Vietnam Export Import Commercial Joint Stock Bank

Interim separate financial statements

For the six-month period ended 30 June 2020

Vietnam Export Import Commercial Joint Stock Bank

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Vietnam Export Import Commercial Joint Stock Bank

GENERAL INFORMATION

THE BANK

Vietnam Export Import Commercial Joint Stock Bank ("the Bank") is a commercial joint stock bank incorporated in the Socialist Republic of Vietnam.

The Bank was established under the Establishment and Operation License No. 11/NH-GP issued by the State Bank of Vietnam ("SBV") on 6 April 1992 and the Business Registration Certificate No. 0301179079 issued by the Department of Planning and Investment of Ho Chi Minh City on 23 July 1992. The Establishment and Operation License of the Bank is valid for 50 years from the date of issuance. The Business Registration Certificate has been amended several times and the most recent amendment is the Business Registration Certificate No. 0301179079 dated 10 September 2018. The first Business Registration Certificate and certificates adjusted by Department of Planning and Investment of Ho Chi Minh City.

The Bank's principal activities are to provide banking services including mobilizing and receiving short, medium and long-term deposits from organizations and individuals; making short, medium and long-term loans to organizations and individuals based on the nature and capability of the Bank's capital resources; conducting foreign currency transactions; providing international trade finance services, discounting of commercial notes, bonds and valuable papers; providing settlement services and other banking services as allowed by the SBV.

The bank's Head Office is located at 8th Floor, Office No. L8-01-11 + 16 Vincom Center Building, No. 72 Le Thanh Ton, Ben Nghe Ward, District 1, Ho Chi Minh City. As at 30 June 2020, the Bank had one (1) Head Office, forty-four (44) branches, one hundred and sixty-three (163) transaction offices, and one (1) representative office located in Hanoi.

THE BOARD OF DIRECTORS

The members of the Board of Directors of the Bank during the period and as at the date of this report are as follows:

Name	*Position*
Mr. Yasuhiro Saitoh	Chairman (from 25 June 2020)
Mr. Cao Xuan Ninh	Chairman (until 25 June 2020)
Mr. Dang Anh Mai	Vice Chairman (until 25 July 2020)
Mr. Nguyen Quang Thong	Vice Chairman (from 28 February 2020)
Mr. Le Minh Quoc	Independent member
Mr. Cao Xuan Ninh	Member (from 25 June 2020)
Mr. Dang Anh Mai	Member (from 25 July 2020)
Mr. Hoang Tuan Khai	Member
Mr. Ngo Thanh Tung	Member
Mr. Le Van Quyet	Member
Ms. Luong Thi Cam Tu	Member

THE BOARD OF SUPERVISION

The members of the Board of Supervision of the Bank during the period and as at the date of this report are as follows:

Name	Position
Mr. Tran Ngoc Dung	Chief Supervisor
Mr. Trinh Bao Quoc	Member
Mr. Dang Huu Tien	Member
Ms. Pham Thi Mai Phuong	Member

THE BOARD OF MANAGEMENT AND CHIEF ACCOUNTANT

The members of the Board of Management, Chief Financial Officer and Chief Accountant of the Bank during the period and as at the date of this report are as follows:

Name	*Position*
Mr. Nguyen Canh Vinh	Acting Chief Executive Officer
Mr. Tran Tan Loc	Deputy Chief Executive Officer
Mr. Dao Hong Chau	Deputy Chief Executive Officer
Ms. Dinh Thi Thu Thao	Deputy Chief Executive Officer
Ms. Van Thai Bao Nhi	Deputy Chief Executive Officer
Mr. Nguyen Ho Hoang Vu	Deputy Chief Executive Officer cum Chief Financial Officer
Mr. Nguyen Huong Minh	Deputy Chief Executive Officer
Mr. La Quang Trung	Chief Accountant (from 4 May 2020)

THE BANK REPRESENTATIVE

The bank representative during the period and as at the date of this report is Mr. Nguyen Canh Vinh – Acting Chief Executive Officer.

AUDITORS

The auditor of the Bank is Ernst & Young Vietnam Limited.

Vietnam Export Import Commercial Joint Stock Bank

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of Vietnam Export Import Commercial Joint Stock Bank ("the Bank") is pleased to present this report and the interim separate financial statements of the Bank for the six-month period ended 30 June 2020.

THE BOARD OF MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE INTERIM SEPARATE FINANCIAL STATEMENTS

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable account standards have been followed, subject to any material departures disclosed and explained in the interim separate financial statements; and
- prepare the interim separate financial statements on the going basis unless it is inappropriate to presume that the Bank will continue in business.

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

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

STATEMENT BY THE BOARD OF MANAGEMENT

The Board of Management does hereby state that, in its opinion, the accompanying interim separate financial statements give a true and fair view of the interim separate financial position of the Bank as at 30 June 2020 and of the interim separate results of its operations and its interim separate cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of the interim separate financial statements.

Users of the interim separate financial statements should read them together with the interim consolidated financial statements for the six-month period ended 30 June 2020 in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Bank and its subsidiaries.

On behalf of The Board of Management

Mr. Nguyen Canh Vinh
Acting Chief Executive Officer

Ho Chi Minh City, Vietnam

28 August 2020

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Reference: *60859558/22087448-SX-R*

REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS

To: The Shareholders of
Vietnam Export Import Commercial Joint Stock Bank

We have reviewed the accompanying interim separate financial statements of Vietnam Export Import Commercial Joint Stock Bank ("the bank"), as prepared on 28 August 2020 and set out on pages 6 to 72 which comprise the interim separate balance sheet as at 30 June 2020, the interim separate income statement and the interim separate cash flows statement for the six-month period then ended and the notes thereto.

Management's responsibility

Management of the Bank is responsible for the preparation and fair presentation of the interim separate financial statements in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and the other statutory requirements relevant to preparation and presentation of the interim separate financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of interim separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express a conclusion on the interim separate 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.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not give a true and fair view, in all material respects, of the interim separate financial position of the Bank as at 30 June 2020, and of the interim separate results of its operations and its interim separate cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and the statutory requirements relevant to preparation and presentation of the interim separate financial statements.

Other matter

The interim separate financial statements of the Bank for the six-month financial period ended 30 June 2019 were reviewed by other audit firm which expressed an unmodified conclusion on those interim separate financial statements on 28 August 2019 with the emphasis of matter on classification and provision for loans to a group of customers which secured by shares of another bank.

In addition, the separate financial statements of the Bank for the year ended 31 December 2019 were audited by the above audit firm which issued unqualified opinion on the separate financial statements on 30 March 2020 with the emphasis of matter on classification and provision for loans to a group of customers which secured by shares of another bank.

In 2020, the Bank received Official Letter No.1475/TGSNH2 of the Banking Inspection and Supervision Agency, in which, the Bank has implemented debt classification and provision in accordance with current regulations for this group of customers on 6 May 2020 as described in *Note 9.1*.

Ernst & Young Vietnam Limited

Saman Wijaya Bandara
Deputy General Director
Audit Practicing Registration Certificate
No. 2036-2018-004-1

Ho Chi Minh City, Vietnam

28 August 2020

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Vietnam Export Import Commercial Joint Stock Bank

INTERIM SEPARATE BALANCE SHEET
as at 30 June 2020

B02a/TCTD

	Notes	30 June 2020 VND million	31 December 2019 VND million
ASSETS			
Cash and gold	**5**	**3,345,747**	**2,630,273**
Balances with the State Bank of Vietnam	**6**	**3,277,433**	**5,737,641**
Due from and loans to other credit institutions		**15,697,197**	**25,857,597**
Due from other credit institutions	7.1	15,697,192	25,857,588
Loans to other credit institutions	7.2	5	9
Derivatives and other financial assets	**8**	**182,857**	**207,803**
Loans to customers		**102,200,765**	**112,181,970**
Loans to customers	9	103,528,889	113,254,792
Provision for credit losses of loans to customers	10.1	(1,328,124)	(1,072,822)
Investment securities		**16,497,834**	**14,540,461**
Available-for-sale securities	11.1	7,595,425	8,888,226
Held-to-maturity securities	11.2, 11.3	9,875,630	8,017,640
Provision for investment securities	11.5	(973,221)	(2,365,405)
Long-term investments		**300,000**	**300,000**
Investments in subsidiaries	12.1	300,000	300,000
Fixed assets		**3,359,160**	**3,392,802**
Tangible fixed assets	*13.1*	*774,405*	*802,430*
Cost		2,088,834	2,073,727
Accumulated depreciation		(1,314,429)	(1,271,297)
Intangible fixed assets	*13.2*	*2,584,755*	*2,590,372*
Cost		2,788,555	2,774,437
Accumulated amortization		(203,800)	(184,065)
Other assets		**2,679,529**	**2,911,240**
Receivables	14.1	1,373,524	1,326,232
Interest and fees receivables	14.2	957,396	1,195,201
Other assets	14.3	783,160	812,620
Provision for other assets	14.4	(434,551)	(422,813)
TOTAL ASSETS		**147,540,522**	**167,759,787**

INTERIM SEPARATE BALANCE SHEET (continued) B02a/TCTD
as at 30 June 2020

	Notes	30 June 2020 VND million	31 December 2019 VND million
LIABILITIES			
Borrowings from the State Bank of Vietnam	**15**	**38,442**	**41,479**
Due to and borrowings from other credit institutions		**3,040,294**	**8,643,183**
Due to other credit institutions	16.1	2,344,144	8,063,808
Borrowings from other credit institutions	16.2	696,150	579,375
Due to customers	**17**	**124,750,164**	**139,461,294**
Other liabilities		**3,622,029**	**3,939,020**
Interest and fees payable	18.1	2,504,075	3,039,968
Other payables	18.2	1,117,954	899,052
TOTAL LIABILITIES		**131,450,929**	**152,084,976**
OWNERS' EQUITY			
Capital		**12,448,674**	**12,448,674**
Charter capital		12,355,229	12,355,229
Fund for capital expenditure		15,396	15,396
Share premium		156,322	156,322
Treasury shares		(78,273)	(78,273)
Reserves		**1,803,835**	**1,803,839**
Foreign exchange differences		**(29,013)**	**-**
Retained earnings		**1,866,097**	**1,422,298**
TOTAL OWNERS' EQUITY	**20.1**	**16,089,593**	**15,674,811**
TOTAL LIABILITES AND OWNERS' EQUITY		**147,540,522**	**167,759,787**

OFF-BALANCE SHEET ITEMS

	Notes	*30 June 2020 VND million*	*31 December 2019 VND million*
Credit guarantees		-	192
Foreign exchange commitments		137,854,744	134,488,678
- *Spot foreign exchange commitments - buy*		*5,427,886*	*2,297,294*
- *Spot foreign exchange commitments - sell*		*2,614,416*	*1,344,152*
- *Cross currency swap contracts*		*129,812,442*	*130,847,232*
Letters of credit		3,701,071	3,796,463
Other guarantees		3,634,182	5,355,747
Other commitment		169,121	168,903
	32	**145,359,118**	**143,809,983**

Prepared by:	Reviewed by:	Approved by:
Mr. Nguyen Minh Thanh Deputy General Accountant and Tax	Mr. La Quang Trung Chief Accountant	Mr. Nguyen Canh Vinh Acting Chief Executive Officer

Ho Chi Minh City, Vietnam

28 August 2020

Vietnam Export Import Commercial Joint Stock Bank

INTERIM SEPARATE INCOME STATEMENT
for the six-month period ended 30 June 2020

B03a/TCTD

	Notes	*For the six-month period ended 30 June 2020 VND million*	*For the six-month period ended 30 June 2019 VND million*
Interest and similar income	21	5,593,545	5,415,645
Interest and similar expenses	22	(3,984,360)	(3,769,507)
Net interest and similar income		**1,609,185**	**1,646,138**
Fee and commission income		355,903	327,996
Fee and commission expenses		(195,904)	(174,352)
Net fee and commission income	**23**	**159,999**	**153,644**
Net gain from trading of foreign currencies	**24**	**219,470**	**154,841**
Net gain from investment securities	**25**	**41,330**	**66,246**
Other operating income		91,074	303,065
Other operating expenses		(3,850)	(214,108)
Net gain from other operating activities	**26**	**87,224**	**88,957**
Income from investments in other entities	**27**	**1,169**	**4,182**
TOTAL OPERATING INCOME		**2,118,377**	**2,114,008**
Personnel expenses		(860,896)	(907,046)
Depreciation and amortization charges		(77,459)	(80,291)
Other operating expenses		(405,157)	(419,099)
TOTAL OPERATING EXPENSES	**28**	**(1,343,512)**	**(1,406,436)**
Net profit before provision for credit losses		**774,865**	**707,572**
(Provision)/Reversal expense for credit losses	10	(220,289)	43,303
PROFIT BEFORE TAX		**554,576**	**750,875**
Current corporate income tax expense	19.1	(110,777)	(149,931)
Corporate income tax expenses		**(110,777)**	**(149,931)**
PROFIT AFTER TAX		**443,799**	**600,944**

Prepared by:

Mr. Nguyen Minh Thanh
Deputy General Accountant and Tax

Reviewed by:

Mr. La Quang Trung
Chief Accountant

Approved by:

Mr. Nguyen Canh Vinh
Acting Chief Executive Officer

Ho Chi Minh City, Vietnam

28 August 2020

INTERIM SEPARATE CASH FLOWS STATEMENT
for the six-month period ended 30 June 2020

B04a/TCTD

	Notes	*For the six-month period ended 30 June 2020 VND million*	*For the six-month period ended 30 June 2019 VND million*
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		5,831,349	5,510,691
Interest and similar payments		(4,498,598)	(3,426,369)
Net fee and commission receipts		159,999	153,644
Net receipts from trading of securities, gold and foreign currencies		248,258	169,340
Other income/(Other expense)		7,620	(1,833)
Recoveries from bad debts written-off previously	26	79,770	41,570
Payments to employees and other operating expenses		(1,250,445)	(1,302,746)
Corporate income tax paid during the period	19	-	(8,933)
Net cash flows from operating profit before changes in operating assets and liabilities		**577,953**	**1,135,364**
Changes in operating assets			
Increase in investment securities		(2,217,617)	(2,647,691)
Decrease in derivatives and other financial assets		24,946	-
Decrease/(Increase) in loans to customers		11,378,331	(1,159,112)
Decrease from utilization of provision to write-off loans to customers, securities and long-term investments	11.5	(1,362,723)	(629,276)
Increase in other assets		(17,665)	(172,239)
Changes in operating liabilities			
(Decrease)/Increase in borrowings from the State Bank of Vietnam		(3,037)	917,775
Decrease in due to and borrowings from other credit institutions		(5,602,889)	(5,750,650)
Decrease in derivatives and other financial liabilities		-	(44,970)
(Decrease)/Increase in due to customers		(14,711,130)	10,570,655
Increase in other liabilities		114,496	306,784
Utilization of funds		(4)	-
Net cash (used in)/from operating activities		**(11,819,339)**	**2,526,640**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(59,532)	(40,775)
Proceeds from disposal of fixed assets		1,581	259,314
Dividends received from long-term investments	27	1,169	4,182
Net cash (used in)/from investing activities		**(56,782)**	**222,721**

	Notes	*For the six-month period ended 30 June 2020 VND million*	*For the six-month period ended 30 June 2019 VND million*
CASH FLOWS FROM FINANCING ACTIVITY			
Net cash from financing activities		-	-
Net cash for the period		**(11,876,121)**	**2,749,361**
Cash and cash equivalents at the beginning of the period		**34,225,511**	**27,819,185**
Foreign exchange difference		(29,013)	-
Cash and cash equivalents at the end of the period	**29**	**22,320,377**	**30,568,546**

Prepared by:

Mr. Nguyen Minh Thanh
Deputy General Accountant and Tax

Reviewed by:

Mr. La Quang Trung
Chief Accountant

Approved by:

Mr. Nguyen Canh Vinh
Acting Chief Executive Officer

Ho Chi Minh City, Vietnam

28 August 2020

1. THE BANK

Vietnam Export Import Commercial Joint Stock Bank ("the Bank") is a commercial joint stock bank incorporated in the Socialist Republic of Vietnam.

