



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

Consolidated Interim Financial Statements
for the six-month period ended
30 June 2019



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 and Decision No. 300/QD-NHNN dated 21 February 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	Reappointed on 27 April 2018
Mr. Pham Quang Dung	Member	Reappointed on 27 April 2018
Mr. Nguyen Manh Hung	Member	Reappointed on 27 April 2018
Mr. Nguyen My Hao	Member	Reappointed on 27 April 2018
Mr. Eiji Sasaki	Member	Reappointed on 27 April 2018
Mr. Pham Anh Tuan	Member	Reappointed on 27 April 2018
Mr. Hong Quang	Member	Appointed on 27 April 2018
Mr. Truong Gia Binh	Member	Appointed on 27 April 2018
Mr. Do Viet Hung	Member	Appointed on 26 April 2019

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

Mr. Pham Quang Dung	Chief Executive Officer ("CEO")	Appointed on 1 November 2014
Mr. Dao Minh Tuan	Deputy CEO	Reappointed on 15 June 2017
Mr. Pham Manh Thang	Deputy CEO	Reappointed on 10 March 2019
Ms. Nguyen Thi Kim Oanh	Deputy CEO	Appointed on 26 December 2014
Ms. Dinh Thi Thai	Deputy CEO	Appointed on 1 June 2015
Mr. Eiji Sasaki	Deputy CEO	Appointed on 15 December 2017
Ms. Phung Nguyen Hai Yen	Deputy CEO	Appointed on 15 December 2017
Mr. Le Quang Vinh	Deputy CEO	Appointed on 15 December 2017
Mr. Nguyen Thanh Tung	Deputy CEO	Appointed on 1 April 2019
Mr. Dang Hoai Duc	Deputy CEO	Appointed on 1 April 2019

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	Reappointed on 27 April 2018
Ms. La Thi Hong Minh	Member	Reappointed on 27 April 2018
Ms. Do Thi Mai Huong	Member	Reappointed on 27 April 2018
Ms. Vu Thi Bich Van	Member	Resigned from 26 April 2019

**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. 01/UQ-VCB-CSTCKT dated 8 January 2018)</i>	Since 8 January 2018 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 consolidated interim financial statements of the Bank and its subsidiaries for the six-month period ended 30 June 2019.

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 its business.

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

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

Statement by 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 2019, 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, 14 August 2019



KPMG Limited
46th Floor, Keangnam Landmark 72
E6 Pham Hung Road, Me Tri Ward
South Tu Liem District, Hanoi, Vietnam
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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 2019, 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 14 August 2019, 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 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 2019, 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.: 18-02-00541-19-2




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


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

Hanoi, 14 August 2019

No.	Items	Note	30/6/2019 VND million	31/12/2018 VND million
A	ASSETS			
I	Cash on hand, gold, silver and gemstones		12,011,456	12,792,045
II	Balances with the State Banks		50,092,949	10,845,701
III	Balances with and loans to other credit institutions		174,170,889	250,228,037
1	Balances with other credit institutions		127,209,203	187,352,500
2	Loans to other credit institutions		47,961,686	63,875,537
3	Allowance for balances with and loans to other credit institutions		(1,000,000)	(1,000,000)
IV	Trading securities	4	4,986,634	2,654,806
1	Trading securities		5,053,763	2,725,051
2	Allowance for trading securities		(67,129)	(70,245)
V	Derivative financial instruments and other financial assets		108,943	275,983
VI	Loans to customers		682,822,870	621,573,249
1	Loans to customers	5	695,437,925	631,866,758
2	Allowance for loans to customers	6	(12,615,055)	(10,293,509)
VIII	Investment securities	7	166,995,578	149,296,430
1	Available-for-sale securities		38,707,837	35,321,259
2	Held-to-maturity securities		128,735,924	114,251,030
3	Allowance for investment securities		(448,183)	(275,859)
IX	Capital contributions, long-term investments		2,480,250	2,476,067
2	Investments in joint-ventures	8(a)	946,599	897,308
3	Investments in associates	8(b)	12,826	10,339
4	Other long-term investments		1,587,823	1,635,418
5	Allowance for long-term investments		(66,998)	(66,998)
X	Fixed assets		6,439,761	6,527,466
1	Tangible fixed assets		4,259,646	4,459,292
a	Cost		10,662,327	10,534,068
b	Accumulated depreciation		(6,402,681)	(6,074,776)
3	Intangible fixed assets		2,180,115	2,068,174
a	Cost		2,920,876	2,772,517
b	Accumulated amortisation		(740,761)	(704,343)
XII	Other assets		22,545,228	17,356,776
1	Receivables		10,843,905	4,065,268
2	Accrued interest and fee receivables		7,531,378	7,409,149
3	Deferred income tax assets		6,071	6,740
4	Other assets		4,167,571	5,879,141
5	Allowance for other assets		(3,697)	(3,522)
	TOTAL ASSETS		1,122,654,558	1,074,026,560

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

No.	Items	Note	30/6/2019 VND million	31/12/2018 VND million
B	LIABILITIES AND SHAREHOLDERS' EQUITY			
I	Amonnts due to the Government and the State Banks	9	79,605,943	90,685,315
II	Deposits and borrowings from other credit institutions	10	48,792,342	76,524,079
1	Deposits from other credit institutions		47,155,842	75,245,679
2	Borrowings from other credit institutions		1,636,500	1,278,400
III	Deposits from customers	11	871,229,465	801,929,115
V	Funds for finance, entrusted investments and entrusted loans		23,911	25,803
VI	Valuable papers issued	12	21,339,119	21,461,132
VII	Other liabilities		25,266,446	21,221,737
1	Accrued interest and fee payables		10,142,500	8,717,540
2	Deferred income tax liabilities		19,421	19,295
3	Other liabilities	13	15,104,525	12,484,902
	TOTAL LIABILITIES		1,046,257,226	1,011,847,181
VIII	Shareholders' equity			
1	Capital		42,428,820	36,322,343
a	Charter capital		37,088,774	35,977,686
c	Share premium		4,995,389	-
g	Other capital		344,657	344,657
2	Reserves		9,443,149	9,445,732
3	Foreign exchange differences		69,370	84,450
4	Differences upon asset revaluation		116,817	119,178
5	Retained profits		24,262,720	16,138,687
a	Previous year's retained profits		15,194,449	5,383,568
b	Current period's/year's retained profits		9,068,271	10,755,119
6	Non-controlling interest		76,456	68,989
	TOTAL SHAREHOLDERS' EQUITY	15(a)	76,397,332	62,179,379
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,122,654,558	1,074,026,560

