



**Joint Stock Commercial Bank for
Foreign Trade of Vietnam**

Separate Financial Statements
for the year ended 31 December 2019



Joint Stock Commercial Bank for Foreign Trade of Vietnam Content

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Joint Stock Commercial Bank for Foreign Trade of Vietnam Bank Information

Establishment and Operation Licence

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

Business Registration Certificate

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

Members of the Board of Directors during the year and until the issuing date of the separate financial statements

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

Members of the Board of Management during the year and until the issuing date of the separate financial statements

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

Joint Stock Commercial Bank for Foreign Trade of Vietnam Bank Information (continued)

Members of the Supervisory Board during the year and until the issuing date of the separate financial statements

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

Chief Accountant Mr. Le Hoang Tung
Appointed on 15 December 2017

Legal Representative Since 1 November 2014
Mr. Nghiêm Xuân Thành
Title: Chairman of the Board of Directors

Authorised signature on financial statements
(According to Letter of Authorisation No. 64/UQ-VCB-CSTCKT dated 4 March 2020)

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

Auditor KPMG Limited
Vietnam

Joint Stock Commercial Bank for Foreign Trade of Vietnam Report of the Board of Management

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

The Board of Management's responsibility in respect of the separate financial statements

The Board of Management is responsible for the separate financial statements which give a true and fair view of the separate financial position of the Bank, and of its separate results of operations and separate cash flows for the year. In preparing the separate financial statements, the Board of Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed or not, subject to any material departures disclosed and explained in the separate financial statements; and
- Prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue its business.

The Board of Management is responsible for ensuring that proper accounting records are kept to disclose, with reasonable accuracy at any time, the financial position of the Bank and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement by the Board of Management

The Board of Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Bank as at 31 December 2019, and of its separate results of operations and separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.



Ms. Phung Nguyen Hai Yen
Deputy CEO

Hanoi, 11 March 2020



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E6 Pham Hung Road, Me Tri Ward
South Tu Liem District, Hanoi, Vietnam
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying separate financial statements of Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank"), which comprise the separate balance sheet as at 31 December 2019, the separate statement of income and the separate statement of cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank's Board of Management on 11 March 2020, as set out on pages 6 to 72.

The Bank's Board of Management's responsibility

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Bank's Board of Management, as well as evaluating the overall presentation of the separate financial statements.

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



Auditor's Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the unconsolidated financial position of Joint Stock Commercial Bank for Foreign Trade of Vietnam as at 31 December 2019 and of its unconsolidated results of operations and its unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

KPMG Limited

Vietnam

Audit Report No.: 18-02-00541-20-3



Tran Dinh Vinh
Practicing Auditor Registration
Certificate No. 0339-2018-007-1
Deputy General Director

Hanoi, 11 March 2020

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

**Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Separate balance sheet as at 31 December 2019**

Form B02/TCTD
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

No.	Items	Note	31/12/2019 VND million	31/12/2018 VND million
A	ASSETS			
I	Cash on hand, gold, silver and gemstones	4	13,754,597	12,779,174
II	Balances with the State Bank of Vietnam	5	34,404,258	10,152,243
III	Balances with and loans to other credit institutions	6	250,743,093	250,967,000
1	Balances with other credit institutions		187,731,239	185,294,032
2	Loans to other credit institutions		66,011,854	66,672,968
3	Allowance for balances with and loans to other credit institutions		(3,000,000)	(1,000,000)
IV	Trading securities	7	449,265	1,757,474
1	Trading securities		449,265	1,757,474
V	Derivative financial instruments and other financial assets	8	98,312	275,983
VI	Loans to customers		718,577,387	616,948,860
1	Loans to customers	9	728,945,394	627,183,053
2	Allowance for loans to customers	10	(10,368,007)	(10,234,193)
VIII	Investment securities	11	167,521,678	149,288,240
1	Available-for-sale securities		35,690,900	35,313,069
2	Held-to-maturity securities		132,271,302	114,251,030
3	Allowance for investment securities		(440,524)	(275,859)
IX	Capital contributions, long-term investments		5,781,155	5,826,795
1	Investments in subsidiaries	12(a)	3,442,280	3,442,280
2	Investments in joint-ventures	12(b)	815,515	815,515
3	Investments in associates	12(c)	11,110	11,110
4	Other long-term investments	12(d)	1,587,823	1,635,418
5	Allowance for long-term investments	12(e)	(75,573)	(77,528)
X	Fixed assets		6,350,217	6,194,680
1	Tangible fixed assets	13	4,106,462	4,140,992
a	<i>Cost</i>		10,234,039	9,677,800
b	<i>Accumulated depreciation</i>		(6,127,577)	(5,536,808)
3	Intangible fixed assets	14	2,243,755	2,053,688
a	<i>Cost</i>		2,994,941	2,721,048
b	<i>Accumulated amortisation</i>		(751,186)	(667,360)
XII	Other assets		21,478,521	17,108,682
1	Receivables	15(a)	8,672,572	3,999,662
2	Accrued interest and fee receivables	15(b)	8,066,139	7,367,404
3	Deferred tax assets	15(c)	400,000	-
4	Other assets	15(d)	4,339,810	5,741,616
TOTAL ASSETS			1,219,158,483	1,071,299,131

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

No.	Items	Note	31/12/2019 VND million	31/12/2018 VND million
B LIABILITIES AND SHAREHOLDERS' EQUITY				
I	Amounts due to the Government and the State Bank of Vietnam	16	92,365,806	90,685,315
II	Deposits and borrowings from other credit institutions	17	72,523,993	75,647,514
1	Deposits from other credit institutions		71,213,320	75,647,514
2	Borrowings from other credit institutions		1,310,673	-
III	Deposits from customers	18	928,530,404	802,114,711
V	Funds for finance, entrusted investments and entrusted loans	19	20,431	25,803
VI	Valuable papers issued	20	21,371,421	21,418,647
VII	Other liabilities		25,075,367	20,618,490
1	Accrued interest and fee payables	21(a)	10,381,462	8,715,301
3	Other liabilities	21(b)	14,693,905	11,903,189
TOTAL LIABILITIES			1,139,887,422	1,010,510,480
VIII Shareholders' equity				
1	Capital		42,084,575	35,978,098
a	Charter capital		37,088,774	35,977,686
c	Share premium		4,995,389	-
g	Other capital		412	412
2	Reserves		11,924,768	9,210,606
5	Retained profits		25,261,718	15,599,947
a	Previous year's retained profits		11,688,625	4,983,956
b	Current year's retained profits		13,573,093	10,615,991
TOTAL SHAREHOLDERS' EQUITY			22(a) 79,271,061	60,788,651
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			1,219,158,483	1,071,299,131

**Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Separate balance sheet as at 31 December 2019 (continued)**

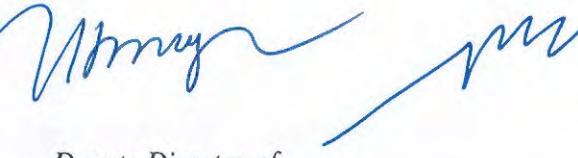
Form B02/TCTD
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

No.	Items	31/12/2019 VND million	31/12/2018 VND million
OFF-BALANCE SHEET ITEMS			
1	Credit guarantees	292,563	276,512
2	Foreign exchange commitments	91,594,629	61,831,282
	<i>Forward buying commitments</i>	25,775,812	12,471,111
	<i>Forward selling commitments</i>	65,818,817	49,360,171
4	Letters of credit	57,406,598	57,703,713
5	Other guarantees	53,276,574	54,250,031
6	Other commitments	288,801	201,313

Hanoi, 11 March 2020

Prepared by:

Ms. Nguyen Thi Thu Huong


Deputy Director of
Financial and Accounting
Policy Department

Mr. Le Hoang Tung

Chief Accountant

Approved by:

Ms. Phung Nguyen Hai Yen

Deputy CEO



No.	Items	Note	2019 VND million	2018 VND million
1	Interest and similar income	24	67,199,047	55,419,265
2	Interest and similar expenses	25	(33,064,042)	(27,399,757)
I	Net interest income		34,135,005	28,019,508
3	Fee and commission income		8,745,065	6,716,592
4	Fee and commission expenses		(4,612,445)	(3,535,540)
II	Net fee and commission income	26	4,132,620	3,181,052
III	Net gain from trading of foreign currencies	27	3,377,172	2,263,253
IV	Net gain from trading securities	28	123,062	187,867
V	Net gain from investment securities	29	7,219	-
5	Other income		3,423,240	3,503,461
6	Other expenses		(357,890)	(276,484)
VI	Net other income	30	3,065,350	3,226,977
VII	Income from capital contributions and equity investments	31	183,268	1,765,913
TOTAL OPERATING INCOME			45,023,696	38,644,570
VIII	TOTAL OPERATING EXPENSES	32	(15,554,368)	(13,228,837)
IX	Net operating profit before allowance for credit losses		29,469,328	25,415,733
X	Allowance for credit losses	33	(6,751,911)	(7,399,505)
XI	PROFIT BEFORE TAX (CARRIED TO THE NEXT PAGE)		22,717,417	18,016,228

**Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Separate statement of income for the year ended 31 December 2019
(continued)**

Form B03/TCTD
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

No.	Items	Note	2019 VND million	2018 VND million
XI	PROFIT BEFORE TAX (BROUGHT FROM THE PREVIOUS PAGE)		22,717,417	18,016,228
7	Current corporate income tax expenses	34(a)	(4,916,465)	(3,561,561)
8	Deferred corporate income tax expenses	34(b)	400,000	-
XII	Corporate income tax expenses		(4,516,465)	(3,561,561)
XIII	NET PROFIT AFTER TAX		18,200,952	14,454,667

Hanoi, 11 March 2020

Prepared by:

Ms. Nguyen Thi Thu Huong



Deputy Director of
Financial and Accounting
Policy Department

Mr. Le Hoang Tung

Chief Accountant

Approved by:

Ms. Phung Nguyen Hai Yen



Deputy CEO

No.	Items	2019 VND million	2018 VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Interest and similar income received	66,473,735	54,017,087
02	Interest and similar expenses paid	(31,483,026)	(27,336,446)
03	Net fee and commission income received	4,132,620	3,181,052
04	Net receipts and payments from trading activities (foreign currencies, gold and securities)	3,026,481	3,151,593
05	Other expenses paid	(116,186)	(47,272)
06	Receipts from recovery of bad debts previously written off	3,178,776	3,271,828
07	Payments to employees and for other operating activities	(14,340,384)	(12,502,655)
08	Corporate income tax paid during the year	(4,753,820)	(2,496,616)
Net cash flows from operating activities before changes in operating assets and liabilities		26,118,196	21,238,571
(Increase)/decrease in operating assets			
09	Balances with and loans to other credit institutions	1,159,601	216,472
10	Trading securities	(17,089,894)	(14,736,423)
11	Derivative financial instruments and other financial assets	177,671	556,371
12	Loans to customers	(101,762,341)	(88,311,384)
13	Utilisation of allowance for credit losses	(4,453,360)	(4,081,374)
14	Other operating assets	(3,231,872)	(2,712,294)
Increase/(decrease) in operating liabilities			
15	Amounts due to the Government and the SBV	1,680,491	(80,699,753)
16	Deposits and borrowings from other credit institutions	(3,123,521)	9,823,102
17	Deposits from customers	126,415,693	93,366,133
18	Valuable papers issued	(47,598)	3,416,795
19	Funds for finance, entrusted investments and entrusted loans	(5,372)	2,650
20	Other operating liabilities	483,928	789,997
21	Payments from reserves	(1,396,449)	(1,342,660)
I	Net cash flows from operating activities	24,925,173	(62,473,797)

No.	Items	2019 VND million	2018 VND million
CASH FLOWS FROM INVESTING ACTIVITIES			
01	Payments for purchases of fixed assets	(926,348)	(1,103,091)
02	Proceeds from disposals of fixed assets	9,075	4,113
03	Payments for disposals of fixed assets	(6,315)	(1,692)
04	Payments for investments in other entities	-	(1,820,400)
05	Collections on investments in other entities	96,474	2,628,038
06	Dividends and interest received from long-term investments and capital contributions	135,090	165,434
07	Dividends of prior years received in the year	42,989	-
II	Net cash flows from investing activities	(649,035)	(127,598)
CASH FLOWS FROM FINANCING ACTIVITIES			
01	Proceeds from share issuance	1,111,088	-
02	Share premium from share issuance	4,995,389	-
04	Dividends paid to shareholders	(2,219,483)	(2,878,215)
III	Net cash flows from financing activities	3,886,994	(2,878,215)
IV	Net cash flows during the year	28,163,132	(65,479,610)
V	Cash and cash equivalents at the beginning of the year	241,957,254	307,436,864
VII	Cash and cash equivalents at the end of the year (Note 35)	270,120,386	241,957,254

Hanoi, 11 March 2020

Prepared by:

Ms. Nguyen Thi Thu Huong


 Deputy Director of
 Financial and Accounting
 Policy Department

Mr. Le Hoang Tung

 Chief Accountant

Approved by:

Ms. Phung Nguyen Hai Yen



 Deputy CEO

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

1. Reporting entity

(a) Establishment and operations

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

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

(b) Charter capital

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

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

**Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Notes to the separate financial statements
for the year ended 31 December 2019 (continued)**

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

(c) Location and network

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

(d) Subsidiaries, joint-ventures and associates

Subsidiaries

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

**Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Notes to the separate financial statements
for the year ended 31 December 2019 (continued)**

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

Joint-ventures

Joint-ventures	Operating Licence	Business sector	Ownership percentage of the Bank
Vietcombank – Bonday – Ben Thanh Joint-venture Company Limited	Investment Licence No. 2458/GP dated 7 February 2005 granted by the Ministry of Planning and Investment with Amended Licence No. 2458/GCNDC1/41/1 dated 26 October 2011 and Amended Licence No. 2458/GCNDC2/41/1 dated 28 December 2012	Office leasing	52%
Vietcombank Fund Management	Establishment and Operating Licence No. 06/UBCK-GPHDQLQ dated 2 December 2005 granted by the State Securities Commission; the most recent amendment No. 17/GPDC-UBCK dated 9 February 2018	Investment fund management	51%
Vietcombank – Cardif Life Insurance Company Limited	Investment Licence No. 55/GP/KDBH dated 23 October 2008 granted by the Ministry of Finance and Amended Licence No. 55/GPDC1/KDBH dated 28 December 2018	Life insurance	45%

Associates

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

(e) Number of employees

As at 31 December 2019, the Bank had 18,408 employees (31 December 2018: 16,712 employees).

2. Summary of significant accounting policies

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

(a) Purpose of preparing the separate financial statements

The Bank has subsidiaries as disclosed in Note 1(d) and Note 12(a). The Bank prepared these separate 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 consolidated financial statements of the Bank and its subsidiaries for the year ended 31 December 2019 ("the consolidated financial statements") which was issued on 11 March 2020.

Users of the separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Bank and its subsidiaries.

(b) Basis of financial statement preparation

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

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

(c) Annual accounting period

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

(d) Foreign currency transactions

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

(e) 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 credit institutions with original terms to maturity not exceeding three months from the original date of placements or granting; investments in securities with recoverability or maturity not exceeding three months that are readily convertible into known amounts of cash, and that are subjected to an insignificant risk of change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(f) Balances with and loans to other credit institutions

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

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

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

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

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

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

(g) Loans to customers

(i) Loans to customers

Loans to customers are stated in the separate 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 separate balance sheet. Allowance for credit risk comprises specific allowance for credit risk and general allowance for credit risk.

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

(ii) Specific allowance for credit risk

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

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:

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

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

(iii) General allowance for credit risk

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

(iv) Bad debts written-off

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

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

(h) Investments

(i) Trading securities

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

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

(ii) Investment securities

Investment securities are classified into two categories: available-for-sale and held-to-maturity investment securities. The Bank classifies investment securities on their purchase dates. In accordance with Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 by the SBV, the Bank 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 the Bank and the Bank is neither a founding shareholder nor a strategic partner; nor has the impact on the enterprise's planning and determining of financial and operating policies under agreements to appoint personnel to the Members' Council/Board of Directors/Board of Management.

