



Nam A Commercial Joint Stock Bank
Separate Financial Statements
for the year ended 31 December 2020



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CONTENTS	PAGE
Bank Information	1 - 2
Statement of the Board of Directors	3
Independent Auditor's Report	4 - 5
Separate balance sheet (Form B02/TCTD)	6 - 8
Separate statement of income (Form B03/TCTD)	9
Separate statement of cash flows (Form B04/TCTD)	10 - 11
Notes to the separate financial statements (Form B05/TCTD)	12 - 88

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Nam A Commercial Joint Stock Bank Bank Information

Operation Licence No. 0026/NH-GP 22 August 1992

The Operation Licence was issued by the State Bank of Vietnam and is valid for 99 years from the licence date.

Establishment Licence No. 463/GP-UB 1 September 1992

The Establishment Licence was issued by the People's Committee of Ho Chi Minh City.

**Business/Enterprise
Registration Certificate No.** 0300872315 1 September 1992

The Business Registration Certificate has been amended several times, the most recent of which is by Enterprise Registration Certificate No. 0300872315 dated 28 September 2020. The initial Business Registration Certificate and its updates were issued by the Department of Planning and Investment of Ho Chi Minh City.

Board of Management	Mr. Nguyen Quoc Toan	Chairman
	Mr. Tran Ngo Phuc Vu	Vice Chairman
	Mr. Phan Dinh Tan	Vice Chairman
	Mr. Nguyen Quoc My	Vice Chairman
	Ms. Vo Thi Tuyet Nga	Member
	Ms. Do Anh Thu	Independent Member

Supervisory Board	Ms. Trieu Kim Can	Chief Supervisor
	Ms. Nguyen Thi Thuy Van	Member
	Ms. Nguyen Thuy Van	Member

Nam A Commercial Joint Stock Bank
Bank Information (continued)

Board of Directors	Mr. Tran Ngoc Tam	General Director
	Mr. Tran Khai Hoan	Standing Deputy General Director
	Ms. Vo Thi Tuyet Nga	Deputy General Director
	Mr. Le Quang Quang	Deputy General Director
	Mr. Hoang Viet Cuong	Deputy General Director
	Mr. Nguyen Danh Thiet	Deputy General Director
	Mr. Ha Huy Cuong	Deputy General Director (from 25 August 2020)
	Mr. Le Anh Tu	Deputy General Director (from 6 October 2020)
Chief Accountant	Ms. Nguyen Thi My Lan	
Legal Representative	Mr. Nguyen Quoc Toan	Chairman
Registered Office	No. 201 – 203 Cach Mang Thang Tam Street Ward 4, District 3, Ho Chi Minh City Vietnam	
Auditor	KPMG Limited Vietnam	

Nam A Commercial Joint Stock Bank Statement of the Board of Directors

The Board of Directors of Nam A Commercial Joint Stock Bank ("the Bank") presents this statement and the accompanying separate financial statements of the Bank for the year ended 31 December 2020.

The Bank's Board of Directors is responsible for the preparation and fair presentation of the separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting. In the opinion of the Bank's Board of Directors:

- (a) the separate financial statements set out on pages from 6 to 88 give a true and fair view of the unconsolidated financial position of the Bank as at 31 December 2020, and of its unconsolidated results of operations and its unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons for the Bank's Board of Directors to believe that the Bank will not be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised the accompanying separate financial statements for issue.

On behalf of the Board of Directors



Trần Ngọc Tam
General Director

Ho Chi Minh City, 16 March 2021



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115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders Nam A Commercial Joint Stock Bank

We have audited the accompanying separate financial statements of Nam A Commercial Joint Stock Bank ("the Bank"), which comprise the separate balance sheet as at 31 December 2020, the separate statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank's Board of Directors on 16 March 2021, as set out on pages 6 to 88.

The Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

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



Auditor's Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the unconsolidated financial position of Nam A Commercial Joint Stock Bank as at 31 December 2020 and of its unconsolidated results of operations and its unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

Emphasis of Matter

We draw attention to Note 3(c) and Note 6(i) to the separate financial statements which describe that the Bank temporarily classified loans to three people's credit funds under special supervision following the direction of the State Bank of Vietnam amounting to VND239,229 million as at 31 December 2020 (31 December 2019: VND208,658 million) as Current debts while awaiting for specific guidance from the State Bank of Vietnam. Our opinion is not modified in respect of this matter.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No.: 20-01-00580-21-1



Nelson Rodriguez Casihan
Practicing Auditor Registration
Certificate No. 2225-2018-007-1
Deputy General Director

Nguyen Ho Khanh Tan
Practicing Auditor Registration
Certificate No. 3458-2020-007-1

Ho Chi Minh City, 16 March 2021

	Note	31/12/2020 VND million	31/12/2019 VND million
A ASSETS			
I Cash on hand, gold	4	985,235	945,670
II Balances with the State Bank of Vietnam	5	4,428,378	3,055,469
III Deposits with and loans to other credit institutions	6	11,893,543	11,795,654
1 Deposits with other credit institutions		11,654,314	11,586,996
2 Loans to other credit institutions		239,229	208,658
IV Held-for-trading securities	7	127,921	127,921
1 Held-for-trading securities		144,141	144,141
2 Allowance for held-for-trading securities		(16,220)	(16,220)
VI Loans and advances to customers		88,320,271	66,751,987
1 Loans and advances to customers	8	89,171,618	67,545,653
2 Allowance for loans and advances to customers	9	(851,347)	(793,666)
VIII Investment securities	10	20,276,783	7,424,193
1 Available-for-sale securities		7,131,959	4,331,101
2 Held-to-maturity securities		13,150,962	3,099,230
3 Allowance for investment securities		(6,138)	(6,138)
IX Capital contribution, long-term investments	11	214,348	160,220
1 Investment in a subsidiary		100,000	50,000
4 Other long-term investments		115,280	115,280
5 Allowance for diminution in value of long-term investments		(932)	(5,060)
X Fixed assets		1,001,170	881,710
1 Tangible fixed assets	12	515,899	448,892
a Cost		946,465	809,007
b Accumulated depreciation		(430,566)	(360,115)
2 Finance lease fixed assets	13	53,396	32,746
a Cost		81,690	71,411
b Accumulated depreciation		(28,294)	(38,665)
3 Intangible fixed assets	14	431,875	400,072
a Cost		556,094	509,541
b Accumulated amortisation		(124,219)	(109,469)
XII Other assets	15	7,101,293	3,514,542
1 Receivables		4,196,033	1,885,662
2 Accrued interest and fees receivable		2,631,737	1,315,261
4 Other assets		320,644	361,076
5 Allowance for losses on other assets		(47,121)	(47,457)
TOTAL ASSETS		134,348,942	94,657,366

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

	Note	31/12/2020 VND million	31/12/2019 VND million
B LIABILITIES AND EQUITY			
LIABILITIES			
I Borrowings from the Government and the State Bank of Vietnam	16	1,254	1,512
II Deposits and borrowings from other credit institutions	17	19,087,651	11,720,897
1 Deposits from other credit institutions		13,256,856	11,244,350
2 Borrowings from other credit institutions		5,830,795	476,547
III Deposits from customers	18	98,318,833	70,744,734
IV Derivatives and other financial liabilities	19	5,571	4,718
V Grants and entrusted funds received	20	472,367	710,001
VI Valuable papers issued	21	6,957,313	4,412,123
VII Other liabilities	22	2,935,693	2,131,506
1 Accrued interest and fees payable		2,410,083	1,679,219
3 Other liabilities		525,610	452,287
TOTAL LIABILITIES		127,778,682	89,725,491
EQUITY			
VIII Equity	24	6,570,260	4,931,875
1 Capital		4,735,774	3,892,642
a Charter capital		4,564,468	3,890,053
b Capital for construction, purchases of fixed assets		10	10
c Share premium		171,271	2,554
g Other capital		25	25
2 Reserves		532,771	411,577
5 Retained profits		1,301,715	627,656
TOTAL EQUITY		6,570,260	4,931,875
TOTAL LIABILITIES AND EQUITY		134,348,942	94,657,366

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

	Note	31/12/2020 VND million	31/12/2019 VND million
OFF-BALANCE SHEET ITEMS			
2 Foreign exchange commitments	38	6,443,232	1,395,807
<i>In which:</i>			
▪ Commitments on currency swap transactions		6,443,232	1,395,807
4 Letters of credit	38	1,222,571	909,803
5 Other guarantees	38	884,071	345,143

16 March 2021

Prepared by



Nguyen Thi Thao
 Head of General Accountant

Reviewed by



Nguyen Thi My Lan
 Chief Accountant

Approved by



Tran Ngoc Tam
 General Director


	Note	2020 VND million	2019 VND million
1 Interest and similar income	25	9,076,444	7,120,834
2 Interest and similar expenses	25	(6,484,205)	(4,938,731)
I Net interest income and similar income	25	2,592,239	2,182,103
3 Fees and commission income	26	209,948	160,128
4 Fees and commission expenses	26	(92,600)	(87,113)
II Net fees and commission income	26	117,348	73,015
III Net gain from trading of foreign currencies	27	46,329	24,728
IV Net gain from trading of held-for-trading securities	28	12,120	64,597
V Net gain from sales of investment securities	29	195,997	115,910
5 Other income	30	217,002	10,771
6 Other expenses	30	(7,598)	(24,764)
VI Net other income/(expenses)	30	209,404	(13,993)
VII Gain from capital contribution, shares purchase	31	4,835	6,599
VIII Operating expenses	32	(1,615,464)	(1,543,293)
IX Net operating profit before allowance expenses for credit losses		1,562,808	909,666
X Allowance expenses for credit losses	33	(558,209)	12,142
XI Profit before tax		1,004,599	921,808
7 Corporate income tax expense – current	34	(204,935)	(191,010)
8 Corporate income tax expense – deferred	34	-	-
XII Total corporate income tax expense	34	(204,935)	(191,010)
XIII Profit after tax		799,664	730,798

16 March 2021

Prepared by


Nguyen Thi Thao
Head of General Accountant

Reviewed by


Nguyen Thi My Lan
Chief Accountant

Approved by



Tran Ngoc Tam
General Director


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

	2020 VND million	2019 VND million
CASH FLOWS FROM OPERATING ACTIVITIES		
01 Interest and similar income received	7,762,226	6,985,174
02 Interest and similar expenses paid	(5,768,016)	(4,485,078)
03 Net fees and commission income received	115,880	73,818
04 Net receipts from foreign currencies, gold and securities trading activities	251,671	138,608
05 Other expenses	(1,394)	(23,919)
06 Collections of bad debts previously written-off	201,646	8,913
07 Salaries and operating expenses paid	(1,638,311)	(1,626,281)
08 Corporate income tax paid	(150,228)	(176,886)
Cash flows from operating activities before changes in operating assets and liabilities	773,474	894,349
Changes in operating assets		
09 Increase in deposits with and loans to other credit institutions	(30,571)	(159,241)
10 (Increase)/decrease in held-for-trading and investment securities	(12,852,590)	1,725,972
12 Increase in loans and advances to customers	(23,542,965)	(18,343,706)
13 Utilisation of allowances for credit losses	(491,003)	(124,749)
14 Increase in other operating assets	(246,963)	(62,557)
Changes in operating liabilities		
15 Decrease in borrowings from the Government and the State Bank of Vietnam	(258)	(258)
16 Increase/(decrease) in deposits and borrowings from other credit institutions	7,351,708	(581,265)
17 Increase in deposits from customers	27,574,099	16,490,696
18 Increase in valuable papers issued	2,545,190	1,806,400
19 (Decrease)/increase in grants and entrusted funds received	(237,634)	581,287
20 Increase in derivatives and other financial liabilities	853	4,718
21 Increase in other operating liabilities	148,530	56,478
I NET CASH FLOWS FROM OPERATING ACTIVITIES	991,870	2,288,124

	2020 VND million	2019 VND million
CASH FLOWS FROM INVESTING ACTIVITIES		
01 Payments for purchases of fixed assets and related construction in progress	(340,691)	(144,898)
02 Proceeds from disposals of fixed assets	31,302	11,719
07 Payments for investments in other entities	(50,000)	-
08 Collections on investments in other entities	-	252,000
09 Receipts of dividends and distributions from capital contribution, long-term investments	4,835	6,599
II NET CASH FLOWS FROM INVESTING ACTIVITIES	(354,554)	125,420
CASH FLOWS FROM FINANCING ACTIVITIES		
01 Proceeds from issuing shares	843,132	14
04 Payments of dividends	(656)	(146)
III NET CASH FLOWS FROM FINANCING ACTIVITIES	842,476	(132)
IV NET CASH FLOWS DURING THE YEAR	1,479,792	2,413,412
V CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	15,588,135	13,174,723
VII CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 35)	17,067,927	15,588,135

16 March 2021

Prepared by


Nguyen Thi Thao
Head of General Accountant

Reviewed by

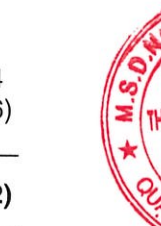

Nguyen Thi My Lan
Chief Accountant

Approved by


Tran Ngoc Tam
General Director



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



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

1. Reporting entity

(a) Establishment and operations

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

The Bank was established under Operation Licence No. 0026/NH-GP issued by the State Bank of Vietnam ("the SBV") on 22 August 1992, Establishment Licence No. 463/GP-UB issued by the People's Committee of Ho Chi Minh City on 1 September 1992 and initial Business Registration Certificate No. 0300872315 issued by the Department of Planning and Investment of Ho Chi Minh City on 1 September 1992 with 40th update on 28 September 2020. The Operation Licence of the Bank is valid for 99 years from the licence date.