Establishment and Operations

The Bank was established under the Establishment and Operation License No. 11/NH-GP issued by the State Bank of Vietnam ("SBV") on 6 April 1992 and the Business Registration Certificate No. 0301179079 issued by the Department of Planning and Investment of Ho Chi Minh City on 23 July 1992. The Establishment and Operation License of the Bank is valid for 50 years from the date of issuance. The Business Registration Certificate has been amended several times and the most recent amendment is the Business Registration Certificate No. 0301179079 dated 10 September 2018. The first Business Registration Certificate and certificates amendment by Department of Planning and Investment of Ho Chi Minh City.

The Bank's principal activities are to provide banking services including mobilizing and receiving short, medium and long-term deposits from organizations and individuals; making short, medium and long-term loans to organizations and individuals based on the nature and capability of the Bank's capital resources; conducting foreign currency transactions; providing international trade finance services, discounting of commercial notes, bonds and valuable papers; providing settlement services and other banking services as allowed by the SBV.

Charter capital

The charter capital of the Bank as at 30 June 2020 is VND12,355,229 million. The Bank has issued 1,235,522,904 common shares, with a par value of VND10,000 per share. The Bank's shares are listed on the Ho Chi Minh Stock Exchange.

Operation network

The bank's Head Office is located at 8th Floor, Office No. L8-01-11 + 16 Vincom Center Building, No. 72 Le Thanh Ton, Ben Nghe Ward, District 1, Ho Chi Minh City. As at 30 June 2020, the Bank had one (1) Head Office, forty-four (44) branches, one hundred and sixty three (163) transaction offices, and one (1) representative office located in Hanoi

Subsidiaries

As at 30 June 2020, the Bank had one (1) subsidiary:

Subsidiaries	*Operating License No.*	*Nature of business*	*Ownership of the Bank*
Asset Management Company Limited - Vietnam Export Import Commercial Joint - Stock Bank	No.031028097 dated 24 August 2010	Assets management	100%

Employees

The Bank's total number of employees as at 30 June 2020 was 5,886 persons (as at 31 December 2019: 6,291 persons).

2. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

2.1 *Fiscal year*

The Bank's fiscal year starts on 1 January and ends on 31 December.

The Bank's interim period starts on 1 January and ends on 30 June each year.

2.2 *Accounting currency*

The interim separate financial statements are prepared in Vietnam dong ("VND"). For the presentation of the separate financial statements as at 30 June 2020, the data is rounded to millions and expressed in millions of Vietnam dong ("VND million"). This presentation does not affect the view of users of the interim separate financial statements on the Bank's interim separate financial position, interim separate results of its operations and its interim separate cash flows.

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM

3.1 *Statement of compliance*

The Board of Management of the Bank confirms that the accompanying interim separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, Accounting System for Credit Institutions and other relevant statutory requirements relevant to preparation and presentation of the interim separate financial statements.

3.2 *Purpose of preparing the interim separate financial statements*

The Bank prepares interim separate financial statements to reflect the activities of the Bank. In addition, the Bank has also prepared the interim consolidated financial statements to reflect the Bank's operations and its subsidiaries in accordance with Vietnamese Accounting Standard No. 25 - *Consolidated Financial Statements and Accounting for investments in subsidiaries.*

Users of interim separate financial statements should read them together with the consolidated financial statements for the six-month period ended June 30 June 2020 to obtain complete information on the interim consolidated financial position, the interim consolidation results of operation and the interim consolidated cash flows of the Bank and its subsidiary.

3.3 *Accounting standards and system*

The interim separate financial statements of the Bank are prepared in accordance with the Accounting System applicable to Credit Institutions required under Decision No. 479/2004/QD-NHNN issued on 29 April 2004, Circular No. 10/2014/TT-NHNN dated 20 March 2014 and Circular No. 22/2017/TT-NHNN dated 29 December 2017 amending and supplementing Decision No. 479/2004/QD-NHNN; the financial reporting regime applicable to credit institutions required under Decision No. 16/2007/QD-NHNN dated 18 April 2007 and Circular No. 49/2014/TT-NHNN amending and supplementing a number of articles of Decision No. 16/2007/QD-NHNN and the chart of account system for Credit Institutions issued in connection with Decision No. 479/2004/QD-NHNN by the State Bank of Vietnam and Vietnamese Accounting Standard No. 27 - Interim Financial Reporting and other Vietnamese Accounting Standards issued by the Ministry of Finance as per:

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM (continued)

3.3 *Accounting standards and system* (continued)

- Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 1);
- Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);
- Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

Accordingly, the accompanying interim separate financial statements, including their utilization are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the interim separate financial position, results of interim separate operations and interim separate cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

Items or balances required by Decision No. 16/2007/QD-NHNN dated 18 April 2007 and Circular No. 49/2014/TT-NHNN dated 31 December 2014 issued by the SBV stipulating the financial statements reporting mechanism for credit institutions that are not shown in these interim separate financial statements indicate nil balance.

3.4 *Assumptions and uses of estimates*

The preparation of the interim separate financial statements requires the Board of Management of the Bank make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income, expenses and the resultant provisions. Such estimates are necessarily based on assumptions involving varying degrees of subjectivity and uncertainty. As a result, actual results may differ from estimates and lead to an adjustment to relevant items in the future.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 *Changes in accounting policies and disclosures*

The accounting policies adopted by the Bank in preparation of the interim separate financial statements are consistent with those followed in the preparation of the Company's annual separate financial statements for the year ended 31 December 2019 and the interim separate financial statements for the six-month period ended 30 June 2019.

4.2 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, gold, balances with the State Bank of Vietnam, due from other credit institutions on demand or with an original maturity of less than three months from the transaction date, and securities investments with maturity of less than three months from purchase dates which are readily convertible into cash at the reporting date.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Due from and loans to other credit institutions

Due from and loans to other credit institutions are presented at the principal amounts outstanding at the end of the accounting period.

The credit risk classification of placements with and credit granting to other credit institutions and provision for credit risks thereof are provided in accordance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 of the SBV on classification of assets, levels and method of making risk provision, and use of provision against credit risks in operation of credit institutions, foreign bank's branches ("Circular 02") and Circular No. 09/2014/TT-NHNN dated 18 March 2014 on amending and supplementing a number of article of Circular 02 ("Circular 09").

Accordingly, the Bank makes a specific provision for placements with (except for current accounts) and loans to other credit institutions according to the method as described in *Note 4.5*.

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

4.4 Loans to customers

Loans to customers are presented at the principal amounts outstanding at the end of the period.

Short-term loans have maturity of less or equal to one year from disbursement date. Medium-term loans have maturity of more than one to five years from disbursement date. Long-term loans have maturity of more than five years from disbursement date.

Loan classification and provision for credit losses are made according to Circular 02 and Circular 09 as presented in *Note 4.5*.

4.5 Loan classification and provision for credit losses applied to due from and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers, entrusted for credit granting by the Bank

Except for the special case mentioned in *Note 9*, representing loans to group of seven (7) customers secured by shares of another bank, which are classified and made provision in group 3 as at 30 June 2019 and 31 December 2019 according to Official Letter No. 942/NHNN-TTGSNH issued by the SBV on 1 December 2016, the classification of due from and loans to other credit institutions, direct and entrusted investments in unlisted corporate bond, and loans to customers and entrustments for credit granting and other credit risk bearing assets (collectively referred as "debts") are recognized on the basis of quantitative method as prescribed in Article 10 of Circular 02. Accordingly, loans to customers are classified according to the risk levels as follows: Standard Loans, Special Loans, Sub-standard loans, Doubtful loans and Loss loans are based on an overdue condition. Loans that are classified as sub-standard, doubtful and loss are considered as bad debts.

Specific provision

The specific provision for debts as at 30 June 2020 is made based on the principal balance less discounted value of collaterals multiplied by provision rates which are determined based on the debt classifications as at 31 March 2020. The specific provision rates for each group are presented as follows:

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 *Loan classification and provision for credit losses applied to due from and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers, entrusted for credit granting by the Bank* (continued)

Loan group		*Description*	*Specific provision rate*
1	Current	(a) Current debts are assessed as fully and timely recoverable for both principals and interests; or (b) Debts are overdue for a period of less than 10 days and assessed as fully recoverable for both overdue principals and interests, and fully and timely recoverable for both remaining principals and interests.	0%
2	Special Mention	(a) Debts are overdue for a period of between 10 days and 90 days; or (b) Debts which the repayment terms are restructured for the first time.	5%
3	Sub-standard	(a) Debts are overdue for a period of between 91 days and 180 days; or (b) Debts which the repayment terms are extended for the first time; or (c) Debts which interests are exempted or reduced because customers do not have sufficient capability to repay all interests under credit contracts; or (d) Debts under one of the following cases which have not been recovered in less than 30 days from the date of the recovery decision: ▪ Debts made incompliance with Clause 1, 3, 4, 5, 6 under Article 126 of Law on Credit Institutions; or ▪ Debts made incompliance with Clause 1, 2, 3, 4 under Article 127 of Law on Credit Institutions; or ▪ Debts made incompliance with Clauses 1, 2 and 5 under Article 128 of Law on Credit Institutions. (e) Debts are required to be recovered according to regulatory inspection conclusions.	20%
4	Doubtful	(a) Debts are overdue for a period of between 181 days and 360 days; or (b) Debts which the repayment terms are restructured for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or (c) Debts which the repayment terms are restructured for the second time; or (d) Debts are specified in point (d) of Loan group 3 and overdue for a period of between 30 days and 60 days after decisions of recovery have been issued; or (e) Debts are required to be recovered according to regulatory inspection conclusions but still outstanding with an overdue period up to 60 days since the recovery date as required by regulatory inspection conclusions.	50%

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 *Loan classification and provision for credit losses applied to due from and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers, entrusted for credit granting by the Bank* (continued)

Loan group		*Description*	*Specific provision rate*
5	Loss	(a) Debts are overdue for a period of more than 360 days; or (b) Debts which the repayment terms are restructured for the first time but still overdue for a period of 90 days or more under that first restructured repayment term; or (c) Debts which the repayment terms are restructured for the second time but still overdue under that second restructured repayment term; or (d) Debts which the repayment terms are restructured for the third time or more, regardless of being overdue or not; or (e) Debts are specified in point (d) of Loan group 3 and overdue for a period of more than 60 days after decisions on recovery have been issued; or (f) Debts are required to be recovered under regulatory inspection conclusions but still outstanding with an overdue period of more than 60 days since the recovery date as required by regulatory inspection conclusions; or (g) Debts of credit institutions under special control as announced by the SBV, or debts of foreign bank branches which capital and assets are blocked.	100%

Loans to customers in agricultural and rural sector classified in accordance with the Government on credit policies for agriculture and rural development.

If a customer has more than one debt with the Bank and any of outstanding debts are classified into higher risk groups, the entire remaining debts should also be classified into the corresponding higher risk groups.

When the Bank participates in a syndicated loan as a participant, it should classify loans (including syndicated loans) of the customer into the group of higher risk between the assessment of the leading bank and the Bank.

If a customer is classified into debt group with lower risk than debt group in CIC list, the Bank must adjust the debt classification results according to CIC list.

The basis for determination of value and discounted value of collaterals is regulated in Circular *02 and Circular 09.*

The Bank also applies the regulations under Circular No. 01/2020/TT-NHNN ("Circular 01") dated 13 March 2020 by the State Bank of Vietnam on loan restructuring, exemption or reduction of interest and fees and retention of loan classification group to assist the borrowers affected by Covid 19 pandemic. Accordingly, the Bank has restructured the loans qualified under Circular 01 and retained their classification groups as before 23 January 2020.

General provision

General provision as at 30 June 2020 is made at 0.75% of total outstanding loans excluding due from and loans to other credit institutions and loans classified as loss (group 5) as at 31 March 2020.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Loan classification and provision for credit losses applied to due from and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers, entrusted for credit granting by the Bank (continued)

Write-off bad debts

Provisions are recognized as an expense in the interim separate income statement and are used to deal with bad debts. According to Circular 02, the Bank establishes a Risk Settlement Committee to deal with bad debts if they are classified in group 5, or if the borrower is an organization that is dissolved or bankruptcy or individual who is dead or missing.

4.6 Loans sold to Vietnam Asset Management Company ("VAMC")

The Bank sells loans to VAMC at carrying amount in accordance with Decree No. 53/2013/ND-CP effective from 9 July 2013 on "Establishment, structure and operations of Vietnam Asset Management Company", Circular No. 19/2013/TT-NHNN "Regulations on purchasing, selling and writing-off of bad debts of Vietnam Asset Management Company", Circular No. 14/2015/TT-NHNN and No. 08/2016/TT-NHNN amending and supplementing Circular No.19/2013/TT-NHNN and Official Letter No. 8499/NHNN-TCKT on "Accounting guidance on selling and purchasing of loan transactions between VAMC and credit institutions". Accordingly, selling price equals to the outstanding loan balance minus (-) unused balance of specific provision. The Bank then receives special bonds issued by VAMC.

Upon the sale of loans to VAMC, the Bank writes off loan balances and corresponding specific provisions and recognizes special bonds issued by VAMC at par value. When receiving loans previously sold to VAMC, the Bank uses specific provisions for special bonds to write off bad debts and recognizes the difference between provision for credit loss and the remaining outstanding loan balance/bond value in *"Other income"* of the interim separate income statement for the six-month period ended 30 June 2020.

4.7 Available-for-sale securities

4.7.1 Classification and recognition

Available-for-sale securities include debt and equity securities that are acquired by the Bank for the investment and available-for-sale purposes, not regularly traded but can be sold when there is a benefit. For equity securities, the Bank are also neither the founding shareholder nor the strategic partner and do not have the ability to make certain influence in establishing and making the financial and operating policies of the investees through a written agreement on assignment of its personnel to the Board of Directors/Management.

Available-for-sale equity securities are initially recognized at cost at the purchase date and continuously presented at cost in subsequent periods.