Held-to-maturity investment securities

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

Investment securities are initially recognised at cost of acquisition, including transaction costs and other directly attributable costs. They are subsequently measured at the lower of the book value after amortisation and the market price. Premiums and discounts arising from purchases of debt securities are amortised in the separate 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(g).

(iii) *Capital contributions, long-term investments*

Investments in subsidiaries, joint-ventures and associates

Subsidiaries are entities that fall in one of the followings:

- The Bank or the Bank and its related parties hold more than 50% of charter capital or more than 50% of the voting rights in that entity;
- The Bank has the power, directly or indirectly, to appoint most of or all of the members of the Board of Directors, the Board of Management or Chief Executive Officer of the entity;
- The Bank has the power to amend, supplement to the entity's operation charter;
- The Bank and its related parties control, directly or indirectly, the resolution and decision of the annual General shareholders' meeting, the Board of Directors, and the Members' Council of the entity.

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.

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

Investments in subsidiaries, joint-ventures and associates are stated at cost less allowance for diminution in value.

Other long-term investments

Other long-term investments represent the Bank's capital investments in other enterprises where the Bank owns less than 11% of voting rights and is either a founding shareholder or a strategic partner; or has influences on the enterprise'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 the Bank does not have control or significant influence over the investees.

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

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

The allowance for diminution in the value of long-term investments is made 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.

(i) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specific date in the future (repos) are still recognised in the separate financial statements. The corresponding cash received from these agreements is recognised in the separate balance sheet as a liability. The difference between the sale price and repurchase price is amortised in the separate 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 separate financial statements. The corresponding cash paid under these agreements is recognised in the separate 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 separate statement of income.

(j) Tangible fixed assets

(i) Cost

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

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

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

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

(ii) Depreciation

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

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

(k) Intangible fixed assets

(i) Land use rights

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

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

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

Land use rights not recognised as intangible assets comprise:

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

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

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

(ii) Copyrights, patents and other intangible fixed assets

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

(l) Other assets

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

<i>Overdue period</i>	<i>Allowance rate</i>
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, the Bank conducts debt classification and makes allowance similarly to those of loans to customers described in Note 2(g).

(m) Deposits and borrowings from other credit institutions

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

(n) Deposits from customers

Deposits from customers are stated at cost.

(o) 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.

(p) Severance allowance

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

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

(q) 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 separate balance sheet. The bonus and welfare funds are used for the purposes specified in Decree No. 93/2017/NĐ-CP dated 7 August 2017 issued by the Government ("Decree 93").

(r) Capital and reserves

(i) Ordinary shares

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

(ii) Share premium

On receipt of capital from shareholders, the difference between the issuance price and the par value of the shares is recorded as share premium in equity.

(iii) Treasury shares

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

(iv) Reserves

Reserves are for specific purposes and appropriated from net profit after tax of the Bank at prescribed rates as below:

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

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

(s) Income and expenses

(i) Interest income and interest expenses

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

Interest expenses are recorded on an accrual basis.

(ii) Fee and commission and dividend income

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

(iii) Share dividends

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

(iv) Uncollectible income

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

(t) **Operating lease**

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

(u) **Taxation**

Corporate income tax comprises of current and deferred tax. Corporate income tax is recognised in the separate 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.

(v) Related parties

Related parties of the Bank include:

- Parent company or the credit institution considered as the parent company of the Bank;
- The Bank's subsidiaries;
- The party that has the same parent company or credit institution with the Bank;
- Management or members of the Supervisory Board of the parent company or credit institution of the Bank;
- Individuals or organisations which have the authority to appoint managers or members of the Supervisory Board of the parent company of the Bank;
- Managers or members of the Supervisory Board of the Bank;
- Companies or organisations which have the authority to appoint managers, or members of the Supervisory Board of the Bank;
- 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 Bank;
- Individuals or organisations that hold at least 5% of charter capital or share capital with voting rights of the Bank;
- Representatives for the Bank's paid-in capital and shares.

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

(w) Segment reporting

A segment is a distinguishable component of the Bank 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.

(x) Off-balance sheet items

(i) Foreign exchange contracts

The Bank 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 the Bank'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 separate statement of income at the end of the annual accounting period. Differences between the amount in VND of the foreign currency amounts which are committed to buy/sell at forward rate and spot rate are recognised in the separate 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 separate balance sheet. This difference is amortised to the separate statement of income on a straight-line basis over the term of the swap contracts.

(ii) Interest swap contracts

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

(iii) Commitments and contingent liabilities

The Bank has credit commitments arising from its regular lending activities. These commitments are unutilised loans and overdraft facilities which are approved. The Bank 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, the Bank, 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(g)).

(y) Offsetting

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

3. Presentation of financial instruments in accordance with Circular No. 210/2009/TT-BTC

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

Financial assets of the Bank mainly include:

- Cash;
- Balances with the State Bank of Vietnam;
- 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 the Bank mainly include:

- Amounts due to the Government and the State Bank of Vietnam;
- 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 separate financial statements, the Bank 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, the Bank 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 42(b).

The preparation and presentation of the fair value of the financial instruments are only for the purpose of presenting in Note 42(b). The financial instruments of the Bank 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, the Bank measures the fair value of that instrument using its quoted price in the active market. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions.

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

4. Cash on hand, gold, silver and gemstones

	31/12/2019 VND million	31/12/2018 VND million
Cash on hand in VND	11,080,773	9,761,185
Cash on hand in foreign currencies	2,673,353	3,017,527
Valuable papers in foreign currencies	471	462
	13,754,597	12,779,174

5. Balances with the State Bank of Vietnam

	31/12/2019 VND million	31/12/2018 VND million
Demand deposits in VND	31,146,886	6,696,966
Demand deposits in USD	3,257,372	3,455,277
	34,404,258	10,152,243

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

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

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

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

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

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

6. Balances with and loans to other credit institutions

	31/12/2019 VND million	31/12/2018 VND million
Balances with other credit institutions		
Demand deposits in VND	3,138	747
Demand deposits in foreign currencies	40,123,462	42,137,438
Term deposits in VND	93,311,954	70,926,012
Term deposits in foreign currencies	54,292,685	72,229,835
	187,731,239	185,294,032
Loans to other credit institutions		
Loans in VND	62,740,061	58,764,202
Loans in foreign currencies	3,271,793	7,908,766
	66,011,854	66,672,968
Allowance for balances with and loans to other credit institutions	(3,000,000)	(1,000,000)
	250,743,093	250,967,000

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

	31/12/2019 VND million	31/12/2018 VND million
Current debt	210,616,493	208,781,877
Special mentioned debt	-	46,938
Loss debt	3,000,000	1,000,000
	213,616,493	209,828,815

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

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

7. Trading securities

	31/12/2019 VND million	31/12/2018 VND million
Debt securities		
Government bonds	449,265	822,172
Bonds issued by other local credit institutions	-	935,302
	449,265	1,757,474

Trading securities by listing status were as follows:

	31/12/2019 VND million	31/12/2018 VND million
Debt securities		
Listed	449,265	1,757,474
	449,265	1,757,474

8. Derivative financial instruments and other financial assets

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

9. Loans to customers

	31/12/2019 VND million	31/12/2018 VND million
Loans to local economic entities and individuals	725,771,764	623,251,136
Discounted bills and valuable papers	3,172,630	3,930,917
Loans given to make payments on behalf of customers	1,000	1,000
	728,945,394	627,183,053

Loan portfolio by debt group was as follows:

	31/12/2019 VND million	31/12/2018 VND million
Current debt	720,674,783	617,257,683
Special mentioned debt	2,501,352	3,736,701
Sub-standard debt	681,402	290,984
Doubtful debt	576,783	1,160,151
Loss debt	4,511,074	4,737,534
	728,945,394	627,183,053

Loan portfolio by term was as follows:

	31/12/2019 VND million	31/12/2018 VND million
Short-term debt	383,048,080	341,385,188
Medium-term debt	44,762,886	50,105,902
Long-term debt	301,134,428	235,691,963
	728,945,394	627,183,053

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Loan portfolio by type of borrowers was as follows:

	31/12/2019 VND million	31/12/2018 VND million
State-owned enterprises	61,444,458	68,042,316
Limited companies	138,469,034	127,285,954
Foreign invested enterprises	42,851,325	38,172,266
Co-operative and private companies	2,267,398	2,482,609
Individuals	314,671,070	235,110,059
Others	169,242,109	156,089,849
	728,945,394	627,183,053

