,906,399
IV Net (loss)/gain from trading securities	(34,812)	-	42,753	-	(6,131)	1,810
IV Net loss from investment securities	-	-	(98)	-	-	(98)
5 Other income	2,535,589	8,120	403	602	-	2,544,714
6 Other expenses	(744,422)	(12)	(21)	(6)	-	(744,461)
VI Net other income	1,791,167	8,108	382	596	-	1,800,253
VII Income from capital contributions and equity investments	447,110	-	14,275	-	-	461,385
Total operating income	48,273,026	294,624	485,398	149,571	(140,078)	49,062,541
VIII Total operating expenses	(15,776,505)	(135,226)	(216,421)	(54,613)	144,515	(16,038,250)
IX Net operating profit before allowance for credit losses	32,496,521	159,398	268,977	94,958	4,437	33,024,291
X Allowance for credit losses	(9,934,124)	(40,606)	-	-	-	(9,974,730)
XI Profit before tax	22,562,397	118,792	268,977	94,958	4,437	23,049,561
7 Current corporate income tax expenses	(4,992,527)	(24,737)	(52,315)	(11,489)	-	(5,081,068)
8 Deferred corporate income tax expenses	502,392	305	1,328	-	-	504,025
XII Corporate income tax expenses	(4,490,135)	(24,432)	(50,987)	(11,489)	-	(4,577,043)
XIII Profit after tax	18,072,262	94,360	217,990	83,469	4,437	18,472,518

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

44. DISCLOSURE OF FINANCIAL INSTRUMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

Fair value disclosure

Circular 210 requires Vietcombank 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 2020:

As at 31 December 2020

	Carrying amount – gross					Total of carrying value VND million	Fair value VND million	
	Held for trading VND million	Held to maturity VND million	Loans and receivables VND million	Available for sale VND million	Recognised at amortised cost VND million			
Financial assets								
I	Cash on hand, gold, silver and gemstones	-	-	15,095,394	-	-	15,095,394	15,095,394
II	Balances with the State Banks	-	-	33,139,373	-	-	33,139,373	33,139,373
III	Balances with and loans to other credit institutions	-	-	268,969,645	-	-	268,969,645	(*)
IV	Trading securities	1,991,861	-	-	-	-	1,991,861	(*)
VI	Loans to customers	-	-	839,788,261	-	-	839,788,261	(*)
VIII	Investment securities	-	115,382,544	-	42,148,831	-	157,531,375	(*)
IX	Capital contributions, long-term investments	-	-	-	1,587,823	-	1,587,823	(*)
XII	Other financial assets	-	-	13,901,539	-	-	13,901,539	(*)
		1,991,861	115,382,544	1,170,894,212	43,736,654	-	1,332,005,271	
Financial liabilities								
I	Amounts due to the Government and the State Banks and deposits and borrowings from other credit institutions	-	-	-	-	144,760,828	144,760,828	(*)
II	Deposits from customers	-	-	-	-	1,032,113,567	1,032,113,567	(*)
III	Derivative financial instruments and other financial liabilities	52,031	-	-	-	-	52,031	(*)
IV	Funds for finance, entrusted investments and entrusted loans	-	-	-	-	14,679	14,679	(*)
V	Valuable papers issued	-	-	-	-	21,240,197	21,240,197	(*)
VI	Other financial liabilities	-	-	-	-	15,942,570	15,942,570	(*)
		52,031	-	-	-	1,214,071,841	1,214,123,872	

(*) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

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.

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

Credit risk

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

Vietcombank's maximum exposure amounts to credit risk as at 31 December 2020, 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	33,139,373	-	-	33,139,373
Balances with and loans to other credit institutions – gross	267,969,645	-	1,000,000	268,969,645
Balances with other credit institutions	204,713,783	-	-	204,713,783
Loans to other credit institutions	63,255,862	-	1,000,000	64,255,862
Trading securities	1,665,791	-	-	1,665,791
Loans to customers – gross	810,702,036	10,803,072	18,283,153	839,788,261
Investment securities – gross	157,523,185	-	-	157,523,185
Available-for-sale investment securities	42,140,641	-	-	42,140,641
Held-to-maturity investment securities	115,382,544	-	-	115,382,544
Other assets	13,897,605	-	3,934	13,901,539
	1,284,897,635	10,803,072	19,287,087	1,314,987,794

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

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.