Available-for-sale debt securities are recognized at par value at the purchase date. Accrued interest before the purchasing date (for debt securities with interest payment in arrears) and deferred interest (for debt securities with interest payment in advance) is recognized in a separate account. Discount/premium, which is the difference between the cost and the amount being the par value plus (+) accrued interest (if any) or minus (-) deferred interest (if any) is also recognized in a separate account.

In subsequent periods, these securities are continuously recorded at par value, and the discount/premium (if any) is amortized to the interim separate income statement on a straight-line basis over the remaining term of securities. Interest received in arrears is recorded as follows: Cumulative interest incurred before the purchasing date is recorded as a decrease in the accrued interest; cumulative interest incurred after the purchasing date is recognized as income based on the accumulated method. Interest received in advance is amortized into the securities investment interest income on a straight-line basis over the term of securities investment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Available-for-sale securities (continued)

4.7.2 Measurement

Periodically, available-for-sale securities will be considered for diminution in value.

Provision for diminution in value of equity securities is made when the carrying value is higher than the market value in compliance with Circular No. 48/2019/TT-BTC.

In other cases, the provision for impairment of long-term investments is made in the event of a loss by the invested economic entities, except where the loss is foreseen in the business plan of the units before investing. The provision for impairment is calculated by the following formula:

Provision for diminution in value of each investment	=	Actual rate of charter capital (%) of the enterprise at a business organization at the time of making the provision	x	Parties' actual investment capital at the business organization receiving capital contribution at the time of making the provision	-	Actual equity capital of business organization at the time of making the provision

Provision for impairment is recognized in the interim separate income statement in the item "*Net gain/(loss) from investment securities*". An allowance is reversed when the investment's recoverable value increases again after the allowance is made. An allowance is reversed to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognized.

Provision for impairment of Government bonds is determined based on the actual bond price on the market which is the latest trading price at the Stock Exchange within 10 days up to the date of interim separate financial statement. If there is no transaction within 10 days to the date of interim separate financial statements, the Bank shall not make provision.

Provision for impairment of other listed debt securities is determined based on the latest trading price of debt securities at the Stock Exchange within 10 days up to the date of interim separate financial statements. If there is no transaction within 10 days to the date of interim separate financial statements, the Bank shall not make provision.

For corporate bonds that have not yet been listed on the securities market or have not been registered for trading on unlisted public companies, the Bank shall made provisions for those bonds in accordance with Circular 02 and Circular 09 as presented in *Note 4.5.*

4.8 Held-to-maturity investment securities

Special bonds issued by VAMC

Special bonds issued by VAMC are fixed-term valuable papers used to purchase bad debts of the Bank. These special bonds are initially recognized at face value at the date of transaction and subsequently carried at the face value during the holding period. Face value of the bonds equals to the outstanding balance of the debts sold less their unused specific allowance.

During the holding period, the Bank periodically calculate and make allowance in accordance with Circular No. 14/2015/TT-NHNN dated 28 August 2015 amending and supplementing some articles of Circular No. 19/2013/TT-NHNN which stimulates the purchase, sale and write-off bad debts of VAMC.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Held-to-maturity investment securities (continued)

As required by Circular No. 14/2015/TT-NHNN, each year within five consecutive working days prior to the maturity date of special bonds, the Bank is obliged to fully make specific provision for each special bond using the below formula:

$$X_{(m)} = \frac{Y}{n} \times m - (Z_m + X_{m-1})$$

In which:

- $X_{(m)}$ is minimum provision for special bonds in the m^{th} year;
- X_{m-1} is accumulated specific provision for special bonds in the $m-1^{th}$ year;
- Y is face value of special bonds;
- n is term of special bonds (years);
- m is number of years from the bond issuance date to the provision date;
- Z_m is accumulated bad debt recoveries at the provision date (m^{th} year). Credit institution co-operate with VAMC to confirm such debt recoveries.

If $(Z_m + X_{m-1}) \geq (Y/n \times m)$, the specific provision ($X_{(m)}$) will be (0).

Specific provision for each special bond is recognized in the interim separate income statement for the six-month period ended 30 June 2020 in *"Provision expense for credit losses"*. General provision is not required for the special bonds.

In accordance with Clause 15, Article 1, Circular 08, annually, the Bank reviews the excess between the Bank's actual pre-tax results and the budgeted pre-tax results as reported to the SBV in the written request to extend the term of special bonds issued by VAMC from 5 years to 10 years ("Extended VAMC special bonds"). If the Bank's actual pre-tax results is larger than the budget pre-tax results reported to the SBV, the Bank will use this excess to make additional provisions for "Extended VAMC special bonds", within the same year until the provision amount for Extended VAMC special bonds after making additional provision is equal to the provision amount required for that VAMC special bonds without extended original term.

On settlement date of special bonds, interest occurred from debts collection shall be recognized into *"Interest and similar income"*.

Other held-to-maturity investment securities

Held-to-maturity investment securities are debt securities purchased by the Bank for the investment purpose of earning interest and the Bank has the capability and intention to hold these investments until maturity. Held-to-maturity securities have the determined value and maturity date. In case the securities are sold before the maturity date, these securities will be reclassified to securities held for trading or available-for-sale securities.

Debt securities are recognized and measured similarly as available-for-sale securities at *Note 4.7*.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Other long-term investments

4.9.1 Investments in subsidiaries

Investment in subsidiaries is recognized for one of followings:

- Credit institution and/or its related parties own more than 50% charter capital or more than 50% voting rights of the investee;
- Credit institution controls over directly or indirectly the nomination of most of or all members of the Board of Directors, Member's Council or Chief Executive Officer (Director) of its subsidiaries;
- Credit institution controls over the amendment and supplement of the Charter of its subsidiaries;
- Credit institution and its related parties directly or indirectly control over decisions and Resolutions of shareholders at Annual General Meeting, Board of Directors, Member' s Council of its subsidiaries.

Investments in subsidiaries are carried at cost in the interim separate financial statements of the Bank. Dividends received from profit after tax of subsidiaries is recognized as income of the interim separate income statement.

Provisions for impairment of investments in subsidiaries are made for each impaired investment and are subject to revision at interim separate balance sheet date. Provision for investments in subsidiaries is made when the investments are impaired due to the losses incurred by subsidiaries. Increase or decrease of provision balance is recognized in *"Other operating expenses"*.

4.10 Fixed assets

Fixed assets are stated at cost less accumulated depreciation or accumulated amortization.

The cost of a fixed asset comprises any directly attributable costs of bringing the fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the interim separate income statement as incurred.

When fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the interim separate income statement.

4.11 Lease

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Rentals under operating leases are charged to the interim separate income statement on a straight-line basis over the term of the lease.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Depreciation and amortization

Depreciation and amortization of tangible fixed assets and intangible fixed assets are calculated on a straight-line basis over the estimated useful life of the assets as follows:

Buildings and structures	5 - 50 years
Machinery and equipment	5 - 10 years
Vehicles	3 - 10 years
Office equipment	3 - 10 years
Other tangible fixed assets	5 - 10 years
Software	5 - 10 years

Infinite land use rights granted by the Government are not amortized.

4.13 Other receivables

4.13.1 Receivables classified as credit risk assets

Receivables classified as credit-risk assets are recognized at cost. Doubtful receivables are classified, and provisions are recognized by the Bank in accordance with the regulations on recognition and use of provision presented in *Note 4.5*.

4.13.2 Other receivables

Receivables other than receivables from credit activities in the Bank's operations are recognized at cost.

Provision for receivables is determined based on the overdue status of debts or expected loss of current debts in case the debts are not due for payment yet but the corporate debtors have fallen into bankruptcy or are in the process of dissolution, or of individual debtors are missing, escaped, prosecuted, on trial or deceased. Provision expense incurred is recorded in *"Other operating expenses"* of the interim separate income statement during the period.

Provision for overdue debts is made in accordance with the guidance of Circular No. 48/2019/TT-BTC issued by the Ministry of Finance as follows:

Overdue period	*Provision rate*
From over six months up to one year	30%
From one year up to under two years	50%
From two years up to under three years	70%
From three years and above	100%

4.14 Prepaid expenses

Prepaid expenses include the short-term prepaids or long-term prepaids on the interim separate balance sheet are amortized over the period for which the amounts are paid or the period in which economic benefit are generated in relation to these expenses.

4.15 Due to and borrowings from other credit institutions, due to customer and valuable papers issued

Due to and borrowings from other credit institutions, due to customer and valuable papers issued are disclosed at the principal amounts outstanding at the end of accounting period.

4.16 Payables and accruals

Payables and accruals are recognized for amounts to be paid in the future for goods and services received, whether or not billed to the Bank.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Loan classification for off-balance sheet commitments

Off-balance sheet commitments include guarantees, letter of credit and other non-cancellable operating commitments with specific implementing time.

Classification of off-balance-sheet commitments is made solely for the purposes of managing and monitoring the quality of credit granting activities in accordance with the classification policy applicable to loans as presented in *Note 4.5.*

4.18 Fiduciary assets

Fiduciary assets are not considered as the Bank's assets, therefore they are not included in the interim separate financial statement of the Bank.

4.19 Derivatives

The Bank involves in currency forward contracts and currency swap contracts to facilitate customers to transfer, modify or minimize foreign exchange risk or other market risks, and also for the trading purpose of the Bank.

Currency forward contract

The currency forward contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates, calculated on the notional amount. The currency forward contracts are recognized at nominal value at the transaction date and are revalued periodically. Gains or losses unrealized are recognized in the *"Foreign exchange differences"* under *"Owners' Equity"* section and will be transferred to the separate income statement at the end of the financial year.

Swap contract

The swap contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates calculated on the notional principal amount. The premium or discount resulting from the difference between the spot rate at the effective date of the contract and the forward rate will be recognized immediately at the effective date of the contract as an asset if positive or a liability if the negative on the interim separate balance sheet. The difference will be amortized on a straight-line basis over the life of the swap contract to the interim separate income statement.

4.20 Capital

4.20.1 Ordinary Share

Ordinary shares are classified as equity.

4.20.2 Share premium

The Bank records the difference between the par value and issue price of shares if the issue price is higher than par value, and the difference between price of repurchasing of treasury stocks and the re-issue price of treasury stocks to share premium account. The expense related to issue shares will be recorded as the share premium deductible.

4.20.3 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in interim separate income statement upon purchase, sale, issue or cancellation of the Bank's own equity instruments.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Capital (continued)

4.20.4 Funds and reserves

The Bank has set up the following reserved funds in accordance with the Law on Credit Institutions No. 47/2010/QH12 and Decree No. 93/2017/ND-CP and the Bank's Charter as follows:

	Percentage of profit after tax	*Maximum amount*
Equity reserve fund	5% of profit after tax	100% share capital
Financial reserve fund	10% of profit after tax	Not regulated

Other equity funds will be allocated from profit after tax. The allocation from profit after tax and utilization of funds must be approved by the Board of Shareholders Meetings. These funds are not regulated by statutory and allowed to be fully allocated.

The Bank will make appropriation for reserve funds based on the interim separate income statement at the end of the fiscal year.

4.21 Recognition of income and expense

Interest income and interest expenses

Interest income and interest expenses are recognized in the interim separate income statement on an accrual basis. Accrued interest income derived from loans classified in Groups 2 to 5 in accordance with Circular 02 and loans restructured debt repayment term according to Circular 01 is not recognized in the interim separate income statement. Suspended interest income is reversed and monitored off-balance sheet and recognized in the interim separate income statement upon actual receipt.

Fees and commissions income

Fees and commissions are recognized on accrued basis.

Income from investment

Income from investments in equity securities is recognized on the difference between the selling price and average cost of the securities sold.

Income from investments in debt securities is recognized on the difference between the selling price and net book value of the securities sold.

Cash dividends from equity investment are recognized in the interim separate income statement when the Bank's right to receive the payment is established. For stock dividends and bonus shares the number of shares is just updated and no dividend income is recognized in the interim separate income statement.

Other income

Other income is recognized on cash basis.

4.22 Corporate income tax

Current corporate income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from (or paid to) the taxation authorities. The tax rates and tax laws used to compute the amount are those that are effective as at the balance sheet date.

Current income tax is charged or credited to the interim separate income statement except when it relates to items recognized directly to equity, in which case, the current income tax is also dealt with in equity.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.22 *Corporate income tax* (continued)

Current corporate income tax (continued)

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Bank to offset current tax assets against current tax liabilities and when the Bank intends to settle its current tax assets and liabilities on a net basis.

The tax returns are subject to examination by the tax authorities. Due to the ambiguity associated with the applicability of tax laws and, amounts reported in the interim separate financial statements could be changed at a later date upon final determination by the tax authorities.

Deferred tax

Deferred tax is provided for temporary differences at the interim separate balance sheet date between the tax base of assets and liabilities and their carrying amount recorded in the interim separate financial statements for reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Deferred tax liabilities arise from the initial recognition of an asset or liability in a transaction that does not have an effect on the accounting profit or the taxable profit (or tax loss) at the time of transaction.
- Taxable temporary differences associated with investments in subsidiaries, where the Bank has the ability to control the timing of the reversal of the temporary difference and the temporary difference will not be reversed in the foreseeable future.

Deferred income tax assets should be recognized for all deductible temporary differences, the carrying amount of the tax deferred until further years of tax losses and unused tax losses, It is probable that future taxable profits will be available against which these deductible temporary differences, tax losses and unused tax losses can be utilized, except for:

- where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability in a transaction a neither effect on the accounting profit nor taxable profit (or tax loss).
- in respect of deductible temporarily differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of the deferred tax asset has to be reviewed at the end of the financial period and the carrying amount should be reduced to the extent there will be enough taxable profit to utilize deferred tax assets. Deferred tax assets not yet recognized previously are reviewed at the end of the financial year and are recognized when it is probable that future taxable profits will be available to utilize these unrecognized deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the fiscal year when the asset is recovered, or the liability is settled, based on the effective tax rates and tax laws at the balance sheet date.

Deferred income tax is recognized in the interim separate income statement, except when it relates to items recognized directly to equity, in which case the deferred tax is also recorded directly in equity.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.23 Foreign currency transactions

In accordance with the accounting system of the Bank, all transactions are recorded in original currencies. Monetary assets and liabilities denominated in foreign currencies are translated into VND using exchange rates ruling at the interim separate balance sheet (*Note 44*). Income and expenses arising in foreign currencies during the year are converted into VND at rates ruling at the transaction dates. Foreign exchange differences arising from the translation of monetary assets and liabilities are recognized and followed in the *"Foreign exchange differences"* under *"Owners' Equity"* section and will be transferred to the separate income statement at the end of the financial year.

4.24 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the interim separate balance sheet if, and only if, there is currently enforceable legal right to offset financial assets against financial liabilities or vice-versa and there is an intention to settle on a net basis, or to realize the assets and settle the liability is made simultaneously.

4.25 Employee benefits

4.25.1 Post-employment benefits

Post-employment benefits are paid to retired employees of the Bank by the Social Insurance Agency, which belongs to the Ministry of Labour, Invalid and Social Affairs. The Bank is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 17.5% of an employee's basic salary on a monthly basis. Besides, the Bank has no further obligation of post-employee benefits.