Loan portfolio by industry sector was as follows:

	31/12/2019 VND million	31/12/2018 VND million
Processing and manufacturing	171,230,140	161,177,143
Trading and services	131,825,366	120,238,625
Electricity, gas, water processing and supplying	30,316,052	29,327,278
Construction	31,952,068	28,528,467
Transportation, logistics and communication	24,367,828	22,927,988
Mining	14,388,663	15,379,564
Agriculture, forestry and aquaculture	16,121,696	14,496,533
Hospitality	12,826,840	11,362,643
Others	295,916,741	223,744,812
	728,945,394	627,183,053

10. Allowance for loans to customers

	31/12/2019 VND million	31/12/2018 VND million
General allowance	5,249,429	4,668,212
Specific allowance	5,118,578	5,565,981
	10,368,007	10,234,193

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

	2019 VND million	2018 VND million
Opening balance	4,668,212	4,090,790
Allowance made during the year (Note 33)	581,217	577,422
	5,249,429	4,668,212

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

	2019 VND million	2018 VND million
Opening balance	5,565,981	3,959,211
Allowance made during the year (Note 33)	4,006,029	5,686,271
Allowance utilised for writing-off bad debts	(4,453,360)	(4,081,374)
Foreign exchange difference	(72)	1,873
	5,118,578	5,565,981

11. Investment securities

	31/12/2019 VND million	31/12/2018 VND million
Available-for-sale securities (a)	35,566,775	35,224,944
Held-to-maturity securities (b)	131,954,903	114,063,296
	167,521,678	149,288,240

(a) Available-for-sale securities

	31/12/2019 VND million	31/12/2018 VND million
Government bonds	17,444,329	22,120,565
Debt securities issued by other local credit institutions	18,246,571	13,192,504
	35,690,900	35,313,069
Allowance for available-for-sale securities (i)	(124,125)	(88,125)
Total available-for-sale securities	35,566,775	35,224,944

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

	31/12/2019 VND million	31/12/2018 VND million
General allowance for unlisted corporate bonds	124,125	88,125

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

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

(b) Held-to-maturity securities

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

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

	31/12/2019 VND million	31/12/2018 VND million
General allowance for unlisted corporate bonds	316,399	187,734
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Movements in general allowance for unlisted corporate bonds (including bonds issued by other local credit institutions on the secondary market) during the year were as follows:

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

Classification of unlisted securities as assets with credit risk:

	31/12/2019 VND million	31/12/2018 VND million
Current debt	62,473,769	38,080,751
	<hr/>	<hr/>
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12. Capital contributions, long-term investments

(a) Investments in subsidiaries

	Business sector	31/12/2019 and 31/12/2018	
		Ownership percentage (%)	Cost VND million
Vietcombank Financial Leasing Company Limited	Financial leasing	100%	500,000
Vietcombank Securities Company Limited	Securities	100%	700,000
Vietnam Finance Company Limited in Hong Kong	Financial services	100%	116,902
Vietcombank Remittance Company Limited	Receipt of foreign exchange	100%	30,000
Vietcombank Laos Limited	Banking	100%	1,820,400
Vietcombank Money Inc.	Foreign exchange remittance	87.5%	204,978
Vietcombank Tower 198 Ltd.	Office leasing	70%	70,000
			3,442,280

(b) Investments in joint-ventures

	Business sector	31/12/2019 and 31/12/2018	
		Ownership percentage (%)	Cost VND million
Vietcombank – Bonday – Ben Thanh Joint-venture Company Limited (i)	Office leasing	52%	410,365
Vietcombank Fund Management (i)	Investment fund management	51%	135,150
Vietcombank – Cardif Life Insurance Company Limited (ii)	Life insurance	45%	270,000
			815,515

- (i) The Bank owns 52% of the total contributed capital of Vietcombank – Bonday – Ben Thanh Joint-venture Company Limited and 51% of the total contributed capital of Vietcombank Fund Management. These companies' charters require a consensus among related parties on all important decisions on the companies' operational and financial matters. Hence, owning more than half of the companies' contributed capital does not mean that the Bank has control over these companies. The investments in these two companies are classified into "Investments in joint-ventures" rather than "Investments in subsidiaries".
- (ii) The Bank owns 45% of the total contributed capital of Vietcombank – Cardif Life Insurance Company Limited. This company's charter requires a consensus among related parties on all important decisions on this company's operational and financial matters. Therefore, the investment in the company is classified into "Investments in joint-ventures" rather than "Investments in associates".

(c) Investments in associates

	Bnsiness sector	31/12/2019 and 31/12/2018 Ownership percentage (%)	Cost VND million
Vietcombank – Bonday Joint-venture Company Limited	Office leasing	16%	11,110

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".

(d) Other long-term investments

As at 31 December 2019:

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

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As at 31 December 2018:

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

(e) Allowance for long-term investments

	31/12/2019 VND million	31/12/2018 VND million
Allowance for investments in subsidiaries	573	-
Allowance for investments in joint-ventures	-	10,530
Allowance for other long-term investments	75,000	66,998
	75,573	77,528

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

	2019 VND million	2018 VND million
Opening balance	77,528	139,720
Allowance reversed during the year (Note 32)	(1,955)	(62,192)
Closing balance	75,573	77,528

13. Tangible fixed assets

Year ended 31 December 2019:

	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	3,885,943	3,823,495	863,737	1,104,625	9,677,800
Additions during the year	197,915	226,157	120,499	135,902	680,473
- <i>Purchases</i>	191,052	226,157	120,499	110,999	648,707
- <i>Other increases</i>	6,863	-	-	24,903	31,766
Decreases during the year	(13,851)	(68,139)	(23,434)	(18,810)	(124,234)
- <i>Disposals</i>	(13,851)	(39,979)	(23,434)	(18,810)	(96,074)
- <i>Other decreases</i>	-	(28,160)	-	-	(28,160)
Closing balance	4,070,007	3,981,513	960,802	1,221,717	10,234,039
Accumulated depreciation					
Opening balance	820,892	3,299,486	596,289	820,141	5,536,808
Additions during the year	185,730	293,428	82,078	150,892	712,128
- <i>Charges for the year</i>	185,730	293,428	82,078	129,769	691,005
- <i>Other increases</i>	-	-	-	21,123	21,123
Decreases during the year	(10,645)	(67,658)	(24,348)	(18,708)	(121,359)
- <i>Disposals</i>	(8,958)	(39,890)	(23,434)	(18,708)	(90,990)
- <i>Other decreases</i>	(1,687)	(27,768)	(914)	-	(30,369)
Closing balance	995,977	3,525,256	654,019	952,325	6,127,577
Net book value					
Opening balance	3,065,051	524,009	267,448	284,484	4,140,992
Closing balance	3,074,030	456,257	306,783	269,392	4,106,462

Included in tangible fixed assets were assets costing VND 4,325,403 million which were fully depreciated as of 31 December 2019, but still in use (31 December 2018: VND 3,837,779 million).

14. Intangible fixed assets

Year ended 31 December 2019:

	Land use rights VND million	Copyrights and patents VND million	Others VND million	Total VND million
Cost				
Opening balance	2,041,956	602,318	76,774	2,721,048
Additions during the year	112,847	226,355	-	339,202
- <i>Purchases</i>	112,847	164,794	-	277,641
- <i>Other increases</i>	-	61,561	-	61,561
Decreases during the year	(2,324)	(1,424)	(61,561)	(65,309)
- <i>Disposals</i>	-	(1,424)	-	(1,424)
- <i>Other decreases</i>	(2,324)	-	(61,561)	(63,885)
 Closing balance	 2,152,479	 827,249	 15,213	 2,994,941
 Accumulated amortisation				
Opening balance	59,127	546,672	61,561	667,360
Additions during the year	16,445	130,366	-	146,811
- <i>Charges for the year</i>	13,127	68,805	-	81,932
- <i>Other increases</i>	3,318	61,561	-	64,879
Decreases during the year	-	(1,424)	(61,561)	(62,985)
- <i>Disposals</i>	-	(1,424)	-	(1,424)
- <i>Other decreases</i>	-	-	(61,561)	(61,561)
 Closing balance	 75,572	 675,614	 -	 751,186
 Net book value				
Opening balance	1,982,829	55,646	15,213	2,053,688
Closing balance	2,076,907	151,635	15,213	2,243,755

Included in intangible fixed assets were assets costing VND 607,697 million which were fully depreciated as of 31 December 2019, but still in use (31 December 2018: VND 538,648 million).