The Bank's principal activities include mobilising short, medium and long-term deposits in the form of time deposits, demand deposits, deposit certificates; receiving funds; taking borrowings from other credit institutions; granting short, medium and long-term loans; discounting commercial papers, bonds and valuable papers; venturing capital and joint-venture; conducting payment transactions services; conducting foreign currency and gold trading transactions, international trade finance services, mobilising overseas sources of funds and other international banking services with overseas counterparties as approved by the State Bank of Vietnam; carrying out factoring activities; providing cash management services, banking and financial consulting, services of keeping and managing assets; renting safe boxes; trading government bonds, corporate bonds; entrusted lending and receiving entrusted funds; insurance agency services; providing credit facility under form of bank guarantees; purchasing debts; providing foreign exchange services on domestic and international markets within the scope stipulated by the State Bank of Vietnam; trading gold; renting out part of the Bank's unused premises.

(b) Charter capital

As at 31 December 2020 and 31 December 2019, the Bank's charter capital is VND4,564,468,430,000 (31/12/2019: VND3,890,053,280,000). The par value is VND10,000 per share.

(c) Location and operation network

The Bank's Head Office is located at No. 201 – 203 Cach Mang Thang Tam Street, Ward 4, District 3, Ho Chi Minh City, Vietnam. As at 31 December 2020, the Bank has one (1) business center and one hundred and six (106) branches and transaction offices across the country (31/12/2019: one (1) business center and one hundred and two (102) branches and transaction offices across the country).

(d) Subsidiaries

As at 31 December 2020 and 2019, the Bank had one subsidiary as follows:

	Percentage of equity owned and voting rights	
	31/12/2020	31/12/2019
Nam A Bank Asset Management Company Limited	100%	100%

Nam A Bank Asset Management Company Limited ("the subsidiary") was established under Decision No. 288/QĐ-NHNN of the State Bank of Vietnam and Business Registration Certificate No. 0304691951 issued by the Department of Planning and Investment of Ho Chi Minh City on 1 November 2006 (18th amendment on 9 September 2020) with a charter capital of VND100 billion and an operation period which is the remaining operation period of the Bank in the territory of Vietnam. The charter capital contributed up to 31 December 2020 is VND100 billion (31/12/2019: VND50 billion). The subsidiary's head office is located at SR18-SR19 Quy Nhon Trade Center, No. 7 Nguyen Tat Thanh, Ly Thuong Kiet Ward, Quy Nhon City, Binh Dinh Province, Vietnam.

The principal activities of the subsidiary are to dispose of the loan assets in the form of appropriate guarantees: renovation, repairing and upgrading of assets for sale, lease, business operation, capital contribution, joint venture by properties to recover debts; to receive and manage outstanding debts (including debts with secured assets and debts without secured assets) and secured assets (mortgages, pledged assets, debt-bearing assets and assets handed over to the Bank in court) related to the debts, collecting debts in the fastest way; to actively sell assets at the Bank's discretion at market prices (selling prices may be higher or lower than the value of outstanding debts) in the form of self-selling in the market, selling through centers of property auction services and selling to the State's debt purchase and sale companies (when established); to buy and sell outstanding debts of other credit institutions, debt management companies and to exploit assets of commercial banks according to current provisions of laws; to perform work as authorised by the Bank; to restructure outstanding debts with the following measures: debt rescheduling, interest exemption, additional investment, conversion into contributed capital; to handle assets of debts by taking appropriate measures: repairing, upgrading and upgrading assets for sale, lease, business operation, joint venture, capital contribution by properties to recover debts; to carry out debt trading services including debt purchase, debt sale, debt brokerage, trading debt consultancy.

(e) Number of employees

As at 31 December 2020, the Bank had 3,530 employees (31/12/2019: 2,984 employees).

2. Basis of preparation

(a) Statement of compliance

The separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting. These accounting standards and relevant statutory requirements may differ in some material respects from International Financial Reporting Standards and the generally accepted accounting principles and standards in other countries. Accordingly, the accompanying separate financial statements are not intended to present the unconsolidated financial position and unconsolidated results of operations and unconsolidated cash flows of the Bank in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than Vietnam. Furthermore, the utilisation is not designed for those who are not informed about Vietnam's accounting principles, procedures and practices applicable to credit institutions.

The Bank has also prepared the consolidated financial statements of the Bank and its subsidiary (collectively referred to as "the Group") in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting. These separate financial statements of the Bank should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2020 in order to obtain a comprehensive understanding on the consolidated financial position of the Group as at 31 December 2020, the consolidated results of operations and the consolidated cash flows of the Group for the year then ended.

(b) Basis of measurement

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

(c) Annual accounting period

The annual accounting period of the Bank is from 1 January to 31 December.

(d) Accounting and presentation currency

The Bank's accounting currency is Vietnam Dong ("VND"), which is also the currency used for financial statements presentation purpose, rounded to the nearest million ("VND million").

(e) Form of accounting records applied

The Bank uses accounting software to record its transactions under the form of general journal ledgers.

3. Summary of significant accounting policies

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

(a) Foreign currency transactions

All transactions are recorded in original currencies. Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the average of buying and selling spot exchange rate of that currency ("spot exchange rate") at the end of the last working day of the accounting period if the difference between the spot exchange rate and the weighted average of the buying and selling exchange rates of the last working day of the accounting period is less than 1%, in case the difference between the spot exchange rate at the end of the last working day of the accounting period and the weighted average of the buying and selling exchange rates of the last working day of the accounting period is greater than or equal to 1%, the Bank will use the weighted average of the buying and selling exchange rates of the last working day of the accounting period. Non-monetary assets and liabilities denominated in currencies other than VND are translated to VND at the average of buying and selling exchange rates on the transaction dates.

Income and expenses in foreign currencies are translated into VND at the average of buying and selling exchange rates on transaction dates.

Foreign exchange differences arising from monthly translation of monetary assets and liabilities are recognised in the "Foreign exchange differences" account in equity on the separate balance sheet and then transferred to the separate statement of income at the end of the annual accounting period.

Refer to Note 41(c)(ii) for the major exchange rates used at the end of the annual accounting period.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, gold, balances with the SBV, deposits with and loans to other credit institutions with original term to maturity of not more than three months, Government's promissory notes and other short-term valuable papers qualified to be discounted at the SBV, and securities which have maturity dates within three months from the purchase dates.

(c) Deposits with and loans to other credit institutions

Deposits with other credit institutions include demand deposits and term deposits with other credit institutions with original term to maturity of not more than three months.

Loans to other credit institutions are loans with original term to maturity of not more than 12 months.

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

Demand deposits with other credit institutions are stated at cost.

Debt classification of term deposits with and loans to other credit institutions and allowance calculation thereof is made in accordance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 issued by the SBV regulating the classification of assets, credit loss allowance level, allowance calculation method and utilisation of allowance in operations of credit institutions and branches of foreign banks ("Circular 02") and Circular No. 09/2014/TT-NHNN dated 18 March 2014 issued by the SBV amending and supplementing certain articles of Circular 02 ("Circular 09") as described in Note 3(g).

In accordance with Circular 02, the Bank is not required to make general allowance for term deposits with and loans to other credit institutions.

In addition, the Bank also has recognised loans to three people's credit funds under special supervision following the direction of the SBV with original term to maturity of not more than 4 years and which was extended for another 2 years according to Decision No.837/ĐNA-TTGS dated 16 June 2020 of the SBV. The Bank temporarily classified these loans as Current debts while awaiting for specific guidance from the SBV.

(d) Held-for-trading securities

(i) Classification

Held-for-trading securities are debt securities or equity securities acquired principally for the purpose of selling in the short-term or there is evidence of a recent pattern of short-term profit-taking.

(ii) Recognition

The Bank recognises held-for-trading securities on the date it becomes a party to the contractual provisions of these securities (trade date accounting).

(iii) Measurement

Held-for-trading securities are stated at cost less allowance for losses on held-for-trading securities. Allowance for losses on held-for-trading securities comprises allowance for credit losses and allowance for diminution in value.

Allowance for credit losses is made for held-for-trading unlisted corporate bonds. Debt classification and allowance for credit losses of unlisted corporate bonds are made in accordance with the requirements of Circular 02 and Circular 09 as described in Note 3(g).

Allowance for diminution in value of other held-for-trading securities is made when the market price of the securities is lower than its book value.

For held-for-trading listed equity securities, the market price is the closing price at the latest trading date until the end of the annual accounting period.

For held-for-trading unlisted equity securities that have been registered for trading on the unlisted public company market ("UPCOM"), the market price is the average price of the most recent 30 trading dates until the end of the annual accounting period announced by the Stock Exchange.

For held-for-trading unlisted securities and not yet registered for trading on the UPCOM, in case there is indicator of diminution in value of these securities, allowance is made in accordance with the accounting policy as described in Note 3(i).

The allowance for credit losses of held-for-trading unlisted corporate bonds and allowance for diminution in value of other held-for-trading securities as mentioned above are reversed if the recoverable amount of these securities subsequently increases after the allowance being recognised. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

Interest income during the holding period of held-for-trading debt securities is recognised in the separate statement of income upon receipt (cash basis).

(iv) Derecognition

Held-for-trading securities are derecognised when the rights to receive cash flows from the securities have expired or the Bank has transferred substantially all risks and rewards of ownership of these securities.

(e) Derivative financial instruments

Forward and swap currency contracts

Forward currency contracts and swap currency contracts are recorded at the net contract values in the separate financial statements. The differences between the currency amounts which are committed to buy/sell at contractual exchange rate and the currency amounts translated at the spot exchange rate at the effective date of the forward currency contracts and swap currency contracts are amortised to the separate statement of income on a straight-line basis over the terms of these contracts.

The positions of forward currency contracts are revalued at the spot exchange rate at each month-end. Unrealised gains/losses are recorded in the "Foreign exchange differences" account in equity on the separate balance sheet and then transferred to the separate statement of income at the end of the annual accounting period.

(f) Loans and advances to customers

Short-term loans are those with repayment term within one (01) year from the loan disbursement date; medium-term loans are those with repayment term from over one (01) year to five (05) years from the loan disbursement date and long-term loans are those with repayment term of more than five (05) years from the loan disbursement date.

Loans and advances to customers are stated at the amount of principal less allowance for credit losses. Allowance for credit losses on loans and advances to customers comprises specific allowance and general allowance.

Debt classification and allowance for credit losses for loans and advances to customers are made in accordance with the requirements of Circular 02 and Circular 09 as described in Note 3(g).

Loans and advances to customers are derecognised when the contractual rights to receive cash flows from the loan contracts expire, or the Bank has transferred substantially all risks and rewards of ownership associated with the loans to other parties.

For the loans sold to Vietnam Asset Management Company ("VAMC"), the Bank derecognises them from the separate balance sheet in accordance with the guidance in Official Letter No. 8499/NHNN-TCKT dated 14 November 2013 issued by the SBV ("Official Letter 8499") and Official Letter No. 925/NHNN-TCKT dated 19 February 2014 issued by the SBV ("Official Letter 925").

(g) Debt classification, allowance level and calculation method of allowance for credit losses

(i) Debt classification

Debt classification for term deposits with and loans to other credit institutions, unlisted corporate bonds, loans and advances to customers, entrusted loans and debts sold but not yet collected (together referred to as "debts"), is made in accordance with the quantitative method as stipulated in Article 10 of Circular 02. The Bank carries out quarterly debt classification based on the outstanding principals of debts at the last working date of each quarter (except for Quarter 4, debt classification based on the outstanding principals of debts at the last working date of November for the purpose of making allowance for credit losses) as follows:

Group		Overdue status
1	Current debts	(a) Current debts being assessed as fully and timely recoverable, both principal and interest; or (b) Debts being overdue for less than 10 days and being assessed as fully recoverable, both overdue principal and interest, and fully and timely recoverable, both remaining principal and interest.
2	Special mentioned debts	(a) Debts being overdue between 10 days and 90 days; or (b) Debts having terms of repayment rescheduled for the first time.