4.25.2 Voluntary resignation benefits

The Bank has the obligation, under Section 48 of the Vietnam Labor Code No.10/2012/QH13 effective from 1 May 2013, to pay allowance arising from voluntary resignation of employees, equal to one-half month's salary for each year of employment up to 31 December 2008 plus salary allowances (if any). From 1 January 2009, the average monthly salary used in this calculation is the average monthly salary of the latest six-month period up to the resignation date.

4.25.3 Unemployment insurance

According to the current regulations, the Bank is obliged to pay unemployment insurance at 1% of its salary fund used to pay for unemployment insurance and deduct 1% of salary of each employee to pay simultaneously to the Unemployment Insurance Fund.

5. CASH AND GOLD

	30 June 2020 VND million	*31 December 2019 VND million*
Cash on hand in VND	1,107,075	1,062,574
Cash on hand in foreign currencies	2,030,504	1,349,042
Monetary gold	208,168	218,657
	3,345,747	**2,630,273**

6. BALANCES WITH THE STATE BANK OF VIETNAM

	30 June 2020 VND million	*31 December 2019 VND million*
In VND	2,802,363	5,249,196
In foreign currencies	475,070	488,445
	3,277,433	**5,737,641**

Balances with the State Bank of Vietnam including settlement and compulsory reserve. The average balances of the Bank with the State Bank of Vietnam are not less than the compulsory reserve in the month. The compulsory reserve is calculated by multiplying previous month average deposit balances and compulsory reserve rates.

The compulsory deposit rates are as follows:

	30 June 2020	*31 December 2019*
For customers		
Demand deposits and deposit with term less than 12 months in VND	3%	3%
Deposits with term over 12 months in VND	1%	1%
Demand deposits and deposit with term less than 12 months in foreign currencies	8%	8%
Demand deposits and term deposits with term over 12 months in foreign currencies	6%	6%
For overseas credit institutions		
Deposits in foreign currencies	1%	1%

7. DUE FROM AND LOANS TO OTHER CREDIT INSTITUTIONS

7.1 Due from other credit institutions

	30 June 2020 VND million	*31 December 2019 VND million*
Demand deposits	**2,546,284**	**8,121,963**
- In VND	446,985	460,767
- In foreign currencies	2,099,299	7,661,196
Term deposits	**13,150,908**	**17,735,625**
- In VND	12,628,795	16,021,370
- In foreign currencies	522,113	1,714,255
	15,697,192	**25,857,588**

7.2 Loans to other credit institutions

	30 June 2020 VND million	*31 December 2019 VND million*
In VND	**5**	**9**

7. DUE FROM AND LOANS TO OTHER CREDIT INSTITUTIONS (continued)

7.3 *Analysis quality of term deposits and loans to other credit institutions*

	30 June 2020 VND million	*31 December 2019 VND million*
Standard	**13,150,913**	**17,735,634**

8. DERIVATIVES AND OTHER FINANCIAL ASSETS/LIABILITIES

	Total contract value (using exchange rate at the contract date) VND million	*Total carrying value (using exchange rate at reporting date)*	
		Assets VND million	*Liabilities VND million*
Currency derivatives as at 30 June 2020			
Forward contracts	22,812,909	153,356	-
Swap contracts	62,666,761	29,501	-
	85,479,670	**182,857**	**-**
Net amount		**182,857**	
Currency derivatives as at 31 December 2019			
Forward contracts	22,690,628	116,064	-
Swap contracts	61,867,696	91,739	-
	84,558,324	**207,803**	**-**
Net amount		**207,803**	

9. LOANS TO CUSTOMERS

	30 June 2020 VND million	*31 December 2019 VND million*
Loans to domestic economic entities and individuals	102,674,318	112,367,753
Loans for discounted commercial notes and valuable papers	240,318	315,846
Overdraft and loans to credit card holders	612,222	569,162
Payments on behalf of customers	2,031	2,031
	103,528,889	**113,254,792**

9. LOANS TO CUSTOMERS (continued)

9.1 *Analysis of loans by quality*

	30 June 2020 VND million	*31 December 2019 VND million*
Current	100,260,470	110,711,628
Special mention	1,111,188	609,993
Substandard	196,262	*(*)* 973,397
Doubtful	346,753	144,790
Loss	1,614,216	814,984
	103,528,889	**113,254,792**

(*) Including in the balance of Group 3 - Sub-standard loan as at 31 December 2019 was VND746,000 million outstanding balance of loan to seven (07) customers which are secured by shares of another bank and the corresponding provision balance is VND43,285 million which was restructured and classified in accordance with the guidance of Official Letter No. 942/NHNN-TTGSNH issued by the State Bank on 1 December 2016 until the State Bank approves the Post-merger Restructuring Project of the merger bank ("Post-merger restructuring scheme") and handling the related debts. As at 31 December 2019, the Bank has not received any other instructions from the SBV regarding to the classification and provisioning for these loans.

As at 31 December 2019, if the Bank made provision for the above loans in accordance with Circular 02 and Circular 09, provision for credit losses for the year ended 31 December 2019 would have increased by VND175,761 million (the 6-months period ended 30 June 2019: VND129,620 million) and the Bank's profit after tax for the year ended 31 December 2019 would have decreased by VND140,609 million (the 6-month period ended 30 June 2019: VND 103,696 million).

On 5 May 2020, the Bank received Official Letter No.1475/TTGSNH2 of SBV on loan classification and provision for loans to customers which are secured by shares of another bank. According to the official letter, SBV required the Bank to classify and make credit provision for the outstanding balance of VND746,000 million which was guaranteed by shares of another bank in accordance with current regulations.

Accordingly, the Bank classified the loans of these 7 customers to group 5 and made provisions in accordance with Circular 02/2013/TT-NHNN and Circular 09/2014/TT-NHNN for these clients as at 6 May 2020.

9.2 *Analysis of loans by original terms*

	30 June 2020 VND million	*31 December 2019 VND million*
Short-term	52,689,988	56,278,754
Medium-term	7,798,126	8,458,249
Long-term	43,040,775	48,517,789
	103,528,889	**113,254,792**

9. LOANS TO CUSTOMERS (continued)

9.3 *Analysis of loans by type of customers and ownership*

	30 June 2020		*31 December 2019*	
	VND million	*%*	*VND million*	*%*
Corporate loans	**51,549,302**	**49.79**	**54,692,202**	**48.29**
Other private limited companies	34,094,443	32.93	34,571,904	30.53
Other joint stock companies	10,151,780	9.81	11,977,901	10.58
State-owned companies	3,913,827	3.78	4,232,336	3.74
Joint-stock companies with state-owned share capital accounting for more than 50% of the charter capital or the total number of voting shares; or the state retains control of the company in its charter	1,613,262	1.56	1,728,793	1.53
One-member limited liability companies with 100% of charter capital owned by the state	777,999	0.75	896,683	0.79
Foreign direct invested companies	490,665	0.47	751,868	0.66
Cooperatives and inter-cooperatives	117,040	0.11	121,580	0.11
Private enterprises	116,947	0.11	99,420	0.08
The joint stock company of which over 50% of share capital or the total voting share capital is held or coordinated by the State under the company's charter	39,136	0.04	44,244	0.04
Non-business administrative units, parties, unions and associations	36,834	0.04	38,845	0.03
Partnerships	486	0.00	603	-
Others	196,883	0.19	228,025	0.20
Loans to individuals	**51,979,587**	**50.21**	**58,562,590**	**51.71**
	103,528,889	**100.00**	**113,254,792**	**100.00**

9.4 *Analysis of loans by currency*

	30 June 2020		*31 December 2019*	
	VND million	*%*	*VND million*	*%*
In VND	94,261,886	91.05	102,676,425	90.66
In foreign currency	9,267,003	8.95	10,578,367	9.34
	103,528,889	**100.00**	**113,254,792**	**100.00**

9. LOANS TO CUSTOMERS (continued)

9.5 *Analysis of loans by industry*

	30 June 2020		*31 December 2019*	
	VND million	*%*	*VND million*	*%*
Real estate trading	30,310,503	29.28	34,098,849	30.11
Trading, repair of motor vehicles, motorcycles and other vehicles	28,879,087	27.89	30,494,494	26.93
Manufacturing and processing	14,067,020	13.59	14,180,403	12.52
Activities of households as employers, undifferentiated goods and services producing activities of households for own use	6,564,509	6.34	7,345,530	6.49
Construction	5,680,354	5.49	5,687,635	5.02
Electricity, gas, steam and air conditioning supply	3,718,961	3.59	4,182,043	3.69
Agriculture, forestry and fisheries	3,274,135	3.17	3,507,882	3.10
Transportation and warehousing	2,763,315	2.67	2,909,913	2.57
Hotels and accommodation services	1,653,806	1.60	1,612,444	1.42
Finance services, banking and insurance activities	1,005,515	0.97	1,279,578	1.13
Mining exploration	521,159	0.50	571,118	0.50
Information and communication	454,983	0.44	549,110	0.48
Water supply; sewerage, waste management and remediation activities	421,415	0.41	343,593	0.30
Health and social support activities	257,584	0.25	257,501	0.23
Education and training	232,439	0.22	290,991	0.26
Science and technology activities	220,921	0.21	258,548	0.23
Administrative activities and supporting service	106,980	0.10	131,836	0.12
Arts and entertainment	55,416	0.05	70,286	0.06
Others	3,340,787	3.23	5,483,038	4.84
	103,528,889	**100.00**	**113,254,792**	**100.00**

10. PROVISION FOR CREDIT LOSSES

Breakdown of provision for credit losses at the period-end are as follows:

	Note	*30 June 2020 VND million*	*31 December 2019 VND million*
Provision for loans to customers	10.1	1,328,124	1,072,822
Provision for special bonds issued by VAMC	11.3	782,329	2,179,314
		2,110,453	**3,252,136**

10. PROVISION FOR CREDIT LOSSES (continued)

Provision expenses during the period comprised of:

	Note	*For the six-month period ended 30 June 2020 VND million*	*For the six-month period ended 30 June 2019 VND million*
Provision/(Reversal) expense for loans	10.1	255,302	(51,733)
(Reversal)/Provision expense for special bonds issued by VAMC	11.5	(34,262)	8,430
Reversal expense for unlisted corporate bonds	11.5	(751)	-
Total provision expense charged for credit losses during the period		**220,289**	**(43,303)**

10.1 Provision for loans to customers

Result of the loan classification as at 31 March 2020 and provision for credit losses of loans to customers as required by Circular 02/2013/TT-NHNN, Circular 09/2014/TT-NHNN, the Bank's policy on loan classification and provision are as follows:

Classification	*Outstanding balance VND million*	*Specific provision VND million*	*General provision VND million*	*Total VND million*
Current	105,969,757	-	794,773	794,773
Special mention	882,103	8,008	6,616	14,624
Sub standard	1,029,617	87,623	7,722	95,345
Doubtful	181,032	23,482	1,357	24,839
Loss	807,131	204,430	-	204,430
	108,869,640	**323,543**	**810,468**	**1,134,011**

The movements of provision for credit losses during the current period are as follows:

	Specific provision VND million	*General provision VND million*	*Total VND million*
31 December 2019	270,666	802,156	1,072,822
Addition during the period	52,877	8,312	61,189
31 March 2020	323,543	810,468	1,134,011
Additional provision in May 2020 *(*)*	194,113	-	194,113
30 June 2020	**517,656**	**810,468**	**1,328,124**

(*) This is the provision that the Bank made additional provisioning in May as required by Official Letter No.1475/TTGSNH2 of the State Bank of Vietnam on debt classification and provision for loans to customer secured by shares of another bank.

10. PROVISION FOR CREDIT LOSSES (continued)

10.1 Provision for loans to customers (continued)

The movements of provision for credit losses during the previous period are as follows:

	Specific provision VND million	*General provision VND million*	*Total VND million*
31 December 2018	307,042	764,325	1,071,367
Reversal during the period *(*)*	(38,778)	(12,955)	(51,733)
30 June 2019	**268,264**	**751,370**	**1,019,634**

(*) As at 30 June 2019, if the Bank makes provision for loans of group seven (07) customers secured by shares of another bank in accordance with Circular 02 and Circular 09, the provision for credit losses expense for the six-month period then ended 30 June 2019 will increase to VND129,620 million and the Bank's profit after tax for the six-month period then ended 30 June 2019 will decrease by VND103,696 million.

11. INVESTMENT SECURITIES

11.1 Available-for-sale securities

	30 June 2020 VND million	*31 December 2019 VND million*
Debt securities	**7,339,526**	**8,632,327**
Government bonds	3,289,526	6,056,959
Bonds and deposit certificates issued by other domestic credit institutions	3,950,000	2,350,000
Bonds issued by domestic economic entities	100,000	225,368
Equity securities	**255,899**	**255,899**
Equity securities issued by domestic economic entities	255,899	255,899
	7,595,425	**8,888,226**
Provision for available-for-sale securities	**(190,892)**	**(186,091)**
General provision	-	(751)
Diminution provision	(190,892)	(185,340)
	7,404,533	**8,702,135**

11. INVESTMENT SECURITIES (continued)

11.1 *Available-for-sale securities* (continued)

Listing status of available-for-sale securities are as follows:

	30 June 2020 VND million	*31 December 2019 VND million*
Debt securities	**7,339,526**	**8,632,327**
Listed	3,289,526	6,056,959
Unlisted	4,050,000	2,575,368
Equity Securities	**255,899**	**255,899**
Listed	43,031	43,031
Unlisted	212,868	212,868
	7,595,425	**8,888,226**

11.2 *Held-to-maturity securities (excluding special bonds issued by VAMC)*

	30 June 2020 VND million	*31 December 2019 VND million*
Government bonds	5,668,930	2,108,512
Bonds and deposit certificates issued by other domestic credit institutions	1,350,000	1,400,000
Bonds issued by other domestic economic institutions	75,000	75,000
	7,093,930	**3,583,512**

Listing status of held-to-maturity securities (excluding special bonds issued by VAMC) are as follows:

	30 June 2020 VND million	*31 December 2019 VND million*
Debt securities		
Listed	5,668,930	2,108,512
Unlisted	1,425,000	1,475,000
	7,093,930	**3,583,512**

11. INVESTMENT SECURITIES (continued)

11.3 *Special bonds issued by VAMC*

	30 June 2020 VND million	*31 December 2019 VND million*
Principle of VAMC bonds	2,781,700	4,434,128
Provision for VAMC bonds	(782,329)	(2,179,314)
	1,999,371	**2,254,814**

These are special bonds issued by Vietnam Asset Management Company (VAMC) to purchase bad debts of the Bank. These bonds have term from 5 years to 10 years and interest rate of 0.00%. Par value of these special bonds is the difference between the outstanding loan balance and the corresponding unused specific provision at the purchasing date.

Annually, the Bank will make additional provisions for the excess between the Bank's actual pre-tax results and the budget pre-tax results reported to the SBV in the written request for extension of VAMC bonds from 5 years to 10 years (the Bank's actual pre-tax results is larger than the budget pre-tax results which reported to the SBV).

