



Joint Stock Commercial Bank for Foreign Trade of Vietnam

Consolidated Interim Financial Statements
for the six-month period ended
30 June 2020



Joint Stock Commercial Bank for Foreign Trade of Vietnam

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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 period and until the issuing date of the consolidated interim financial statements

Mr. Nghiem Xuan Thanh	Chairman	Re-appointed on 27 April 2018
Mr. Pham Quang Dung	Member	Re-appointed on 27 April 2018
Mr. Nguyen Manh Hung	Member	Re-appointed on 27 April 2018
Mr. Nguyen My Hao	Member	Re-appointed on 27 April 2018
Mr. Eiji Sasaki	Member	Re-appointed on 27 April 2018
Mr. Pham Anh Tuan	Member	Re-appointed 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 period and until the issuing date of the consolidated interim financial statements

Mr. Pham Quang Dung	Chief Executive Officer ("CEO")	Reappointed on 1 November 2019
Mr. Dao Minh Tuan	Deputy CEO	Re-appointed on 15 June 2017
Mr. Pham Manh Thang	Deputy CEO	Re-appointed on 10 March 2019
Ms. Nguyen Thi Kim Oanh	Deputy CEO	Re-appointed on 26 December 2019
Ms. Dinh Thi Thai	Deputy CEO	Re-appointed on 9 June 2020
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

Members of the Supervisory Board during the period and until the issuing date of the consolidated interim financial statements

Ms. Truong Le Hien	Chair of the Board	Re-appointed on 27 April 2018
Ms. La Thi Hong Minh	Member	Re-appointed on 27 April 2018
Ms. Do Thi Mai Huong	Member	Re-appointed on 27 April 2018
Mr. Lai Huu Phuoc	Member	Appointed on 26 June 2020

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

Chief Accountant	Mr. Le Hoang Tung Appointed on 15 December 2017
Legal Representative	Since 1 November 2014 Mr. Nghiem Xuan Thanh Title: Chairman of the Board of Directors
Authorised signature on financial statements <i>(According to Letter of Authorisation No. 64/UQ-VCB-CSTCKT dated 4 March 2020)</i>	Since 4 March 2020 Ms. Phung Nguyen Hai Yen Title: Deputy CEO
The Bank's Head Office	198 Tran Quang Khai Street Hoan Kiem District, Hanoi, Vietnam
Auditor	KPMG Limited Vietnam

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 consolidated interim financial statements of the Bank and its subsidiaries for the six-month period ended 30 June 2020.

The Board of Management’s responsibility in respect of the consolidated interim financial statements

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

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

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

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

Statement of the Board of Management

The Board of Management does hereby state that, in its opinion, the accompanying consolidated interim financial statements give a true and fair view of the consolidated interim financial position of the Bank and its subsidiaries as at 30 June 2020, and of the consolidated interim results of operations and the consolidated interim cash flows for the six-month period 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 interim financial reporting.

For and on behalf of the Board of Management:



Ms. Phung Nguyen Hai Yen
Deputy CEO

Hanoi, 13 August 2020



KPMG Limited
46th Floor, Keangnam Landmark 72
E6 Pham Hung Road, Me Tri Ward
South Tu Liem District, Hanoi, Vietnam
+84 (24) 3946 1600 | kpmg.com.vn

INTERIM FINANCIAL INFORMATION REVIEW REPORT

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

We have reviewed the accompanying consolidated interim financial statements of Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank") and its subsidiaries, which comprise the consolidated interim balance sheet as at 30 June 2020, the consolidated interim statement of income and the consolidated interim statement of cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Bank's Board of Management on 13 August 2020, as set out on pages 6 to 57.

The Bank's Board of Management's responsibility

The Bank's Board of Management is responsible for the preparation and fair presentation of these consolidated interim 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 interim financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation and presentation of consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2410 - *Review of interim financial information performed by the independent auditor of the entity*.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view, in all material respects, of the consolidated interim financial position of the Bank and its subsidiaries as at 30 June 2020, and of their consolidated results of operations and their consolidated cash flows for the six-month period 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 interim financial reporting.

KPMG Limited

Vietnam

Review Report No.: 19-02-00681-20-2



Wang Toon Kim
Practicing Auditor Registration
Certificate No. 0557-2018-007-1
Deputy General Director

Hanoi, 13 August 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
Consolidated interim balance sheet as at 30 June 2020

Form B02a/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

No.	Items	Note	30/6/2020 VND million	31/12/2019 VND million
A	ASSETS			
I	Cash on hand, gold, silver and gemstones		11,863,544	13,778,358
II	Balances with the State Banks		71,566,703	34,684,091
III	Balances with and loans to other credit institutions		150,761,888	249,470,372
1	Balances with other credit institutions		128,821,053	190,100,329
2	Loans to other credit institutions		22,940,835	62,370,043
3	Allowance for balances with and loans to other credit institutions		(1,000,000)	(3,000,000)
IV	Trading securities	4	3,556,653	1,801,126
1	Trading securities		3,641,851	1,889,628
2	Allowance for trading securities		(85,198)	(88,502)
V	Derivative financial instruments and other financial assets		-	98,312
VI	Loans to customers		754,374,040	724,290,102
1	Loans to customers	5	770,744,422	734,706,891
2	Allowance for loans to customers	6	(16,370,382)	(10,416,789)
VIII	Investment securities	7	163,458,200	167,529,689
1	Available-for-sale securities		28,375,703	35,699,090
2	Held-to-maturity securities		135,577,712	132,271,302
3	Allowance for investment securities		(495,215)	(440,703)
IX	Capital contributions, long-term investments		2,329,091	2,464,493
2	Investments in joint-ventures	8(a)	712,707	940,807
3	Investments in associates	8(b)	13,258	10,863
4	Other long-term investments		1,678,126	1,587,823
5	Allowance for long-term investments		(75,000)	(75,000)
X	Fixed assets		6,723,876	6,710,443
1	Tangible fixed assets		4,409,846	4,449,649
a	Cost		11,485,262	11,161,239
b	Accumulated depreciation		(7,075,416)	(6,711,590)
3	Intangible fixed assets		2,314,030	2,260,794
a	Cost		3,161,694	3,050,669
b	Accumulated amortisation		(847,664)	(789,875)
XII	Other assets		21,237,667	21,891,872
1	Receivables		10,727,414	8,829,375
2	Accrued interest and fee receivables		6,871,123	8,150,156
3	Deferred income tax assets		6,821	405,543
4	Other assets		3,636,257	4,510,592
5	Allowance for other assets		(3,948)	(3,794)
	TOTAL ASSETS		1,185,871,662	1,222,718,858

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

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Consolidated interim balance sheet as at 30 June 2020 (continued)