Group		Overdue status
3	Sub-standard debts	<p>(a) Debts being overdue between 91 days and 180 days; or</p> <p>(b) Debts having terms of repayment extended for the first time; or</p> <p>(c) Debts having interest exempt or reduced because customers are not able to pay the interest according to the credit contract; or</p> <p>(d) Debts falling in one of the following cases not yet collected within 30 days since the issuance date of recovery decision:</p> <ul style="list-style-type: none"> ▪ Debts having violated regulations specified in Points 1, 3, 4, 5, 6 of Article 126 of Laws on Credit Institutions; or ▪ Debts having violated regulations specified in Points 1, 2, 3, 4 of Article 127 of Laws on Credit Institutions; or ▪ Debts having violated regulations specified in Points 1, 2, 5 of Article 128 of Laws on Credit Institutions. <p>(e) Debts in the collection process under inspection conclusions.</p>
4	Doubtful debts	<p>(a) Debts being overdue between 181 days and 360 days; or</p> <p>(b) Debts having terms of repayment rescheduled for the first time and being overdue less than 90 days according to the first rescheduled terms of repayment; or</p> <p>(c) Debts having terms of repayment rescheduled for the second time; or</p> <p>(d) Debts specified in point (d) of Sub-standard debts not yet collected between 30 days and 60 days since the issuance date of recovery decision; or</p> <p>(e) Debts in the collection process under inspection conclusions but being overdue up to 60 days according to recovery term.</p>
5	Loss debts	<p>(a) Debts being overdue more than 360 days; or</p> <p>(b) Debts having terms of repayment rescheduled for the first time and being overdue more than 90 days according to the first rescheduled terms of repayment; or</p> <p>(c) Debts having terms of repayment rescheduled for the second time and being overdue according to the second reschedule terms of repayment; or</p> <p>(d) Debts having terms of repayment rescheduled for the third time or more, regardless of whether the debts are overdue or not; or</p> <p>(e) Debts specified in point (d) of Sub-standard debts not yet collected over 60 days since the issuance date of recovery decision; or</p> <p>(f) Debts in the collection process under inspection conclusions but being overdue of more than 60 days according to recovery term; or</p> <p>(g) Debts to credit institutions being announced under special supervision status by the SBV, or to foreign bank branches of which capital and assets are blockaded.</p>

For off-balance sheet commitments, the Bank classified debts based on the overdue days from the date when the Bank performs committed obligations:

- Group 3 - Sub-standard debts: overdue below 30 days;
- Group 4 - Doubtful debts: overdue from 30 days to less than 90 days
- Group 5 - Loss debts: overdue from 90 days and above.

Where a customer owes more than one debt to the Bank and has any of its debts transferred to a higher risk group, the Bank is obliged to classify the remaining debts of such customer into the group of debts with higher risk corresponding with their level of risk.

When the Bank participates in a syndicated loan not as the lead bank, the Bank reclassifies all debts (including the syndicated loan) of the customer into a higher risk group of debt as decided by the lead bank, participating banks and by the Bank.

The Bank is also required to use the results of debt classification as provided by the Credit Information Center of the SBV ("CIC") at the date of classification to adjust the results of its internal classification of debts and off-balance sheet commitments. Where debts and off-balance sheet commitments of one customer are classified by the Bank into a group of debts with lower risk as compared to those provided by CIC, the Bank is required to reclassify such debts and off-balance sheet commitments to the group of debts as provided by CIC.

From 13 March 2020, the Bank has applied Circular No. 01/2020/TT-NHNN ("Circular 01") issued by the SBV on rescheduling of debt repayment terms, waiver, reduction of interest and fees, maintaining the debt classifications in order to support customers affected by Covid-19 pandemic. Accordingly, for customers with outstanding loans having the obligation to repay the principals and/or interest being due during the period from 23 January 2020 to the date following 3 months from the date the Prime Minister announces the end of Covid-19 epidemic, and for customers who are unable to repay their principals and/or interest in due time under the signed contract or loan agreement because of declines in revenue and income caused by the impacts of Covid-19 epidemic, the Bank is allowed to reschedule the repayment period for these debts while maintaining the same debt group as previously classified before 23 January 2020.

(ii) Allowance for credit losses

Allowance for credit losses comprises general allowance for credit losses and specific allowance for credit losses.

Specific allowance for credit losses

In accordance with the requirements of Circular 02 and Circular 09, specific allowance for credit losses at the end of each quarter is calculated based on the allowance rate corresponding to the results of debt classification and outstanding principals of debts at the last working date of each quarter (except for Quarter 4, specific allowance is calculated based on the allowance rate corresponding to the results of debt classification and outstanding principals of debts at the last working date of November) less the allowed value of collaterals.

Specific allowance rates applied to each debt group are as follows:

Group	Allowance rate
Group 1 – Current debts	0%
Group 2 – Special mentioned debts	5%
Group 3 – Sub-standard debts	20%
Group 4 – Doubtful debts	50%
Group 5 – Loss debts	100%

The allowed value of collaterals is determined in accordance with the following principles as set out in Circular 02:

- Collateral assets with value of VND50 billion or more for debts to related parties or other parties subject to credit restriction under Article 127 of Law on Credit Institutions and collateral assets with value of VND200 billion or more must be revalued by a licensed asset valuation organisation; and
- Other than the above, collateral assets are revalued in accordance with the Bank's internal policies and processes.

Collateral assets that do not satisfy the legal conditions as specified in Point 3, Article 12 of Circular 02 are deemed to have zero allowed value.

Maximum allowed ratio of collateral assets are as follows:

Type of collateral assets	Maximum allowed ratio
(a) Deposits from customers in VND	100%
(b) Gold billets, except for the types of gold specified in item (i) below; deposits from customers in foreign currencies	95%
(c) Government bonds, transferable instruments, valuable papers issued by the Bank, saving deposit certificates, certificates of deposit, bills and notes issued by other credit institutions or foreign bank branches: <ul style="list-style-type: none"> ▪ With a remaining term of below 1 year ▪ With a remaining term of between 1 year to 5 years ▪ With a remaining term of over 5 years 	95% 85% 80%
(d) Securities issued by other credit institutions and listed on a stock exchange	70%
(e) Securities issued by other enterprises and listed on a stock exchange	65%
(f) Unlisted securities and valuable papers, except for the types of securities specified in item (c) above, issued by other credit institutions registered for listing on a stock exchange; Unlisted securities and valuable papers, except for the types of securities specified in item (c) above, issued by other credit institutions not registered for listing on a stock exchange	50% 30%
(g) Unlisted securities and valuable papers issued by enterprises registered for listing on a stock exchange; Unlisted securities and valuable papers issued by enterprises not registered for listing on a stock exchange	30% 10%
(h) Real estates	50%
(i) Gold billets not having quoted price, other types of gold and other collateral assets	30%

As at 31 December 2020, the Bank calculated the specific allowance for credit losses based on the result of debt classification, outstanding balance of debts and allowed value of collateral assets as at 30 November 2020 (31/12/2019: based on the result of debt classification, outstanding balance of debts and allowed value of collateral assets as at 30 November 2019).

General allowance for credit losses

In accordance with Circular 02, a general allowance is made at 0.75% of the outstanding balances of debts at the last working date of each quarter (except for Quarter 4, the general allowance is made at 0.75% of the outstanding balance of debts at the last working date of November) excluding term deposits with and loans to other credit institutions and debts being classified as Loss debts.

As at 31 December 2020, the Bank provided a general allowance for credit losses based on the above balances as at 30 November 2020 (31/12/2019: a general allowance was provided based on the above balances as at 30 November 2019).

(iii) Writing-off bad debts

Bad debts are debts of groups 3, 4, 5.

In accordance with Circular 02 and Circular 09, debts are written-off against the allowance when they have been classified to Group 5 or when borrowers have been declared bankrupt or dissolved (for borrowers being organisations and enterprises) or borrowers are deceased or missing (for borrowers being individuals).

Debts written-off against allowance are recorded as off-balance sheet items for following up and collection. The amounts collected from the debts previously written-off are recognised in the separate statement of income upon receipt.

(iv) Provision for off-balance sheet commitments

In accordance with Circular 02 and Circular 09, the debt classification of off-balance sheet commitments is done solely for risk management, credit quality supervision of credit granting activities. The Bank is not required to make provision for off-balance sheet commitments, except where the Bank has been required to make payment under the guarantee contract, in which case the payment on behalf is classified and provision is made in accordance with the accounting policy as described in Note 3(g)(i) and Note 3(g)(ii).

(h) Investment securities

Investment securities include available-for-sale and held-to-maturity securities. The Bank classifies investment securities at the time of purchase as available-for-sale securities or held-to-maturity securities. In accordance with Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 issued by the SBV, the Bank is allowed to reclassify investment securities maximum once after the initial classification at the purchase date.

(i) Available-for-sale securities

Classification

Available-for-sale securities are debt securities or equity securities which are bought and intended to be held for an indefinite period and may be sold at any time.

Recognition

The Bank recognises available-for-sale securities on the date when it becomes a party to the contractual provisions of these securities (trade date accounting).

Measurement

Equity securities

Available-for-sale equity securities are initially stated at cost, which includes purchase price plus any directly attributable transaction costs such as brokerage fees, transaction fees, information fees and bank charges (if any). Subsequently, these securities are stated at the lower of book value and market price with the loss being recognised in the separate statement of income.

For available-for-sale listed equity securities, the market price is the closing price at the latest trading date until the end of the annual accounting period.

For available-for-sale unlisted equity securities that have been registered for trading on the unlisted public company market ("UPCOM"), the market price is the average of price of the most recent 30 trading dates until the end of the annual accounting period announced by the Stock Exchange.

For available-for-sale unlisted securities and not yet registered for trading on the UPCOM, in case there is indicator of diminution in value of these securities, allowance is made in accordance with the accounting policy as described Note 3(i).

Debt securities

Available-for-sale debt securities are initially stated at cost, which includes purchase price and directly attributable transaction costs such as brokerage fees, transaction fees, information fees and bank charges (if any). Subsequently, these securities are stated at amortised cost (affected by the amortisation of discounts and premiums) less allowance for losses on investment securities (including allowance for credit losses and allowance for diminution in value of securities). Premiums and discounts arising from purchases of available-for-sale debt securities are amortised to the separate statement of income on a straight-line basis over the period from the acquisition date to the maturity date. In case that these available-for-sale securities are sold before their maturity dates, the unamortised premiums and discounts are fully recognised in the separate statement of income at the selling date.

For available-for-sale listed debt securities, the market price is determined based on the latest transaction price on the Ha Noi Stock Exchange within 10 days until the end of the annual accounting period. If there is no transaction within 10 days until the end of the accounting period, no allowance is made for such debt securities.

Available-for-sale debt securities which are unlisted corporate bonds are recognised at cost less allowance for credit losses in accordance with Circular 02 and Circular 09 as presented in Note 3(g).

Post-acquisition interest income of available-for-sale debt securities and held-to-maturity debt securities are recognised in the separate statement of income on an accrual basis. Pre-acquisition interest income is recognised as a reduction to cost when received.

The allowance for losses on investment securities as mentioned above are reversed if the recoverable amount of the securities subsequently increases after the allowance being recognised. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

Derecognition

Available-for-sale securities are derecognised when the rights to receive cash flows from the securities have expired or the Bank has transferred substantially all risks and rewards of ownership of these securities.

(ii) **Held-to-maturity securities**

Classification

Held-to-maturity securities are debt securities with fixed or determinable payments and a fixed maturity where the Bank has the positive intention and ability to hold until maturity.

Recognition

The Bank recognises held-to-maturity securities on the date it becomes a party to the contractual provisions of these securities (trade date accounting).

Measurement

Held-to-maturity unlisted corporate bonds are stated at cost less allowance for credit losses. Debt classification and allowance for credit losses of unlisted corporate bonds are made in accordance with the requirements of Circular 02 and Circular 09 as described in Note 3(g).

Other held-to-maturity securities are stated at cost less allowance for diminution in value. Allowance for diminution in value is made when there is an indicator of long-term decline or strong evidence that the Bank might not be able to fully recover the amount and the Bank does not make allowance for diminution in value for short-term changes in prices.

Premiums and discounts arising from purchases of held-to-maturity securities are amortised to the separate statement of income on a straight-line basis over the period from the acquisition date to the maturity date.

Post-acquisition interest income from held-to-maturity securities is recognised in the separate statement of income on an accrual basis.