15. Other assets

(a) Receivables

	31/12/2019 VND million	31/12/2018 VND million
Internal receivables	1,595,348	1,361,603
External receivables (i)	7,077,224	2,638,059
	8,672,572	3,999,662

(i) External receivables

	31/12/2019 VND million	31/12/2018 VND million
Advances for purchase of fixed assets	1,088,039	927,569
Receivables from the State Budget in relation to the interest subsidy program	311,981	290,225
Overpaid corporate income tax (Note 37)	60	80
Deductible value added tax (Note 37)	21,203	8,944
Advances for other taxes (Note 37)	2	2
Construction in progress (*)	790,497	481,844
Other receivables	4,865,442	929,395
	7,077,224	2,638,059

(*) Details of construction in progress are follows:

	31/12/2019 VND million	31/12/2018 VND million
Construction in progress	790,497	481,844
<i>In which, large constructions include:</i>	<i>704,857</i>	<i>383,354</i>
Thanh Cong Branch's office construction	268,588	92,133
Ho Chi Minh City Branch's office construction	244,565	102,005
North Sai Gon Branch's office construction	39,894	22,832
Thu Duc Branch's office construction	32,590	28,831
Phu Yen Branch's office construction	30,234	18,421
Can Tho Branch's office construction	25,309	-
Lang Son Branch's office construction	17,074	-
Vung Tau Branch's office construction	14,138	1,336
Gia Lai Branch's office construction	7,879	-
Hung Yen Branch's office construction	6,989	95
Hanoi Branch's office construction	6,390	3,499
Quang Tri Branch's office construction	5,812	2,647
Quang Ngai Branch's office construction	5,395	2,422
Ninh Binh Branch's office construction	-	60,000
Kon Tum Branch's office construction	-	49,133

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(b) Accrued interest and fee receivables

	31/12/2019 VND million	31/12/2018 VND million
From loans to customers	2,820,404	2,948,872
From balances with and loans to other credit institutions	364,087	375,846
From investment securities	4,796,023	4,001,812
From derivative transactions	83,920	38,672
Fees receivable	1,705	2,202
	8,066,139	7,367,404

(c) Deferred tax assets

	31/12/2019 VND million	31/12/2018 VND million
Deferred tax assets arising from deductible temporary differences	400,000	-

(d) Other assets

	31/12/2019 VND million	31/12/2018 VND million
Prepaid expenses for office and fixed assets rental	886,166	684,815
Materials	153,457	123,944
Advance for card payment	1,422,634	4,082,720
Advance for rental land	465,839	467,016
Other assets	1,411,714	383,121
	4,339,810	5,741,616

16. Amounts due to the Government and the SBV

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

17. Deposits and borrowings from other credit institutions

	31/12/2019 VND million	31/12/2018 VND million
Deposits from other credit institutions	71,213,320	75,647,514
Demand deposits in VND	7,681,958	15,240,378
Demand deposits in foreign currencies	27,153,234	46,517,130
Term deposits in VND	24,500,000	8,490,250
Term deposits in foreign currencies	11,878,128	5,399,756
Borrowings from other credit institutions	1,310,673	-
Borrowings in foreign currencies	1,310,673	-
	72,523,993	75,647,514

18. Deposits from customers

	31/12/2019 VND million	31/12/2018 VND million
Demand deposits	263,202,405	226,975,019
Demand deposits in VND	199,299,260	170,554,139
Demand deposits in gold, foreign currencies	63,903,145	56,420,880
Term deposits	642,790,852	558,984,432
Term deposits in VND	561,569,254	472,106,716
Term deposits in gold, foreign currencies	81,221,598	86,877,716
Deposits for specific purposes	21,019,106	14,948,566
Margin deposits	1,518,041	1,206,694
	928,530,404	802,114,711

Deposits from customers by customer type were as follows:

	31/12/2019 VND million	31/12/2018 VND million
Economic entities	461,764,443	380,623,113
Individuals	466,765,961	421,491,598
	928,530,404	802,114,711

19. Funds for finance, entrusted investments and entrusted loans

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

20. Valuable papers issued

	31/12/2019 VND million	31/12/2018 VND million
Certificates of deposits		
Medium-term in VND	325	325
Medium-term in foreign currencies	691	994
Bonds and bills		
Short-term in VND	47	47
Short-term in foreign currencies	30	30
Medium-term in VND	10,370,316	10,417,239
Medium-term in foreign currencies	12	12
Long-term in VND	11,000,000	11,000,000
	21,371,421	21,418,647

21. Other liabilities

(a) Accrued interest and fee payables

	31/12/2019 VND million	31/12/2018 VND million
Interest for deposits from customers	9,856,612	8,218,188
Interest for deposits and borrowings from other credit institutions	49,090	29,671
Interest for valuable papers issued	369,975	369,953
Interest for derivative financial instruments	102,640	91,193
Fee for entrusted investments	3,145	6,296
	10,381,462	8,715,301

(b) Other liabilities

	31/12/2019 VND million	31/12/2018 VND million
Internal payables (i)	3,433,670	2,752,457
External payables (ii)	7,242,406	6,589,812
Bonus and welfare funds	4,017,829	2,560,920
	14,693,905	11,903,189

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(i) Internal payables

	31/12/2019 VND million	31/12/2018 VND million
Payables to employees	2,861,152	2,418,150
Other liabilities	572,518	334,307
	3,433,670	2,752,457

(ii) External payables

	31/12/2019 VND million	31/12/2018 VND million
Tax payables (Note 37)	1,721,426	1,583,626
- <i>Corporate income tax payables</i>	1,486,141	1,323,491
- <i>Value added tax payables</i>	59,670	50,590
- <i>Other tax payables</i>	175,615	209,545
Unearned interest income	944	28,081
Payables for construction and acquisition of fixed assets	266,354	347,802
Deposits in custody relating to pending payments	251,621	217,123
Other payables to customers	1,288,992	1,524,150
Other pending items in settlement	176,176	269,602
Other payables to the State relating to interest subsidy program	64,528	64,528
Borrowings from the Ministry of Finance	1,003,156	1,001,583
Dividends payables (*)	747,619	-
Other payables	1,721,590	1,553,317
	7,242,406	6,589,812

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

22. Capital and reserves

(a) Statement of changes in equity

	Charter capital VND million	Share premium VND million	Other capital VND million	Supplementary charter capital reserve VND million	Reserves Financial reserve VND million	Total VND million	Retained profits VND million	Total VND million
Balance as at 1/1/2019	35,977,686	-	412	3,085,340	6,125,266	9,210,606	15,599,947	60,788,651
Share capital issued during the year	1,111,088	4,995,400	-	-	-	-	-	6,106,488
Net profit for the year	-	-	-	-	-	-	18,200,952	18,200,952
Compulsory reserves temporarily appropriated from profit for 2019	-	-	-	910,048	1,820,095	2,730,143	(2,730,143)	-
Bonus and welfare funds temporarily appropriated for 2019	-	-	-	-	-	-	(1,897,716)	(1,897,716)
Adjustments for the appropriation of compulsory reserves and bonus and welfare fund according to the Resolution of General Meeting of Shareholders	-	-	-	5	10	15	(939,661)	(939,646)
Dividends of 2018 to shareholders (Note 23)	-	-	-	-	-	-	(2,967,102)	(2,967,102)
Utilisation during the year	-	-	-	-	(15,996)	(15,996)	-	(15,996)
Other movements	-	(11)	-	-	-	-	(4,559)	(4,570)
Balance as at 31/12/2019	37,088,774	4,995,389	412	3,995,393	7,929,375	11,924,768	25,261,718	79,271,061