Form B02a/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

No.	Items	Note	30/6/2020 VND million	31/12/2019 VND million
B	LIABILITIES AND SHAREHOLDERS' EQUITY			
I	Amounts due to the Government and the State Banks	9	10,326,096	92,365,806
II	Deposits and borrowings from other credit institutions	10	48,404,237	73,617,085
1	Deposits from other credit institutions		46,551,237	71,046,512
2	Borrowings from other credit institutions		1,853,000	2,570,573
III	Deposits from customers	11	981,240,858	928,450,869
IV	Derivative financial instruments and other financial liabilities		59,126	-
V	Funds for finance, entrusted investments and entrusted loans		17,930	20,431
VI	Valuable papers issued	12	21,294,140	21,383,932
VII	Other liabilities		34,950,815	25,997,753
1	Accrued interest and fee payables		10,928,812	10,382,357
2	Deferred income tax liabilities		243	22,023
3	Other liabilities	13	24,021,760	15,593,373
	TOTAL LIABILITIES		1,096,293,202	1,141,835,876
VIII	Shareholders' equity			
1	Capital		42,428,820	42,428,820
a	Charter capital		37,088,774	37,088,774
c	Share premium		4,995,389	4,995,389
g	Other capital		344,657	344,657
2	Reserves		12,183,712	12,186,141
3	Foreign exchange differences		27,265	16,361
4	Differences upon asset revaluation		-	113,011
5	Retained profits		34,845,164	26,055,190
a	Previous year's retained profits		26,056,910	12,188,554
b	Current period's/year's retained profits		8,788,254	13,866,636
6	Non-controlling interest		93,499	83,459
	TOTAL SHAREHOLDERS' EQUITY	15(a)	89,578,460	80,882,982
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,185,871,662	1,222,718,858

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

No.	Items	Note	30/6/2020 VND million	31/12/2019 VND million
OFF-BALANCE SHEET ITEMS				
1	Credit guarantees		281,129	292,563
2	Foreign exchange commitments		102,686,836	91,594,629
	<i>Foreign currency buying commitments</i>		38,014,891	25,775,812
	<i>Foreign currency selling commitments</i>		64,671,945	65,818,817
4	Letters of credit		54,060,229	57,406,598
5	Other guarantees		53,656,297	53,276,574
6	Other commitments		489,226	349,311

Hanoi, 13 August 2020

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen


*Deputy Director of
 Financial and Accounting
 Policy Department*


Chief Accountant


Deputy CEO



Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Consolidated interim statement of income
for the six-month period ended 30 June 2020

Form B03a/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

No.	Items	Note	Six-month period ended 30/6/2020 VND million	Six-month period ended 30/6/2019 VND million
1	Interest and similar income	17	34,938,760	32,802,908
2	Interest and similar expenses	18	(17,827,120)	(15,724,562)
I	Net interest income		17,111,640	17,078,346
3	Fee and commission income		4,116,301	4,154,447
4	Fee and commission expenses		(1,833,301)	(2,009,657)
II	Net fee and commission income		2,283,000	2,144,790
III	Net gain from trading of foreign currencies		1,928,598	1,627,937
IV	Net (loss)/gain from trading securities	19	(21,084)	84,572
V	Net loss from investment securities		-	(1)
5	Other income		1,611,586	2,056,846
6	Other expenses		(286,482)	(122,911)
VI	Net other income		1,325,104	1,933,935
VII	Income from capital contributions and equity investments	20	391,783	201,424
	TOTAL OPERATING INCOME		23,019,041	23,071,003
VIII	TOTAL OPERATING EXPENSES	21	(8,028,309)	(8,451,041)
IX	Net operating profit before allowance for credit losses		14,990,732	14,619,962
X	Allowance for credit losses		(4,008,666)	(3,316,538)
XI	PROFIT BEFORE TAX (CARRIED TO THE NEXT PAGE)		10,982,066	11,303,424

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

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Consolidated interim statement of income
for the six-month period ended 30 June 2020 (continued)

Form B03a/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

No.	Items	Note	Six-month period ended 30/6/2020 VND million	Six-month period ended 30/6/2019 VND million
XI	PROFIT BEFORE TAX (BROUGHT FROM THE PREVIOUS PAGE)		10,982,066	11,303,424
7	Current corporate income tax expenses		(1,785,075)	(2,227,044)
8	Deferred corporate income tax expenses		(398,722)	(669)
XII	Corporate income tax expenses		(2,183,797)	(2,227,713)
XIII	NET PROFIT AFTER TAX		8,798,269	9,075,711
XIV	Non-controlling interest		(10,015)	(7,440)
XVI	Net profit for the period		8,788,254	9,068,271
XV	Basic earnings per share (VND/share)	16	2,370	2,456

Hanoi, 13 August 2020

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen

*Deputy Director of
Financial and Accounting
Policy Department*

Chief Accountant

Deputy CEO



Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Consolidated interim statement of cash flows
for the six-month period ended 30 June 2020 (Direct method)

Form B04a/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December

No.	Items	Six-month period ended 30/6/2020 VND million	Six-month period ended 30/6/2019 VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Interest and similar income received	36,217,593	32,664,177
02	Interest and similar expenses paid	(17,251,419)	(14,371,087)
03	Net fee and commission income received	2,283,000	2,144,790
04	Net receipts and payments from trading activities (foreign currencies, gold and securities)	1,712,539	1,788,744
05	Other income received/(other expenses paid)	123,979	(6,582)
06	Receipts from recovery of bad debts previously written off	1,198,712	1,941,743
07	Payments to employees and for other operating activities	(6,328,491)	(6,160,031)
08	Corporate income tax paid during the period	(2,545,392)	(3,321,520)
	Net cash flows from operating activities before changes in operating assets and liabilities	15,410,521	14,680,234
(Increase)/decrease in operating assets			
09	Balances with and loans to other credit institutions	3,989,509	2,844,494
10	Trading securities	2,264,754	(20,100,184)
11	Derivative financial instruments and other financial assets	98,312	167,040
12	Loans to customers	(36,037,531)	(63,571,167)
13	Utilisation of allowance for credit losses	-	(822,885)
14	Other operating assets	(1,079,517)	(5,024,252)
Increase/(decrease) in operating liabilities			
15	Amounts due to the Government and the State Banks	(82,039,710)	(11,079,372)
16	Deposits and borrowings from other credit institutions	(25,212,848)	(27,731,737)
17	Deposits from customers	52,789,989	69,300,350
18	Valuable papers issued	(89,792)	(122,013)
19	Funds for finance, entrusted investments and entrusted loans	(2,501)	(1,892)
20	Derivative financial instruments and other financial liabilities	59,126	-
21	Other operating liabilities	9,792,143	1,602,652
22	Payments from reserves	(1,042,283)	(813,049)
I	Net cash flows from operating activities	(61,099,828)	(40,671,781)

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

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Consolidated interim statement of cash flows
for the six-month period ended 30 June 2020
(Direct method – continued)

Form B04a/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December

No.	Items	Six-month period ended 30/6/2020 VND million	Six-month period ended 30/6/2019 VND million
CASH FLOWS FROM INVESTING ACTIVITIES			
01	Payments for purchases of fixed assets	(435,048)	(276,618)
02	Proceeds from disposals of fixed assets	2,789	3,361
03	Payments for disposals of fixed assets	(376)	(4,587)
08	Collections on investments in other entities	515,577	95,773
09	Dividends and interest received from long-term investments and capital contributions	13,327	101,380
II	Net cash flows from investing activities	96,269	(80,691)
CASH FLOWS FROM FINANCING ACTIVITIES			
01	Proceeds from share issuance	-	1,111,088
02	Share premium from share issuance	-	4,995,389
03	Payments of dividends	(747,619)	-
III	Net cash flows from financing activities	(747,619)	6,106,477
IV	Net cash flows during the period	(61,751,178)	(34,645,995)
V	Cash and cash equivalents at the beginning of the period	272,270,535	244,014,156
VII	Cash and cash equivalents at the end of the period (Note 22)	210,519,357	209,368,161