No.	Items	Note	30/6/2019 VND million	31/12/2018 VND million
OFF-BALANCE SHEET ITEMS				
1	Credit guarantees		311,087	276,512
2	Foreign exchange commitments		68,103,477	61,831,282
	<i>Foreign currency buying commitments</i>		24,383,925	12,471,111
	<i>Foreign currency selling commitments</i>		43,719,552	49,360,171
4	Letters of credit		59,424,736	57,703,713
5	Other guarantees		55,883,998	54,250,031
6	Other commitments		321,731	295,856

Hanoi, 14 August 2019

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 2019

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 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
1	Interest and similar income	17	32,802,908	26,164,927
2	Interest and similar expenses	18	(15,724,562)	(13,167,864)
I	Net interest income		17,078,346	12,997,063
3	Fee and commission income		4,154,447	3,277,823
4	Fee and commission expenses		(2,009,657)	(1,545,184)
II	Net fee and commission income		2,144,790	1,732,639
III	Net gain from trading of foreign currencies		1,627,937	1,039,362
IV	Net gain from trading securities	19	84,572	486,978
V	Net loss from investment securities		(1)	-
5	Other income		2,056,846	2,433,183
6	Other expenses		(122,911)	(50,442)
VI	Net other income		1,933,935	2,382,741
VII	Income from capital contributions and equity investments	20	201,424	544,790
	TOTAL OPERATING INCOME		23,071,003	19,183,573
VIII	TOTAL OPERATING EXPENSES	21	(8,451,041)	(7,931,430)
IX	Net operating profit before allowance for credit losses		14,619,962	11,252,143
X	Allowance for credit losses		(3,316,538)	(3,235,366)
XI	PROFIT BEFORE TAX (CARRIED TO THE NEXT PAGE)		11,303,424	8,016,777

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 2019 (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 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
XI	PROFIT BEFORE TAX (BROUGHT FROM THE PREVIOUS PAGE)		11,303,424	8,016,777
7	Corporate income tax expenses – current		(2,227,044)	(1,577,579)
8	Income tax (expenses)/benefit – deferred		(669)	315
XII	Corporate income tax expenses		(2,227,713)	(1,577,264)
XIII	NET PROFIT AFTER TAX		9,075,711	6,439,513
XIV	Non-controlling interest		(7,440)	(8,802)
XVI	Net profit for the period		9,068,271	6,430,711
XV	Basic earnings per share (VND/share)	16	2,456	1,787

Hanoi, 14 August 2019

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 2019 (Direct method)

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

No.	Items	Note	Six-month period ended 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
CASH FLOWS FROM OPERATING ACTIVITIES				
01	Interest and similar income received		32,664,177	25,691,434
02	Interest and similar expenses paid		(14,371,087)	(13,603,097)
03	Net fee and commission income received		2,144,790	1,732,639
04	Net receipts and payments from trading activities (foreign currencies, gold and securities)		1,788,744	1,813,247
05	(Other expenses paid)/other income received		(6,582)	21,066
06	Receipts from recovery of bad debts previously written off		1,941,743	2,360,197
07	Payments to employees and for other operating activities		(6,160,031)	(6,200,785)
08	Corporate income tax paid during the period		(3,321,520)	(1,626,985)
	Net cash flows from operating activities before changes in operating assets and liabilities		14,680,234	10,187,716
	(Increase)/decrease in operating assets			
09	Balances with and loans to other credit institutions		2,844,494	8,263,035
10	Securities trading		(20,100,184)	(22,482,985)
11	Derivative financial instruments and other financial assets		167,040	832,354
12	Loans to customers		(63,571,167)	(62,618,212)
13	Utilisation of allowance for credit losses		(822,885)	(1,381,320)
14	Other operating assets		(5,024,252)	1,212,674
	Increase/(decrease) in operating liabilities			
15	Amounts due to the Government and the State Banks		(11,079,372)	(99,684,245)
16	Deposits and borrowings from other credit institutions		(27,731,737)	(27,412,630)
17	Deposits from customers		69,300,350	55,976,954
18	Valuable papers issued		(122,013)	2,957,764
19	Funds for finance, entrusted investments and entrusted loans		(1,892)	5,121
20	Financial derivatives and other financial liabilities		-	375,822
21	Other operating liabilities		1,602,652	3,129,923
22	Payments from reserves		(813,049)	(687,967)
I	Net cash flows from operating activities		(40,671,781)	(131,325,996)

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 2019
(Direct method – continued)

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

No.	Items	Note	Six-month period ended 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
CASH FLOWS FROM INVESTING ACTIVITIES				
01	Payments for purchases of fixed assets		(276,618)	(202,652)
02	Proceeds from disposals of fixed assets		3,361	1,612
03	Payments for disposals of fixed assets		(4,587)	(134)
08	Collections on investments in other entities		95,773	698,438
09	Dividends and interest received from long-term investments and capital contribution		101,380	103,735
II	Net cash flows from investing activities		(80,691)	600,999
CASH FLOWS FROM FINANCING ACTIVITIES				
01	Proceeds from share issuance		6,106,477	-
III	Net cash flows from financing activities		6,106,477	-
IV	Net cash flows during the period		(34,645,995)	(130,724,997)
V	Cash and cash equivalents at the beginning of the period		244,014,156	305,534,247
VII	Cash and cash equivalents at the end of the period	22	209,368,161	174,809,250

Hanoi, 14 August 2019

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

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 and Decision No. 300/QD-NHNN dated 21 February 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 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 the Establishment and Operation Licence No. 138/GP-NHNN of Joint Stock Commercial Bank for Foreign Trade of Vietnam under Decision No. 95/QD-NHNN dated 18 January 2017 of the State Bank of Vietnam, the Bank’s charter capital was VND35,977,685,750,000. The par value per share is VND10,000.