Increase/(decrease) movement of VAMC bonds during the period are as follows:

	For the six-month period ended 30 June 2020 VND million	*For the six-month period ended 30 June 2019 VND million*
Opening balance	4,434,128	5,487,386
Decrease	(1,652,428)	(772,682)
Closing balance	**2,781,700**	**4,714,704**

11.4 *Analysis of securities classified as credit risk assets by quality*

	30 June 2020 VND million	*31 December 2019 VND million*
Other economic entities bonds		
Standard	**175,000**	**300,368**

11. INVESTMENT SECURITIES (continued)

11.5 *Provision for investment securities*

The movements of provision for investment securities during the period are as follows:

	For the six-month period ended 30 June 2020 VND million	*For the six-month period ended 30 June 2019 VND million*
Opening balance		
Available-for-sale securities	186,091	155,631
Special bond issued by VAMC	2,179,314	2,136,095
	2,365,405	**2,291,726**
Provision/(reversal) in the period		
Available for sale securities – Equity securities	5,552	(61,032)
Available for sale securities – Unlisted corporate bonds	(751)	-
Reclassification of impairment of the provision for the long-term investments	-	96,846
Special bonds issued by VAMC	(34,262)	8,430
	(29,461)	**44,244**
Provision used to resolve bad debts		
Special bonds issued by VAMC	(1,362,723)	(629,276)
Closing balance		
Available for sale securities	190,892	191,445
Special bonds issued by VAMC	782,329	1,515,249
	973,221	**1,706,694**

12. LONG-TERM INVESTMENTS

	30 June 2020 VND million	*31 December 2019 VND million*
Subsidiaries investments	**300,000**	**300,000**

12.1 *Investments in subsidiaries*

Breakdown of investments in subsidiary is as follow:

		30 June 2020		*31 December 2019*	
	Nature of business	*Cost VND million*	*Ownership of the Bank (%)*	*Cost VND million*	*Ownership of the Bank (%)*
Vietnam Export Import Commercial Joint Stock Bank Asset Management Company	Assets management	300,000	100.00	300,000	100.00
		300,000		**300,000**	

13. FIXED ASSETS

13.1 Tangible fixed assets

	Buildings and structures VND million	*Machinery and equipment VND million*	*Vehicles VND million*	*Office equipment VND million*	*Others VND million*	*Total VND million*
Cost						
31 December 2019	499,979	765,374	247,709	46,534	514,131	2,073,727
Purchases	1,112	22,903	1,107	300	6,024	31,446
Disposal	(474)	(259)	(2,895)	(129)	(12,582)	(16,339)
30 June 2020	500,617	788,018	245,921	46,705	507,573	2,088,834
Accumulated depreciation						
31 December 2019	77,676	545,888	192,096	41,293	414,344	1,271,297
Charged for the period	6,623	27,224	6,207	1,134	16,536	57,724
Disposal	(204)	(259)	(2,267)	(129)	(11,733)	(14,592)
30 June 2020	84,095	572,853	196,036	42,298	419,147	1,314,429
Net book value						
31 December 2019	422,303	219,486	55,613	5,241	99,787	802,430
30 June 2020	416,522	215,165	49,885	4,407	88,426	774,405

Cost of fully depreciated tangible fixed assets that are still in use as at 30 June 2020 is VND653,181 million (31 December 2019: VND644,978 million).

13. FIXED ASSETS (continued)

13.2 *Intangible fixed assets*

	Indefinite-term land use rights VND million	*Computer software VND million*	*Total VND million*
Cost			
31 December 2019	2,304,967	469,470	2,774,437
Purchases	-	14,118	14,118
30 June 2020	2,304,967	483,588	2,788,555
31 December 2019	-	184,065	184,065
Charged for the period	-	19,735	19,735
30 June 2020	-	203,800	203,800
31 December 2019	2,304,967	285,405	2,590,372
30 June 2020	2,304,967	279,788	2,584,755

Cost of fully depreciated intangible fixed assets that are still in use as at 30 June 2020 is VND109,132 million (31 December 2019: VND99,184 million).

14 OTHER ASSETS

14.1 Receivables

	30 June 2020 VND million	*31 December 2019 VND million*
Advance to individuals *(i)*	380,699	380,699
Receivables from card settlement activities	300,090	274,245
Constructions in progress	239,949	232,688
Advances for acquisitions of fixed assets *(ii)*	180,608	173,901
Advances for operating activities	61,771	48,344
Deposits for the rental and other deposit	49,537	45,213
Receivables from shares selling *(iii)*	39,130	39,130
Receivables from interest subsidy	38,451	38,451
Receivables from individual *(iv)*	34,840	34,840
Corporate income tax paid abroad awaiting finalization	12,219	12,219
Deductible value-added tax	8,396	11,559
Receivables of cash dividend	5,865	5,865
Overpaid corporate income tax	57	6,343
Others	21,912	22,735
	1,373,524	**1,326,232**

(i) Advance to individuals included:

- VND360,401 million advances to an individual who was involved in the claim as described in *Note 42(a)*. The advance is made in accordance with the Decision of the appellate judgment issued by the People's Court of Ho Chi Minh City on 19 April 2019, whereby the Bank is obliged to repay both principal and associated interest of the deposits as mentioned in the case to this individual. The civil liability of the former Deputy Director of Ho Chi Minh City Branch ("Former Deputy Director") in relation to compensations to the Bank will be decided when he is in custody. At the issuance date of these interim separate financial statements, the Bank made full allowance for advances to this individual. Refer to *Note 42(a)* for more information on this claim.
- VND20,298 million advances to two individuals who were involved in the case "Irresponsibility causing damages to the property of the State, agencies, organizations and enterprises". The advances which represented the outstanding principal and associated interest of deposits made by these individuals were made in accordance with the Decision of the first verdict dated 23 November 2018 issued by the People's Court of Ho Chi Minh City. The former Deputy Director's civil liability in relation to compensations to the Bank will be decided when he is in custody. At the issuance date of these interim separate financial statements, the Bank made full allowance for the advances to these two individuals. Refer to *Note 42(a)* for more information on this case.

14 OTHER ASSETS (continued)

14.1 *Receivables* (continued)

(ii) Advances for acquisitions of fixed assets comprise:

	30 June 2020 VND million	*31 December 2019 VND million*
Purchase of houses and offices	151,098	153,848
Software	12,859	9,396
Purchase of other assets	16,651	10,657
	180,608	**173,901**

(iii) This is the receivables from the transfer of shares of a company that the Bank has invested and due in July 2019. As at 30 June 2020, the Bank has made provisions in accordance with regulations.

(iv) This is a receivable from a former employee of Do Luong Transaction Office - Vinh Branch who was involved in the claim as presented in *Note 42 (b)*. At the date of these interim separate financial statements, the Bank has made a provision for these receivables with amount of VND 27,839 million (December 31, 2019: VND 27,839 million) based on the Bank's assessment of the recoverability of asset seized from this former employees and individuals whom were involved in the claim as described in *Note 42 (b)*.

14.2 *Interest and fees receivables*

	30 June 2020 VND million	*31 December 2019 VND million*
Interest receivable from credit activities	485,242	575,598
Interest receivable from investment securities	380,345	494,900
Interest receivable from deposits	4,035	17,748
Other interest and fee receivables	87,774	106,955
	957,396	**1.195.201**

14.3 *Other assets*

	30 June 2020 VND million	*31 December 2019 VND million*
Foreclosed assets awaiting resolution *(i)*	728,130	725,362
Prepaid and deferred expenses *(ii)*	35,765	46,006
Tools and supplies	16,581	14,885
Other assets	2,684	26,367
	783,160	**812,620**

(i) This account represents assets received from overdue borrowers and is being recovered by the Bank in accordance with the regulations of the SBV.

(ii) Prepaid and deferred expenses include costs of tools and supplies, prepaid services, office lease and assets rental, data transmission line rentals, assets maintenance and repair expenses.

14. OTHER ASSETS (continued)

14.4 *Provision for other assets*

Provision for other assets include provision for impairment of doubtful receivables and overdue advances in compliance with Circular No. 48/2019/TT-BTC. Change of provision for other assets in the period are as follows:

	For the six-month period ended 30 June 2020 VND million	*For the six-month period ended 30 June 2019 VND million*
Opening balance	422,813	307,472
Made in the period	11,738	26,551
Transfer from other provision	-	88,790
Closing balance	**434,551**	**422,813**

15. BORROWINGS FROM THE STATE BANK OF VIETNAM

	30 June 2020 VND million	*31 December 2019 VND million*
Borrowings from the SBV	**38,442**	**41,479**

16. DUE TO AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

16.1 *Due to other credit institutions*

	30 June 2020 VND million	*31 December 2019 VND million*
Demand deposits	**64,539**	**90,831**
In VND	64,144	90,436
In foreign currencies	395	395
Term deposits	**2,279,605**	**7,972,977**
In VND	400,000	4,099,750
In foreign currencies	1,879,605	3,873,227
	2,344,144	**8,063,808**

16. DUE TO AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS (continued)

16.2 Borrowings from other credit institutions

	30 June 2020 VND million	*31 December 2019 VND million*
Borrowings from local credit institutions in foreign currencies	**696,150**	**579,375**

17. DUE TO CUSTOMERS

17.1 Analysis by type of deposits

	30 June 2020 VND million	*31 December 2019 VND million*
Demand deposits	**15,309,176**	**18,767,473**
Demand deposits in VND	12,157,041	15,675,371
Demand deposits in foreign currencies	2,828,842	2,670,983
Demand savings deposits in VND	5,767	32,435
Demand savings deposits in foreign currencies	317,526	388,684
Term deposits	**108,669,538**	**119,969,959**
Term deposits in VND	28,912,266	29,770,131
Term deposits in foreign currencies	395,757	445,838
Term savings deposits in VND	77,143,059	87,490,439
Term savings deposits in foreign currencies	2,218,456	2,263,551
Deposits for specific purposes	**289,584**	**181,077**
Deposits for specific purposes in VND	232,546	142,870
Deposits for specific purposes in foreign currencies	57,038	38,207
Margin deposits	**481,866**	**542,785**
Margin deposits in VND	471,736	520,278
Margin deposits in foreign currencies	10,130	22,507
	124,750,164	**139,461,294**

17. DUE TO CUSTOMERS (continued)

17.2 *Analysis by customers and type of business*

	30 June 2020 VND million	*31 December 2019 VND million*
Deposits from economic entities	**34,793,640**	**39,585,209**
Other private limited companies	13,765,324	14,515,222
Other joint stock companies	9,324,218	11,361,525
Foreign direct invested companies	4,560,819	4,332,653
One-member limited liability companies with 100% of charter capital owned by the state	1,840,334	2,374,341
State-owned companies	1,763,195	3,330,969
Joint-stock companies with state-owned share capital accounting for more than 50% of the charter capital or the total number of voting shares; or the state retains control of the company in its charter	1,724,781	1,707,107
Non-business administrative units, the Party, unions and associations	318,889	350,942
The joint stock company of which over 50% of share capital or the total voting share capital is held or coordinated by the State under the company's charter	157,531	103,646
Private companies	46,450	61,344
Business households	13,849	24,533
Cooperatives and inter-cooperatives	7,517	11,475
Partnerships	4,857	7,977
Other	1,265,876	1,403,475
Deposits from individuals	**89,956,524**	**99,876,085**
	124,750,164	**139,461,294**

18. OTHER LIABILITIES

18.1 *Interest and fees payable*

	30 June 2020 VND million	*31 December 2019 VND million*
Interest on saving deposits in VND	1,774,015	2,230,875
Interest on deposits in VND	631,337	683,416
Interest on swap contracts	60,796	58,357
Interest on forward contracts	33,068	57,162
Interest on borrowings in foreign currencies	4,562	9,019
Interest on saving deposits in foreign currencies	162	163
Interest on borrowings in VND	109	124
Interest on deposits in foreign currencies	26	852
	2,504,075	**3,039,968**

18. OTHER LIABILITIES (continued)

18.2 Other payables

	30 June 2020 VND million	*31 December 2019 VND million*
Internal payables	**64,795**	**73,025**
Payables to employees	37,914	44,285
Bonus and welfare fund *(i)*	24,821	28,078
Other internal payables	2,060	662
External payables	**1,053,159**	**826,027**
Remittance payable	329,432	128,275
Payables related to card payment services	187,314	262,830
Payables related to L/C activities	176,857	176,633
Taxes payable	136,530	32,175
Payables to subsidiaries *(ii)*	116,612	116,612
Payables related to the core banking system	31,992	31,992
Payables related to interest subsidy	29,826	29,826
Dividend payable	2,455	2,455
Other payables	42,141	45,229
	1,117,954	**899,052**

(i) Movements of the bonus and welfare fund during the period are as follows:

	For the six-month period ended 30 June 2020 VND million	*For the six-month period ended 30 June 2019 VND million*
Opening balance	28,078	39,791
Utilization during the period	(3,257)	(3,005)
Closing balance	**24,821**	**36,786**

(ii) This amount represented payable to the subsidiary related to assets acquired from the subsidiary in accordance with Inspection Conclusion dated 19 October 2015 issued by the SBV. The subsidiary is in process of transferring title and ownership of these assets to the Bank.

19. STATUTORY OBLIGATIONS

	31 December 2019 VND million	*Movement during the period*		*30 June 2020 VND million*
		Payables VND million	*Paid VND million*	
Value added tax	15,168	40,742	(40,116)	15,794
Corporate income tax	(6,343)	110,777	-	104,434
Other taxes	17,007	71,703	(72,465)	16,245
Personal income tax	*17,007*	*65,053*	*(65,815)*	*16,245*
Foreign contractor tax	-	*5,557*	*(5,557)*	-
License tax	-	*156*	*(156)*	-
Others	-	*937*	*(937)*	-
	25,832	**223,222**	**(112,581)**	**136,473**
In which:				
Receivables from the State Budget	*(6,343)*			*(57)*
Taxes payable to the State Budget	*32,175*			*136,530*

19.1 Current corporate income tax

The Bank has the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits for the current period (previous period: 20%).

The Bank's tax returns are subject to examination by the taxation authorities. Since the application of tax laws and regulations to many types of transactions are susceptible to varying interpretations, amounts reported in the interim separate financial statements could be changed at a later date upon final determination by the taxation authorities.

The current tax payable is based on taxable profit for the current period. Taxable income differs from profit as reported in the interim separate income statement since it excludes taxable income or deductible expenses in prior years due to the differences between the Bank's accounting policies and the current income tax policies, and also excludes non-taxable income or non-deductible expenses. The current CIT payables are calculated based on the statutory tax rates applicable at the interim separate balance sheet date.

Current CIT during the period is calculated as follows:

	For the six-month period ended 30 June 2020 VND million	*For the six-month period ended 30 June 2019 VND million*
Profit before tax	**554,576**	**750,875**
At applicable CIT tax rate of 20%	110,915	150,175
Decrease adjustments (*):		
- Untaxable dividends income	(162)	(806)
Increase adjustments (*):		
- Non-deductible expenses	24	536
Tax adjustment for previous years	-	26
Estimated CIT expense	**110,777**	**149,931**

(*) Increase/(Decrease) adjustments were multiplied by the rate of 20%.