Hanoi, 13 August 2020

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen

*Deputy Director of
Financial and Accounting
Policy Department*

Chief Accountant

Deputy CEO



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

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Notes to the consolidated interim financial statements
for the six-month period ended 30 June 2020

Form B05a/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

These notes form an integral part of, and should be read in conjunction with, the accompanying consolidated interim 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, Decision No. 300/QD-NHNN dated 21 February 2019 and Decision No. 2447/QD-NHNN dated 25 November 2019 amending and supplementing to Establishment and Operation Licence No. 138/GP-NHNN on the contents of the Bank’s operations are to mobilise and receive short, medium and long-term deposits from organisations and individuals; lend to organisations and individuals up to the nature and capability of the Bank’s capital resources; conduct settlement and cash services; provide other banking services as approved by the SBV; invest in associates, joint-ventures and other companies; invest in stocks and bonds and real-estate business in accordance with the relevant regulations; trade in and supply interest rates derivatives and commodity price derivatives in accordance with the relevant regulations; purchase debts; trade in and provide foreign exchange services in the domestic and international markets in accordance with the relevant regulations of the SBV.

(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 VND12,100,860,260,000. 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 VND37,088,774,480,000. The par value per share is VND10,000.

	30/6/2020 and 31/12/2019	
	Number of shares	%
Shares owned by the Government of Vietnam	2,774,353,387	74.80%
Shares owned by foreign strategic shareholder (Mizuho Bank Ltd., Japan)	556,334,933	15.00%
Shares owned by other owners	378,189,128	10.20%
	3,708,877,448	100%

(c) Location and network

The Bank's Head Office is located at 198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam. As at 30 June 2020, the Bank had one (1) Head Office, one (1) Vietcombank Human Resources Development and Training College, two (2) Cash Processing Centers, one hundred eleven (111) branches nationwide, four (4) local subsidiaries, three (3) overseas subsidiaries, two (2) joint-ventures, one (1) associate, one (1) representative office located in the United States of America, one (1) representative office located in Singapore and one (1) representative office located in Ho Chi Minh City (as at 31 December 2019, the Bank had one (1) Head Office, one (1) Vietcombank Human Resources Development and Training College, two (2) Cash Processing Centers, one hundred eleven (111) branches nationwide, four (4) local subsidiaries, three (3) overseas subsidiaries, three (3) joint-ventures, one (1) associate, one (1) representative office located in the United States of America, one (1) representative office located in Singapore and one (1) representative office located in Ho Chi Minh City).

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

(d) Subsidiaries, joint-ventures and associates

Subsidiaries

As at 30 June 2020 and 31 December 2019:

Subsidiaries	Operating Licence	Business sector	Ownership percentage of the Bank
Vietcombank Financial Leasing Company Limited	Operating Licence No. 66/GP-NHNN dated 31 October 2017 granted by the SBV	Financial leasing	100%
Vietcombank Securities Company Limited	Operating Licence No. 09/GPHDKD dated 24 April 2002, the most recent amendment is Operating Licence No. 63/GPDC-UBCK dated 29 December 2017 granted by the State Securities Commission ("SSC")	Securities	100%
Vietnam Finance Company Limited in Hong Kong ("Vinafico")	Business Registration No. 58327 dated 10 February 1978 issued by Hong Kong Monetary Authority	Financial services	100%
Vietcombank Remittance Company Limited	Enterprise Registration Certificate No. 0314633162 dated 20 September 2017 granted by Ho Chi Minh City Department of Investment and Planning	Receipt of foreign exchange	100%
Vietcombank Laos Limited	Operating Licence No. 88/BOL dated 25 May 2018 granted by Bank of the Lao P.D.R	Banking	100%
Vietcombank Money Inc.	Business Registration No. E0321392009-6 dated 15 June 2009 granted by the Authority of the State of Nevada, United States	Foreign exchange remittance	87.5%
Vietcombank Tower 198 Ltd.	Investment Licences No. 1578/GP dated 30 May 1996 and the most recent amendment dated 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 consolidated interim financial statements
for the six-month period ended 30 June 2020 (continued)

Form B05a/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

Joint-ventures

As at 30 June 2020:

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

As at 31 December 2019:

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

Associates

As at 30 June 2020 and 31 December 2019:

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

(e) Number of employees

As at 30 June 2020, Vietcombank had 20,155 employees (31 December 2019: 18,948 employees).

2. Summary of significant accounting policies

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

(a) Purpose of preparing the consolidated interim financial statements

The Bank has subsidiaries as disclosed in Note 1(d). The Bank prepared these consolidated interim financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular No. 155/2015/TT-BTC dated 6 October 2015 of the Ministry of Finance on disclosure of information on the securities market (“Circular 155”). In addition, as required by Circular 155, the Bank has prepared the separate interim financial statements of the Bank for the six-month period ended 30 June 2020 (“the separate interim financial statements”) which was issued on 13 August 2020.

(b) Basis of financial statement preparation

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

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

(c) Accounting period

Vietcombank’s annual accounting period is from 1 January to 31 December. The consolidated interim financial statements are prepared for the six-month period ended 30 June 2020.

(d) Foreign currency transactions

According to Vietcombank’s accounting system, all transactions are recorded in their original currencies. Monetary items denominated in currencies other than VND are translated into VND at the exchange rates prevailing at the reporting date. Non-monetary items denominated in foreign currencies are translated into VND at the exchange rate as at the dates of the transactions.

Income and expenses in foreign currencies are translated into VND in the consolidated interim statement of income at spot exchange rates as at the dates of transactions.

Foreign exchange differences arising from foreign currencies trading activities in the period were recorded in the consolidated interim statement of income at the reporting date.

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

(e) Basis of consolidation

(i) Subsidiaries

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

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

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

(ii) Associates and joint-ventures

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

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

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

(f) **Cash and cash equivalents**

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

(g) **Balances with and loans to other credit institutions**

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

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

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

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

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

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

(h) Loans to customers

(i) Loans to customers

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

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

Debt classification for loans to customers is performed in accordance with the method disclosed in Note 2(h)(ii) and allowance for credit risk of loans to customers is made in accordance with Circular 02 and Circular 09.

(ii) Specific allowance for credit risk

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

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 commitments. 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.

Since 13 January 2020, the Bank has applied Circular No. 01/2020/TT-NHNN ("Circular 01") issued by the SBV regulating credit institutions and foreign bank branches to reschedule the debt repayment term, exempting, reducing interests and fees, retention of debt group in order to support customers affected by Covid-19 pandemic. Accordingly, for customers with debts arising the principal and/or interest repayment obligation during the period from 23 January 2020 to the day after 03 months from the day the Prime Minister declares the end of the Covid-19 pandemic, and the borrowers are not able to repay the principal and/or interest on schedule specified in the contract, original signed agreement due to decrease in revenue, profit caused by the effect of Covid-19 pandemic, the Bank is allowed to reschedule the repayment period for these debts while maintaining the same debt group as classified at the nearest time before 23 January 2020.