The allowance for credit losses of held-to-maturity unlisted corporate bonds and the allowance for diminution in the value of other held-to-maturity securities as mentioned above are reversed if the recoverable amount increases after the allowance being recognised. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

Derecognition

Held-to-maturity securities are derecognised when the rights to receive cash flows from these securities have expired or the Bank has transferred substantially all risks and rewards of ownership of these securities.

(iii) Special bonds issued by Vietnam Asset Management Company (“VAMC”)

The Bank accounts for bad debts sold in exchange for special bonds issued by VAMC in accordance with the guidance in Official Letter 8499 and Official Letter 925.

Classification

Special bonds issued by VAMC are valuable papers issued by VAMC to purchase the Bank's bad debts and are classified as held-to-maturity debt securities issued by local economic entities.

Recognition

Special bonds are initially recognised at par value at transaction date and subsequently measured at par value less allowance for losses.

Measurement

In exchange of each bad debt sold to VAMC, the Bank receives a corresponding special bond issued by VAMC. Par value of the special bond is equal to the carrying value of bad debt sold net off specific allowance which was made but not yet utilised.

After completing the procedures of selling bad debts, the Bank writes down the book value of bad debts, using specific allowance which was made but not yet utilised and recognises interest receivables of such bad debts as off-balance sheet. At the same time, the Bank recognises the special bonds issued by VAMC in held-to-maturity securities issued by local economic entities.

For the special bonds issued by VAMC, specific allowance is calculated and made in accordance with the guidance in Circular No. 19/2013/TT-NHNN dated 6 September 2013 (“Circular 19”) issued by the SBV regulating the purchase, sale and disposal of bad debts of VAMC and Circular No. 14/2015/TT-NHNN dated 28 August 2015 (“Circular 14”) issued by the SBV, Circular No. 08/2016/TT-NHNN dated 16 June 2016 (“Circular 08”) issued by the SBV and Circular No. 09/2017/TT-NHNN dated 14 August 2017 (“Circular 09”) issued by the SBV amending and supplementing certain articles of Circular 19. Accordingly, the minimum specific allowance required to make annually during the term of the special bonds is the positive difference between 20% of the par value of the special bonds deducting the collected amounts of the underlying bad debts during the year. Annually, the Bank is required to make adequate specific allowance mentioned as above within 5 consecutive working days before the due date of special bonds and is not required to make general allowance for these special bonds. Allowance for special bonds is recognised in the separate statement of income.

(i) Capital contribution, long-term investments

(i) Investments in subsidiaries

Subsidiaries are entities controlled by the Bank. Control exists when the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are initially stated at cost less allowance for diminution in value in the Bank's separate financial statements. Subsequent to the initial recognition, they are measured at cost less allowance for diminution in value.

(ii) Other long-term investments

Other long-term investments are investments in equity instruments of entities where the Bank has no control or significant influence. These long-term investments are initially recognised at cost. Subsequent to the initial recognition, they are measured at cost less allowance for diminution in value.

(ii) Allowance for diminution in the value of other long-term investments

Allowance for diminution in the value of other long-term investments is made if the investees make loss. Allowance for diminution in value of long-term investment is calculated by the real capital contributed by all investors of the economic organisation, minus (-) the owner's equity of the economic organisation and multiplied (x) the ratio of charter capital ownership (%) of the Bank at economic organizations receiving contributed capital at the time allowance made. The allowance is reversed if there is a subsequent increase in the recoverable amount after the allowance being recognised. An allowance is reversed only 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 recognised.

(i) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the tangible fixed assets have been put into operation, such as repairs, maintenance and overhaul costs, is charged to separate statement of income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

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

▪ buildings and structures	5 - 30 years
▪ machinery and equipment	3 - 8 years
▪ motor vehicles	6 - 10 years
▪ office equipment	3 - 8 years
▪ other fixed assets	4 - 10 years

(k) Finance lease fixed assets

Finance lease is a lease transaction whereby the Bank has recognised the majority of the risks and rewards associated with the ownership of leased assets. Asset ownership may be transferred at the end of the lease term. At the time of receipt of leased assets, the Bank recognises leased assets as finance lease fixed assets and finance lease liabilities on the separate balance sheet at an amount equal to the lower of fair value of finance lease fixed assets and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation.

Depreciation of finance lease fixed assets is computed on a straight-line basis over the estimated useful lives of the leased assets. The estimated useful lives of finance leased assets are consistent with the useful lives of tangible fixed assets as described in Note 3(j)(ii). If it is not certain that the Bank will have asset ownerships upon the expiry of the lease agreement, the leased assets will be depreciated over a shorter period of time between the lease term and the useful life of the assets.

All lease agreements that are not classified as finance leases are classified as operating leases.

(l) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

- Those granted by the State for which land use payments have been made; and
- Those acquired in a legitimate transfer.

Definite land use rights are stated at cost and are not amortised. The initial cost of an definite land use right comprises its purchase price and any directly attributable costs incurred in conjunction with obtaining the land use right. Definite land use rights are amortised on a straight-line basis over expected useful life.

Indefinite land use rights are stated at cost and are not amortised. The initial cost of an indefinite land use right comprises its purchase price and any directly attributable costs incurred in conjunction with obtaining the land use right.

(ii) Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible fixed asset. Software cost is amortised on a straight-line basis over a period ranging from 3 to 8 years.

(m) Other assets

(i) Construction in progress

Construction in progress represents the costs of purchasing fixed assets and upgrading of software which have not been fully completed. No depreciation is provided for construction in progress during the period of purchasing or upgrading.

(ii) Foreclosed assets

Foreclosed assets are those of which the ownership was transferred to the Bank and awaiting for settlement. For foreclosed assets of which the ownership has not been transferred to the Bank, the Bank records as off-balance sheet items.

(iii) Other assets

Other assets, except for receivables from credit activities, are stated at cost less allowance for losses on other assets.

Allowance for losses on other assets are made based on the overdue status of debts or expected losses on undue debts which may occur when an economic organisation is bankrupted or liquidated; or debtor is missing, running away, being prosecuted, in prison, under a trial or pending execution of sentences or deceased. The allowance expenses are recorded as operating expenses during the year.

For overdue debts, the Bank makes allowance for losses using the allowance rates that are applied for overdue status as follows:

Overdue status	Allowance rate
Over 6 months to less than 1 year	30%
From 1 to less than 2 years	50%
From 2 to less than 3 years	70%
From 3 years and above	100%

Allowance for losses on other assets made based on the expected losses of undue debts is determined by the Bank after giving consideration to the recovery of these debts.

(o) Sales of debts

(i) Receivables from sales of debts

Debts that have been sold but not yet collected are classified as assets having credit risk and recognised at the remaining uncollected amount. Debt classification and allowance for credit losses for these receivables are made in accordance with the requirements of Circular 02 and Circular 09 as described in the Note 3(g).

(ii) Revenue and cost of debts sold

Revenue and cost of debts sold are recognised in accordance with the guidance in Circular No. 09/2015/TT-NHNN dated 17 July 2015 of the SBV regulating the purchasing and selling debt activities of credit institutions, branches of foreign banks.

Accordingly, the difference between the selling price and the book value of the debt sold shall be accounted as follows:

For debts that are being recorded on the balance sheet:

- Where the selling price is higher than the book value, the difference shall be recorded as income;
- Where the selling price is lower than the book value, the difference shall be compensated from the individual or collective indemnity (in case of the loss is determined to be caused by any individual or collective and compensation is required in accordance with regulations), from the insurance claim and from the risk provision which has been appropriated in expenses, the deficit shall be recorded as expense.

For debts that are being recorded as off-balance sheet items and debts that have been removed from the separate balance sheet, the proceeds from the sales of debts shall be recorded as income.

(p) Prepaid expenses

Prepaid expenses are amortised over the prepaid period or the period of time in which the corresponding economic benefits are derived from these expenses.

The following types of expenses are recognised as prepaid expenses, are stated at cost and amortised to the separate statement of income on a straight-line basis over the period from above 1 month to 36 months:

- Prepaid rental expense
- Overhaul expenses of fixed assets
- Tools and instruments used for multiple years
- Expenses on other services

(q) Deposits and borrowings from other credit institutions

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

(r) Deposits from customers

Deposits from customers are stated at their cost.

(s) Valuable papers issued

Valuable papers issued are stated at their cost. Cost of valuable papers issued comprises proceeds from issuance net of issuance costs.

(t) Other payables

Other payables are stated at their cost.

(u) Provisions

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Severance allowance and unemployment insurance

Under the Vietnamese Labour Code, when an employee who has worked for the Bank for 12 months or more ("the eligible employee") voluntarily terminates his/her labour contract in accordance with the laws, the employer is required to pay him/her severance allowance calculated based on years of service and employee's compensation at termination. Severance allowance has been provided based on employees' years of service and their average salary for the six-month period prior to the end of the annual accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Bank are excluded.

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

Pursuant to the Law on Social Insurance, effective from 1 January 2009, the Bank and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The unemployment insurance paid by the Bank for the years of service is recorded as an expense in the separate statement of income when incurred.

(v) Bonus and welfare fund

Bonus and welfare fund is not required by laws and is fully distributable, and is used primarily to make payments to the Bank's employees. Bonus and welfare fund is appropriated from the Bank's profit after tax in accordance with the shareholders' resolution at the Annual General Meeting and is recognised as other liabilities. The appropriation rate is decided by the shareholders at the Annual General Meeting.

(w) Capital

(i) Charter capital

Charter capital is the total par value of ordinary shares issued. Ordinary shares are stated at par value. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(ii) Share premium

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

(iii) Treasury shares

When the Bank repurchases its ordinary shares ("treasury shares"), the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. These shares are classified as treasury shares and presented as a deduction from equity. In respect of shares bought back by the Bank, all rights are suspended until those shares are reissued.

When the treasury shares are reissued subsequently, the amount received is recognised as an increase in equity, and any difference between the re-issue price and the cost of the shares reissued is recorded in share premium account in equity.

(x) **Reserves**

(i) **Statutory reserves**

According to Decree No. 93/2017/ND-CP dated 7 August 2017 issued by the Government promulgating financial regime applicable to credit institutions and branches of foreign banks, the Bank is required to make the following allocations before distribution of profits:

	Annual allocation	Maximum balance
Reserve to supplement charter capital	5% of profit after tax	100% charter capital
Financial reserve	10% of profit after tax	Not specified

The purpose of financial reserve is to cover the remaining losses in the course of business after such losses being compensated by the organisations, individuals causing the loss, indemnity and allowance; and to use for other purposes in accordance with the laws. The statutory reserves are non-distributable and are classified as part of equity.

(ii) **Other reserves**

Other reserves including investment and development fund and other funds are appropriated from the Bank's profit after tax in accordance with the shareholders' resolution at the Annual General Meeting. These reserves are not required by laws, fully distributable and classified as part of equity.

(y) **Off-balance sheet items**

(i) **Commitments and contingent liabilities**

From time to time, the Bank has outstanding commitments to extend credit. These commitments take the form of approved loans and overdraft facilities. The Bank also provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. The contingent liabilities and commitments may expire without being advanced in whole or in part. Therefore, the amounts do not represent a firm commitment of future cash flows.

(ii) **Fiduciary assets**

The assets held for the purpose of entrustment management are not considered as the Bank's assets and therefore are not included in the separate balance sheet of the Bank.

(z) **Interest income**

Interest income is recognised in the separate statement of income on an accrual basis, except for interest income from debts classified in Group 2 to Group 5 and restructured debts classified in Group 1 as a result of implementation of Circular 01 (as described in Note 3(g)(i)) and debts classified in Group 1 (Current debt) by implementing the policy of the State, of which interest income is recognised in the separate statement of income upon receipt. Accrued interest receivable of these debts is derecognised and recorded as off-balance sheet items and are recognised in the separate statement of income upon receipt (cash basis).

(aa) Interest expense

Interest expense is recognised in the separate statement of income on an accrual basis.

(bb) Fees and commission income

Fees and commission income include income from asset leasing services, settlement services, guarantee services, cashier services and other services.

Income from leasing assets is recognised in the separate statement of income on a straight-line basis over the term of the lease. Lease incentives are recognised as an integral part of the total lease income.

Income from other service activities (except for asset leasing services) is recognised in the separate statement of income when earned.

(cc) Fees and commission expenses

Fees and commission expenses are recognised in the separate statement of income when incurred.

(dd) Dividend income

Dividend receivable in the form of cash is recognised in the separate statement of income when the Bank's right to receive dividend is established.

Dividend received in the form of shares and bonus shares is not recognised as income and the Bank only records the increase in number of shares. Dividends received which are attributable to the period before acquisition date are deducted from the carrying amount of the investment.

(ee) Revenue from sales of assets

Revenue from sales of assets is recognised in the separate statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of assets.