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

The following table presents the interest rate re-pricing terms of Vietcombank's assets and liabilities as at 31 December 2020:

	Overdue	Free of interest	Up to 1 month	From 1 to 3 months	From over 3 months to 6 months	From over 6 months to 12 months	From over 1 year to 5 years	Over 5 years	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Assets									
I	Cash on hand, gold, silver and gemstones	-	15,095,394	-	-	-	-	-	15,095,394
II	Balances with the State Banks	-	-	33,139,373	-	-	-	-	33,139,373
III	Balances with and loans to other credit institutions – gross	-	-	229,082,421	17,963,269	3,478,910	18,445,045	-	268,969,645
IV	Trading securities – gross	-	326,070	1,665,791	-	-	-	-	1,991,861
VI	Loans to customers – gross	12,519,728	-	154,301,126	273,642,180	214,699,585	86,390,965	90,625,451	839,788,261
VII	Investment securities – gross	-	8,190	3,519,446	11,681,908	19,340,454	24,331,181	89,695,026	157,531,375
VIII	Capital contributions, long-term investments – gross	-	2,314,006	-	-	-	-	-	2,314,006
IX	Fixed assets	-	8,539,362	-	-	-	-	-	8,539,362
X	Other assets – gross	-	19,820,621	-	-	-	-	-	19,820,621
	Total assets	12,519,728	46,103,643	421,708,157	303,287,357	237,518,949	129,167,191	180,320,477	1,347,189,898
Liabilities									
I	Amounts due to the Government and the State Banks and deposits and borrowings from other credit institutions	-	-	140,856,471	2,924,433	525,548	454,376	-	144,760,828
II	Deposits from customers	-	131,705	571,052,061	184,105,481	108,632,517	163,566,727	4,605,486	1,032,113,567
III	Derivative financial instruments and other financial liabilities	-	52,031	-	-	-	-	-	52,031
IV	Funds for finance, entrusted investments and entrusted loans	-	-	-	-	-	-	14,679	14,679
V	Valuable papers issued	-	-	69,205	-	-	10,907,198	8,898,794	21,240,197
VI	Other liabilities	-	33,047,617	837,727	68,467	-	-	-	33,953,811
	Total liabilities	-	33,231,353	712,815,464	187,098,381	109,158,065	174,928,301	13,518,959	1,232,135,113
	Interest sensitivity gap – on balance sheet	12,519,728	12,872,290	(291,107,307)	116,188,976	128,360,884	(45,761,110)	166,801,518	115,054,785

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

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 Vietcombank 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	
	31/12/2020	31/12/2019
USD/VND	23,125	23,170
EUR/VND	28,499	26,213

The following table presents Vietcombank's assets and liabilities denominated in foreign currencies that were translated into VND as at 31 December 2020:

	VND	USD	EUR	Other currencies	Total
	VND million	VND million	VND million	VND million	VND million
Assets					
I Cash on hand, gold, silver and gemstones	12,835,047	1,679,121	291,650	289,576	15,095,394
II Balances with the State Banks	26,403,315	6,665,409	-	70,649	33,139,373
III Balances with and loans to other credit institutions – gross	179,587,462	50,949,040	6,548,150	31,884,993	268,969,645
IV Trading securities – gross	1,991,861	-	-	-	1,991,861
VI Loans to customers – gross	745,709,871	93,147,396	305,708	625,286	839,788,261
VII Investment securities – gross	122,843,875	34,687,500	-	-	157,531,375
VIII Capital contributions, long-term investments – gross	2,314,006	-	-	-	2,314,006
IX Fixed assets	8,495,602	34,637	-	9,123	8,539,362
X Other assets – gross	17,977,011	1,376,308	73,716	393,586	19,820,621
Total assets	1,118,158,050	188,539,411	7,219,224	33,273,213	1,347,189,898
Liabilities					
I Amounts due to the Government and the State Banks and deposits and borrowings from other credit institutions	81,150,116	32,002,989	2,888,308	28,719,415	144,760,828
II Deposits from customers	877,210,294	148,426,680	3,790,259	2,686,334	1,032,113,567
III Derivative financial instruments and other financial liabilities	(10,417,384)	10,706,304	5,807	(242,696)	52,031
IV Funds for finance, entrusted investments and entrusted loans	14,679	-	-	-	14,679
V Valuable papers issued	21,240,155	42	-	-	21,240,197
VI Other liabilities	32,992,344	815,792	66,456	79,219	33,953,811
Total liabilities	1,002,190,204	191,951,807	6,750,830	31,242,272	1,232,135,113
Currency positions on balance sheet	115,967,846	(3,412,396)	468,394	2,030,941	115,054,785

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

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 with maturity less than one month, including the compulsory deposits;
- The maturity of trading securities is considered as having maturity less than 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, funds for finance, entrusted investments and entrusted loans, 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

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

The following table analyses the remaining terms to maturity of Vietcombank's assets and liabilities as at 31 December 2020:

	Overdue		Not overdue					Total VND million
	Over 3 months VND million	Up to 3 months VND million	Up to 1 month	From over 1 month to 3 months VND million	From over 3 months to 12 months VND million	From over 1 year to 5 years VND million	Over 5 years VND million	
Assets								
I Cash on hand, gold, silver and gemstones	-	-	15,095,394	-	-	-	-	15,095,394
II Balances with the State Banks	-	-	33,139,373	-	-	-	-	33,139,373
III Balances with and loans to other credit institutions – gross	-	-	229,082,420	17,963,269	20,396,518	1,527,438	-	268,969,645
IV Trading securities – gross	-	-	1,991,861	-	-	-	-	1,991,861
VI Loans to customers – gross	1,551,172	10,968,556	51,898,153	156,148,618	264,031,345	159,211,057	195,979,360	839,788,261
VII Investment securities – gross	-	-	2,246,636	10,422,908	40,018,635	92,318,026	12,525,170	157,531,375
VIII Capital contributions, long-term investments – gross	-	-	-	-	-	-	2,314,006	2,314,006
IX Fixed assets	-	-	-	-	-	-	8,539,362	8,539,362
X Other assets – gross	-	-	-	19,820,621	-	-	-	19,820,621
Total assets	1,551,172	10,968,556	333,453,837	204,355,416	324,446,498	253,056,521	219,357,898	1,347,189,898
Liabilities								
I Amounts due to the Government and the State Banks and deposits and borrowings from other credit institutions	-	-	140,309,854	1,401,686	1,035,310	1,897,121	116,857	144,760,828
II Deposits from customers	-	-	268,036,045	200,376,333	303,749,974	56,088,901	203,862,314	1,032,113,567
III Derivative financial instruments and other financial liabilities	-	-	-	52,031	-	-	-	52,031
IV Funds for finance, entrusted investments and entrusted loans	-	-	-	-	-	14,679	-	14,679
V Valuable papers issued	-	-	905	-	2,068,300	8,792,450	10,378,542	21,240,197
VI Other liabilities	-	-	747,619	32,299,998	-	-	906,194	33,953,811
Total liabilities	-	-	409,094,423	234,130,048	306,853,584	66,793,151	215,263,907	1,232,135,113
Net liquidity gap	1,551,172	10,968,556	(75,640,586)	(29,774,632)	17,592,914	186,263,370	4,093,991	115,054,785

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

45. CORRESPONDING FIGURES

Certain corresponding figures in the consolidated balance sheet and the consolidated statement of income have been restated according to the report of the State Audit of Vietnam as follows:

Impacts on the total assets:

	31/12/2019 VND million	31/12/2019 VND million	Differences VND million
Loans to customers	724,473,254	724,290,102	183,152
Loans to customers	734,706,891	734,706,891	-
Allowance for loans to customers	(10,233,637)	(10,416,789)	183,152
Fixed assets	6,706,503	6,710,443	(3,940)
Tangible fixed assets	4,445,709	4,449,649	(3,940)
Cost	11,162,170	11,161,239	931
Accumulated depreciation	(6,716,461)	(6,711,590)	(4,871)
Other assets	21,807,494	21,891,872	(84,378)
Receivables	8,830,390	8,829,375	1,015
Accrued interest and fee receivables	8,064,808	8,150,156	(85,348)
Allowance for other assets	(3,839)	(3,794)	(45)
Total impacts			94,834

Impacts on the total liabilities and shareholders' equity:

	31/12/2019 VND million	31/12/2019 VND million	Differences VND million
Other liabilities	26,021,232	25,997,753	23,479
Accrued interest and fee payables	10,363,285	10,382,357	(19,072)
Other liabilities	15,635,924	15,593,373	42,551
Capital	42,428,821	42,428,820	1
Other capital	344,658	344,657	1
Retained profits	26,126,544	26,055,190	71,354
Previous year's retained profits	12,188,552	12,188,554	(2)
Current year's retained profits	13,937,992	13,866,636	71,356
Total impacts			94,834

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

Impacts on the off-balance sheet items:

	31/12/2019 VND million	31/12/2019 VND million	Differences VND million
Letters of credit	57,345,298	57,406,598	(61,300)
Other commitments	53,115,849	53,276,574	(160,725)

Impacts on the consolidated statement of income:

	31/12/2019 VND million	31/12/2019 VND million	Differences VND million
Interest and similar income	67,665,496	67,724,190	(58,694)
Interest and similar expenses	(33,127,768)	(33,146,840)	19,072
Net interest income	34,537,728	34,577,350	(39,622)
Fee and commission income	9,005,109	9,002,507	2,602
Net fee and commission income	4,309,446	4,306,844	2,602
Other income	3,427,795	3,427,765	30
Net other income	3,069,825	3,069,795	30
Total operating expenses	(15,874,542)	(15,817,575)	(56,967)
Net operating profit before allowance for credit losses	29,818,849	29,912,806	(93,957)
Allowance for credit losses	(6,607,278)	(6,790,429)	183,151
PROFIT BEFORE TAX	23,211,571	23,122,377	89,194
Current corporate income tax expenses	(5,010,302)	(4,992,464)	(17,838)
Corporate income tax expenses	(4,614,227)	(4,596,389)	(17,838)
NET PROFIT AFTER TAX	18,597,344	18,525,988	71,356

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *Continued*

for the year ended 31 December 2020

Form B05/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

46. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Management of the Bank on 31 March 2021.

Hanoi, 31 March 2021

Prepared by:

Ms. **Nguyen Thi Thu Huong**

Mr. **Le Hoang Tung**

Approved by:

Ms. **Phung Nguyen Hai Yen**

Deputy Director of
Financial and Accounting
Policy Department

Chief Accountant

Deputy CEO