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

(iv) Bad debts written-off

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

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

(i) **Investments**

(i) Trading securities

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

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

(ii) Investment securities

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

Available-for-sale investment securities

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

Held-to-maturity investment securities

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

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

In addition, according to Circular 02 and Circular 09, investment securities which are unlisted corporate bonds (including bonds issued by other local credit institutions on the secondary market) are subject to classification and allowance in a manner similar to loans to customers described in Note 2(h). For other held-to-maturity investment securities, allowance is made when there is indication of prolonged decline in securities prices or there is certain evidence that it is difficult for credit institutions to fully recover the investment, no allowance for diminution in value of the investments securities is made for short-term changes in price.

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

Other long-term investments represent Vietcombank's capital investments in other enterprises where Vietcombank owns less than 11% of voting rights and is either a founding shareholder or a strategic partner; or has influences on the enterprise's planning and determining of financial and operating policies under agreements to appoint personnel to the Members' Council/Board of Directors/Board of Management but Vietcombank does not have control or significant influence over the investees.

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

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

The allowance for diminution in the value of long-term investments is made for the local economic entity owned by the Bank at the end of the 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.

(j) **Repurchase and reverse repurchase agreements**

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

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

(k) Tangible fixed assets

(i) Cost

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

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

- It is certain to gain future economic benefits from the use of such assets;
- The useful life of assets is above one year;
- Historical costs of the assets must be determinable reliably, with a minimum value of VND30,000,000.

Expenditures incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to the consolidated interim statement of income for the period 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 |

(l) Intangible fixed assets

(i) Land use rights

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

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

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

Land use rights not recognised as intangible assets comprise:

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

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

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

(ii) Copyrights, patents and other intangible fixed assets

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

(m) Other assets

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

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

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

(n) Deposits and borrowings from other credit institutions

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

(o) Deposits from customers

Deposits from customers are stated at cost.

(p) Valuable papers issued

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

(q) Severance allowance

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

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

(r) Bonus and welfare funds

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

(s) Capital and reserves

(i) Ordinary shares

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

(ii) Share premium

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

(iii) Treasury shares

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

(iv) Reserves

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

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

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

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

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

(v) Foreign exchange difference

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

(t) **Income and expenses**

(i) Interest income and interest expenses

Interest income of outstanding unearned debts classified in Group 1 – Current debt as defined in Note 2(h) is recognised on an accrual basis. Interest arising from maintaining Group 1 – Current debts in accordance with government regulations and unearned interest on debts classified in Group 2 to Group 5 is recognised in the consolidated interim statement of income upon receipt.

Interest expenses are recorded on an accrual basis.

(ii) Fee and commission and dividend income

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

(iii) Share dividends

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

(iv) Uncollectible income

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

(u) **Lease**

(i) Lessee

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

(ii) Lessor

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

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

(v) **Taxation**

Corporate income tax comprises of current and deferred tax. Corporate income tax is recognised in the consolidated interim 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 period, using tax rates enacted at the end of the accounting period, and any adjustment to tax payables in respect of the previous periods.

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 accounting period.

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

(w) Related parties

Related parties of Vietcombank include:

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

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

(x) Segment reporting

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

(y) Off-balance sheet items

(i) Foreign exchange contracts

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

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

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

(ii) Interest swap contracts

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

(iii) Commitments and contingent liabilities

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

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

(z) **Offsetting**

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

(aa) **Basic earnings per share**

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

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

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

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

Financial assets of Vietcombank mainly include:

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

Financial liabilities of Vietcombank mainly include:

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

(a) Classification of financial assets and liabilities

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

Financial assets are classified as:

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

Financial liabilities are classified as:

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

(b) Measurement and disclosures of fair value

In accordance with Circular 210, Vietcombank has to disclose the fair value of financial assets and financial liabilities to compare with the book value of those financial assets and financial liabilities as presented in Note 25(b).

The preparation and presentation of the fair value of the financial instruments are only for the purpose of presenting in Note 25(b). The financial instruments of Vietcombank are still recognised and recorded in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to interim financial reporting as described in the notes above.

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

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

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

4. Trading securities

	30/6/2020 VND million	31/12/2019 VND million
Debt securities		
Government bonds	2,912,532	994,592
Bonds issued by other local credit institutions	200,121	-
Securities issued by local economic entities	343,234	544,000
Equity securities		
Equity securities issued by other credit institutions	4,711	4,705
Equity securities issued by local economic entities	181,253	346,331
	<hr/>	<hr/>
	3,641,851	1,889,628
Allowance for trading securities	(85,198)	(88,502)
	<hr/>	<hr/>
	3,556,653	1,801,126

5. Loans to customers

	30/6/2020	31/12/2019
	VND million	VND million
Loans to local economic entities and individuals	764,430,255	726,968,213
Discounted bills and valuable papers	1,780,437	3,172,630
Finance leases	4,250,504	4,429,029
Loans given to make payments on behalf of customers	1,000	1,000
Loans to foreign organisations and individuals	282,226	136,019
	770,744,422	734,706,891

Loan portfolio by debt group was as follows:

	30/6/2020	31/12/2019
	VND million	VND million
Current debt	756,586,642	726,342,426
Special mentioned debt	7,724,725	2,560,532
Sub-standard debt	1,086,159	686,839
Doubtful debt	918,880	587,253
Loss debt	4,428,016	4,529,841
	770,744,422	734,706,891

Loan portfolio by term was as follows:

	30/6/2020	31/12/2019
	VND million	VND million
Short-term debt	402,845,096	384,355,979
Medium-term debt	44,451,295	48,461,992
Long-term debt	323,448,031	301,888,920
	770,744,422	734,706,891

6. Allowance for loans to customers

	30/6/2020 VND million	31/12/2019 VND million
General allowance	5,739,037	5,282,328
Specific allowance	10,631,345	5,134,461
	16,370,382	10,416,789

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

	Six-month period ended 30/6/2020 VND million	Year ended 31/12/2019 VND million
Opening balance of the period/year	5,282,328	4,695,445
Allowance made during the period/year	456,709	586,898
Foreign currency difference	-	(15)
Closing balance of the period/year	5,739,037	5,282,328

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

	Six-month period ended 30/6/2020 VND million	Year ended 31/12/2019 VND million
Opening balance	5,134,461	5,598,064
Allowance made during the period/year	5,496,787	4,038,866
Allowance utilised for writing-off of bad debts	-	(4,502,397)
Foreign exchange difference	97	(72)
Closing balance	10,631,345	5,134,461

7. Investment securities

	30/6/2020 VND million	31/12/2019 VND million
Available-for-sale securities (a)	28,252,524	35,574,786
Held-to-maturity securities (b)	135,205,676	131,954,903
	163,458,200	167,529,689

(a) Available-for-sale securities

	30/6/2020 VND million	31/12/2019 VND million
Available-for-sale securities		
<i>Debt securities</i>		
Government bonds	10,362,386	17,444,329
Debt securities issued by other local credit institutions	18,005,127	18,246,571
<i>Equity securities</i>		
Equity securities issued by other local economic entities	8,190	8,190
	28,375,703	35,699,090
Allowance for available-for-sale securities	(123,179)	(124,304)
Total available-for-sale securities	28,252,524	35,574,786

(b) Held-to-maturity securities

	30/6/2020 VND million	31/12/2019 VND million
Held-to-maturity securities		
Government bonds	82,993,993	82,997,995
Debt securities issued by other local credit institutions	45,569,968	42,593,538
Debt securities issued by local economic entities	7,013,751	6,679,769
	135,577,712	132,271,302
Allowance for held-to-maturity securities	(372,036)	(316,399)
Total held-to-maturity securities	135,205,676	131,954,903

8. Capital contributions, long-term investments

(a) Investments in joint ventures

As at 30 June 2020:

	Business sector	Ownership percentage (%)	Cost VND million	Carrying value VND million
Vietcombank – Bonday – Ben Thanh Joint-venture Company Limited (i)	Office leasing	52%	410,365	556,569
Vietcombank Fund Management (i)	Investment fund management	51%	135,150	156,138
			545,515	712,707

As at 31 December 2019:

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

- (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) On 3 April 2020, the Bank received Official Letter No. 3938/BTC-QLBH of the Ministry of Finance approving the principle of transferring the Bank's contributed capital at Vietcombank - Cardif Life Insurance Company Limited to FWD Life Insurance Company (Bermuda) Limited. As at 30 June 2020, the Bank has completed the procedures for transferring this contributed capital.