(ff) Operating lease payments

Payments made under operating leases are recognised in the separate statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the separate statement of income as an integral part of the total lease expense, over the term of the lease.



(gg) Fiduciary activities and entrusted funds

The Bank carries out fiduciary activities to invest, lend and manage assets; therefore the Bank acts as trustee and in other fiduciary capacities that result in the holding or placing of assets, loans on behalf of individuals, corporates and other credit institutions.

The value of entrusting investment and entrusted funds received are recognised when the entrusting contracts have been signed and entrusted funds have been utilised. Rights and obligations of the entrustor and trustee relating to profit and profit sharing, entrusting fee, other rights and obligations are in compliance with the terms of the entrusting contracts.

In accordance with the term of signed entrusting agreements, fiduciary activities of the Bank comprise:

Fiduciary activities in which the Bank bears no risk

The Bank acts as trustee and in other fiduciary capacities that result in holding assets on behalf of customers, entrusted investments and loans to customers in which entrustors bear all risks of fiduciary activities. These assets are excluded from these separate financial statements as they are not assets of the Bank. Entrusted funds received from entrustors but not yet disbursed are recognised as other liabilities on the separate balance sheet. After the disbursement, the Bank recognised the entrusted funds as off-balance sheet items in accordance with Circular No. 30/2014/TT-NHNN dated 6 November 2014 issued by the SBV.

Fiduciary activities in which the Bank bears the risk

Entrusted funds which is exposed to risk include: grants, entrusted investment funds which are used for designated purposes and for which the Bank is obliged to make repayment of principal upon its maturity. The Bank recognises the received funds as entrusted funds and recognises loans to customers financed by these entrusted funds as its loans and advances to customers in the separate financial statements of the Bank.

(hh) Taxation

Corporate income tax on the profit or loss for the year comprises current and deferred tax. Corporate income tax is recognised in the separate statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the end of the annual accounting period.

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

(ii) Related parties

Parties are considered to be related to the Bank if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Bank and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

(jj) Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Bank's primary format for segment reporting is based on geographical segments and the secondary format is based on business segments.

(kk) Financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the Bank's financial position and results of operations and the nature and extent of risk arising from financial instruments, the Bank classifies its financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- It is considered by the Bank as held-for-trading. A financial asset is classified as held-for-trading if:
 - it is acquired principally for the purpose of selling it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - it is a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Bank as at fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intention and ability to hold to maturity, other than:

- those that the Bank, upon initial recognition, designates as at fair value through profit or loss;
- those that the Bank designates as available-for-sale; and
- those that meet the definition of loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- that the Bank intends to sell immediately or in the near term, which are classified as held for trading and those that the Bank, on initial recognition, designates as at fair value through profit or loss;
- that the Bank, upon initial recognition, designates as available-for-sale; or
- for which the Bank may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

Available-for-sale financial assets

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

- loans and receivables;
- held-to-maturity investments; or
- financial assets at fair value through profit or loss.

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- It is considered by the Bank as held for trading. A financial liability is classified as held for trading if:
 - it is incurred principally for the purpose of repurchasing it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - it is a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Bank as at fair value through profit or loss.

Financial liabilities carried at amortised cost

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised cost.

The above described classification of financial instruments is solely for presentation and disclosure purposes and is not intended to be a description of how the financial instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

(II) Nil balances

Items or balances required by Circular No. 49/2014/TT-NHNN dated 31 December 2014 issued by the SBV that are not shown in these separate financial statements indicate nil balances.

(mm) Comparative information

Comparative information in these separate financial statements is presented as corresponding figures. Under this method, comparative information for the prior year are included as an integral part of the current year separate financial statements and are intended to be read only in relation to the amounts and other disclosures relating to the current year. Accordingly, the comparative information included in these separate financial statements is not intended to present the Bank's unconsolidated financial position, unconsolidated results of operation or unconsolidated cash flows for the prior year.

4. Cash on hand, gold

	31/12/2020 VND million	31/12/2019 VND million
Cash in VND	779,221	788,751
Cash in foreign currencies	204,613	155,442
Gold	1,401	1,477
	<hr/> 985,235	<hr/> 945,670

5. Balances with the State Bank of Vietnam

These consist of current account and compulsory reserve at the SBV.

Under the SBV's regulations relating to the compulsory reserve, banks are permitted to maintain a floating balance for compulsory reserve requirement. The monthly average balance of the reserve must not be less than relevant compulsory reserve requirement rates multiplied by the preceding month's average balances of deposits in scope, as follows:

Deposits in scope

Preceding month's average deposit balances of:

Deposits from customers:

	CRR rates	
	31/12/2020	31/12/2019
▪ Demand deposits and term deposits in foreign currencies with term of less than 12 months	8%	8%
▪ Deposits in foreign currencies with term of 12 months and above	6%	6%
▪ Demand deposits and term deposits in VND with term of less than 12 months	3%	3%
▪ Deposits in VND with term of 12 months and above	1%	1%

Overseas credit institutions

▪ Deposits in foreign currencies	1%	1%
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Current account and compulsory reserve

	31/12/2020 VND million	31/12/2019 VND million
▪ In VND	4,331,562	2,957,480
▪ In USD	96,816	97,989
	<hr/> 4,428,378	<hr/> 3,055,469

6. Deposits with and loans to other credit institutions

	31/12/2020 VND million	31/12/2019 VND million
Deposits with other credit institutions		
Demand deposits		
▪ In VND	7,976,654	7,921,973
▪ In foreign currencies	264,200	550,263
Term deposits		
▪ In VND	2,442,000	2,373,000
▪ In foreign currencies	971,460	741,760
	<hr/> 11,654,314	<hr/> 11,586,996
Loans to other credit institutions		
▪ In VND	239,229	208,658
	<hr/> 239,229	<hr/> 208,658
	<hr/> 11,893,543	<hr/> 11,795,654

Term deposits with and loans to other credit institutions by credit risk group are as follows:

	31/12/2020 VND million	31/12/2019 VND million
Current debts (i)	3,652,689	3,323,418

- (i) Included in Current debts balance as at 31 December 2020 were loans to three people's credit funds under special supervision following the direction of the SBV amounting to VND239,229 million (31/12/2019: VND208,658 million) being temporarily classified as Current debts while awaiting for specific guidance from the SBV.

7. Held-for-trading securities

	31/12/2020 VND million	31/12/2019 VND million
Equity securities		
▪ Equity securities issued by other local credit institutions	103,369	103,369
▪ Equity securities issued by local economic entities	40,772	40,772
	<hr/> 144,141	<hr/> 144,141
Allowance for held-for-trading securities		
▪ Allowance for diminution in value of held-for-trading securities	(16,220)	(16,220)
	<hr/> 127,921	<hr/> 127,921

Listing status of held-for-trading securities is as follows:

	31/12/2020		31/12/2019	
	Cost VND million	Allowance VND million	Cost VND million	Allowance VND million
Equity securities				
▪ Unlisted	144,141	(16,220)	144,141	(16,220)

Movements in allowance for diminution in value of held-for-trading securities during the year were as follows:

	2020 VND million	2019 VND million
Opening balance	16,220	80,817
Allowance reversed during the year (Note 28)	-	(64,597)
Closing balance	<hr/> 16,220	<hr/> 16,220

8. Loans and advances to customers

	31/12/2020 VND million	31/12/2019 VND million
Loans to domestic economic entities and individuals	89,162,855	67,519,989
Discounted transferrable instruments and valuable papers	4,570	17,602
Loans funded by grants and entrusted funds	4,193	8,062
	<hr/> 89,171,618	<hr/> 67,545,653

Loan portfolio by credit risk group is as follows:

	31/12/2020 VND million	31/12/2019 VND million
Current debts	86,089,251	64,148,004
Special mentioned debts	2,338,597	2,063,887
Sub-standard debts	138,750	531,871
Doubtful debts	137,123	537,186
Loss debts	467,897	264,705
	<hr/> 89,171,618	<hr/> 67,545,653

Loan portfolio by term is as follows:

	31/12/2020 VND million	31/12/2019 VND million
Short-term loans	54,740,963	49,297,747
Medium-term loans	16,010,236	7,698,465
Long-term loans	18,420,419	10,549,441
	<hr/> 89,171,618	<hr/> 67,545,653

Loan portfolio by business sector of customers is as follows:

	31/12/2020 VND million	31/12/2019 VND million
Wholesale and retail; repair of automobiles, motorcycles, and other vehicles with engines	22,201,440	20,104,275
Accommodation and catering services	16,059,283	10,026,674
Production and distribution of electricity, gas, hot water, steam and air conditioning	14,176,618	8,823,734
Construction	12,813,543	4,651,534
Leasing activities from households, production of physical products and self-consumption services of households	12,778,543	11,267,393
Processing and manufacturing industries	2,923,639	3,107,444
Real estates	2,786,735	3,929,980
Arts and entertainment	1,222,786	2,319,161
Others	4,209,031	3,315,458
	<hr/> 89,171,618	<hr/> 67,545,653

Loan portfolio by type of borrower and type of business is as follows:

	31/12/2020 VND million	31/12/2019 VND million
Limited liability companies	33,094,024	26,920,913
Joint stock companies	32,158,903	19,380,369
Private companies	32	2,161
Foreign invested companies	-	19,232
Individuals and household business	23,816,261	21,175,224
Others	102,398	47,754
	<hr/> 89,171,618	<hr/> 67,545,653

9. Allowance for loans and advances to customers

Allowance for loans and advances to customers comprises of:

	31/12/2020 VND million	31/12/2019 VND million
General allowance	642,348	467,941
Specific allowance	208,999	325,725
	<hr/> 851,347	<hr/> 793,666

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

	General allowance VND million	Specific allowance VND million	Total VND million
For the year ended 31 December 2020			
Opening balance	467,941	325,725	793,666
Allowance made during the year (Note 33)	174,407	374,277	548,684
Allowance utilised during the year	-	(207,445)	(207,445)
Allowance utilised for loans sold to VAMC during the year (Note 10(ii))	-	(283,558)	(283,558)
	<hr/> 642,348	<hr/> 208,999	<hr/> 851,347
Closing balance	642,348	208,999	851,347
For the year ended 31 December 2019			
Opening balance	364,523	407,464	771,987
Allowance made/(reversed) during the year (Note 33)	103,418	(59,146)	44,272
Transfer from allowance for special bonds issued by VAMC (Note 10(ii))	-	102,156	102,156
Allowance utilised during the year	-	(124,749)	(124,749)
	<hr/> 467,941	<hr/> 325,725	<hr/> 793,666
Closing balance	467,941	325,725	793,666

10. Investment securities

	31/12/2020 VND million	31/12/2019 VND million
Available-for-sale securities		
<i>Debt securities</i>		
▪ Government bonds	4,993,616	1,716,797
▪ Bonds issued by other local credit institutions	1,499,943	1,795,904
▪ Bonds issued by other local economic entities	638,400	818,400
	7,131,959	4,331,101
Allowance for available-for-sale securities		
▪ General allowance for credit losses (i)	(4,788)	(6,138)
	7,127,171	4,324,963
Held-to-maturity securities (excluding special bonds issued by VAMC)		
<i>Debt securities</i>		
▪ Government bonds	9,749,713	2,529,771
▪ Bonds issued by other local credit institutions	1,271,216	569,459
▪ Bonds issued by other local economic entities	180,000	-
	11,200,929	3,099,230
Allowance for held-to-maturity securities		
▪ General allowance for credit losses (i)	(1,350)	-
	11,199,579	3,099,230
Special bonds issued by VAMC (ii)		
▪ Special bonds par value	1,950,033	-
	1,950,033	-
	20,276,783	7,424,193

Investment securities categorised by credit risk group (excluding Government bonds and special bonds issued by VAMC) are as follows:

	31/12/2020 VND million	31/12/2019 VND million
Current debts	3,589,559	3,183,763

- (i) Movements in general allowance for credit losses for available-for-sale securities and held-to-maturity securities which are bonds issued by other local economic entities during the year were as follows:

	2020 VND million	2019 VND million
Opening balance	6,138	6,063
Allowance made during the year (Note 29)	-	75
Closing balance	6,138	6,138

- (ii) These are special bonds issued by VAMC in order to purchase the Bank's bad debts. During the year ended 31 December 2020, the Bank sold debts to VAMC with a total principal amount of VND2,233,591 million and the allowance utilised for these debts amounting to VND283,558 million (Note 9), correspondingly the total par value of special bonds issued amounting to VND1,950,033 million.