(b) Details of shareholders of the Bank

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

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

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

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

23. Dividends

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

24. Interest and similar income

	2019 VND million	2018 VND million
Interest income from loans to customers	53,200,309	43,749,220
Interest income from deposits	4,272,350	2,803,610
Interest income from trading and investing in debt securities	8,821,134	8,231,374
- <i>from investment securities</i>	8,809,299	8,157,216
- <i>from trading securities</i>	11,835	74,158
Income from guarantee activities	454,131	411,962
Other income from credit activities	451,123	223,099
	67,199,047	55,419,265

25. Interest and similar expenses

	2019 VND million	2018 VND million
Interest expenses on deposits	31,275,995	25,394,238
Interest expenses on borrowings	198,900	480,974
Interest expenses on valuable papers issued	1,504,572	1,495,126
Other expenses on credit activities	84,575	29,419
	33,064,042	27,399,757

26. Net fee and commission income

	2019 VND million	2018 VND million
Fee and commission income from		
Settlement services	6,155,742	4,552,204
Treasury services	164,507	245,694
Trusted and agency activities	1,193	1,329
Other services	2,423,623	1,917,365
	8,745,065	6,716,592
Fee and commission expenses for		
Settlement services	(3,865,023)	(2,896,734)
Treasury services	(96,571)	(69,372)
Telecommunication services	(114,680)	(100,790)
Trusted and agency activities	(3,485)	(746)
Other services	(532,686)	(467,898)
	(4,612,445)	(3,535,540)
	4,132,620	3,181,052

27. Net gain from trading of foreign currencies

	2019 VND million	2018 VND million
Gains from trading of foreign currencies		
From foreign currencies spot trading	6,396,939	4,449,704
From currency derivatives financial instruments	781,001	363,485
From foreign exchange rate differences	561,493	322,516
From revaluation of derivative contracts	40,323	87,041
	7,779,756	5,222,746
Losses from trading of foreign currencies		
From foreign currencies spot trading	(3,627,773)	(865,920)
From currency derivatives financial instruments	(653,967)	(983,543)
From foreign exchange rate differences	(73,774)	(465,977)
From revaluation of derivative contracts	(47,070)	(644,053)
	(4,402,584)	(2,959,493)
	3,377,172	2,263,253

28. Net gain from trading securities

	2019 VND million	2018 VND million
Income from trading securities	141,718	443,058
Expenses for trading securities	(18,656)	(255,191)
	123,062	187,867

29. Net gain from investment securities

	2019 VND million	2018 VND million
Income from investment securities	7,220	-
Expenses on investment securities	(1)	-
	7,219	-

30. Net other income

	2019 VND million	2018 VND million
Other income		
Income from recoveries of loans previously written off	3,178,776	3,271,828
Income from interest rate swap transactions	59,590	-
Other income	184,874	231,633
	3,423,240	3,503,461
Other expenses		
Expenses on interest rate swap transactions	-	(9,117)
Expenses on debts trading activities	(32)	(159)
Expenses on social activities	(163,238)	(150,034)
Other expenses	(194,620)	(117,174)
	(357,890)	(276,484)
	3,065,350	3,226,977

31. Income from capital contributions and equity investments

	2019 VND million	2018 VND million
Dividends received from equity investments (Note 34(a))	135,090	208,423
Income from disposals of equity investments	48,178	1,557,490
	183,268	1,765,913

32. Operating expenses

	2019 VND million	2018 VND million
Tax, duties and fees	297,890	249,278
Salaries and related expenses	8,463,750	7,453,017
<i>Of which:</i>		
- <i>Salary and allowances (Note 36)</i>	7,619,000	6,711,340
- <i>Additional expenses based on salary</i>	641,050	596,250
- <i>Other allowances</i>	3,856	3,202
Expenses on assets	2,781,825	2,419,053
<i>Of which:</i>		
- <i>Depreciation of fixed assets</i>	772,937	746,606
Administrative expenses	3,433,964	2,643,090
Insurance expenses on deposits of customers	578,894	526,591
Allowance reversed for other long-term investments (Note 12(e))	(1,955)	(62,192)
	15,554,368	13,228,837

33. Allowance for credit losses

	2019 VND million	2018 VND million
Allowance for balances with and loans to other credit institutions		
Allowance made (Note 6)	2,000,000	1,000,000
General allowance for loans to customers		
Allowance made (Note 10)	581,217	577,422
Specific allowance for loans to customers		
Allowance made (Note 10)	4,006,029	5,686,271
General allowance for unlisted corporate bonds	164,665	135,812
Allowance made for available-for-sale securities (Note 11(a))	36,000	71,625
Allowance made for held-to-maturity securities (Note 11(b))	128,665	64,187
	6,751,911	7,399,505

34. Corporate income tax

(a) Reconciliation of effective tax rate

	2019 VND million	2018 VND million
Profit before tax	22,717,417	18,016,228
<i>Adjustments:</i>		
Dividends received during the year (Note 31)	(135,090)	(208,423)
Non-deductible expense for the year	2,000,000	-
	24,582,327	17,807,805
Taxable income	20%	20%
Statutory corporate income tax rate		
	4,916,465	3,561,561

(b) Deferred corporate income tax expenses

	2019 VND million	2018 VND million
Deferred corporate income tax expenses arising from deductible temporary differences	(400,000)	-

(c) Applicable tax rates

The Bank has an obligation to pay the Government income tax at the rate of 20% of taxable profits.
Corporate income tax computation is subject to review and approval by local tax authorities.

35. Cash and cash equivalents

	31/12/2019 VND million	31/12/2018 VND million
Cash on hand, gold, silver and gemstones	13,754,597	12,779,174
Balances with the State Bank of Vietnam	34,404,258	10,152,243
Balances with and loans to other credit institutions with original term not exceeding 3 months	221,961,531	219,025,837
	270,120,386	241,957,254

36. Employees' benefits

	2019	2018
Total number of employees (person)	18,408	16,712
Employees' income		
Total salary and allowance (VND million) (Note 32)	7,619,000	6,711,340
Monthly average income/person (VND million)	34.49	33.47

37. Obligations to the State Budget

	Balance as at 1/1/2018 VND million	Occurrence during the year		Balance as at 31/12/2019		
		Incurred VND million	Paid VND million	Payables VND million	Advances VND million	Total VND million
Value added tax	41,646	634,280	(637,459)	59,670	(21,203)	38,467
Corporate income tax	1,323,411	4,916,490	(4,753,820)	1,486,141	(60)	1,486,081
<i>In which:</i>						
- Corporate income tax of the Bank	1,323,491	4,916,465	(4,753,815)	1,486,141	-	1,486,141
- Adjustments on tax of previous years	(22)	25	(5)	-	(2)	(2)
- Vinafico's tax obligation in 2008	(58)	-	-	-	(58)	(58)
Other taxes	209,543	1,190,783	(1,224,713)	175,615	(2)	175,613
Closing balance	1,574,600	6,741,553	(6,615,992)	1,721,426	(21,265)	1,700,161

38. Assets and valuable papers for pledging, mortgaging and discount, re-discount

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

	31/12/2019	31/12/2018
	VND million	VND million
Deposits	109,803,809	91,140,187
Valuable papers	82,382,784	91,261,015
Real estate	795,005,661	622,687,089
Other collaterals	243,149,463	241,709,232
	1,230,341,717	1,046,797,523

39. Contingent liabilities and other commitments

In the normal course of business, the Bank 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 separate balance sheet.

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

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

Commercial at sight letters of credit represent a financing transaction by the Bank 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, the Bank recognises a compulsory loan to a customer and at the same time a corresponding liability representing the financial obligation of the Bank to pay the beneficiaries and to fulfil the guarantor obligations.

The Bank 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 the Bank.