(b) Investments in associates

As at 30 June 2020:

	Business sector	Ownership percentage (%)	Cost VND million	Carrying value VND million
Vietcombank – Bonday Joint-venture Company Limited	Office leasing	16%	11,110	13,258

As at 31 December 2019:

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

The Bank has significant influence, through its participation in this company's Members' Council, but limited control 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".

9. Amounts due to the Government and the State Banks

	30/6/2020 VND million	31/12/2019 VND million
Borrowings from the State Banks	2,709,331	3,065,470
Borrowings on the basis of credit profiles	2,034,767	2,263,278
Other borrowings	674,564	802,192
Deposits from the State Treasury	992,164	89,288,604
Demand deposits in VND	327,662	335,832
Demand deposits in foreign currencies	664,502	1,087,772
Term deposits in VND	-	87,865,000
Deposits from the State Banks	6,624,601	11,732
	10,326,096	92,365,806

10. Deposits and borrowings from other credit institutions

	30/6/2020 VND million	31/12/2019 VND million
Deposits from other credit institutions	46,551,237	71,046,512
Demand deposits in VND	5,707,013	7,400,827
Demand deposits in foreign currencies	32,076,137	27,053,436
Term deposits in VND	-	24,500,000
Term deposits in foreign currencies	8,768,087	12,092,249
Borrowings from other credit institutions	1,853,000	2,570,573
Borrowings in VND	1,620,900	1,259,900
Borrowings in foreign currencies	232,100	1,310,673
	48,404,237	73,617,085

11. Deposits from customers

	30/6/2020 VND million	31/12/2019 VND million
Demand deposits	260,400,715	262,977,124
Demand deposits in VND	196,747,389	199,196,380
Demand deposits in gold, foreign currencies	63,653,326	63,780,744
Term deposits	698,668,179	642,710,681
Term deposits in VND	616,418,544	561,425,254
Term deposits in gold, foreign currencies	82,249,635	81,285,427
Deposits for specific purposes	19,892,234	21,019,106
Margin deposits	2,279,730	1,743,958
	981,240,858	928,450,869

12. Valuable papers issued

	30/6/2020 VND million	31/12/2019 VND million
Certificates of deposits	115	1,016
Medium-term in VND	115	325
Medium-term in foreign currencies	-	691
Bonds and bills	21,294,025	21,382,916
Short-term in VND	47	47
Short-term in foreign currencies	30	30
Medium-term in VND	10,449,116	10,552,616
Medium-term in foreign currencies	12	12
Long-term in VND	10,844,820	10,830,211
	21,294,140	21,383,932

13. Other liabilities

	30/6/2020 VND million	31/12/2019 VND million
Internal payables	4,342,460	3,503,957
External payables	16,660,609	8,031,170
Bonus and welfare fund	3,018,691	4,058,246
	24,021,760	15,593,373

14. Obligations to the State Budget

	Balance as at 1/1/2020 VND million	Occurrence during the period		Balance as at 30/6/2020 VND million
		Incurred VND million	Paid VND million	
Value added tax	28,872	273,308	(278,183)	23,997
Corporate income tax	1,508,065	1,785,075	(2,545,392)	747,748
Other taxes	180,111	669,858	(786,743)	63,226
	1,717,048	2,728,241	(3,610,318)	834,971

15. Owners' equity

(a) Statement of changes in equity

	Charter capital	Share premium	Other capital	Supplementary charter capital reserve	Financial reserve	Reserves Investment and development fund	Total	Foreign exchange differences	Differences upon asset revaluation	Retained profits	Non-controlling interest	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Balance as at 1/1/2020	37,088,774	4,995,389	344,657	4,041,013	8,074,467	70,661	12,186,141	16,361	113,011	26,055,190	83,459	80,882,982
Net profit for the period	-	-	-	-	-	-	-	-	-	8,788,254	10,015	8,798,269
Utilisation during the period	-	-	-	-	(2,429)	-	(2,429)	-	-	-	-	(2,429)
Foreign currency differences	-	-	-	-	-	-	-	10,904	-	-	25	10,929
Asset revaluation	-	-	-	-	-	-	-	-	(113,011)	-	-	(113,011)
Adjustment of equity-accounted joint ventures and associates	-	-	-	-	-	-	-	-	-	1,720	-	1,720
Balance as at 30/6/2020	37,088,774	4,995,389	344,657	4,041,013	8,072,038	70,661	12,183,712	27,265	-	34,845,164	93,499	89,578,460

(b) Details of shareholders of the Bank

	30/6/2020 VND million	31/12/2019 VND million
Ordinary shares		
The Government of Vietnam	27,743,534	27,743,534
Foreign strategic shareholder (Mizuho Bank Ltd., Japan)	5,563,349	5,563,349
Other shareholders	3,781,891	3,781,891
	37,088,774	37,088,774

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

	30/6/2020 and 31/12/2019	
	Number of shares	VND million
Authorised share capital	3,708,877,448	37,088,774
Issued share capital		
Ordinary shares	3,708,877,448	37,088,774
Outstanding shares in circulation		
Ordinary shares	3,708,877,448	37,088,774

All ordinary shares of the Bank have a par value of VND10,000.

16. Basic earnings per share

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

	Six-month period ended 30/6/2020 VND million	Six-month period ended 30/6/2019 VND million
Net profit for the period (*)	8,788,254	9,068,271
Profit attributable to the ordinary shareholders during the period	8,788,254	9,068,271

(*) As the bonus and welfare fund is to be provided at the year-end, net profit used to calculate earnings per share for the six-month period ended 30 June was not revised to deduct the amount appropriated to bonus and welfare fund of the corresponding period.