20. OWNERS' EQUITY

20.1 *Statement of changes in owners' equity*

Items	*Charter capital VND million*	*Share premium VND million*	*Treasury shares VND million*	*Development and investment reserve VND million*	*Reserves of credit institutions VND million*	*Foreign currency translation reserve VND million*	*Retained earnings VND million*	*Total VND million*
31 December 2019	**12,355,229**	**156,322**	**(78,273)**	**15,396**	**1,803,839**	-	**1,422,298**	**15,674,811**
Net profit for the period	-	-	-	-	-	-	443,799	443,799
Utilization of reserves during the period	-	-	-	-	(4)	-	-	(4)
Foreign exchange differences	-	-	-	-	-	(29,013)	-	(29,013)
Balance as at 30 June 2020	**12,355,229**	**156,322**	**(78,273)**	**15,396**	**1,803,835**	**(29,013)**	**1,866,097**	**16,089,593**

The movements of the Bank's reserves during the period are presented below:

Items	*Development reserve VND million*	*Financial reserve VND million*	*Supplementary capital reserve VND million*	*Total VND million*
31 December 2019	**326**	**1,188,291**	**615,222**	**1,803,839**
Utilization during the period	-	(4)	-	(4)
30 June 2020	**326**	**1,188,287**	**615,222**	**1,803,835**

20. OWNER'S EQUITY (continued)

20.1 *Statement of changes in owners' equity* (continued)

Details of the Bank's shares are as follows:

	30 June 2020 Shares	*31 Dec 2019 Shares*
Number of registered shares	1,235,522,904	1,235,522,904
Number of shares issued		
- *Common shares*	1,235,522,904	1,235,522,904
Number of shares repurchased		
- *Common shares*	*(6,090,000)*	*(6,090,000)*
Number of outstanding shares		
- *Common shares*	*1,229,432,904*	*1,229,432,904*

20.2 *Statutory reserves of the Bank*

The Bank makes the statutory reserves in compliance with Law on Credit Institutions No. 47/2010/QH12, Decree No. 93/2018/ND-CP and the Charter of the Bank as below:

	Basis for calculation	*Maximum balance*
Supplementary capital reserve	5% of profit after tax	100% of charter capital
Financial reserve	10% of profit after tax	Not defined
Other reserves	Subject to resolution of the Annual general meeting of shareholders	Not defined

21. INTEREST AND SIMILAR INCOME

	For the six-month period ended 30 June 2020 VND million	*For the six-month period ended 30 June 2019 VND million*
Interest income from loans to customers and other credit institutions	5,086,436	4,761,959
Interest income from investing debt securities	273,811	327,168
Interest income from deposits	173,624	266,384
Interest income from guarantee services	58,665	46,627
Other income from credit activities	1,009	13,507
	5,593,545	**5,415,645**

22. INTEREST AND SIMILAR EXPENSES

	For the six-month period ended 30 June 2020 VND million	*For the six-month period ended 30 June 2019 VND million*
Interest expense on deposits	3,971,089	3,679,588
Interest expense on borrowings	6,728	85,386
Expenses for other credit activities	6,543	4,533
	3,984,360	**3,769,507**

23. NET FEES AND COMMISSION INCOME

	For the six-month period ended 30 June 2020 VND million	*For the six-month period ended 30 June 2019 VND million*
Fees and commission income	**355,903**	**327,996**
Settlement services	307,135	278,665
Treasury services	15,982	18,674
Asset management services	1,819	1,716
Trust and agent services	8,697	9,653
Others	22,270	19,288
Fees and commission expenses	**(195,904)**	**(174,352)**
Settlement services	(153,042)	(126,246)
Treasury services	(12,132)	(16,217)
Postal and telecommunication	(25,059)	(27,235)
Brokerage services	(2,608)	(4,025)
Others	(3,063)	(629)
	159,999	**153,644**

24. NET GAIN FROM TRADING OF FOREIGN CURRENCIES

	For the six-month period ended 30 June 2020 VND million	*For the six-month period ended 30 June 2019 VND million*
Income from foreign exchange	**2,421,874**	**1,483,753**
Income from gold trading	47,295	35,424
Income from spot foreign exchange	1,880,229	1,085,290
Income from currency derivatives	494,350	363,039
Expense from foreign exchange	**(2,202,404)**	**(1,328,912)**
Expense from gold trading	(47,501)	(37,904)
Expense from spot foreign exchange	(1,409,514)	(934,973)
Expense from currency derivatives	(745,389)	(356,035)
	219,470	**154,841**

25. NET GAIN FROM SECURITIES HELD FOR TRADING

	For the six-month period ended 30 June 2020 VND million	*For the six-month period ended 30 June 2019 VND million*
Income from dealing of securities held for trading	58,564	15,102
Expenses from dealing of securities held for trading	(11,682)	(9,888)
(Charged)/Reversed general provision for securities held for trading	(5,552)	61,032
	41,330	**66,246**

26. NET GAIN FROM OTHER OPERATING ACTIVITIES

	For the six-month period ended 30 June 2020 VND million	*For the six-month period ended 30 June 2019 VND million*
Other operating income	**91,074**	**303,065**
Income from recovery of written-off bad debts	79,770	41,570
Income from disposals of fixed assets	1,581	259,314
Other income	9,723	2,181
Other operating expenses	**(3,850)**	**(214,108)**
Expense from disposals of fixed assets	(1,747)	(210,094)
Other expenses	(2,103)	(4,014)
	87,224	**88,957**

27. INCOME FROM INVESTMENTS IN OTHER ENTITIES

	For the six-month period ended 30 June 2020 VND million	*For the six-month period ended 30 June 2019 VND million*
Dividend received:		
- *From equity securities*	*812*	*4,033*
- *From long-term investments*	*357*	*149*
	1,169	**4,182**

28. OPERATING EXPENSES

	For the six-month period ended 30 June 2020 VND million	*For the six-month period ended 30 June 2019 VND million*
Tax payments and other fees	**4,718**	**4,511**
Personnel expenses	**860,896**	**907,046**
- Salary and allowances	771,825	804,629
- Salary related allowances	46,755	44,574
- Other allowances	42,316	57,843
Fixed asset expenses	**232,169**	**226,887**
- Office rental	115,076	106,815
- Repair and maintenance	34,475	32,521
- Depreciation expenses on fixed assets	77,459	80,291
- Other expenses	5,159	7,260
Administrative expenses	**162,224**	**179,131**
- Administrative expenses	70,784	80,388
- Advertising, marketing, promotion and entertainment	68,432	71,092
- Business trips expenses	5,528	10,412
- Union expenses of credit institutions	42	36
- Other expenses	17,438	17,203
Insurance expenses for customer deposits	**71,767**	**62,310**
Provision expenses (excluding provision for credit losses, investment)	**11,738**	**26,551**
- Provision for other assets	11,738	26,551
	1,343,512	**1,406,436**

29. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the interim separate cash flows statement comprises the following balances in the interim separate balance sheet:

	30 June 2020 VND million	*31 December 2019 VND million*
Cash and gold	3,345,747	2,630,273
Balances with the State Bank of Vietnam	3,277,433	5,737,641
Due from and loans to other credit institutions with term of less than 3 months	15,697,197	25,857,597
	22,320,377	**34,225,511**

30. EMPLOYEES' INCOME

		For the six-month period ended 30 June 2020	*For the six-month period ended 30 June 2019*
I.	**Total number of employees** (persons)	6,072	6,083
II.	**Employees' income** (VND million)		
1.	Total salary	771,825	804,629
2.	Other bonus	6,020	2,803
3.	Other income	30,652	32,448
4.	**Total income (1+2+3)**	**808,497**	**839,880**
5.	Average monthly salary (VND million/person)	21	22
6.	Average monthly income (VND million/person)	22	23

31. TYPES AND BOOK VALUE OF COLLATERALS

31.1 Assets and valuable papers mortgaged, pledged and discounted, re-discounted

Types and book value of collaterals of customers at the end of the period are as follows:

	30 June 2020 VND million	*31 December 2019 VND million*
Real estate properties	177,536,005	180,767,119
Movable assets	21,772,398	13,481,914
Valuable papers	10,265,923	11,763,395
Other assets	7,317,077	15,413,432
	216,891,403	**221,425,860**

31.2 Assets and valuable papers of the Bank mortgaged, pledged and discounted, re-discounted

Breakdown of the Bank's financial assets mortgaged, pledged for credit granting with State Bank of Vietnam and discounted for borrowings or securities transferred under purchase and repurchases agreements with SBV and other credit institutions as at 30 June 2020 and 31 December 2019 are as follows:

	30 June 2020 VND million	*31 December 2019 VND million*
Valuable papers	**3,450,000**	**3,900,000**

32. CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of business, the Bank is parties to financial instruments which are recorded as interim separate off-balance sheet items. These financial instruments mainly comprise guarantee commitments and commercial letters of credit. These instruments involve elements of credit risk out of the items recognized in the interim separate balance sheet.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss because any other party to a financial instrument fails to perform in accordance with the terms of the contract.

Financial guarantees are conditional commitments issued by the Bank to guarantee the performance of a customer to a third-party including guarantee for borrowings, settlement, and performing contracts and bidding. The credit risk involved in issuing guarantees is essentially the same as that involved in extending loans to other customers.

Commercial at sight letters of credit represents a financing transaction by the Bank to its customer who is usually the buyer/importer of goods and the beneficiary is typically the seller/exporter. Credit risk from this type of letters of credit is limited as the merchandise shipped serves as collateral for the transaction.

Deferred payment letters of credits represent the amounts at risk should the contract be fully performed but the client defaults in repayment to the beneficiary. Deferred payment letters of credit that defaulted by clients are recognized by the Bank as granting of a compulsory loan with a corresponding liability representing the financial obligation of the Bank to pay the beneficiaries and to fulfil the guarantor obligation.

The Bank requires margin deposits to support credit-related financial instruments when it is deemed necessary. The margin deposit required varies from 0% to 100% of the value of a commitment granted, depending on the creditworthiness of clients as assessed by the Bank.

The currency trading commitments are commitments to purchase, sell at spot and currency swap commitments. Commitments to purchase, sell at spot are commitments to purchase, sell currency according to exchange rate dealt and payment within 2 (two) days since transaction date. Currency swap commitments are commitments to purchase and sell with the same notional principal amount (only two currencies used for transaction) to one client, including one transaction for term payment at spot and one transaction for term payment in the future with the exchange rate of both transactions determined at spot transaction date.

32. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Details of outstanding commitments and contingent liabilities at the end of the period are as follows:

	30 June 2020 VND million	*31 December 2019 VND million*
Credit guarantees	-	192
Foreign exchange commitments	137,854,744	134,488,678
- *Spot foreign exchange commitments - buy*	*5,427,886*	*2,297,294*
- *Spot foreign exchange commitments - sell*	*2,614,416*	*1,344,152*
- *Cross currency swap contracts*	*129,812,442*	*130,847,232*
Letters of credit	3,778,273	3,926,618
- *At sight letters of credit*	*1,470,814*	*1,266,603*
- *Deferred letters of credit*	*2,307,459*	*2,660,015*
Other guarantees	3,854,013	5,595,009
- *Settlement guarantee*	*1,384,387*	*1,467,042*
- *Contract performance guarantee*	*576,226*	*601,649*
- *Bid guarantee*	*125,548*	*200,310*
- *Other guarantees*	*1,767,852*	*3,326,008*
Other commitments	169,121	168,903
Less: Margin deposits	(297,033)	(369,417)
Contingent liabilities and commitments	**145,359,118**	**143,809,983**

33. RELATED PARTY TRANSACTIONS

Related party transactions include all transactions undertaken with other entities to which the Bank is related. Parties are considered as related parties if one party is able to control over or significantly influence to the other party in making decision of financial and operational policies. A party is deemed to be related to the Bank if:

(a) Directly, or indirectly through one or more intermediaries, the party:
- controls, is controlled by, or is under common control with the Bank (including parents and subsidiary);
- has an interest (owing 5% or more of the charter capital or voting share capital) in the Bank that gives it significant influence over the Bank;
- has joint control over the Bank;

(b) The party is a joint venture in which the Bank are ventures (owning over 11% of the charter capital or voting share capital but is not a subsidiary of the Bank);

(c) The party is a member of the key management personnel of the Bank or its parent Company (comprise Chief Financial Officer and Chief Accountant);

(d) The party is a close member of the family of any person referred to in (a) or (c); or

(e) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any person referred to in (c) or (d).

33. RELATED PARTY TRANSACTIONS (continued)

Significant transactions with related parties in the current period are as follows:

Related party	*Transactions*	*For the six-month period ended 30 June 2020 VND million*	*For the six-month period ended 30 June 2019 VND million*
Major shareholders and related parties of major shareholders	Interest paid	3,031	-
	Interest received	1,375	-
	Interest loans paid	4,877	11,334
	Settlement services income	739	885
Subsidiary	Deposits interest paid	6,200	18,213
	Settlement services income	3	7
Member of Board of Directors and Board of Managements and other related parties to these individuals	Deposits interest paid	10,661	5,835
	Interest received from loans	27	51
	Settlement services income	13	32
	Settlement services fee	5	9
	Salary and bonus	27,255	26,834

Receivables and payables with related parties at the end of the period as follow:

		Receivables/(Payables)	
Related party	*Transactions*	*30 June 2020 VND million*	*31 December 2019 VND million*
Major shareholders and related parties of major shareholders	Demand deposits	8,125	122,793
	Borrow from major shareholder	696,150	463,500
Subsidiary	Demand deposits	1,647	1,080
	Term deposits	182,650	181,750
	Accrual interest expense	663	706
	Investment	300,000	300,000
	Payable to subsidiary	116,612	116,612
Member of Board of Directors and Board of Managements and other related parties to these individuals	Demand deposits	6.557	3.583
	Saving deposits	155.090	164.263
	Term deposits	19.495	18.783
	Accrual interest expenses	1.869	2.015
	Loans	1.009	1.532
	Accrual interest income	5	5

34. CONCENTRATION OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY GEOGRAPHICAL REGIONS

	Domestic VND million	*Overseas VND million*	*Total VND million*
Assets as at 30 June 2020	**220,691,296**	**1,785,515**	**222,476,811**
Due from and loans to other credit institutions	13,925,903	1,771,294	15,697,197
Derivative and financial instruments (Total transaction value amount to contract)	85,465,449	14,221	85,479,670
Loans to customers - gross	103,528,889	-	103,528,889
Trading and investment securities - gross	17,471,055	-	17,471,055
Long-term investments - gross	300,000	-	300,000
Liabilities as at 30 June 2020	**125,328,115**	**2,462,343**	**127,790,458**
Due to and borrowings from other credit institutions	2,344,144	696,150	3,040,294
Due to customers	122,983,971	1,766,193	124,750,164
Off-balance-sheet commitments as at 30 June 2020	**145,656,151**	**-**	**145,656,151**

35. INFORMATION BY GEOGRAPHICAL REGIONS

Information on income, expenses and assets and liabilities of each segment by geographical area of the Bank as at 30 June 2020 and for the six-month period then ended as follows:

	Northern VND million	*Central VND million*	*South VND million*	*Total segment reported VND million*	*Eliminations VND million*	*Total VND million*
Interest and similar income	1,568,169	1,095,983	11,926,746	14,590,898	(8,997,353)	5,593,545
Interest and similar expenses	(1,313,010)	(917,708)	(10,750,995)	(12,981,713)	8,997,353	(3,984,360)
Net interest income	**255,159**	**178,275**	**1,175,751**	**1,609,185**	**-**	**1,609,185**
Non-interest income	50,961	15,498	442,733	509,192	-	509,192
TOTAL OPERATING INCOME	**306,120**	**193,773**	**1,618,484**	**2,118,377**	**-**	**2,118,377**
TOTAL OPERATING EXPENSES	**(174,956)**	**(116,273)**	**(1,052,283)**	**(1,343,512)**	**-**	**(1,343,512)**
Net operating profit before provision for credit losses	131,164	77,500	566,201	774,865	-	774,865
Provision for credit losses	(10,813)	(8,742)	(200,734)	(220,289)	-	(220,289)
PROFIT BEFORE TAX	**120,351**	**68,758**	**365,467**	**554,576**	**-**	**554,576**
ASSETS						
Cash and gold	377,089	347,447	2,621,211	3,345,747	-	3,345,747
Due from and loans to the State Bank of Vietnam and other credit institutions	31,763	14,315	18,928,552	18,974,630	-	18,974,630
Derivative financial instruments and other financial assets	-	-	182,857	182,857	-	182,857
Loans to customers - gross	14,356,122	14,527,094	74,645,673	103,528,889	-	103,528,889
Investments - gross	-	-	17,771,055	17,771,055	-	17,771,055
Fixed asset	18,650	4,493	3,336,017	3,359,160	-	3,359,160
Other assets - gross	8,990,806	107,354	2,845,649	11,943,809	(8,829,729)	3,114,080
Total assets	**23,774,430**	**15,000,703**	**120,331,014**	**159,106,147**	**(8,829,729)**	**150,276,418**
LIABILITIES						
Borrowing from State Bank of Vietnam	-	-	38,442	38,442	-	38,442
Due to and borrowings from other credit institutions	1,979	11,424	3,026,891	3,040,294	-	3,040,294
Due to customers	22,833,499	9,474,801	92,441,864	124,750,164	-	124,750,164
Other liabilities	610,581	5,312,199	6,528,978	12,451,758	(8,829,729)	3,622,029
Total liabilities	**23,446,059**	**14,798,424**	**102,036,175**	**140,280,658**	**(8,829,729)**	**131,450,929**

36. FINANCIAL RISK MANAGEMENT

Risk is inherent in the Bank's activities and is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk prevention within his or her responsibilities. The Bank are exposed to credit risk, liquidity risk and market risk (then being subdivided into trading and non-trading risks). The Bank is also subject to various operational risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Bank's policy is to monitor those business risks through the Bank's strategic planning process.

(i) Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks. However, each separate member shall be responsible for managing and monitoring risks.

(ii) Board of Directors

The Board of Directors is responsible for monitoring the overall risk management process within the Bank.

(iii) Risk Management Committee

Risk Management Committee advises the Board of Directors in the promulgation of procedures and policies under their jurisdiction relating to risk management in the Bank's activities.

Risk Management Committee analyses and provides warnings on the potential risks that may affect the Bank's operation and preventive measures in the short term as well as long term.

Risk Management Committee reviews and evaluates the appropriateness and effectiveness of the risk management of procedures and policies of the Bank to make recommendations to the Board of Directors on the improvement of procedures, policies and operational strategies.

(iv) Board of Supervision

The Board of Supervision has the responsibility to control the overall risk management process within the Bank.

(v) Internal Audit

According to the annual internal audit plan, business processes throughout the Bank is audited annually by the internal audit function, which examines both the adequacy of the procedures and compliance with the Bank's procedures. Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the Board of Supervision.

(vi) Risk measurement and reporting systems

The Bank's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models.

Monitoring and controlling of risks is primarily performed based on limits established by the Bank in compliance with the State Bank of Vietnam's regulations. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept.

36. FINANCIAL RISK MANAGMENT (continued)

(vi) Risk measurement and reporting systems (continued)

Information compiled from all business activities is examined and processed in order to analyse, control and early identify risks. This information is presented and explained to the Board of Management, Board of Directors, and the department heads. The report includes aggregate credit exposure, credit metric forecasts, limit exceptions, liquidity ratios and risk profile changes. The Board of Directors assesses the appropriateness of the allowance for credit losses on a quarterly basis. The Board of Directors receives a comprehensive risk report quarterly which is designed to provide all the necessary information to assess and conclude on the risks of the Bank.

For all levels throughout the Bank, specifically tailored risk reports are prepared and distributed in order to ensure that all business departments have access to extensive, necessary and up-to-date information.

(vii) Risk reduction

The Bank has actively used collateral to mitigate credit risk.

(viii) Excessive risk concentration

Concentrations arise when a number of counterparties of the Bank is engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would affect the group of customers' payment obligations or payment receipt rights when due under changes in economic, political or other conditions.

These above concentrations indicate the relative sensitivity of the Bank's performance to the developments of a particular industry or geographic allocation.

In order to avoid excessive concentrations of risk, the Bank's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risk are controlled and managed accordingly. Selective hedging is used within the Bank in respect of the industries and other related factors

37. CREDIT RISK

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations.

The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank has established a credit quality review process to provide early identification of possible changes in the financial position and creditworthiness of counterparties based on qualitative and quantitative indicators. Counterparty's limits are established by the use of a credit rating system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision.

The effective interest rates on deposits with the SBV, placements with and loans to other banks, loans and advances to customers in currencies are presented in *Notes 6, 7, 9 and 17.*

37. CREDIT RISK (continued)

37.1 *Maximum exposure to credit risk before collateral held or other credit enhancements*

The maximum exposures to credit risk relating to each group of financial assets, which are equivalent to their book values on the interim separate balance sheet, are listed below:

	30 June 2020 VND million	*31 December 2019 VND million*
Credit risk exposures of balance sheet items	**129,533,422**	**149,866,676**
Due from and loans to other credit institutions	15,697,197	25,857,597
Derivative financial instruments	182,857	207,803
Loans to customers	103,528,889	113,254,792
- Individuals	*51,979,587*	*58,562,590*
- Corporates	*51,549,302*	*54,692,202*
Investment securities	8,256,700	8,484,496
- Debt securities - held-to-maturity	*4,206,700*	*5,909,128*
- Debt securities - available-for-sale	*4,050,000*	*2,575,368*
Other financial assets	1,867,779	2,061,988
Credit risk exposures of off-balance sheet items	**7,632,286**	**9,521,627**
Financial guarantees	3,854,013	5,595,009
Letters of credit	3,778,273	3,926,618

This table presents the worst scenario which the Bank will incur the maximum credit exposures as at 30 June 2020 and 31 December 2019, without taking into account of any collateral held or their credit enhancements.

37.2 *Financial assets neither past due nor impaired*

The Bank's financial assets which are neither past due nor impaired comprise loans to customers classified as Group 1 (Current) loans in accordance with Circular No. 02/2013/TT-NHNN and Circular No. 09/2014/TT-NHNN; securities, receivables and other financial assets which are not past due and no provision is required in accordance with Circular No. 48/2019/TT-BTC issued at 8 August 2019.

The Bank determines that the Bank has absolutely capacity to fully and timely recover these financial assets in the futures.

37.3 *Financial assets past due but not impaired*

The age of financial assets past due but not impaired as at 30 June 2020 is presented below:

	Past due				
	Less than 90 days VND million	*From 91 to 180 days VND million*	*From 181 to 360 days VND million*	*More than 360 days VND million*	*Total VND million*
Loans to customers	**427,131**	**40,352**	**40,736**	**531,458**	**1,039,677**

Loans that are overdue but not impaired are overdue loans but not required to make provisions as the Bank holds all collaterals in the form of counterparty deposits, real estate, movable assets, valuable papers and other types of collateral.

38. *MARKET RISK*

38.1 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair values of financial instruments. The Bank are exposed to interest rate risk as a result of mismatches of maturity dates or dates of interest rate re-pricing in respect of assets, liabilities and off-balance sheet instruments over a certain period. The Bank manage this risk by matching the dates of interest rate re-pricing of assets and liabilities through risk management strategies.

Analysis of assets and liabilities based on interest rate re-pricing date

Re-pricing term of the effective interest rate is the remaining period from the date of the interim separate financial statements to the nearest re-pricing date of interest rate applicable to assets and equity, whichever is earlier.

The following assumptions and conditions are used in analysis of the re-pricing period of interest rates of the Bank's assets and liabilities:

- Cash and gold; trading securities, investment securities, equity securities and special bond issued by VAMC; long-term investment and other assets (including fixed assets and other assets) and other liabilities are classified as non-interest bearing items;
- The re-pricing term of balances with the State Bank of Vietnam is considered as up to 1-month;
- The re-pricing term of investment securities - debt securities (excluding special bond issued by VAMC) is calculated based on the time to maturity from the interim separate balance sheet date for each type of securities;
- The re-pricing term of due to the SBV, placements with other banks and loans to other credit institutions; loans to customers; entrusted funds; placements from other credit institutions and borrowings from other credit institutions; due to customers are determined as follows:
  - Items which bear fixed interest rate during the contractual term: The re-pricing term is determined based on the time to maturity from the interim separate balance sheet date.
  - Items which bear floating interest rate: The re-pricing term is determined based on the time to the nearest interest rate re-pricing date from the interim separate balance sheet date.

The following table presents the interest re-pricing period of the Bank's assets and liabilities as at 30 June 2020:

38. MARKET RISKS (continued)

38.1 Interest rate risk (continued)

	Interest re-pricing period								
	Overdue VND million	*Non-interest bearing VND million*	*Up to 1 month VND million*	*1 - 3 months VND million*	*3 - 6 months VND million*	*6 - 12 months VND million*	*1 - 5 years VND million*	*Over 5 years VND million*	*Total VND million*
Assets									
Cash and gold	-	3,345,747	-	-	-	-	-	-	3,345,747
Balances with the State Bank of Vietnam	-	-	3,277,433	-	-	-	-	-	3,277,433
Due from and loans to other credit institutions	-	-	15,087,197	610,000	-	-	-	-	15,697,197
Derivative and other financial assets	-	182,857	-	-	-	-	-	-	182,857
Loans to customers - gross	3,268,419	-	45,048,508	32,427,369	12,869,182	7,255,192	756,225	1,903,994	103,528,889
Investment securities - gross	-	3,037,598	150,153	-	753,930	1,715,585	5,647,154	6,166,635	17,471,055
Long-term investments - gross	-	300,000	-	-	-	-	-	-	300,000
Fixed assets	-	3,359,160	-	-	-	-	-	-	3,359,160
Other assets - gross	460,555	2,653,525	-	-	-	-	-	-	3,114,080
Total assets	**3,728,974**	**12,878,887**	**63,563,291**	**33,037,369**	**13,623,112**	**8,970,777**	**6,403,379**	**8,070,629**	**150,276,418**
Liabilities									
Borrowings from the State Bank of Vietnam	-	-	2,634	-	-	35,808	-	-	38,442
Due to and borrowings from other credit institutions	-	-	2,344,144	696,150	-	-	-	-	3,040,294
Due to customers	-	-	41,773,977	21,899,760	29,684,090	22,002,292	9,389,913	132	124,750,164
Other liabilities	-	3,622,029	-	-	-	-	-	-	3,622,029
Total liabilities	**-**	**3,622,029**	**44,120,755**	**22,595,910**	**29,684,090**	**22,038,100**	**9,389,913**	**132**	**131,450,929**
On-balance sheet interest sensitivity gap	**3,728,974**	**9,256,858**	**19,442,536**	**10,441,459**	**(16,060,978)**	**(13,067,323)**	**(2,986,534)**	**8,070,497**	**18,825,489**

38. MARKET RISKS (continued)

The table below shows the average real interest rates of financial instruments with difference terms and currencies at 30 June 2020:

	Overdue VND million	*Up to 1 month VND million*	*1 - 3 months VND million*	*3 - 6 months VND million*	*6 - 12 months VND million*	*1 - 5 years VND million*	*Over 5 years VND million*
As at 30 June 2020							
Assets							
Balances with the State Bank of Vietnam							
- VND	-	1.00%	-	-	-	-	-
- Foreign currencies	-	0.05%	-	-	-	-	-
Due from and loans to other credit institutions							
- VND	-	0.45%	2.68%	-	-	-	-
- Foreign currencies	-	0.16%	-	-	-	-	-
Loans to customers							
- VND	11.20%	11.10%	9.52%	10.12%	10.86%	9.55%	9.15%
- Foreign currencies	5.88%	4.67%	4.58%	4.37%	4.53%	-	-
Investment securities							
- VND	-	6.40%	-	6.62%	6.55%	6.35%	5.06%
Liabilities							
Borrowings from the State Bank of Vietnam							
- VND	-	3.50%	-	-	3.50%	-	-
Due to and borrowings from other credit institutions							
- VND	-	0.18%	-	-	-	-	-
- Foreign currencies	-	0.10%	2.59%	-	-	-	-
Due to customers							
- VND	-	2.91%	6.82%	7.08%	7.54%	7.78%	5.00%
- Foreign currencies	-	0.10%	0.10%	0.07%	0.07%	-	-

38. MARKET RISKS (continued)

38.1 Interest rate risk (continued)

Interest rate sensitivity

As at 30 June 2020 and 31 December 2019, the Bank has not conducted any interest rate sensitivity assessment due to insufficient information and database systems.

38.2 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Bank is incorporated and operating in Vietnam with reporting currency as VND, the major currency of its transaction is also VND. Some transactions are denominated in USD, EUR and gold. The Bank have set limits to control the positions of the currencies. Positions are monitored on a daily basis and hedging strategies are used to ensure positions of the currencies are maintained within the established limits.

The exchange rates of key foreign currencies to VND at the reporting date are presented at *Note 44*.

38. MARKET RISKS (continued)

38.2 Currency risk (continued)

The following table presents assets and liabilities in foreign currencies translated into VND as at 30 June 2020:

	EUR equivalent VND million	*USD equivalent VND million*	*Gold equivalent VND million*	*Other currencies equivalent VND million*	*Total VND million*
Assets					
Cash and gold	81,465	1,596,619	208,168	352,420	2,238,672
Balances with the State Bank of Vietnam	-	475,070	-	-	475,070
Due from and loans to other credit institutions	185,169	1,914,703	-	521,540	2,621,412
Loans to customers - gross	81,035	9,166,002	19,966	-	9,267,003
Other assets - gross	443	22,087	73	23	22,626
Total assets	**348,112**	**13,174,481**	**228,207**	**873,983**	**14,624,783**
Liabilities					
Due to and borrowings from other credit institutions	33	2,576,084	-	33	2,576,150
Due to customers	196,087	5,040,201	-	591,461	5,827,749
Derivatives and other financial liabilities	143,064	9,091,339	-	76,508	9,310,911
Other liabilities	4,928	213,172	-	180,635	398,735
Total liabilities	**344,112**	**16,920,796**	**-**	**848,637**	**18,113,545**
Foreign exchange position on-balance sheet	**4,000**	**(3,746,315)**	**228,207**	**25,346**	**(3,488,762)**
Foreign exchange position off-balance sheet	**(4,865)**	**2,873,665**	**(31,990)**	**(23,340)**	**2,813,470**
Foreign exchange position on and off- balance sheet	**(865)**	**(872,650)**	**196,217**	**2,006**	**(675,292)**

38. MARKET RISK (continued)

38.2 *Currency risk* (continued)

Exchange rate sensitivity

Assuming that all variables remain constant, the following table shows the effects on profit after tax and equity of the Bank due to changes in exchange rates. Risk due to changes of exchange rates to other currencies of the Bank is not significant.