40. Significant transactions and balances with related parties

(a) Significant transactions with related parties

	Relationship	2019 VND million	2018 VND million
		Income/(expense)	
The State Bank of Vietnam	Representative of owner	209,296	216,309
Interest income from deposits		(130,356)	(152,162)
Interest expenses on deposits and borrowings			
The Ministry of Finance	Related party of owner	(1,557,823)	(1,287,656)
Interest expenses on deposits		(43,855)	(31,792)
Interest expenses on borrowings			
Vietcombank Financial Leasing Company Limited	Subsidiary	125,679	108,073
Interest income from borrowings		(458)	(253)
Interest expenses on deposits		(25,654)	(26,748)
Operating lease expense		2,537	2,654
Fee and commission income			
Vietcombank Securities Company Limited	Subsidiary	(64)	(72)
Interest expenses on deposits		(2,033)	(3,246)
Fee and commission expenses			
Vietcombank Tower 198 Ltd.	Subsidiary	(8,299)	(15,162)
Interest expenses on deposits		(88,134)	(88,190)
Office rental expenses		-	(85,787)
Profits distributed to the Bank			
Vietnam Finance Company Limited in Hong Kong	Subsidiary	42,990	40,370
Interest income from deposits			
Vietcombank Remittance Company Limited	Subsidiary	(1,037)	(1,273)
Interest expenses on deposits			
Vietcombank Laos Limited	Subsidiary	(26)	-
Interest expenses on deposits			

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

Remuneration for the Board of Management complied with Salary Regulation in the Bank's system.

(b) Significant balances with related parties

	Relationship	31/12/2019 VND million	31/12/2018 VND million
		Receivable/(payable)	
The State Bank of Vietnam	Representative of owner	34,404,258 (3,077,202)	10,152,243 (3,589,585)
Deposits at the SBV			
Deposits and borrowings from the SBV			
The Ministry of Finance (“the MoF”)	Related party of owner	(89,288,604) (1,003,156)	(87,095,730) (1,001,583)
Deposits at the Bank			
Borrowings from the MoF			
Mizuho Bank Ltd., Japan	Strategic shareholder	5,588,921 (3,913,211) 100,000	1,767,477 (3,667,092) -
Deposits at Mizuho Bank Ltd., Japan			
Deposits from Mizuho Bank Ltd., Japan			
Loans to Mizuho Bank Ltd., Japan			
Vietcombank Financial Leasing Company Limited (“VCBL”)	Subsidiary	3,641,811 (354,824)	2,964,120 (399,277)
Loans to VCBL			
Deposits from VCBL			
Vietcombank Securities Company Limited (“VCBS”)	Subsidiary	(66,138) (169,789)	(100,905) (171,115)
Deposits from VCBS			
Capital increase bonds issued by Vietcombank			
Vietcombank Tower 198 Ltd. (“VCBT”)	Subsidiary	(132,495) -	(196,936) 58,794
Deposits from VCBT			
Office rental fee paid in advance			
Vietnam Finance Company Limited in Hong Kong	Subsidiary	393,955	2,440,506
Deposits at Vinafico			
Vietcombank Money Inc. (“VCBM”)	Subsidiary	(9) 78,357	(10) 46,794
Deposits from VCBM			
Advanced payment through TNMonex			
Vietcombank Remittance Company Limited	Subsidiary	(183,722) (102,248)	(49,355) -
Deposits at the Bank			
Payables to the Bank			
Vietcombank Laos Limited		(4,316)	(9,101)
Deposit at the Bank			
Vietcombank Fund Management	Joint-venture	1,000,000	1,000,000
Entrusted investment - bonds			

41. Segment reporting

Year ended 31 December 2019:

	The North (*) VND million	The Middle and Central Highland VND million	The South VND million	Elimination VND million	Total VND million
1 Interest and similar income	94,718,643	16,255,408	45,958,951	(89,733,955)	67,199,047
2 Interest and similar expenses	(80,063,099)	(11,405,025)	(31,329,873)	89,733,955	(33,064,042)
I Net interest income	14,655,544	4,850,383	14,629,078	-	34,135,005
3 Fee and commission income	4,480,505	922,245	3,343,824	(1,509)	8,745,065
4 Fee and commission expenses	(4,496,489)	(26,731)	(90,734)	1,509	(4,612,445)
II Net fee and commission (expenses)/income	(15,984)	895,514	3,253,090	-	4,132,620
III Net gain from trading of foreign currencies	2,321,094	160,871	895,207	-	3,377,172
IV Net gain from trading securities	123,062	-	-	-	123,062
V Net gain from investment securities	7,219	-	-	-	7,219
5 Other income	1,330,546	356,208	1,736,486	-	3,423,240
6 Other expenses	(131,082)	(114,512)	(112,296)	-	(357,890)
VI Net other income	1,199,464	241,696	1,624,190	-	3,065,350
VII Income from capital contributions and equity investments	183,268	-	-	-	183,268
Total operating income	18,473,667	6,148,464	20,401,565	-	45,023,696
VIII Total operating expenses	(10,241,577)	(1,436,113)	(3,876,678)	-	(15,554,368)
IX Net operating profit before allowances for credit losses	8,232,090	4,712,351	16,524,887	-	29,469,328
X Allowances for credit losses	(3,304,114)	(1,590,605)	(1,857,192)	-	(6,751,911)
XI Profit before tax	4,927,976	3,121,746	14,667,695	-	22,717,417
7 Current corporate income tax expenses	(1,358,577)	(624,349)	(2,933,539)	-	(4,916,465)
8 Deferred corporate income tax expenses	400,000	-	-	-	400,000
XII Corporate income tax expenses	(958,577)	(624,349)	(2,933,539)	-	(4,516,465)
XIII Profit after tax	3,969,399	2,497,397	11,734,156	-	18,200,952

(*) As at 31 December 2019, the Head Office, located in the North, incurred some operating expenses for the whole system which were not allocated to other components within the Bank.

The main business activity of the Bank is within the finance/banking services.

42. Disclosure of financial instruments

(a) Collateral disclosure

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

(b) Fair value disclosure

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

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

42. Disclosure of financial instruments (continued)

(b) Fair value disclosures (continued)

	Carrying amount - gross							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	Total of carrying value VND million		
As at 31 December 2019								
Financial assets								
I Cash on hand, gold, silver and gemstones	-	-	13,754,597	-	-	13,754,597	13,754,597	
II Balances with the State Bank of Vietnam	-	-	34,404,258	-	-	34,404,258	34,404,258	
III Balances with and loans to other credit institutions	-	-	253,743,093	-	-	253,743,093	(*)	
IV Trading securities	449,265	-	-	-	-	449,265	(*)	
V Derivative financial instruments and other financial assets	98,312	-	-	-	-	98,312	(*)	
VI Loans to customers	-	-	728,945,394	-	-	728,945,394	(*)	
VIII Investment securities	-	132,271,302	-	35,690,900	-	167,962,202	(*)	
IX Capital contributions, long-term investments	-	-	-	1,587,823	-	1,587,823	(*)	
XII Other financial assets	-	-	15,716,443	-	-	15,716,443	(*)	
	547,577	132,271,302	1,046,563,785	37,278,723	-	1,216,661,387		
Financial liabilities								
I Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	-	-	-	-	164,889,799	164,889,799	(*)	
II Deposits from customers	-	-	-	-	928,530,404	928,530,404	(*)	
IV Funds for finance, entrusted investments and entrusted loans	-	-	-	-	20,431	20,431	(*)	
V Valuable papers issued	-	-	-	-	21,371,421	21,371,421	(*)	
VI Other financial liabilities	-	-	-	-	13,432,290	13,432,290	(*)	
					- 1,128,244,345	1,128,244,345		

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

42. Disclosure of financial instruments (continued)

(c) Risk management policies for financial instruments

The Board of Directors has the highest rights and responsibilities for the Bank'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 the Bank'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 the Bank'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 the Bank in order to maximise profit while minimising losses arising from negative market trends, manage liquidity risk and appropriately direct interest and foreign exchange rate schemes.

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

(i) Credit risk

The Bank 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. The Bank 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.

The Bank 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(g)), and regularly assesses credit risks of non-performing loans in order to have appropriate resolutions.

In order to manage credit risks, the Bank 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.

42. Disclosure of financial instruments (continued)

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

(i) Credit risks (continued)

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

	Neither past due nor impaired VND million	Past due but not impaired VND million	Impaired and allowance made VND million	Total VND million
Balances with the SBV	34,404,258	-	-	34,404,258
Balances with and loans to other credit institutions – gross	250,743,093	-	3,000,000	253,743,093
Balances with other credit institutions	187,731,239	-	-	187,731,239
Loans to other credit institutions	63,011,854	-	3,000,000	66,011,854
Trading securities – gross	449,265	-	-	449,265
Loans to customers – gross	715,100,558	5,574,225	8,270,611	728,945,394
Investment securities – gross	167,962,202	-	-	167,962,202
Available-for-sale investment securities	35,690,900	-	-	35,690,900
Held-to-maturity investment securities	132,271,302	-	-	132,271,302
Other assets	15,716,443	-	-	15,716,443
	1,184,375,819	5,574,225	11,270,611	1,201,220,655

Further information of the carrying value of collaterals held by the Bank as at the reporting date are described in Note 38.