(b) Weighted average number of ordinary shares

	Six-month period ended 30/6/2020	Six-month period ended 30/6/2019
Issued ordinary shares at 1 January	3,708,877,448	3,597,768,575
Effect of shares issued during the period	-	94,534,621
Weighted average number of outstanding ordinary shares during the period	3,708,877,448	3,692,303,196

(c) Basic earnings per share

	Six-month period ended 30/6/2020	Six-month period ended 30/6/2019
Basic earnings per share (VND/share)	2,370	2,456

17. Interest and similar income

	Six-month period ended 30/6/2020 VND million	Six-month period ended 30/6/2019 VND million
Interest income from loans to customers	28,060,058	25,762,949
Interest income from deposits	1,524,750	2,247,477
Interest income from trading and investing in debt securities:	4,721,493	4,209,956
- from investment securities	4,588,195	4,176,113
- from trading securities	133,298	33,843
Interest income from finance lease	168,090	156,590
Income from guarantee activities	215,160	238,755
Other income from credit activities	249,209	187,181
	34,938,760	32,802,908

18. Interest and similar expenses

	Six-month period ended 30/6/2020 VND million	Six-month period ended 30/6/2019 VND million
Interest expenses on deposits	16,944,018	14,779,648
Interest expenses on borrowings	102,799	183,387
Interest expenses on valuable papers issued	750,577	743,971
Other expenses on credit activities	29,726	17,556
	17,827,120	15,724,562

19. Net (loss)/gain from trading securities

	Six-month period ended 30/6/2020 VND million	Six-month period ended 30/6/2019 VND million
Income from trading securities	52,394	102,832
Expenses for trading securities	(76,782)	(21,376)
Allowance reversed for trading securities	3,304	3,116
	(21,084)	84,572

20. Income from capital contribution and equity investments

	Six-month period ended 30/6/2020 VND million	Six-month period ended 30/6/2019 VND million
Dividends received from equity investments during the period	13,327	101,380
- <i>Dividends received from equity investments</i>	12,009	84,055
- <i>Dividends received from trading securities</i>	1,318	17,325
Income from disposals of equity investments	335,880	48,178
Share of gain of investments in joint-ventures and associates upon the equity method	42,576	51,866
	391,783	201,424

21. Operating expenses

	Six-month period ended 30/6/2020 VND million	Six-month period ended 30/6/2019 VND million
Tax, duties and fees	88,441	97,500
Salaries and related expenses	4,307,964	4,275,203
<i>Of which:</i>		
- <i>Salary and allowances</i>	3,959,522	3,947,907
- <i>Additional expenses based on salary</i>	335,580	321,939
- <i>Other allowances</i>	3,301	2,892
Expenses on assets	1,118,621	983,819
<i>Of which:</i>		
- <i>Depreciation of fixed assets</i>	447,774	393,450
Administrative expenses	2,186,998	2,795,500
Insurance expenses on deposits of customers	309,548	279,465
Other expenses	16,737	19,554
	8,028,309	8,451,041

22. Cash and cash equivalents

	30/6/2020 VND million	31/12/2019 VND million
Cash on hand, gold, silver and gemstones	11,863,544	13,778,358
Balances with the State Banks	71,566,701	34,684,091
Balances with and loans to other credit institutions with original term not exceeding 3 months	127,089,112	223,808,086
	210,519,357	272,270,535

23. Significant transactions and balances with related parties

(a) Significant transactions with related parties

	Relationship	Six-month period ended 30/6/2020 VND million Income/(expense)	Six-month period ended 30/6/2019 VND million
The State Bank of Vietnam	Representative of owner		
Interest income from deposits		72,485	85,106
Interest expenses on deposits and borrowings		(58,331)	(66,094)
The Ministry of Finance	Related party of owner		
Interest expenses on deposits		(533,187)	(791,936)
Interest expenses on borrowings		(18,066)	(17,335)

Remuneration for the Board of Directors and the Supervisory Board did not exceed 0.28% profit after tax of the six-month period ended 30 June 2020 according to Resolution No. 13/TN2020/NQ-DHDCD dated 26 June 2020 of General Meeting of Shareholders.

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

23. Significant transactions and balances with related parties (continued)

(b) Significant balances with related parties

	Relationship	30/6/2020 VND million	31/12/2019 VND million
		Receivable/(payable)	
The State Bank of Vietnam	Representative		
Deposits at the SBV	of owner	71,042,533	34,404,607
Deposits and borrowings from the SBV		(9,333,932)	(3,077,202)
The Ministry of Finance ("the MoF")	Related party		
Deposits at the Bank	of owner	(992,164)	(89,288,604)
Borrowings from the MoF		(955,447)	(1,003,156)
Mizuho Bank Ltd., Japan	Strategic		
Deposits at Mizuho Bank Ltd., Japan	shareholder	2,275,920	5,588,921
Deposits from Mizuho Bank Ltd., Japan		(2,664,911)	(3,913,211)
Loans to Mizuho Bank Ltd., Japan		-	100,000

24. Segment reporting

(a) Geographical segment reporting

Six-month period ended 30 June 2020:

	The North	The Middle and Central Highland	The South	Overseas	Elimination	Total
	VND million	VND million	VND million	VND million	VND million	VND million
1 Interest and similar income	48,675,927	8,305,842	23,957,941	37,854	(46,038,804)	34,938,760
2 Interest and similar expenses	(40,744,702)	(6,084,292)	(17,037,632)	(3,746)	46,043,252	(17,827,120)
I Net interest income	7,931,225	2,221,550	6,920,309	34,108	4,448	17,111,640
3 Fee and commission income	2,374,676	354,777	1,451,151	29,081	(93,384)	4,116,301
4 Fee and commission expenses	(1,779,637)	(13,633)	(37,207)	(9,528)	6,704	(1,833,301)
II Net fee and commission income	595,039	341,144	1,413,944	19,553	(86,680)	2,283,000
III Net gain/(loss) from trading of foreign currencies	1,309,099	79,576	541,589	(1,666)	-	1,928,598
IV Net loss from trading securities	(17,064)	-	-	-	(4,020)	(21,084)
5 Other income	770,093	269,132	571,919	442	-	1,611,586
6 Other expenses	(76,310)	(29,632)	(180,540)	-	-	(286,482)
VI Net other income	693,783	239,500	391,379	442	-	1,325,104
VII Income from capital contributions and equity investments	391,783	-	-	-	-	391,783
Total operating income	10,903,865	2,881,770	9,267,221	52,437	(86,252)	23,019,041
VIII Total operating expenses	(6,264,434)	(467,303)	(1,351,240)	(32,012)	86,680	(8,028,309)
IX Net operating profit before allowance for credit losses	4,639,431	2,414,467	7,915,981	20,425	428	14,990,732
X Allowance for credit losses	(3,495,122)	(161,707)	(350,458)	(1,379)	-	(4,008,666)
XI Profit before tax	1,144,309	2,252,760	7,565,523	19,046	428	10,982,066
7 Current corporate income tax expenses	182,132	(450,552)	(1,512,989)	(3,666)	-	(1,785,075)
8 Deferred corporate income tax expenses	(398,722)	-	-	-	-	(398,722)
XII Corporate income tax expenses	(216,590)	(450,552)	(1,512,989)	(3,666)	-	(2,183,797)
XIII Profit after tax	927,719	1,802,208	6,052,534	15,380	428	8,798,269

24. Segment reporting (continued)

(b) Business segment

Six-month period ended 30 June 2020:

		Banking financial services VND million	Non-banking financial services VND million	Securities VND million	Others VND million	Elimination VND million	Total VND million
1	Interest and similar income	80,628,998	213,786	127,129	7,651	(46,038,804)	34,938,760
2	Interest and similar expenses	(63,721,742)	(97,431)	(46,692)	(4,508)	46,043,253	(17,827,120)
I	Net interest income	16,907,256	116,355	80,437	3,143	4,449	17,111,640
3	Fee and commission income	3,941,289	25,456	140,375	102,566	(93,385)	4,116,301
4	Fee and commission expenses	(1,787,714)	(456)	(24,005)	(27,830)	6,704	(1,833,301)
II	Net fee and commission income	2,153,575	25,000	116,370	74,736	(86,681)	2,283,000
III	Net gain/(loss) from trading of foreign currencies	1,930,820	(2,222)	-	-	-	1,928,598
IV	Net loss from trading securities	(15,617)	-	(1,447)	-	(4,020)	(21,084)
5	Other income	1,608,737	2,713	25	111	-	1,611,586
6	Other expenses	(286,462)	-	(20)	-	-	(286,482)
VI	Net other income	1,322,275	2,713	5	111	-	1,325,104
VII	Income from capital contributions and equity investments	390,465	-	1,318	-	-	391,783
	Total operating income	22,688,774	141,846	196,683	77,990	(86,252)	23,019,041
VIII	Total operating expenses	(7,913,542)	(68,229)	(99,258)	(33,961)	86,681	(8,028,309)
IX	Net operating profit before allowance for credit losses	14,775,232	73,617	97,425	44,029	429	14,990,732
X	Allowance for credit losses	(4,001,401)	(7,265)	-	-	-	(4,008,666)
XI	Profit before tax	10,773,831	66,352	97,425	44,029	429	10,982,066
7	Current corporate income tax expenses	(1,742,735)	(13,834)	(20,521)	(7,985)	-	(1,785,075)
8	Deferred corporate income tax expenses	(400,000)	-	1,278	-	-	(398,722)
XII	Corporate income tax expenses	(2,142,735)	(13,834)	(19,243)	(7,985)	-	(2,183,797)
XIII	Profit after tax	8,631,096	52,518	78,182	36,044	429	8,798,269

25. Disclosure of financial instruments

(a) Collateral disclosure

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

(b) Fair value disclosure

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

The following table presents carrying value and fair value of Vietcombank's financial assets and liabilities as at 30 June 2020:

25. Disclosure of financial instruments (continued)

(b) Fair value disclosures (continued)

As at 30 June 2020

		Carrying amount - gross				Recognised at amortised cost	Total of carrying value	Fair value
		Held for trading VND million	Held to maturity VND million	Loans and receivables VND million	Available for sale VND million	VND million	VND million	VND million
Financial assets								
I	Cash on hand, gold, silver and gemstones	-	-	11,863,544	-	-	11,863,544	11,863,544
II	Balances with the State Banks	-	-	71,566,703	-	-	71,566,703	71,566,703
III	Balances with and loans to other credit institutions	-	-	151,761,888	-	-	151,761,888	(*)
IV	Trading securities	3,641,851	-	-	-	-	3,641,851	(*)
VI	Loans to customers	-	-	770,744,422	-	-	770,744,422	(*)
VIII	Investment securities	-	135,577,712	-	28,375,703	-	163,953,415	(*)
IX	Capital contributions, long-term investments	-	-	-	1,678,126	-	1,678,126	(*)
XII	Other financial assets	-	-	15,142,876	-	-	15,142,876	(*)
		3,641,851	135,577,712	1,021,079,433	30,053,829	-	1,190,352,825	
Financial liabilities								
I	Amounts due to the Government and the State Banks and deposits and borrowings from other credit institutions	-	-	-	-	58,730,333	58,730,333	(*)
II	Deposits from customers	-	-	-	-	981,240,858	981,240,858	(*)
III	Derivative financial instruments and other financial liabilities	59,126	-	-	-	-	59,126	(*)
IV	Funds for finance, entrusted investments and entrusted loans	-	-	-	-	17,930	17,930	(*)
V	Valuable papers issued	-	-	-	-	21,294,140	21,294,140	(*)
VI	Other financial liabilities	-	-	-	-	26,652,124	26,652,124	(*)
		59,126	-	-	-	1,087,935,385	1,087,994,511	

(*) 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.

25. Disclosure of financial instruments (continued)

(c) Risk management policies for financial instruments

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

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

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

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

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

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

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

(i) Credit risk

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

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

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

25. Disclosure of financial instruments (continued)

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

(i) Credit risk (continued)

Vietcombank's maximum exposure amounts to credit risk as at 30 June 2020, 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 State Banks	71,566,703	-	-	71,566,703
Balances with and loans to other credit institutions – gross	150,761,888	-	1,000,000	151,761,888
Balances with other credit institutions	128,821,053	-	-	128,821,053
Loans to other credit institutions	21,940,835	-	1,000,000	22,940,835
Trading securities	3,455,887	-	-	3,455,887
Loans to customers – gross	741,956,554	14,630,087	14,157,781	770,744,422
Investment securities – gross	163,945,225	-	-	163,945,225
Available-for-sale investment securities	28,367,513	-	-	28,367,513
Held-to-maturity investment securities	135,577,712	-	-	135,577,712
Other assets	15,142,876	-	-	15,142,876
	1,146,829,133	14,630,087	15,157,781	1,176,617,001

Types and carrying value of collaterals held by Vietcombank at the end of the accounting period are described as follows:

	30/6/2020 VND million	31/12/2019 VND million
Deposits	79,171,683	109,803,809
Valuable papers	45,500,107	82,429,392
Real estate	856,349,187	795,024,169
Other collaterals	256,315,061	243,180,100
	1,237,336,038	1,230,437,470

25. 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 accounting period to the nearest interest re-pricing date of the items in the consolidated interim balance sheet.

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

- Cash, gold, silver and gemstones, capital contributions, long-term investments, and other assets (including fixed assets and other assets) are classified as free of interest items;
- Trading securities which are debt securities are classified as “Up to 1 month” items;
- The actual interest re-pricing terms of investment securities are subject to issuers’ terms and conditions on interest rate of issuing institution for each security type;
- The actual interest re-pricing term of balances with and loans to other credit institutions, loans to customers, amounts due to the Government and the State Banks, deposits and borrowings from other credit institutions, deposits from customers, funds for finance, entrusted investments, entrusted loans and other liabilities are identified as follows:
 - Items with fixed interest rate during the contractual term: the actual interest re-pricing term is based on the contractual maturity date subsequent to the end of the 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 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 Vietcombank’s assets and liabilities as at 30 June 2020:

25. 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 5 years	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Assets									
I Cash on hand, gold, silver and gemstones	-	11,863,544	-	-	-	-	-	-	11,863,544
II Balances with the State Banks	-	-	71,566,703	-	-	-	-	-	71,566,703
III Balances with and loans to other CIs – gross	-	-	109,544,787	18,293,997	21,343,166	2,579,938	-	-	151,761,888
IV Trading securities – gross	-	185,964	3,455,887	-	-	-	-	-	3,641,851
VI Loans to customers – gross	19,429,241	-	146,687,763	242,600,237	194,114,001	88,762,683	67,844,748	11,305,749	770,744,422
VII Investment securities – gross	-	8,190	541,000	2,517,000	27,678,256	31,965,665	92,244,435	8,998,869	163,953,415
VIII Capital contributions, long-term investments – gross	-	2,404,091	-	-	-	-	-	-	2,404,091
IX Fixed assets	-	6,723,876	-	-	-	-	-	-	6,723,876
X Other assets – gross	-	21,241,615	-	-	-	-	-	-	21,241,615
Total assets	19,429,241	42,427,280	331,796,140	263,411,234	243,135,423	123,308,286	160,089,183	20,304,618	1,203,901,405
Liabilities									
I Amounts due to the Government and the State Banks and deposits and borrowings from other CIs	-	-	55,101,031	422,000	1,861,115	1,346,187	-	-	58,730,333
II Deposits from customers	-	113,062	512,911,369	142,528,798	134,494,809	185,557,837	5,626,329	8,654	981,240,858
III Derivative financial instruments and other financial liabilities	-	59,126	-	-	-	-	-	-	59,126
IV Funds for finance, entrusted investments and entrusted loans	-	-	-	-	-	-	17,930	-	17,930
V Valuable papers issued	-	-	79,705	-	4,986,100	120,000	14,743,335	1,365,000	21,294,140
VI Other liabilities	-	33,995,368	955,447	-	-	-	-	-	34,950,815
Total liabilities	-	34,167,556	569,047,552	142,950,798	141,342,024	187,024,024	20,387,594	1,373,654	1,096,293,202
Interest sensitivity gap – on balance sheet	19,429,241	8,259,724	(237,251,412)	120,460,436	101,793,399	(63,715,738)	139,701,589	18,930,964	107,608,203