	30/6/2019		31/12/2018	
	Number of shares	%	Number of shares	%
Shares owned by the Government of Vietnam	2,774,353,387	74,80%	2,774,353,387	77.11%
Shares owned by foreign strategic shareholder (Mizuho Bank Ltd., Japan)	556,334,933	15,00%	539,668,502	15.00%
Shares owned by other owners	378,189,128	10,20%	283,746,686	7.89%
	3,708,877,448	100%	3,597,768,575	100%

(c) Location and network

The Bank's Head Office is located at 198 Tran Quang Khai Street, Hoan Kiem District, Hanoi. As at 30 June 2019, the Bank had one (1) Head Office, one (1) Training and Human Resource Development School, one (1) Cash Processing Center, and one hundred and six (106) branches nationwide, four (4) local subsidiaries, three (3) overseas subsidiaries, three (3) joint-ventures, one (1) associate, one (1) representative office located in the United States of America, one (1) representative office located in Singapore and one (1) representative office located in Ho Chi Minh City (as at 31 December 2018, the Bank had one (1) Head Office, one (1) Training Centre, one (1) Cash Processing Center, and one hundred and six (106) 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

Subsidiaries	Operating Licence	Business sector	Ownership percentage of the Bank
Vietcombank Finance 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	Business Registration No. 0226 issued by Hong Kong Monetary Authority dated 7 March 1978, and first amendment dated 3 November 1992, and second amendment dated 19 September 1995	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	Payment 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-ventures

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

Associates

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

(e) Number of employees

As at 30 June 2019, Vietcombank had 18,366 employees (31 December 2018: 17,215 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.

The accounting policies that have been adopted by Vietcombank in the preparation of these consolidated interim financial statements are consistent with those adopted in the preparation of the latest consolidated annual 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. In addition, as required by the Circular, the Bank has prepared the separate interim financial statements of the Bank for the six-month period ended 30 June 2019 (“the separate interim financial statements”) issued on 14 August 2019.

(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 (“CI”) 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 2019.

(d) Foreign currency transactions

According to Vietcombank’s accounting system, all transactions are recorded in their original currencies. Monetary assets and liabilities denominated in foreign currencies are translated into VND at the exchange rates prevailing at the end of the accounting period. Non-monetary assets and liabilities denominated in foreign currencies are translated into VND at the exchange rate as at the dates of transactions. Income and expenses in foreign currencies are translated into VND in the consolidated interim statement of income at the spot exchange rates as at the dates of transactions.

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

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 the exchange rate on the consolidated interim balance sheet date, and the income and expenses in the consolidated interim income statement are converted into VND at the average exchange rate for the 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 companies 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 credit institutions with original terms to maturity not exceeding three months from the original date of placement or lending; 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) Deposits with and loans to other credit institutions

Deposits 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 risk.

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 risk 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 end of the accounting period.

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.

(ii) Specific allowance for credit risk

According to Circular 02 and Circular 09, specific allowance is determined based on the balance and debt classification results of each customer's loans at the last working day of the quarter. For the 4th quarter, specific allowance is determined based on the balance and debt classification results of each customer's loans at the last working day of November.

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.

The Bank is required to use the information from Credit Information Centre (“CIC”) about the debt group of customers at the time of debt classification to adjust the debt group, off-balance sheet items. If a customer’s debts and off-balance sheet commitments are classified in a debt group that has a lower risk than the debt groups provided in CIC’s list, the Bank shall adjust its classification of debts and off-balance commitments following the debt groups provided by CIC.

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

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

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

(iii) General allowance for credit risk

The Bank is required to make a general allowance of 0.75% of total outstanding debt balance of which are classified into Groups 1 to 4 as at the last working day of a quarter. For the last 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 value. 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 lower of the book value after amortisation and the market value. 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 in secondary market) are subject to classification and allowance in a manner similar to loans to customers described in Note 2(h).

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

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

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

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

The allowance for diminution in the value of long-term investments is made if the economic entity in which Vietcombank invests in suffers a loss (except for cases where losses have been anticipated in the initial business plans) in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 ("Circular 228") and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. The allowance amount is the difference between the parties' actual capital contributions to the economic entity and the actual owners' equity multiplied (x) by the ratio of capital invested by Vietcombank to the total actual capital of the economic entity at the reporting date. For an investment in listed shares or shares which fair value can be determined reliably, allowance is made based on the shares' market value.

(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 date after the effective date of the Land Law 2003 without certificate of land use rights granted), the rent is amortised into the business expenses by the number of lease years;
- Land lease rent paid annually, the rent is recorded into the business expenses in the year in proportion to the rent annually paid.

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

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

(ii) Copyrights, patents and other intangible fixed assets

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

(m) Other assets

Except for receivables from uncollectible income as presented in Note 2(t)(iv), allowance for overdue other assets which are not classified as assets bearing credit risk are made in accordance with Circular 228 and Circular No. 200/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014 (“Circular 200”). Accordingly, allowance for these assets is based on their overdue period or estimated loss for debts whose debtors have become bankrupt or are undergoing dissolution procedures, are missing, have escaped, are prosecuted, detained or on trial by law enforcement bodies, are serving sentences or have deceased.

<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, the employer is required to pay the eligible employee severance allowance calculated based on years of service until 31 December 2008 and employee’s average monthly salary of the latest six-month period until termination. Before 2012, provision for severance allowance has been provided based on employees’ years of service and their current salary level.

On 24 October 2012, the Ministry of Finance issued Circular No. 180/2012/TT-BTC (“Circular 180”) guiding the financial treatment for redundancy allowance to employees of enterprises. Circular 180 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 fund

Bonus and welfare fund is 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 fund is 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 and does not exceed the Bank's/VCBL's charter capital.
- Financial reserve: 10% of net profit after tax. In accordance with Decree No. 57/2012/ND-CP dated 20 July 2012 issued by the Government ("Decree 57"), the maximum rate of provision for financial reserve is 25% of the charter capital of the Bank/VCBL. Such maximum rate is not specified in Decree 93 that supersedes Decree 57.
- Investment and development reserve and other reserves: are to be made upon the resolutions of the General Meeting of Shareholders/Members' Council and in accordance with 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 financial statements consolidation purpose.