11. Capital contribution, long-term investments

	31/12/2020 VND million	31/12/2019 VND million
Investments in a subsidiary (i)	100,000	50,000
Other long-term investments (ii)	115,280	115,280
Allowance for diminution in value of long-term investments (iii)	(932)	(5,060)
	214,348	160,220

- (i) Details of investment in the subsidiary are as follows:

	31/12/2020 VND million	31/12/2019 VND million
Nam A Bank Asset Management Company Limited	100,000	50,000

During the year ended 31 December 2020, the Bank contributed an additional capital amount of VND50,000 million to its subsidiary.

- (ii) Other long-term investments of the Bank are investments with a capital contribution ratio of not more than 11% of the charter capital or share capital with voting rights, details are as follows:

Name of investees	Number of shares	31/12/2020 Carrying amount VND million	Equity owned %	Number of shares	31/12/2019 Carrying amount VND million	Equity owned %
Investments in local economic entities						
<i>Unlisted</i>						
▪ Beta Securities Joint Stock Company	4,400,000	74,800	11%	4,400,000	74,800	11%
▪ Hoa Binh Real Estate Corporation	3,520,000	40,480	11%	3,520,000	40,480	11%
		<hr/> 115,280 <hr/>			<hr/> 115,280 <hr/>	
Allowance for diminution in value of other long-term investments		(932)			(5,060)	
		<hr/> 114,348 <hr/>			<hr/> 110,220 <hr/>	

- (iii) Movements in allowance for diminution in value of other long-term investments during the year were as follows:

	2020 VND million	2019 VND million
Opening balance	5,060	3,135
Allowance (reversed)/made during the year (Note 32(i))	(4,128)	1,925
Closing balance	<u>932</u>	<u>5,060</u>

Notes to the separate financial statements for the year ended 31 December 2020 (continued)

12. Tangible fixed assets

Cost	Building and structures VND million	Machinery equipment VND million	Motor vehicles VND million	Office equipment VND million	Other fixed assets VND million	Total VND million
Opening balance	396,041	228,485	137,317	33,241	13,923	809,007
Additions	-	12,490	743	479	246	13,958
Transfer from construction in progress	26,916	63,128	21,274	1,253	553	113,124
Disposals	-	(3,499)	(12,367)	(318)	(316)	(16,500)
Transfer from finance lease fixed assets	-	-	26,876	-	-	26,876
Closing balance	422,957	300,604	173,843	34,655	14,406	946,465
Accumulated depreciation						
Opening balance	113,064	144,322	67,049	25,544	10,136	360,115
Charge for the year	14,833	25,615	19,658	2,524	1,466	64,096
Disposals	-	(3,497)	(12,335)	(317)	(316)	(16,465)
Transfer from finance lease fixed assets	-	-	22,820	-	-	22,820
Closing balance	127,897	166,440	97,192	27,751	11,286	430,566
Net book value						
Opening balance	282,977	84,163	70,268	7,697	3,787	448,892
Closing balance	295,060	134,164	76,651	6,904	3,120	515,899

Other disclosure information of tangible fixed assets:

	31/12/2020 VND million	31/12/2019 VND million
Cost of tangible fixed assets which were fully depreciated but still in active use	201,624	194,433

13. Finance lease fixed assets

	Motor vehicles VND million
Cost	
Opening balance	71,411
Additions	25,682
Transfer from construction in progress	11,473
Transfer to tangible fixed assets	(26,876)
Closing balance	81,690
Accumulated depreciation	
Opening balance	38,665
Charge for the year	12,449
Transfer to tangible fixed assets	(22,820)
Closing balance	28,294
Net book value	
Opening balance	32,746
Closing balance	53,396

The Bank leases some motor vehicles under various finance lease agreements. At the end of each of the leases the Bank has the option to purchase the motor vehicles.

14. Intangible fixed assets

	Land use rights VND million	Software VND million	Total VND million
Cost			
Opening balance	367,968	141,573	509,541
Additions	21	2,681	2,702
Transfer from construction in progress	177,905	10,674	188,579
Disposals	(144,728)	-	(144,728)
Closing balance	401,166	154,928	556,094
Accumulated amortisation			
Opening balance	1,617	107,852	109,469
Charge for the year	1,795	14,367	16,162
Disposals	(1,412)	-	(1,412)
Closing balance	2,000	122,219	124,219
Net book value			
Opening balance	366,351	33,721	400,072
Closing balance	399,166	32,709	431,875

Other disclosure information of intangible fixed assets:

	31/12/2020 VND million	31/12/2019 VND million
Cost of intangible fixed assets which were fully amortised but still in active use	76,461	73,781

15. Other assets

	31/12/2020 VND million	31/12/2019 VND million
Receivables		
▪ Deposits, mortgages, pledges (i)	113,799	130,924
▪ Receivables from fast money transfer services	340,841	82,546
▪ Receivables from sales of land use right used as transaction office (ii)	121,200	-
▪ Construction in progress (iii)	31,111	30,891
▪ Advances	36,305	28,114
▪ Other receivables	666	187
▪ Receivables from debts selling (iv)	3,552,111	1,613,000
	4,196,033	1,885,662
Accrued interest and fees receivable		
▪ Interest receivable from loans	2,241,446	1,031,854
▪ Interest receivable from investment securities	382,020	266,605
▪ Interest receivable from deposits	2,863	14,289
▪ Interest receivable from derivative financial instruments	5,408	2,513
	2,631,737	1,315,261
Other assets		
▪ Prepaid expenses (v)	263,003	274,202
▪ Foreclosed assets (vi)	48,803	71,927
▪ Tools and supplies	8,838	14,947
	320,644	361,076
Allowance for losses on other assets (vii)	(47,121)	(47,457)
	7,101,293	3,514,542

Other assets categorised by credit risk group are as follows:

	31/12/2020 VND million	31/12/2019 VND million
Current debts	3,552,111	1,613,000

- (i) This balance comprises rental deposits for the Bank's branches and transaction offices.
- (ii) This balance is the receivable from sales of land use right used as transaction office in Can Tho City. At the issuance date of these separate financial statements, the Bank collected this receivable in accordance with the contractual terms.

(iii) Construction in progress

	2020	2019
	VND million	VND million
Opening balance	30,891	32,164
Additions	313,396	88,152
Transfer to tangible fixed assets	(113,124)	(86,097)
Transfer to intangible fixed assets	(188,579)	-
Transfer to finance lease fixed assets	(11,473)	(3,328)
Closing balance	31,111	30,891

Major constructions in progress at the end of the annual accounting period were as follows:

	31/12/2020	31/12/2019
	VND million	VND million
Renovations and purchases of assets	28,172	14,712
Motor vehicles, machinery and equipment	2,939	5,171
Software	-	8,008
Real estates	-	3,000
	31,111	30,891

(iv) The balance represents receivables as at 31 December 2020 from the Bank's sales of debts to an economic entity. At the issuance date of these separate financial statement, balances of these receivables from sales of debts is VND2,981,926 million.

(v) Details of prepaid expenses are as follows:

	31/12/2020	31/12/2019
	VND million	VND million
Assets leasing and repairing expenses	197,122	233,814
Tools and supplies	24,118	27,890
Prepaid interest for deposits from customers	17,873	3,318
Others	23,890	9,180
	263,003	274,202

(vi) Details of foreclosed assets are as follows:

	31/12/2020	31/12/2019
	VND million	VND million
Equity securities	48,803	71,927

(vii) Allowance for losses on other assets comprises:

	31/12/2020 VND million	31/12/2019 VND million
Allowance for credit losses	28,800	19,275
▪ General allowances	28,800	19,275
Allowance for diminution in value	18,321	28,182
	47,121	47,457

The balance represents the allowance for diminution in value for foreclosed assets which are equity securities as presented in the Note 15(vi) and the general allowance for debts sold basing on actual debt group as at 31 December 2020 as presented in Note 15(iv).

Movements in allowance for losses on other assets during the year were as follows:

	2020 VND million	2019 VND million
Opening balance	47,457	30,840
Allowance (reversed)/made during the year (Note 32(i))	(9,861)	16,617
General allowance made for debts sold but not collected (Note 33)	9,525	-
Closing balance	47,121	47,457

16. Borrowings from the Government and the State Bank of Vietnam

	31/12/2020 VND million	31/12/2019 VND million
Borrowings from the State Bank of Vietnam		
▪ In VND	1,254	1,512

17. Deposits and borrowings from other credit institutions

	31/12/2020 VND million	31/12/2019 VND million
Demand deposits from other credit institutions		
▪ In VND	7,840,876	7,862,805
Term deposits from other credit institutions		
▪ In VND (i)	4,352,000	2,639,785
▪ In foreign currencies	1,063,980	741,760
	<hr/> 13,256,856	<hr/> 11,244,350
Borrowings from other credit institutions		
▪ In VND	5,483,738	476,425
<i>In which:</i>		
- Finance leases	33,690	18,644
- Pledge or mortgage loan (ii)	5,250,048	-
▪ In foreign currencies	347,057	122
	<hr/> 5,830,795	<hr/> 476,547
	<hr/> 19,087,651	<hr/> 11,720,897

- (i) Term deposits from other credit institutions as at 31 December 2020 amounting to VND960,000 million (31/12/2019: VND400,000 million) were secured by the following assets:

	31/12/2020 VND million	31/12/2019 VND million
Available-for-sale investment securities	452,196	107,962
Held-to-maturity investment securities	948,402	400,121
	<hr/> 1,400,598	<hr/> 508,083

- (ii) Loans from other credit institution as at 31 December 2020 amounting to VND5,250,048 million (31/12/2019: nil) were secured by the following assets:

	31/12/2020 VND million	31/12/2019 VND million
Available-for-sale investment securities	1,449,286	-
Held-to-maturity investment securities	4,574,103	-
	<hr/> 6,023,389	<hr/> -

18. Deposits from customers

	31/12/2020 VND million	31/12/2019 VND million
Demand deposits		
▪ In VND	4,501,970	3,076,236
▪ In foreign currencies	238,728	61,462
Term deposits		
▪ In VND	91,106,391	66,184,877
▪ In foreign currencies	1,026,675	1,174,721
Margin deposits		
▪ In VND	1,418,700	199,240
Special-purpose deposits		
▪ In VND	21,718	48,179
▪ In foreign currencies	4,651	19
	98,318,833	70,744,734

Deposits from customers by type of customer and type of business are as follows:

	31/12/2020 VND million	31/12/2019 VND million
Individuals	79,838,724	59,265,071
Non state-owned enterprises	12,396,943	7,324,883
State-owned enterprises	2,555,913	1,636,532
Foreign invested companies	157,742	115,018
Others	3,369,511	2,403,230
	98,318,833	70,744,734

19. Derivatives and other financial liabilities

As at 31 December 2020

	Total contract value (at foreign exchange rate at the contract date) VND Million	Total carrying value (at foreign exchange rate at reporting date) Assets VND Million	Liabilities VND Million
Currency derivatives			
▪ Currency forward contracts	79,475	833	-
▪ Currency swap contracts	2,764,474	-	(6,404)
	2,843,949	833	(6,404)

As at 31 December 2019

	Total contract value (at foreign exchange rate at the contract date) VND Million	Total carrying value (at foreign exchange rate at reporting date) Assets VND Million	Liabilities VND Million
Currency derivatives			
▪ Currency forward contracts	11,026	288	-
▪ Currency swap contracts	700,407	-	(5,006)
	711,433	288	(5,006)

20. Grants and entrusted funds received

	31/12/2020 VND million	31/12/2019 VND million
Entrusted funds received in VND (i)	9,767	14,601
Entrusted funds received in USD (ii)	462,600	695,400
	472,367	710,001

- (i) These are entrusted funds received from the State Bank of Vietnam with the source from Japan International Cooperation Agency (JICA) in VND, with original terms ranging from 3 to 7 years and bearing annual interest rate at 4.176% (31/12/2019: 5.184%) for the purpose of supporting small and medium enterprises.
- (ii) This is a part of entrusted funds in USD to finance projects with purposes in compliance with the agreement.

21. Valuable papers issued

	31/12/2020 VND million	31/12/2019 VND million
Certificates of deposits (i)	5,957,313	3,062,123
Bonds with term of 2 years of the Bank	-	500,000
Bonds with term of 3 years of the Bank (ii)	800,000	-
Bonds with term of 6 years of the Bank	-	200,000
Bonds with term of 8 years of the Bank	-	450,000
Bonds with term of 10 years of the Bank (iii)	200,000	200,000
	<hr/> 6,957,313	<hr/> 4,412,123

- (i) The balance represents long-term registered certificates of deposits issued for individuals and organisations, with par value of VND10 million, having term of 1-7 years and interest paid in arrears annually.
- (ii) The balance represents 800 bonds with par value of VND1,000,000,000 per bond issued by the Bank, include of 500 bonds issued on 15 September 2020, having fixed interest rate of 5.8% per annum and 300 bonds issued on 21 September 2020 having fixed interest rate of 5.5% per annum, interest paid annually.
- (iii) The balance represents 200 bonds with par value of VND1,000,000,000 per bond issued by the Bank on 24 September 2019, having fixed interest rate of 7.8% per annum, interest paid annually.