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

The followings are the major exchange rates applied by Vietcombank at the end of the accounting period:

	Exchange rate as at	
	30/6/2020	31/12/2019
USD/VND	23,210	23,170
EUR/VND	26,133	26,213

The following table presents Vietcombank's assets and liabilities denominated in foreign currencies that were translated into VND as at 30 June 2020:

25. 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	9,425,630	1,868,345	300,749	268,820	11,863,544
II Balances with the State Banks	58,962,403	12,080,129	-	524,171	71,566,703
III Balances with and loans to other CIs – gross	74,819,669	61,344,018	3,209,850	12,388,351	151,761,888
IV Trading securities – gross	3,641,851	-	-	-	3,641,851
VI Loans to customers – gross	679,896,646	90,384,550	174,808	288,418	770,744,422
VII Investment securities – gross	105,928,415	58,025,000	-	-	163,953,415
VIII Capital contributions, long-term investments – gross	2,404,091	-	-	-	2,404,091
IX Fixed assets	6,678,693	34,508	-	10,675	6,723,876
X Other assets – gross	18,824,889	2,084,720	54,892	277,114	21,241,615
Total assets	960,582,287	225,821,270	3,740,299	13,757,549	1,203,901,405
Liabilities					
I Amounts due to the Government and the State Banks and deposits and borrowings from other CIs	10,364,906	37,599,108	1,770,796	8,995,523	58,730,333
II Deposits from customers	828,915,236	145,611,416	4,091,051	2,623,155	981,240,858
III Derivative financial instruments and other financial liabilities	(30,139,002)	31,503,363	(1,306,128)	893	59,126
IV Funds for finance, entrusted investments and entrusted loans	17,930	-	-	-	17,930
V Valuable papers issued	21,294,098	42	-	-	21,294,140
VI Other liabilities	31,771,192	2,929,874	53,934	195,815	34,950,815
Total liabilities	862,224,360	217,643,803	4,609,653	11,815,386	1,096,293,202
Currency position on balance sheet	98,357,927	8,177,467	(869,354)	1,942,163	107,608,203

25. Disclosure of financial instruments (continued)

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

(iv) Liquidity risk

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

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

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

- Balances with the State Banks are considered as current accounts including the compulsory deposits;
- The maturity of trading securities is considered as up to 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 loan/deposit contract is extended;
- The maturity of capital contributions, equity investments is considered to be over five years as equity investments have no stated maturity; and
- Deposits and borrowings from other credit institutions, deposits from customers, and valuable papers issued are determined based on either the nature of the loans, deposits and valuable papers issued or their contractual maturities. For example, current accounts of other credit institutions at Vietcombank and current accounts of Vietcombank at other credit institutions paid upon customers' demand are considered to be demand deposits, the maturity of term deposits and borrowings is based on the contractual maturity date. In practice, such items may be rolled over and maintained for longer period.

The following table analyses the remaining terms to maturity of Vietcombank's assets and liabilities as at 30 June 2020:

25. 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 month	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	-	-	11,863,544	-	-	-	-	11,863,544
II Balances with the State Banks	-	-	71,566,703	-	-	-	-	71,566,703
III Balances with and loans to other CIs – gross	-	-	109,544,786	18,293,997	22,392,718	1,530,387	-	151,761,888
IV Trading securities – gross	-	-	3,641,851	-	-	-	-	3,641,851
VI Loans to customers – gross	3,028,278	16,400,963	54,180,713	149,489,458	238,447,612	141,824,870	167,372,528	770,744,422
VII Investment securities – gross	-	-	-	250,000	54,916,921	96,217,625	12,568,869	163,953,415
VIII Capital contributions, long-term investments – gross	-	-	-	-	-	-	2,404,091	2,404,091
IX Fixed assets	-	-	-	-	-	-	6,723,876	6,723,876
X Other assets – gross	-	-	-	21,241,615	-	-	-	21,241,615
Total assets	3,028,278	16,400,963	250,797,597	189,275,070	315,757,251	239,572,882	189,069,364	1,203,901,405
Liabilities								
I Amounts due to the Government and the State Banks and deposits and borrowings from other CIs	-	-	54,609,113	249,216	1,726,634	2,013,983	131,387	58,730,333
II Deposits from customers	-	-	258,337,098	155,625,175	345,678,117	48,136,084	173,464,384	981,240,858
III Derivative financial instruments and other financial liabilities	-	-	-	59,126	-	-	-	59,126
IV Funds for finance, entrusted investments and entrusted loans	-	-	-	-	-	17,930	-	17,930
V Valuable papers issued	-	-	905	-	-	10,570,638	10,722,597	21,294,140
VI Other liabilities	-	-	-	33,995,368	-	-	955,447	34,950,815
Total liabilities	-	-	312,947,116	189,928,885	347,404,751	60,738,635	185,273,815	1,096,293,202
Net liquidity gap	3,028,278	16,400,963	(62,149,519)	(653,815)	(31,647,500)	178,834,247	3,795,549	107,608,203

26. Events after consolidated interim financial statements reporting date

Up to the issuing date of the consolidated interim financial statements, there are no significant events occurring subsequent to 30 June 2020 that may significantly affect the consolidated interim financial position of Vietcombank and require adjustments or disclosures to be made in the consolidated interim financial statements as at 30 June 2020 and for the six-month period then ended.

27. Seasonal or cyclical factors

Vietcombank's operation results are not affected by seasonal or cyclical factors except for the following item:

Appropriation of reserves

The appropriation of the statutory reserves presented in Note 2(s)(iv) and bonus and welfare fund will be made at the end of the annual accounting period.

28. Changes in accounting estimates

There is no significant change in accounting estimates made by Vietcombank in preparing and presenting these consolidated interim financial statements compared to those made in the most recent consolidated annual financial statements.

29. Changes in the structure of Vietcombank

There is no significant change in the structure of Vietcombank for the six-month period ended 30 June 2020 compared with those made in the most recent consolidated annual financial statements.

30. Approval of the consolidated interim financial statements

The consolidated interim financial statements were approved by the Board of Management of the Bank on 13 August 2020.

Hanoi, 13 August 2020

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen



Deputy Director of
Financial and Accounting
Policy Department



Chief Accountant



Deputy CEO