	Assumed level of increase	*Effects on increase/(decrease) profit after tax VND million*
As at 30 June 2020		
EUR	2%	(64)
EUR	-2%	64
USD	2%	59,941
USD	-2%	(59,941)
SJC	5%	(9,128)
SJC	-5%	9,128

38.3 *Liquidity risk*

Liquidity risk is the risk which the Bank has difficulties in meeting the obligations of financial liabilities. Liquidity risk occurs when the Bank cannot afford to settle debt obligations at the due dates in the normal or stress conditions. To manage the liquidity risk exposure, the Bank has diversified the mobilization of deposits from various sources in addition to its basic capital resources. In addition, the Bank has established policy for control of liquidity assets flexibly; monitor the future cash flows and daily liquidity. The Bank has also evaluated the estimated cash flows and the availability of current collateral assets in case of obtaining more deposits.

The maturity term of assets and liabilities is the remaining period of assets and liabilities as calculated from the interim separate balance sheet date to the settlement date in accordance with contractual terms and conditions.

The following assumptions and conditions are applied in the analysis of maturity of the Bank's assets and liabilities:

- Balances with the SBV are classified as demand deposits less than 1 month which include compulsory deposits;
- The maturity term of investment securities (debt securities) is calculated based on the maturity date of each kind of securities; except for investment securities – equity securities is considered within one month because of their high liquidity;
- The maturity term of borrowings from SBV; due from and loans to other credit institutions, loans to customers is determined based on the maturity date as stipulated in contracts. The actual maturity term may be altered because loan contracts may be extended;
- The maturity term of long-term investments is considered as more than five (5) years because these investments do not have specific maturity date;
- The maturity term of due to and borrowings from other credit institutions, derivatives and other financial liabilities, due to customers are determined based on features of these items or the maturity date as stipulated in contracts. Vostro account and demand deposits are transacted as required by customers, and therefore, classified as current accounts. The maturity term of borrowings and term deposits is determined based on the maturity date in contracts. In practice, these amounts may be rolled over, and therefore, they may last beyond the original maturity date;
- The maturity term of fixed assets is determined based on the remaining useful life of the asset.

38. MARKET RISK (continued)

38.3 Liquidity risk (continued)

The following table presents assets and liabilities maturity from the Bank at 30 June 2020.

	Overdue		*Current*					
	Above 3 months VND million	*Up to 3 months VND million*	*Up to 1 month VND million*	*1 - 3 months VND million*	*3 - 12 months VND million*	*1 - 5 years VND million*	*Above 5 years VND million*	*Total VND million*
Assets								
Cash and gold	-	-	3,345,747	-	-	-	-	3,345,747
Balances with the State Bank of Vietnam	-	-	3,277,433	-	-	-	-	3,277,433
Due from and loans to other credit institutions	-	-	15,087,197	610,000	-	-	-	15,697,197
Derivatives and other financial assets	-	-	83,231	86,797	12,829	-	-	182,857
Loans to customers - gross	2,157,231	1,111,188	6,065,280	20,528,325	25,910,553	11,558,464	36,197,848	103,528,889
Investment securities - gross	-	-	406,052	-	2,369,514	8,059,439	6,636,050	17,471,055
Long-term investments - gross	-	-	-	-	-	-	300,000	300,000
Fixed assets	-	-	43	288	12,993	171,110	3,174,726	3,359,160
Other assets - gross	460,555	-	767,568	186,971	420,370	1,233,220	45,396	3,114,080
Total assets	**2,617,786**	**1,111,188**	**29,032,551**	**21,412,381**	**28,726,259**	**21,022,233**	**46,354,020**	**150,276,418**
Liabilities								
Borrowings from the SBV	-	-	2,634	-	35,808	-	-	38,442
Due to and borrowings from other credit institutions	-	-	2,344,144	696,150	-	-	-	3,040,294
Due to customers	-	-	41,773,977	21,899,760	51,686,382	9,389,913	132	124,750,164
Other liabilities	-	-	1,084,489	712,488	1,472,926	352,126	-	3,622,029
Total liabilities	**-**	**-**	**45,205,244**	**23,308,398**	**53,195,116**	**9,742,039**	**132**	**131,450,929**
Net liquidity gap	**2,617,786**	**1,111,188**	**(16,172,693)**	**(1,896,017)**	**(24,468,857)**	**11,280,194**	**46,353,888**	**18,825,489**

38. MARKET RISK (continued)

38.4 Market price risk

Except for the assets and liabilities presented above, the Bank has no other market price risks which have risk level accounting for 5% or more of net profit or the value of assets, liabilities accounting for 5% or more of total assets.

39. OPERATING LEASE COMMITMENTS

	30 June 2020 VND million	*31 December 2019 VND million*
Operating lease commitments	**495,604**	**555,190**
In which:		
- Due within one year	157,178	218,531
- Due from one to five years	284,905	308,591
- Due after five years	53,521	28,068

40. PROPERTY HOLDER

	30 June 2020 VND million	*31 December 2019 VND million*
Gold holds behalf of customers	**555,206**	**560,043**

41. SUPPLEMENTAL NOTES TO FINANCIAL ASSETS AND FINANCIAL LIABLITIES

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") which is effective for financial years beginning on or after 1 January 2011.

The Circular 210 only provides for the presentation and disclosures of financial instruments; therefore, the concepts of financial assets, financial liabilities and related concepts are applied solely for the supplemental presentation as requirements of Circular 210. Assets, liabilities and equity of the Bank have been recognized and measured in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and the statutory requirements relevant to preparation and presentation of the interim separate financial statements.

41. SUPPLEMENTAL NOTES TO FINANCIAL ASSETS AND FINANCIAL LIABLITIES (continued)

Financial assets

Financial assets of the Bank within the scope of Circular 210 comprise cash and gold, balances with the State Bank of Vietnam, due from and loans to other credit institutions, loans to customers, investment securities, receivables and other financial assets.

According to Circular 210, financial assets are classified appropriately, for the purpose of disclosure in the interim separate financial statements, into one of the following categories:

- *A financial asset at fair value through profit and loss*

  Is a financial asset that meets either of the following conditions:

  a) It is classified as held-for-trading. A financial asset is classified as held for trading. A financial asset is classified as held-for-trading if:

     ✓ It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

     ✓ There is evidence of recent actual pattern of short-term profit-taking; or

     ✓ It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

  b) Upon initial recognition, it is designated by the entity as at fair value through profit and loss.

- *Held-to-maturity investments:*

  Non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank intends and is able to hold to maturity, except:

  a) Financial assets that, at the time of initial recognition, have been classified as a recognized group at their fair value through profit and loss;

  b) Financial assets are classified as available-for-sale;

  c) Financial assets are satisfied the definitions of loans and receivables

- *Loans and receivables*:

  Are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, not includes:

  a) Those that the Bank intend to sell immediately or in the near term, which shall be classified as held for trading, and those that the Bank upon initial recognition designate as at fair value through profit and loss;

  b) Those that the Bank upon initial recognition designate as available for sale; or

  c) Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

- *Available for sale assets:*

  Are non-derivative financial assets that are designated as available for sale or are not classified as:

  a) Loans and receivables;

  b) Held-to-maturity investments;

  c) Financial assets at fair value through profit and loss.

41. SUPPLEMENTAL NOTES TO FINANCIAL ASSETS AND FINANCIAL LIABLITIES (continued)

Financial liabilities

Financial liabilities of the Bank under the Circular 210 consist of borrowings from the Government and the State Bank of Vietnam, deposits and borrowings from other banks, due to customers, payables and other liabilities under monetary derivative contracts.

According to Circular 210/2009/TT-BTC, financial liabilities are classified appropriately, for the purpose of disclosure in the interim separate financial statements, into one of the following categories:

- *Financial liabilities at fair value through profit and loss*

  Is a financial liability that meets either of the following conditions:

  a) It is classified as held for trading. A financial liability is classified as held for trading if:
     - ✓ It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
     - ✓ There is evidence of a recent actual pattern of short-term profit-taking; or
     - ✓ It is a derivative (except for a derivative that is a financial guarantee contract or designated and effective hedging instrument).

  b) Upon initial recognition it is designated by the Bank as at fair value through profit and loss.

- *Financial liabilities at amortized cost.*

  Financial liabilities which are not categorized as at fair value through profit and loss will classified as financial liabilities at amortised cost.

Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and reported at the net amount in the interim separate balance sheet if, and only if, the Bank has an enforceable legal right to offset financial assets against financial liabilities and the Bank has intention to settle on a net basis, or the realization of the assets and settlement of liabilities is made simultaneously.

Determine the fair value of financial instruments

The fair value of cash and short-term deposits approximate their carrying value due to short term maturity of these items.

41. SUPPLEMENTARY NOTES TO FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The carrying amount and fair value of the Bank's financial assets and liabilities are presented as at 30 June 2020 as bellows:

	Book Value						
	Trading VND million	*Keep up to maturity VND million*	*Lend and receivable VND million*	*Available for sale VND million*	*Other assets and financial liabilities are accounted according to the distribution value VND million*	*Total book value VND million*	*Fair Value VND million*
Financial assets							
Cash and gold	-	-	-	-	3,345,747	3,345,747	3,345,747
Balances with the State Bank of Vietnam	-	-	-	-	3,277,433	3,277,433	3,277,433
Due from and loans to other credit institutions	-	-	5	-	15,697,192	15,697,197	(*)
Derivatives and other financial assets	182,857	-	-	-	-	182,857	(*)
Loans to customers	-	-	102,200,765	-	-	102,200,765	(*)
Investment securities	-	9,093,301	-	7,404,533	-	16,497,834	(*)
Long-term investments	-	-	-	300,000	-	300,000	(*)
Other financial assets	-	-	1,867,779	-	-	1,867,779	(*)
	182,857	**9,093,301**	**104,068,549**	**7,704,533**	**22,320,372**	**143,369,612**	
Financial liabilities							
Borrowings from the State Bank of Vietnam	-	-	-	-	38,442	38,442	(*)
Due to and borrowings from other credit institutions	-	-	-	-	3,040,294	3,040,294	(*)
Due to customers	-	-	-	-	124,750,164	124,750,164	(*)
Other financial liabilities	-	-	-	-	3,378,563	3,378,563	(*)
	-	**-**	**-**	**-**	**131,207,463**	**131,207,463**	

(*) The fair value of these financial assets and liabilities cannot be determined because there is no specific guidance on determination of fair value under Vietnamese Accounting Standards and Accounting System.

42. MAJOR CLAIMS

The Bank had two major claims including:

a. The complaint of one (01) customer about the loss of the savings amount at the Bank's Ho Chi Minh City branch according to the notice of this customer amounting to VND245,000 million. On 23 November 2018, the People's Court of Ho Chi Minh City issued the First Verdict, whereby the Bank is responsible for repaying both principal and interest amounting to VND393,732 million. The customer withdrew a partial of principal and interest in the amount of VND59,882 million on 21 June 2017 and accordingly the Bank has to repay the remaining amount of VND333,850 million including VND245,060 million of principal and VND88,790 million of interest to this customer. According to the First Verdict, the civil liability of the former Deputy Manager of Ho Chi Minh City Branch to compensate the Bank will be decided when he is in custody.

   On 7 December 2018, the Bank filed an appeal against the First Verdict regarding the civil liability of the Bank toward this customer. On 19 April 2019, the People's Court of Ho Chi Minh City issued an appellate judgment and accordingly did not accept the Bank's appeal that the customer being held responsible partially for the aforementioned misappropriated amount and, at the same time, agreed with the customer's appeal that the Bank has to repay any unsettled interest at the interest rate applied to ordinary customers in accordance with the interest rate notices issued by the Bank plus an interest penalty on late settlement of deposits. The unpaid interest and late payment penalty interest for this customer is VND115,409 million. On 23 April 2019, the Bank fully paid all unsettled interest.

   As at the date of the interim separate financial statements, the Bank made full provision for the principal and associated interest from this customers' deposits (*Note 14.1 (i)*).

b. The claim from six (06) customers whose saving deposits at Do Luong Transaction Office – Vinh Branch of the Bank being misappropriated amounting to VND50 billion as notified by these customers and in this case there was suspicion of defrauding acts of an ex-employee of Do Luong Transaction Office of Vinh Branch of the Bank. On 16 July 2018, the People's Court of Nghe An Province issued first verdict No. 86/2018/HS-ST on this claim. Accordingly, the ex-employee of Do Luong Transaction Office – Vinh Branch has to repay VND41,259 million to the Bank and the Bank has to repay the saving deposits to the six customers who were involved in this claim at the same amount of VND41,259 million. At the same time, the Bank has the right to collect VND6,950 million from two (02) of the six (06) customers, VND13,500 million from three (03) other individuals who were involved in this claim and to dispose assets of the ex-employee of Do Luong Transaction Office – Vinh Branch for debt recovery including land use right at Vinh City, Nghe An Province and VND3 million in personal savings account at the Bank.

   At the issuance date of these interim separate financial statements, the Bank did not file any appeal against the Court's first verdict, however, the two defendants including a former Manager of Do Luong Transaction Office – Vinh Branch and a former Deputy Manager of Do Luong Transaction Office – Vinh Branch have filed appeals. In addition, an individual who has rights and obligations related to the claim and one of the six customers have also appealed. This claim is awaiting the competent authorities to resolve in accordance with prevailing laws and regulations. At the issuance date of these interim separate financial statements, the Bank made an allowance amounting to VND27,839 million in relation to the VND34,840 million receivables from this former employee (see *Note 14(iv)*).

43. EVENTS AFTER THE INTERIM SEPARATE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the interim balance sheet date that requires adjustment or disclosure in the interim separate financial statements of the Bank.

44. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VIETNAM DONG AT THE END OF THE PERIOD

	30 June 2020 VND	*31 December 2019 VND*
USD	23,205	23,175
EUR	26,025	25,975
GBP	28,496	30,392
CAD	16,963	17,752
SGD	16,629	17,189
AUD	15,919	16,223
JPY	215	213
CHF	24,376	23,925
HKD	2,994	2,976
NZD	14,878	15,614
THB	754	776
Gold SJC (ounce)	4,921,500	4,250,000

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Ho Chi Minh City, Vietnam

28 August 2020