22. Other liabilities

	31/12/2020 VND million	31/12/2019 VND million
Accrued interest and fees payable		
▪ Interest payable for deposits from customers and other credit institutions	2,125,028	1,469,987
▪ Interest payable for valuable papers issued	281,229	202,655
▪ Interest payable for borrowings from grants and entrusted funds	650	4,993
▪ Interest payable for borrowings from the SBV and other credit institutions	2,648	1,176
▪ Interest payable for derivatives	528	408
	2,410,083	1,679,219
Internal payables		
▪ Payables to employees	50,913	184,419
External payables		
▪ Payables relating to fast transfer payment services	228,690	95,686
▪ Taxes payable to the State Treasury (Note 23)	138,038	80,698
▪ Deferred income - from insurance brokerage activities	34,756	35,563
▪ Deferred income - from interest collected in advance	1,394	2,031
▪ Deferred income - from leasing activity	1,175	1,478
▪ Payables relating to card payment services	27,476	16,058
▪ Cash held awaiting for settlement	11,473	17,822
▪ Payables relating to settlement services	5,967	669
▪ Dividend payables	4,854	5,510
▪ Other payables	13,744	8,487
Bonus and welfare fund (i)	7,130	3,866
	525,610	452,287
	2,935,693	2,131,506

(i) Movements in bonus and welfare fund during the year were as follows:

	2020 VND million	2019 VND million
Opening balance	3,866	6,115
Appropriation during the year (Note 24)	4,411	1,109
Utilisation during the year	(1,147)	(3,358)
Closing balance	7,130	3,866

23. Obligations to the State Treasury

Year ended 31 December 2020

	Opening balance VND million	Movements during the year Incurred VND million	Paid VND million	Closing balance VND million
Value added tax	598	8,574	(7,897)	1,275
Corporate income tax	69,717	204,935	(150,228)	124,424
Personal income tax	9,819	79,395	(77,300)	11,914
Other taxes	564	3,712	(3,851)	425
	80,698	296,616	(239,276)	138,038

Year ended 31 December 2019

	Opening balance VND million	Movements during the year Incurred VND million	Paid VND million	Closing balance VND million
Value added tax	1,023	8,398	(8,823)	598
Corporate income tax	55,593	191,010	(176,886)	69,717
Personal income tax	4,791	82,880	(77,852)	9,819
Other taxes	79	2,443	(1,958)	564
	61,486	284,731	(265,519)	80,698

Notes to the separate financial statements for the year ended 31 December 2020 (continued)

24. Equity

(a) Statement of changes in equity

	Charter capital VND million	Capital for construction, purchases of fixed assets VND million	Share premium VND million	Other capital VND million	Reserve to supplement charter capital VND million	Financial reserve VND million	Other reserves VND million	Retained profits VND million	Total VND million
Balance at 1 January 2019	3,353,494	10	2,550	25	100,147	198,820	2,828	544,298	4,202,172
Issuing shares by cash	10	-	4	-	-	-	-	-	14
Shares dividends	536,549	-	-	-	-	-	-	(536,549)	-
Net profit for the year	-	-	-	-	-	-	-	730,798	730,798
Appropriation to reserves	-	-	-	-	36,260	72,527	995	(109,782)	-
Appropriation to bonus and welfare fund	-	-	-	-	-	-	-	(1,109)	(1,109)
Balance at 31 December 2019	3,890,053	10	2,554	25	136,407	271,347	3,823	627,656	4,931,875
Balance at 1 January 2020	3,890,053	10	2,554	25	136,407	271,347	3,823	627,656	4,931,875
Issuing shares by cash	674,415	-	176,058	-	-	-	-	-	850,473
Expenses directly attributable to the issuance of shares	-	-	(7,341)	-	-	-	-	-	(7,341)
Net profit for the year	-	-	-	-	-	-	-	799,664	799,664
Appropriation to reserves	-	-	-	-	39,983	79,967	1,244	(121,194)	-
Appropriation to bonus and welfare fund	-	-	-	-	-	-	-	(4,411)	(4,411)
Balance at 31 December 2020	4,564,468	10	171,271	25	176,390	351,314	5,067	1,301,715	6,570,260

(b) Shares

The number of issued shares and shares in circulation of the Bank is:

	As at 31 December 2020	
	Number of shares	Par value (VND million)
Issued shares		
Ordinary shares	456,446,843	4,564,468
Shares in circulation		
Ordinary shares	456,446,843	4,564,468
<hr/>		
	As at 31 December 2019	
	Number of shares	Par value (VND million)
Issued shares		
Ordinary shares	389,005,328	3,890,053
Shares in circulation		
Ordinary shares	389,005,328	3,890,053

Each ordinary share has a par value of VND10,000. Each share is entitled to one vote at meetings of shareholders of the Bank. Shareholders are entitled to receive dividends as declared by the Bank from time to time. All ordinary shares are ranked equally with regard to the Bank's residual assets.

In accordance with the Resolution of the Annual General Meeting of Shareholders dated 23 March 2019, the shareholders approved the plan to increase chartered capital from VND3,353,494,210,000 to VND5,000,000,000,000.

On 5 December 2019, the Bank completed the increase in its charter capital from VND3,353,494,210,000 to VND3,890,053,280,000 through the issuance of an additional amount of 53,655,907 ordinary shares, equivalent to VND536,559,070,000 to pay dividends in 2018.

On 31 December 2019, the State Bank of Vietnam issued a document no. 10307/NHNN-TTGSNH approving the Bank's charter capital's increase from VND3,890,053,280,000 to VND5,000,000,000,000 according to the plan approved by the General Meeting of Shareholders in Resolution of the 2019 Annual General Meeting of Shareholders and approved by the Board of Management in Resolution No. 511/2019/PAQT-NHNA dated 2 December 2019.

On 8 September 2020, the State Securities Commission issued Official Letter No. 5436/UBCK-QLCB notifying the receipt of the documents of the results of issuance and public offering of shares according to the Bank's Report No. 442/2020/BCQT-NHNA dated 1 September 2020.

On 28 September 2020, the Bank received the Enterprise Registration Certificate No. 0300872315 with the 40th update to change the charter capital to VND4,564,468,430,000.

In accordance with the Resolution of the Annual General Meeting of Shareholders dated 27 June 2020, the shareholders approved the plan to increase chartered capital from VND5,000,000,000,000 (approved by the Resolution of the Annual General Meeting of Shareholders in 2019) to VND7,000,000,000,000. The result after the completion of the offering and issuance of shares in the second capital increase in 2019 was the new charter capital of VND4,564,468,430,000. Therefore, the plan to increase charter capital in 2020 is to increase it by VND2,000,000,000,000 from VND4,564,468,430,000 to VND6,564,468,430,000, specifically as follows:

- Issue shares to pay dividends:
 - Increase charter capital by VND570,000,000,000 through the issuance of 57,000,000 ordinary shares to pay dividends for 2019.
- Issue new shares:
 - Increase charter capital by VND1,430,000,000,000 through the issuance of 143,000,000 ordinary shares in cash.

On 23 November 2020, the Bank submitted a request to the State Bank of Vietnam for the approval of an increase in charter capital in 2020 according to the aforementioned plan.

At the issuance date of these separate financial statements, the Bank is in the process of obtaining approval from the SBV and the State Securities Commission to increase its charter capital in accordance with the Resolution of the Annual General Meeting of Shareholders dated 27 June 2020 as mentioned above.

25. Net interest income and similar income

	2020 VND million	2019 VND million
Interest and similar income		
▪ Interest income from loans	8,422,428	6,417,043
▪ Interest income from trading, investing in debt securities	470,869	487,813
▪ Interest income from deposits	117,600	174,135
▪ Income from guarantee services	10,349	5,241
▪ Other income from credit activities	55,198	36,602
	9,076,444	7,120,834
Interest and similar expenses		
▪ Interest expense on deposits	(5,971,383)	(4,608,059)
▪ Interest expense on valuable papers issued	(438,529)	(270,709)
▪ Interest expense on borrowings	(18,386)	(36,616)
▪ Interest expense on finance lease	(2,270)	(1,925)
▪ Other expenses on credit activities	(53,637)	(21,422)
	(6,484,205)	(4,938,731)
Net interest income and similar income	2,592,239	2,182,103

26. Net fees and commission income

	2020 VND million	2019 VND million
Fees and commission income from		
▪ Settlement services	85,444	67,823
▪ Insurance brokerage commission	71,792	42,233
▪ Leasing parts of the Bank's unused premises	42,443	40,468
▪ Other services	10,269	9,604
	209,948	160,128
Fees and commission expenses on		
▪ Settlement services	(51,258)	(61,808)
▪ Brokerage commission	(35,883)	(18,616)
▪ Consultancy services	(4,359)	(5,983)
▪ Postage and telecommunications fees	(837)	(664)
▪ Other services	(263)	(42)
	(92,600)	(87,113)
Net fees and commission income	117,348	73,015

27. Net gain from trading of foreign currencies

	2020 VND million	2019 VND million
Gains from trading of foreign currencies		
▪ Gain from spot contracts	67,753	31,333
▪ Gain from currency derivatives	8,864	6,683
▪ Gain from gold trading	480	277
	77,097	38,293
Losses from trading of foreign currencies		
▪ Loss from spot contracts	(24,483)	(3,633)
▪ Loss from currency derivatives	(5,885)	(9,927)
▪ Loss from gold trading	(400)	(5)
	(30,768)	(13,565)
Net gain from trading of foreign currencies	46,329	24,728

28. Net gain from trading of held-for-trading securities

	2020 VND million	2019 VND million
Gain from sales of held-for-trading securities	12,120	-
Allowance reversed for held-for-trading securities (Note 7)	-	64,597
Net gain from trading of held-for-trading securities	12,120	64,597

29. Net gain from sales of investment securities

	2020 VND million	2019 VND million
Gain from sales of investment securities	197,097	148,117
Loss from sales of investment securities	(1,100)	(32,132)
General allowance made for available-for-sale investment securities (Note 10(i))	-	(75)
Net gain from sales of investment securities	195,997	115,910

30. Net other income/(expenses)

	2020 VND million	2019 VND million
Other income		
▪ Collections of bad debts previously written-off	201,646	8,913
▪ Income from disposals of fixed assets	9,152	1,013
▪ Other income	6,204	845
	217,002	10,771
Other expenses		
▪ Debt management expenses	-	(17,859)
▪ Other expenses	(7,598)	(6,905)
	(7,598)	(24,764)
Net other income/(expenses)	209,404	(13,993)

31. Gain from capital contribution, share purchase

	2020 VND million	2019 VND million
Dividends received/profits distributed from:		
▪ Held-for-trading securities	63	987
▪ Capital contribution, long-term investments	4,772	5,612
	4,835	6,599

32. Operating expenses

	2020 VND million	2019 VND million
1. Personnel expenses	759,647	787,780
In which:		
▪ Salary and allowances	678,300	725,685
▪ Salary related contribution	58,817	44,663
▪ Other allowances	599	146
▪ Others	21,931	17,286
2. Asset expenditure	362,771	275,313
In which:		
▪ Leasing assets	137,540	116,294
▪ Depreciation of fixed assets	92,707	74,755
▪ Maintenance and repair of assets	103,295	56,528
▪ Others	29,229	27,736
3. Insurance for deposits from customers	99,837	72,735
4. Meeting and conference expenses	129,989	111,258
5. Publication of documents, advertising	80,631	68,859
6. Expenses for water and sanitation	33,429	28,718
7. Allowance for losses (i)	(13,989)	18,542
8. Expenses for printing materials and papers	38,341	30,674
9. Non-deductible VAT	32,105	31,866
10. Expenses for the Bank's union activities	14,737	22,097
11. Travelling expenses	10,658	11,727
12. Others	67,308	83,724
	1,615,464	1,543,293

(i) Details of allowance for losses during the year were as follows:

	2020 VND million	2019 VND million
Allowance (reversed)/made for diminution in value of other long-term investments (Note 11(iii))	(4,128)	1,925
Allowance (reversed)/made for losses on other assets (Note 15(vii))	(9,861)	16,617
	(13,989)	18,542

33. Allowance expenses for credit losses

	2020 VND million	2019 VND million
Specific allowance reversed for loans to other credit institutions	-	(49,417)
General allowance made for loans and advances to customers (Note 9)	174,407	103,418
Specific allowance made/(reversed) for loans and advances to customers (Note 9)	374,277	(59,146)
Allowance reversed for special bonds issued by VAMC (Note 10(ii))	-	(6,997)
General allowance made for debts sold (Note 15(vii))	9,525	-
	<hr/> 558,209	<hr/> (12,142)

34. Corporate income tax

(a) Recognised in the separate statement of income

	2020 VND million	2019 VND million
Corporate income tax expense – current	204,935	191,010
Corporate income tax expense – deferred	-	-
	<hr/> 204,935	<hr/> 191,010

(b) Reconciliation of effective tax rate

	2020 VND million	2019 VND million
Profit before tax	1,004,599	921,808
Adjustments for:		
▪ Non-taxable income (dividends)	(4,835)	(6,599)
▪ Non-deductible expenses	24,910	39,843
	<hr/> 1,024,674	<hr/> 955,052
Taxable income		
	<hr/> 204,935	<hr/> 191,010

(c) Applicable tax rates

The corporate income tax rate applicable to the Bank is 20%. The calculation of corporate income tax is subject to the review and approval of the tax authority.