(t) **Income and expenses**

(i) Interest income and interest expenses

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

Interest expenses are recorded on an accrual basis.

(ii) Fees and commissions and dividend income

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

The Government of Vietnam, through the State Bank of Vietnam, is a shareholder of Vietcombank. Therefore, in these consolidated 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 end of the accounting period. The difference on revaluation is recognised under "Foreign exchange differences" in the equity and is recorded in the consolidated interim statement of income at the end of the accounting period.

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.

(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 fund) 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 basic 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;
- Loans to customers;
- Trading securities;
- Investment securities;
- Capital contributions, long-term investments;
- Financial derivative assets; and
- Other financial assets.

Financial liabilities of Vietcombank mainly include:

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

(a) Classification of financial assets and liabilities

Only for the disclosure purpose in the consolidated 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 are deemed not to have been reliably measured and therefore, not disclosed.

4. Trading securities

	30/6/2019	31/12/2018
	VND million	VND million
Debt securities		
Government bonds	1,942,149	1,181,914
Bonds issued by other local credit institutions	2,299,202	935,301
Securities issued by local economic entities	420,549	250,400
Equity securities		
Equity securities issued by other credit institutions	4,734	10
Equity securities issued by local economic entities	387,129	357,426
	<hr/>	<hr/>
	5,053,763	2,725,051
Allowance for trading securities	(67,129)	(70,245)
	<hr/>	<hr/>
	4,986,634	2,654,806
	<hr/>	<hr/>

5. Loans to customers

	30/6/2019	31/12/2018
	VND million	VND million
Loans to local economic entities and individuals	687,390,966	624,073,743
Discounted bills and valuable papers	3,983,260	3,930,917
Finance leases	4,039,012	3,855,993
Loans given to make payments on behalf of customers	1,000	1,000
Loans to foreign organisations and individuals	23,687	5,105
	695,437,925	631,866,758

Loan portfolio by debt group was as follows:

	30/6/2019	31/12/2018
	VND million	VND million
Current debt	684,425,926	621,862,679
Special mentioned debt	3,878,445	3,781,086
Sub-standard debt	1,669,569	291,788
Doubtful debt	702,297	1,160,507
Loss debt	4,761,688	4,770,698
	695,437,925	631,866,758

Loan portfolio by term was as follows:

	30/6/2019	31/12/2018
	VND million	VND million
Short-term debt	373,051,550	342,212,900
Medium-term debt	51,194,097	53,310,111
Long-term debt	271,192,278	236,343,747
	695,437,925	631,866,758

6. Allowance for loans to customers

	30/6/2019 VND million	31/12/2018 VND million
General allowance	5,172,336	4,695,445
Specific allowance	7,442,719	5,598,064
	12,615,055	10,293,509

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

	Six-month period ended 30/6/2019 VND million	Year ended 31/12/2018 VND million
Opening balance of the period/year	4,695,445	4,116,920
Allowance made during the period/year	476,891	578,524
Foreign currency difference	-	1
Closing balance of the period/year	5,172,336	4,695,445

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

	Six-month period ended 30/6/2019 VND million	Year ended 31/12/2018 VND million
Opening balance of the period/year	5,598,064	3,996,136
Allowance made during the period/year	2,667,323	5,683,777
Allowance utilised for writing-off of bad debts	(822,885)	(4,083,722)
Foreign exchange difference	217	1,873
Closing balance of the period/year	7,442,719	5,598,064

7. Investment securities

	30/6/2019 VND million	31/12/2018 VND million
Available-for-sale securities (a)	38,572,087	35,233,134
Held-to-maturity securities (b)	128,423,491	114,063,296
	166,995,578	149,296,430
(a) Available-for-sale securities	30/6/2019 VND million	31/12/2018 VND million
Available-for-sale securities		
<i>Debt securities</i>		
Government bonds	18,542,501	22,120,565
Debt securities issued by other local credit institutions	20,157,146	13,192,504
<i>Equity securities</i>		
Equity securities issued by other local credit institutions	8,190	8,190
	38,707,837	35,321,259
Allowance for available-for-sale securities	(135,750)	(88,125)
Total available-for-sale securities	38,572,087	35,233,134
(b) Held-to-maturity securities	30/6/2019 VND million	31/12/2018 VND million
Held-to-maturity securities		
Government bonds	84,057,661	83,967,301
Debt securities issued by other local credit institutions	37,616,512	22,601,979
Debt securities issued by local economic entities	7,061,751	7,681,750
	128,735,924	114,251,030
Allowance for held-to-maturity securities	(312,433)	(187,734)
Total held-to-maturity securities	128,423,491	114,063,296

8. Capital contributions, long-term investments

(a) Investments in joint ventures

As at 30 June 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	524,812
Vietcombank Fund Management (i)	Investment fund management	51%	135,150	149,199
Vietcombank – Cardif Life Insurance Company Limited (ii)	Life insurance	45%	270,000	272,588
			815,515	946,599

As at 31 December 2018:

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

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

(b) Investments in associates

As at 30 June 2019:

	Business sector	Ownership percentage (%)	Cost VND million	Carrying value VND million
Vietcombank – Bonday Joint-venture Company Limited	Office leasing	16%	11,110	12,826

As at 31 December 2018:

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

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

9. Amounts due to the Government and the State Banks

	30/6/2019 VND million	31/12/2018 VND million
Borrowings from the State Banks	5,748,201	3,580,863
Borrowings on the basis of credit profiles	2,510,369	2,787,812
Borrowings on discounted valuable papers	2,522,403	-
Other borrowings	715,429	793,051
Deposits from the State Treasury	73,503,251	87,095,730
Demand deposits in VND	3,632,697	21,407,768
Demand deposits in foreign currencies	2,870,554	9,687,962
Term deposits in VND	67,000,000	56,000,000
Deposits from the State Banks	354,491	8,722
	79,605,943	90,685,315