42. Disclosure of financial instruments (continued)

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

(ii) Interest rate risk

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

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

- 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 Bank, 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.

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

42. Disclosure of financial instruments (continued)

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

(ii) Interest rate risk (continued)

	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	Total	
								5 years	VND million	
								VND million	VND million	
Assets										
I	Cash on hand, gold, silver and gemstones	-	13,754,597	-	-	-	-	-	13,754,597	
II	Balances with the State Bank of Vietnam	-	-	34,404,258	-	-	-	-	34,404,258	
III	Balances with and loans to other credit institutions – gross	-	-	168,040,056	63,512,600	5,682,919	16,507,518	-	253,743,093	
IV	Trading securities – gross	-	-	449,265	-	-	-	-	449,265	
V	Derivative financial instruments and other financial assets	-	98,312	-	-	-	-	-	98,312	
VI	Loans to customers – gross	13,436,356	-	170,474,956	248,680,682	167,901,002	68,869,140	56,570,589	3,012,669	728,945,394
VII	Investment securities – gross	-	-	2,349,121	10,561,314	8,351,206	29,631,777	86,125,572	30,943,212	167,962,202
VIII	Capital contributions, long-term investments – gross	-	5,856,728	-	-	-	-	-	5,856,728	
IX	Fixed assets	-	6,350,217	-	-	-	-	-	6,350,217	
X	Other assets – gross	-	21,478,521	-	-	-	-	-	21,478,521	
Total assets		13,436,356	47,538,375	375,717,656	322,754,596	181,935,127	115,008,435	142,696,161	33,955,881	1,233,042,587
Liabilities										
I	Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	-	-	113,447,863	38,688,625	11,836,221	917,090	-	164,889,799	
II	Deposits from customers	-	-	502,555,340	159,732,246	124,121,647	136,487,438	5,633,733	928,530,404	
IV	Funds for finance, entrusted investments and entrusted loans	-	-	148	-	-	20,283	-	20,431	
V	Valuable papers issued	-	-	735	-	-	5,106,100	14,899,586	1,365,000	21,371,421
VI	Other liabilities	-	24,072,211	936,283	66,873	-	-	-	25,075,367	
Total liabilities		-	24,072,211	616,940,369	198,487,744	135,957,868	142,510,628	20,553,602	1,365,000	1,139,887,422
Interest sensitivity gap – on balance sheet		13,436,356	23,466,164	(241,222,713)	124,266,852	45,977,259	(27,502,193)	122,142,559	32,590,881	93,155,165

42. Disclosure of financial instruments (continued)

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

(iii) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Bank was incorporated and operates in Vietnam, with VND as its reporting currency. The major currency in which the Bank transacts is VND. The Bank's loans to customers are mainly denominated in VND, USD and EUR. Some of the Bank's other assets and other liabilities are in currencies other than VND, USD and EUR. The Bank 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 the Bank at the reporting date:

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

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

42. Disclosure of financial instruments (continued)

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

(iii) Currency risk (continued)

	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	11,080,772	2,017,081	333,168	323,576	13,754,597
II Balances with the State Bank of Vietnam	31,146,886	3,257,372	-	-	34,404,258
III Balances with and loans to other credit institutions – gross	156,055,153	72,730,217	7,918,732	17,038,991	253,743,093
IV Trading securities – gross	449,265	-	-	-	449,265
V Derivative financial instruments and other financial assets	50,085,609	(49,743,457)	3,322	(247,162)	98,312
VI Loans to customers – gross	640,759,527	87,851,950	326,393	7,524	728,945,394
VII Investment securities – gross	110,037,202	57,925,000	-	-	167,962,202
VIII Capital contributions, long-term investments – gross	5,856,728	-	-	-	5,856,728
IX Fixed assets	6,350,217	-	-	-	6,350,217
X Other assets – gross	19,855,653	1,512,727	68,592	41,549	21,478,521
Total assets	1,031,677,012	175,550,890	8,650,207	17,164,478	1,233,042,587
Liabilities					
I Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	123,448,261	23,004,169	3,921,128	14,516,241	164,889,799
II Deposits from customers	774,135,272	147,387,005	4,467,035	2,541,092	928,530,404
IV Funds for finance, entrusted investments and entrusted loans	20,431	-	-	-	20,431
V Valuable papers issued	21,370,688	733	-	-	21,371,421
VI Other liabilities	23,216,887	1,657,890	104,235	96,355	25,075,367
Total liabilities	942,191,539	172,049,797	8,492,398	17,153,688	1,139,887,422
Currency positions on balance sheet	89,485,473	3,501,093	157,809	10,790	93,155,165

42. Disclosure of financial instruments (continued)

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

(iv) Liquidity risk

Liquidity risk occurs when the Bank 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 the Bank's assets and liabilities maturity analysis in the separate balance sheet:

- Balances with the State Bank are considered as current accounts including the compulsory deposits;
- The maturity of trading securities is considered as below one month because they are held in the short term for profit taking due to price differences;
- The maturity of investment securities is based on maturity dates of each securities established by the issuers of these financial instruments;
- The maturities of balances with and loans to other credit institutions and loans to customers are based on the contractual maturity date. The actual maturity may vary from the original contractual term when the contract is extended;
- The maturity of equity investments is considered to be over five years as equity investments have no stated maturity; and
- Deposits and borrowings from other credit institutions, deposits from customers; 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 the Bank and current accounts of the Bank 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.

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

42. Disclosure of financial instruments (continued)

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

(iv) Liquidity risk (continued)

	Overdue		Not overdue						Total
	Over 3 months	Up to 3 months	Up to 1 month	From over 1 month to 3 months	From over 3 months to 12 months	From over 1 year to 5 years	Over 5 years		
	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	-	-	13,754,597	-	-	-	-	-	13,754,597
II Balances with the State Bank of Vietnam	-	-	34,404,258	-	-	-	-	-	34,404,258
III Balances with and loans to other credit institutions – gross	-	-	168,040,055	63,512,600	19,266,137	2,702,961	221,340	253,743,093	
IV Trading securities – gross	-	-	449,265	-	-	-	-	-	449,265
V Derivative financial instruments and other financial assets	-	-	-	98,312	-	-	-	-	98,312
VI Loans to customers – gross	1,504,534	11,931,822	48,347,950	152,160,506	212,759,885	113,288,662	188,952,035	728,945,394	
VII Investment securities – gross	-	-	1,985,441	8,937,296	34,737,239	88,774,014	33,528,212	167,962,202	
VIII Capital contributions, long-term investments – gross	-	-	-	-	-	-	-	5,856,728	5,856,728
IX Fixed assets	-	-	-	-	-	-	-	6,350,217	6,350,217
X Other assets – gross	-	-	-	21,478,521	-	-	-	-	21,478,521
Total assets	1,504,534	11,931,822	266,981,566	246,187,235	266,763,261	204,765,637	234,908,532	1,233,042,587	
Liabilities									
I Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	-	-	112,645,905	38,692,742	12,798,639	503,753	248,760	164,889,799	
II Deposits from customers	-	-	249,955,888	169,998,538	281,306,905	44,660,713	182,608,360	928,530,404	
IV Funds for finance, entrusted investments and entrusted loans	-	-	148	-	-	20,283	-	-	20,431
V Valuable papers issued	-	-	1,806	-	-	10,373,400	10,996,215	21,371,421	
VI Other liabilities	-	-	-	24,072,211	-	-	1,003,156	25,075,367	
Total liabilities	-	-	362,603,747	232,763,491	294,105,544	55,558,149	194,856,491	1,139,887,422	
Net liquidity gap	1,504,534	11,931,822	(95,622,181)	13,423,744	(27,342,283)	149,207,488	40,052,041	93,155,165	

43. Approval of the separate financial statements

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

Hanoi, 11 March 2020

Prepared by:

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