10. Deposits and borrowings from other credit institutions

	30/6/2019 VND million	31/12/2018 VND million
Deposits from other credit institutions	47,155,842	75,245,679
Demand deposits in VND	8,724,602	14,859,745
Demand deposits in foreign currencies	30,794,681	46,498,477
Term deposits in VND	4,713,680	8,490,250
Term deposits in foreign currencies	2,922,879	5,397,207
Borrowings from other credit institutions	1,636,500	1,278,400
Borrowings in VND	1,636,500	1,278,400
	<hr/> 48,792,342 <hr/>	<hr/> 76,524,079 <hr/>

11. Deposits from customers

	30/6/2019 VND million	31/12/2018 VND million
Demand deposits	239,568,495	226,842,211
Demand deposits in VND	181,735,419	170,439,488
Demand deposits in gold, foreign currencies	57,833,076	56,402,723
Term deposits	604,214,666	558,786,377
Term deposits in VND	525,835,808	471,896,716
Term deposits in gold, foreign currencies	78,378,858	86,889,661
Deposits for specific purposes	25,986,992	14,948,566
Margin deposits	1,459,312	1,351,961
	<hr/> 871,229,465 <hr/>	<hr/> 801,929,115 <hr/>

12. Valuable papers issued

	30/6/2019 VND million	31/12/2018 VND million
Certificates of deposits		
Medium-term in VND	325	325
Medium-term in foreign currencies	698	994
Bonds and bills		
Short-term in VND	47	47
Short-term in foreign currencies	30	30
Medium-term in VND	10,531,735	10,630,839
Medium-term in foreign currencies	12	12
Long-term in VND	10,806,272	10,828,885
	21,339,119	21,461,132

13. Other liabilities

	30/6/2019 VND million	31/12/2018 VND million
Internal payables	4,564,687	2,809,792
External payables	7,812,109	7,076,700
Bonus and welfare fund	2,727,729	2,598,410
	15,104,525	12,484,902

14. Obligations to the State Budget

	Balance as at 1/1/2019 VND million	Occurrence during the period		Balance as at 30/6/2019 VND million
		Incurred VND million	Paid VND million	
Value added tax	31,195	292,641	(302,931)	20,905
Corporate income tax	1,342,904	2,227,067	(3,321,520)	248,451
Other taxes	216,167	708,478	(889,460)	35,185
	1,590,266	3,228,186	(4,513,911)	304,541

15. Owners' equity

(a) Statement of changes in equity

	Charter capital VND million	Share premium VND million	Other capital VND million	Reserves				Total VND million	Foreign exchange differences VND million	Differences upon asset revaluation VND million	Retained profits VND million	Non-controlling interest VND million	Total VND million
				Supplementary charter capital reserve VND million	Financial reserve VND million	Investment and development fund VND million							
Balance as at 1/1/2019	35,977,686	-	344,657	3,119,785	6,255,286	70,661	9,445,732	84,450	119,178	16,138,687	68,989	62,179,379	
Share capital issued	1,111,088	4,995,400	-	-	-	-	-	-	-	-	-	6,106,488	
Net profit for the period	-	-	-	-	-	-	-	-	-	9,068,271	7,440	9,075,711	
Adjustment for the appropriation of compulsory reserves and bonus and welfare fund according to the Resolution of General Meeting of Shareholders	-	-	-	5	10	-	15	-	-	(939,661)	-	(939,646)	
Utilisation during the period	-	-	-	-	(2,598)	-	(2,598)	-	-	-	-	(2,598)	
Reserves appropriation of subsidiaries	-	-	-	-	-	-	-	-	-	(8)	-	(8)	
Foreign currency differences	-	-	-	-	-	-	-	(15,080)	-	-	60	(15,020)	
Asset revaluation	-	-	-	-	-	-	-	-	(2,361)	-	-	(2,361)	
Adjustment of equity-accounted joint ventures and associates	-	-	-	-	-	-	-	-	-	(89)	-	(89)	
Other movements	-	(11)	-	-	-	-	-	-	-	(4,480)	(33)	(4,524)	
Balance as at 30/6/2019	37,088,774	4,995,389	344,657	3,119,790	6,252,698	70,661	9,443,149	69,370	116,817	24,262,720	76,456	76,397,332	

(b) Details of shareholders of the Bank

	30/6/2019 VND million	31/12/2018 VND million
Ordinary shares		
The Government of Vietnam	27,743,534	27,743,534
Foreign strategic shareholder (Mizuho Bank Ltd., Japan)	5,563,349	5,396,685
Other shareholders	3,781,891	2,837,467
	37,088,774	35,977,686

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

	30/6/2019		31/12/2018	
	Number of shares	VND million	Number of shares	VND million
Authorised share capital	3,708,877,448	37,088,774	3,597,768,575	35,977,686
Issued share capital				
Ordinary shares	3,708,877,448	37,088,774	3,597,768,575	35,977,686
Outstanding shares in circulation				
Ordinary shares	3,708,877,448	37,088,774	3,597,768,575	35,977,686
	3,708,877,448	37,088,774	3,597,768,575	35,977,686

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

16. Basic earnings per share

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

	Six-month period ended 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
Net profit for the period (*)	9,068,271	6,430,711
Profit attributable to the ordinary shareholders during the period	9,068,271	6,430,711

(*) 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 30/6/2019	Six-month period ended 30/6/2018
Issued ordinary shares at 1 January	3,597,768,575	3,597,768,575
Effect of shares issued during the period	94,534,621	-
Weighted average number of outstanding ordinary shares during the period	3,692,303,196	3,597,768,575

(c) Basic earnings per share

	Six-month period ended 30/6/2019	Six-month period ended 30/6/2018
Basic earnings per share (VND/share)	2,456	1,787

17. Interest and similar income

	Six-month period ended 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
Interest income from loans to customers	25,762,949	20,544,940
Interest income from deposits	2,247,477	1,255,614
Interest income from trading and investing in debt securities	4,209,956	3,916,618
- from investment securities	4,176,113	3,861,018
- from trading securities	33,843	55,600
Interest income from finance lease	156,590	141,210
Income from guarantee activities	238,755	214,031
Other income from credit activities	187,181	92,514
	32,802,908	26,164,927

18. Interest and similar expenses

	Six-month period ended 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
Interest expenses on deposits	14,779,648	12,150,717
Interest expenses on borrowings	183,387	300,397
Interest expenses on valuable papers issued	743,971	703,843
Other expenses on credit activities	17,556	12,907
	15,724,562	13,167,864

19. Net gain from trading securities

	Six-month period ended 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
Income from trading securities	102,832	520,086
Expenses for trading securities	(21,376)	(43,868)
Allowance reversed for trading securities	3,116	10,760
	84,572	486,978

20. Income from capital contribution and equity investments

	Six-month period ended 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
Dividends received from equity investments during the period	101,380	103,735
- <i>Dividends received from equity investments</i>	84,055	98,935
- <i>Dividends received from trading securities</i>	17,325	4,800
Income from disposals of equity investments	48,178	417,991
Share of gain of investments in joint-ventures and associates upon the equity method	51,866	23,064
	201,424	544,790

21. Operating expenses

	Six-month period ended 30/6/2019 VND million	Six-month period ended 30/6/2018 VND million
Tax, duties and fees	97,500	81,216
Salaries and related expenses	4,275,203	3,839,445
<i>Of which:</i>		
- <i>Salary and allowances</i>	3,947,907	3,538,730
- <i>Additional expenses based on salary</i>	321,939	292,515
- <i>Other allowances</i>	2,892	1,158
Expenses on assets	983,819	947,249
<i>Of which:</i>		
- <i>Depreciation of fixed assets</i>	393,450	383,213
Administrative expenses	2,795,500	2,786,400
Insurance expenses on deposits of customers	279,465	254,402
Other expenses	19,554	22,718
	8,451,041	7,931,430

22. Cash and cash equivalents

	30/6/2019 VND million	31/12/2018 VND million
Cash on hand, gold, silver and gemstones	12,011,456	12,792,045
Balances with the State Banks	50,092,949	10,845,701
Balances with and loans to other credit institutions with original term not exceeding 3 months	147,163,756	220,376,410
Securities recoverable or due within three months from the acquisition date	100,000	-
	209,368,161	244,014,156

23. Significant transactions and balances with related parties

(a) Significant transactions with related parties

	Relationship	Six-month period ended 30/6/2019 VND million Income/(expense)	Six-month period ended 30/6/2018 VND million Income/(expense)
The State Bank of Vietnam	Representative		
Interest income from deposits	of owner	85,106	101,803
Interest expenses on deposits and borrowings		(66,094)	(78,123)
The Ministry of Finance	Related party		
Interest expenses on deposits	of owner	(791,936)	(604,732)
Interest expenses on borrowings		(17,335)	(14,660)

Remuneration for the Board of Directors and the Supervisory Board did not exceed 0.35% profit after tax of the six-month period ended 30 June 2019 according to Resolution No. 11/TN2018/NQ-DHDCD dated 27 April 2018 of General Meeting of Shareholders.

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

(b) Significant balances with related parties

	Relationship	30/6/2019 VND million Receivable/(payable)	31/12/2018 VND million Receivable/(payable)
The State Bank of Vietnam	Representative		
Deposits at the SBV	of owner	49,673,265	10,152,565
Deposits and borrowings from the SBV		(6,102,692)	(3,589,585)
The Ministry of Finance (“the MoF”)	Related party		
Deposits at the Bank	of owner	(73,503,251)	(87,095,730)
Borrowings from the MoF		(985,561)	(1,001,583)
Mizuho Bank Ltd., Japan	Strategic		
Deposits at Mizuho Bank Ltd., Japan	shareholder	2,265,030	1,767,477
Deposits from Mizuho Bank Ltd., Japan		(507,366)	(3,667,092)

24. Segment reporting
 (a) Geographical segment reporting

Six-month period ended 30 June 2019:

	The North VND million	The Middle and Central Highland VND million	The South VND million	Overseas VND million	Elimination VND million	Total VND million
1 Interest and similar income	45,188,231	7,890,389	21,906,390	64,917	(42,247,019)	32,802,908
2 Interest and similar expenses	(37,516,071)	(5,515,100)	(14,928,084)	(19,752)	42,254,445	(15,724,562)
I Net interest income	7,672,160	2,375,289	6,978,306	45,165	7,426	17,078,346
3 Fee and commission income	2,157,310	448,207	1,596,392	26,738	(74,200)	4,154,447
4 Fee and commission expenses	(1,965,827)	(11,460)	(42,498)	(8,206)	18,334	(2,009,657)
II Net fee and commission income	191,483	436,747	1,553,894	18,532	(55,866)	2,144,790
III Net gain from trading of foreign currencies	1,160,801	68,881	397,150	1,105	-	1,627,937
IV Net gain from trading securities	91,998	-	-	-	(7,426)	84,572
V Net loss from investment securities	(1)	-	-	-	-	(1)
5 Other income	968,834	186,707	901,121	184	-	2,056,846
6 Other expenses	(46,824)	(26,199)	(49,888)	-	-	(122,911)
VI Net other income	922,010	160,508	851,233	184	-	1,933,935
VII Income from capital contributions and equity investments	201,424	-	-	-	-	201,424
Total operating income	10,239,875	3,041,425	9,780,583	64,986	(55,866)	23,071,003
VIII Total operating expenses	(6,457,163)	(542,752)	(1,472,535)	(34,458)	55,867	(8,451,041)
IX Net operating profit before allowance for credit losses	3,782,712	2,498,673	8,308,048	30,528	1	14,619,962
X Allowance for credit losses	(2,440,154)	(280,273)	(596,031)	(80)	-	(3,316,538)
XI Profit before tax	1,342,558	2,218,400	7,712,017	30,448	1	11,303,424
7 Corporate income tax expenses – current	(237,194)	(443,680)	(1,542,214)	(3,956)	-	(2,227,044)
8 Corporate income tax expenses – deferred	(669)	-	-	-	-	(669)
XII Corporate income tax expenses	(237,863)	(443,680)	(1,542,214)	(3,956)	-	(2,227,713)
XIII Profit after tax	1,104,695	1,774,720	6,169,803	26,492	1	9,075,711

24. Segment reporting (continued)
 (b) Business segment

Six-month period ended 30 June 2019:

	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	74,705,090	236,846	100,879	7,112	(42,247,019)	32,802,908
2 Interest and similar expenses	(57,813,048)	(128,789)	(37,170)	-	42,254,445	(15,724,562)
1 Net interest income	16,892,042	108,057	63,709	7,112	7,426	17,078,346
3 Fee and commission income	4,050,956	16,561	72,147	88,983	(74,200)	4,154,447
4 Fee and commission expenses	(1,973,629)	(462)	(18,646)	(35,254)	18,334	(2,009,657)
II Net fee and commission income	2,077,327	16,099	53,501	53,729	(55,866)	2,144,790
III Net gain from trading of foreign currencies	1,627,174	763	-	-	-	1,627,937
IV Net gain from trading securities	46,858	-	45,140	-	(7,426)	84,572
V Net loss from investment securities	(1)	-	-	-	-	(1)
5 Other income	2,054,681	1,101	883	181	-	2,056,846
6 Other expenses	(119,359)	(53)	(15)	(3,484)	-	(122,911)
VI Net other income	1,935,322	1,048	868	(3,303)	-	1,933,935
VII Income from capital contributions and equity investments	184,099	-	17,325	-	-	201,424
Total operating income	22,762,821	125,967	180,543	57,538	(55,866)	23,071,003
VIII Total operating expenses	(8,346,981)	(53,628)	(82,232)	(24,067)	55,867	(8,451,041)
IX Net operating profit before allowance for credit losses	14,415,840	72,339	98,311	33,471	1	14,619,962
X Allowance for credit losses	(3,300,177)	(16,361)	-	-	-	(3,316,538)
XI Profit before tax	11,115,663	55,978	98,311	33,471	1	11,303,424
7 Corporate income tax expenses – current	(2,195,229)	(10,418)	(15,528)	(5,869)	-	(2,227,044)
8 Corporate income tax expenses – deferred	-	-	(669)	-	-	(669)
XII Corporate income tax expenses	(2,195,229)	(10,418)	(16,197)	(5,869)	-	(2,227,713)
XIII Profit after tax	8,920,434	45,560	82,114	27,602	1	9,075,711

25. Disclosure of financial instruments

(a) Collateral disclosure

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

(b) Fair value disclosure

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

The following table presents carrying value and fair value of Vietcombank's financial assets and liabilities as at 30 June 2019:

25. Disclosure of financial instruments (continued)

(b) Fair value disclosures (continued)

As at 30 June 2019

		Carrying amount - gross						
		Held for trading	Held to maturity	Loans and receivables	Available for sale	Recognised at amortised cost	Total of carrying value	Fair value
		VND million	VND million	VND million	VND million	VND million	VND million	VND million
Financial assets								
I	Cash on hand, gold, silver and gemstones	-	-	12,011,456	-	-	12,011,456	12,011,456
II	Balances with the State Banks	-	-	50,092,949	-	-	50,092,949	50,092,949
III	Balances with and loans to other credit institutions	-	-	175,170,889	-	-	175,170,889	(*)
IV	Trading securities	5,053,763	-	-	-	-	5,053,763	(*)
V	Derivative financial instruments and other financial assets	108,943	-	-	-	-	108,943	(*)
VI	Loans to customers	-	-	695,437,925	-	-	695,437,925	(*)
VIII	Investment securities	-	128,735,924	-	38,707,837	-	167,443,761	(*)
IX	Capital contributions, long-term investments	-	-	-	1,587,823	-	1,587,823	(*)
XII	Other financial assets	-	-	19,002,310	-	-	19,002,310	(*)
		5,162,706	128,735,924	951,715,529	40,295,660	-	1,125,909,819	
Financial liabilities								
I	Amounts due to the Government and the State Banks and deposits and borrowings from other credit institutions	-	-	-	-	128,398,285	128,398,285	(*)
II	Deposits from customers	-	-	-	-	871,229,465	871,229,465	(*)
IV	Funds for finance, entrusted investments and entrusted loans	-	-	-	-	23,911	23,911	(*)
V	Valuable papers issued	-	-	-	-	21,339,119	21,339,119	(*)
VI	Other financial liabilities	-	-	-	-	14,999,415	14,999,415	(*)
		-	-	-	-	1,035,990,195	1,035,990,195	

(*) 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 risks, 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 risk of non-performing loans in order to have appropriate resolutions.

In order to manage credit risk, 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 2019, excluding collaterals and credit risk mitigations as follows:

	Neither past due nor impaired VND million	Past due but not impaired VND million	Impaired and allowance made VND million	Total VND million
Balances with the State Banks	50,092,949	-	-	50,092,949
Balances with and loans to other credit institutions – gross	174,170,889	-	1,000,000	175,170,889
Balances with other credit institutions	127,209,203	-	-	127,209,203
Loans to other credit institutions	46,961,686	-	1,000,000	47,961,686
Trading securities	4,661,900	-	-	4,661,900
Loans to customers – gross	679,412,840	5,013,086	11,011,999	695,437,925
Investment securities – gross	167,435,571	-	-	167,435,571
Available-for-sale investment securities	38,699,647	-	-	38,699,647
Held-to-maturity investment securities	128,735,924	-	-	128,735,924
Other assets	19,002,310	-	-	19,002,310
	1,094,776,459	5,013,086	12,011,999	1,111,801,544

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

	30/6/2019 VND million	31/12/2018 VND million
Deposits	78,958,292	91,140,187
Valuable papers	77,009,332	91,307,623
Real estate	730,249,657	622,702,902
Other collaterals	243,719,350	241,787,741
	1,129,936,631	1,046,938,453

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 term 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 being 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 and 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 Vietcombank’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 2019:

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	-	12,011,456	-	-	-	-	-	12,011,456
II	Balances with the State Banks	-	-	50,092,949	-	-	-	-	50,092,949
III	Balances with and loans to other CI – gross	-	-	134,338,146	15,682,030	23,012,699	2,138,014	-	175,170,889
IV	Trading securities – gross	-	391,863	4,661,900	-	-	-	-	5,053,763
VI	Loans to customers – gross (*)	-	108,943	-	-	-	-	-	108,943
V	Derivative financial instruments and other financial assets	10,097,903	-	161,961,593	235,659,386	171,385,614	68,863,342	45,413,512	695,437,925
VII	Investment securities – gross	-	8,190	3,753,093	3,409,164	4,564,006	19,303,074	102,070,483	167,443,761
VIII	Capital contributions, long-term investments – gross	-	2,547,248	-	-	-	-	-	2,547,248
IX	Fixed assets	-	6,439,761	-	-	-	-	-	6,439,761
X	Other assets – gross	-	22,548,925	-	-	-	-	-	22,548,925
	Total assets	10,097,903	44,056,386	354,807,681	254,750,580	198,962,319	90,304,430	147,483,995	1,136,855,620
Liabilities									
I	Amounts due to the Government and the State Banks and deposits and borrowings from other CI	-	-	124,764,846	695,152	1,592,098	1,346,189	-	128,398,285
II	Deposits from customers	-	62,418	449,935,186	132,845,699	124,350,466	160,229,529	3,795,240	871,229,465
IV	Funds for finance, entrusted investments and entrusted loans	-	-	-	-	-	830	16,208	23,911
V	Valuable papers issued	-	-	115,740	-	5,032,896	120,000	14,899,211	21,339,119
VI	Other liabilities	-	24,280,885	985,561	-	-	-	-	25,266,446
	Total liabilities	-	24,343,303	575,801,333	133,540,851	130,975,460	161,696,548	18,710,659	1,046,257,226
	Interest sensitivity gap – on balance sheet	10,097,903	19,713,083	(220,993,652)	121,209,729	67,986,859	(71,392,118)	128,773,336	90,598,394

(*) This balance was determined based on the number of overdue days according to the contracts, not based on customer basis.

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 will fluctuate due to changes in foreign exchange rates. Vietcombank was incorporated and operates in Vietnam, with VND as its reporting currency. The major currency in which the Bank transacts is VND. Vietcombank's loans to customers are mainly denominated in VND, USD and EUR. Some of Vietcombank's other assets 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	
	30/6/2019	31/12/2018
USD/VND	23,290	23,200
EUR/VND	26,779	26,757

The following table presents Vietcombank's assets and liabilities denominated in foreign currencies that were translated into VND as at 30 June 2019:

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	8,752,150	2,354,572	432,464	472,270	12,011,456
II	Balances with the State Banks	40,767,734	8,905,531	-	419,684	50,092,949
III	Balances with and loans to other credit institutions – gross	111,801,938	39,586,099	8,637,528	15,145,324	175,170,889
IV	Trading securities – gross	5,053,763	-	-	-	5,053,763
V	Derivative financial instruments and other financial assets	31,201,326	(31,044,122)	(31,498)	(16,763)	108,943
VI	Loans to customers – gross	604,143,819	91,056,230	205,192	32,684	695,437,925
VII	Investment securities – gross	109,218,761	58,225,000	-	-	167,443,761
VIII	Capital contributions, long-term investments – gross	2,547,248	-	-	-	2,547,248
IX	Fixed assets	6,393,617	31,881	-	14,263	6,439,761
X	Other assets – gross	20,179,345	1,809,367	249,501	310,712	22,548,925
	Total assets	940,059,701	170,924,558	9,493,187	16,378,174	1,136,855,620
Liabilities						
I	Amounts due to the Government and the State Banks and deposits and borrowings from other credit institutions	91,472,017	21,647,893	3,914,629	11,363,746	128,398,285
II	Deposits from customers	723,194,947	140,740,955	4,638,084	2,655,479	871,229,465
IV	Funds for finance, entrusted investments and entrusted loans	23,911	-	-	-	23,911
V	Valuable papers issued	21,338,379	740	-	-	21,339,119
VI	Other liabilities	20,930,626	3,014,134	1,105,074	216,612	25,266,446
	Total liabilities	856,959,880	165,403,722	9,657,787	14,235,837	1,046,257,226
	FX position on balance sheet	83,099,821	5,520,836	(164,600)	2,142,337	90,598,394

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

The following table analyses the remaining terms to maturity of Vietcombank's assets and liabilities as at 30 June 2019:

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	-	-	12,011,456	-	-	-	-	12,011,456
II	Balances with the State Banks	-	-	50,092,949	-	-	-	-	50,092,949
III	Balances with and loans to other CI – gross	-	-	134,338,146	15,682,030	23,912,939	1,237,774	-	175,170,889
IV	Trading securities – gross	-	-	5,053,763	-	-	-	-	5,053,763
V	Derivative financial instruments and other financial assets	-	-	-	108,943	-	-	-	108,943
VI	Loans to customers – gross (*)	2,637,680	7,460,223	57,243,328	142,492,060	205,820,388	116,777,957	163,006,289	695,437,925
VII	Investment securities – gross	-	-	3,500,284	1,413,164	20,348,496	104,546,066	37,635,751	167,443,761
VIII	Capital contributions, long-term investments – gross	-	-	-	-	-	-	2,547,248	2,547,248
IX	Fixed assets	-	-	-	-	-	-	6,439,761	6,439,761
X	Other assets – gross	-	-	-	22,548,925	-	-	-	22,548,925
	Total assets	2,637,680	7,460,223	262,239,926	182,245,122	250,081,823	222,561,797	209,629,049	1,136,855,620
Liabilities									
I	Amounts due to the Government and the State Banks and deposits and borrowings from other CI	-	-	124,049,567	695,996	1,736,984	1,783,059	132,679	128,398,285
II	Deposits from customers	-	-	214,132,650	142,422,979	303,961,745	40,157,993	170,554,098	871,229,465
IV	Funds for finance, entrusted investments and entrusted loans	-	-	-	-	830	16,207	6,874	23,911
V	Valuable papers issued	-	-	116,809	-	-	8,000,000	13,222,310	21,339,119
VI	Other liabilities	-	-	-	24,280,885	-	-	985,561	25,266,446
	Total liabilities	-	-	338,299,026	167,399,860	305,699,559	49,957,259	184,901,522	1,046,257,226
	Net liquidity gap	2,637,680	7,460,223	(76,059,100)	14,845,262	(55,617,736)	172,604,538	24,727,527	90,598,394

(*) This balance was determined based on the number of overdue days according to the contracts, not based on customer basis.