35. Cash and cash equivalents

	31/12/2020 VND million	31/12/2019 VND million
Cash on hand, gold	985,235	945,670
Balances with the SBV	4,428,378	3,055,469
Deposits with and loans to other credit institutions with original term to maturity of not more than three months	11,654,314	11,586,996
	<u>17,067,927</u>	<u>15,588,135</u>

36. Employees' remuneration

	2020 VND million	2019 VND million
Total number of employees	3,297	2,622
Employees' remuneration		
1. Salary	678,300	725,685
2. Bonus	625	3,358
3. Total income (1+2)	<u>678,925</u>	<u>729,043</u>
Average salary/employee/month	17	23
Average income/employee/month	17	23

37. Mortgaged, pledged, discounted and rediscounted assets and valuable papers

(a) Mortgaged, pledged, discounted and rediscounted assets and valuable papers received

	31/12/2020 VND million	31/12/2019 VND million
Real estates	99,161,773	73,965,130
Equity securities and valuable papers	37,677,154	22,438,991
Movable assets	2,874,806	967,772
Other assets	28,984,724	21,170,957
	<u>168,698,457</u>	<u>118,542,850</u>

(b) **Assets, valuable papers used for mortgage, pledge, discount and rediscount**

	31/12/2020 VND million	31/12/2019 VND million
Available-for-sale securities		
▪ Government bonds	3,299,079	565,014
▪ Bonds issued by other local credit institutions	300,000	300,000
	3,599,079	865,014
Held-to-maturity securities		
▪ Government bonds	6,166,738	1,644,932
▪ Bonds issued by other local credit institutions	412,778	213,843
	6,579,516	1,858,775
	10,178,595	2,723,789

38. Contingent liabilities and commitments

	31/12/2020		31/12/2019	
	Contractual amount - gross VND million	Margin deposits VND million	Contractual amount - gross VND million	Margin deposits VND million
Foreign exchange commitments	6,443,232	-	6,443,232	1,395,807
<i>In which:</i>				
▪ <i>Commitments on currency swap transactions</i>	6,443,232	-	6,443,232	1,395,807
Letters of credit	1,224,892	(2,321)	1,222,571	916,708
Other guarantees	922,314	(38,243)	884,071	358,972

39. Significant transactions with related parties

Significant balances and transactions with related parties as at the year-end and during the year were as follows:

Balance at the year-end

	31/12/2020 VND million	31/12/2019 VND million
Subsidiary		
Deposits	(64,802)	(1,442)
Accrued interest payable for deposits	(125)	(1)
Members of Board of Management, Board of Directors and Supervisory Board of the Bank		
Deposits	(32,457)	(15,355)
Loans	36,376	312
Accrued interest payable for deposits	(51)	(25)
Accrued interest receivable from borrowings	214	2
Other payables	(73)	(73)
Other related parties (*)		
Deposits	(680,907)	(76,383)
Loans	24,908	433,069
Deposits for office rental	6,128	18,352
Accrued interest payable for deposits	(27,571)	(1,149)
Accrued interest receivable from loans	101	2,001

Transactions during the year

	2020 VND million	2019 VND million
Subsidiary		
Interest expense on deposits	723	1,344
Other services fee income	4	-
Members of Board of Management, Board of Directors and Supervisory Board of the Bank		
Salaries and allowances for the Board of Directors	24,258	18,481
Remunerations for the Board of Management and Supervisory Board	6,160	7,060
Interest expense	932	382
Other related parties (*)		
Interest income from loans	1,092	22,472
Rental expense	12,824	12,824
Interest expense on deposits	49,461	4,173
Rental income	1,494	1,546
Other expenses	2	65

(*) Other related parties comprise close family members of key management personnel including members of Board of Management, members of Board of Directors, members of Supervisory Board and companies which these individuals directly or indirectly hold significant voting right or have significant influence over.

40. Concentration of assets, liabilities and off-balance sheet commitments by geographical area

As at 31 December 2020

	Deposits with and loans to other credit institutions – gross VND million	Held-for- trading securities – gross VND million	Loans and advances to customers – gross VND million	Investment securities – gross VND million	Deposits and borrowings from other institutions VND million	Deposits from customers VND million	Valuable papers issued VND million	Credit commitments VND million
Domestic	11,697,439	144,141	89,171,618	20,282,921	18,740,701	98,318,833	6,957,313	2,106,642
Overseas	196,104	-	-	-	346,950	-	-	-
	11,893,543	144,141	89,171,618	20,282,921	19,087,651	98,318,833	6,957,313	2,106,642

As at 31 December 2019

	Deposits with and loans to other credit institutions – gross VND million	Held-for- trading securities – gross VND million	Loans and advances to customers – gross VND million	Investment securities – gross VND million	Deposits and borrowings from other institutions VND million	Deposits from customers VND million	Valuable papers issued VND million	Credit commitments VND million
Domestic	11,647,744	144,141	67,545,653	7,430,331	11,720,897	70,744,734	4,412,123	1,254,946
Overseas	147,910	-	-	-	-	-	-	-
	11,795,654	144,141	67,545,653	7,430,331	11,720,897	70,744,734	4,412,123	1,254,946

41. Financial risk management

(a) Financial risk management

(i) Overview

Risks are inherent in the Bank's activities and are managed through a process of ongoing identification, analysis, measurement, risk processing, monitoring and regularly reporting. This process of risk management is critical to the Bank's profitability and each individual within the Bank is responsible for preventing all the related risk. The Bank is exposed to certain types of risk including credit risk, liquidity risk, market risk and operational risk (classified as business risk and non-business-related risk). In addition, the Bank is exposed to operational risk.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. These risks are controlled by the strategic planning process of the Bank.

(ii) Risk management framework

Risk management structure

The Bank's risk management structure includes the Board of Management, the Risk Management Committee, the Crisis Steering Committee, the Board of Directors, heads of business units and departments having risk management functions at the Bank's Head Office.

Board of Management

The Board of Management determines the risk management policy and monitors the implementation of risk prevention measures by the Bank.

Risk Management Committee

The Risk Management Committee consults the Board of Management on the issuance of regulations and policies under the authority of the Board of Management relating to risk management in the Bank's operations.

The Risk Management Committee analyses and provides recommendations on the safety level of the Bank against potential risks that may affect the Bank and suggests preventive controls in the short term as well as long term.

The Risk Management Committee reviews and evaluates the appropriateness and effectiveness of current processes, policies for risk management of the Bank in order to make recommendations on required changes in current processes, policies and operational strategies to the Board of Management.

Crisis Steering Committee

The Crisis Steering Committee assists the Board of Directors in formulating regulations, solution and action plans to prevent, handle and solve problems when a crisis occurs to maintain the Bank's continuing operations.

The Crisis Steering Committee organize inspection and assessment of the Bank's operational situation in case of signs of crisis in order to prevent, minimize and eliminate incidents that cause adverse impacts on stability, ensure the safety of customer's life and property, the Bank's staffs.

Supervisory Board

The Supervisory Board is responsible for controlling the overall risk management process within the Bank.

Internal Audit

According to the annual internal audit plan, business processes throughout the Bank are audited by the Internal Audit Function, which examines both the adequacy of the procedures and the Bank's compliance with the procedures. Internal Audit Function discusses the results of all assessments with the Board of Directors, and reports the findings and recommendations to the Supervisory Board.

Risk measurement and reporting systems

Risk monitoring and managing are carried out based on limits regulated by the SBV and internal policies of the Bank. These limits reflect the business strategy and market environment of the Bank as well as the risk level that the Bank is willing to accept.

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, Supervisory Board, Board of Directors and Departments' Heads. The report includes aggregate credit exposure, credit metric forecasts, limit exceptions, liquidity ratios and risk profile changes. The Bank's Management assesses the appropriateness of the allowance for credit losses on a quarterly basis. The Bank's Management 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 within hierarchy of the Bank, specific risk reports are prepared and distributed throughout in order to ensure that all business units have access to comprehensive, necessary and up-to-date information.

Risk mitigation

The Bank has actively used collaterals to minimize the credit risk.

Risk concentration

Risk concentration arises when a number of customers of the Bank are engaged in similar business activities, or activities in the same geographic area, 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 level of sensitivity of the Bank's performance to the developments of a particular industry or geographic area.

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

(b) Credit risk

Credit risk is the risk that the Bank will incur a loss when customers violate the terms of credit agreements or due to the impact of objective factors that affect customers' financial and payment capability and repayment capacity, reduction in value of collateral assets. Credit risk includes all types of financial products: transactions recorded on the separate balance sheet such as deposits, loans, overdrafts, bonds, and other assets; and off-balance sheet transactions such as derivative financial instruments, letters of credit and letters of guarantee.

Credit risk management

The Bank develops the credit function structure based on check and balance system, business units are separated completely from the credit approval unit. Except for delegated authority to Branch Directors in approving small value and low risk transactions, credit approval is centralised. Policies for significant credit risk are developed and approved by the Board of Management. The Bank has established credit risk management and control system, as follows:

- Business units are separated completely with the risk management, collateral valuation and credit approval units.
- The business units propose credit facilities and perform initial collateral valuations.
- Risk management units are independent from units proposing initially credit facility and perform review and evaluation the proposal of business units.
- Except for the approvals for small and low risk transactions under authorised limit of branch director, the credit approval authority is centralised at the Head Office. All policies and relevant credit risk management regulations are approved accordingly by the Board of Management and Board of Directors, including:
 - Credit policy;
 - Regulation on debt classification, allowance for credit losses and utilisation of allowance for credit losses;
 - Regulation on collaterals and valuation of collaterals;
 - Regulation on the internal credit rating system;
 - Guidance on the credit limit for counterparty;
 - Credit procedures;
 - Regulation on procedures and content of reviewing, before, during, and after credit extension; and
 - Regulation on operations, functions and responsibilities of the Risk Management Committee.
- Risk management units send periodic risk reports to the Board of Directors, the Risk Management Committee, the Board of Management, this risk report includes credit growth, credit quality, credit distribution according to the new credit risk rating system, allowance for credit losses, problematic loans, customer review monitoring, loans by sector, loan groups and credit concentration.
- Internal audit conducts audit and regular examination to ensure compliance and the effectiveness of policies and business procedures.

Collaterals

Collaterals are valued by an unit independent from the business units based on the market value at valuation date. The collateral valuation is regularly updated.

The main types of collaterals obtained are real estates, machinery and equipment, inventories and valuable papers. Guidance for valuation of movable assets and real estates is being reviewed and updated to comply with the regulations of the SBV.

Commitments and guarantees

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. Commitments and guarantees are also subject credit risk reclassification.

Credit risk concentration

The level of credit risk concentration of the Bank is managed by customer, by geographical and by business sector.

The maximum level of credit risk of the Bank at the end of the accounting period is as follows:

	31/12/2020 VND million	31/12/2019 VND million
Credit risk related to on-balance sheet assets		
Deposits with and loans to other credit institutions – gross	11,893,543	11,795,654
Loans and advances to customers – gross	89,171,618	67,545,653
Available-for-sale debt securities – gross	7,131,959	4,331,101
Held-to-maturity securities – gross	13,150,962	3,099,230
Other financial assets – gross	6,796,659	3,170,032
	128,144,741	89,941,670
Credit risk related to off-balance sheet assets		
Payment guarantee	230,012	142,085
Contract performance guarantee	376,739	115,468
Bid guarantee	19,915	14,233
Other guarantees	295,648	87,186
	922,314	358,972
	129,067,055	90,300,642

The table above shows the worst case for the maximum loss for the Bank as at 31 December 2020 and 31 December 2019, have not accounted any collateral held or credit risk mitigation. Details of collateral held as at 31 December 2020 and 31 December 2019 are presented in Note 37(a).

An aging analysis of financial assets that are past due but not impaired at the reporting date is as follows:

As at 31 December 2020	From 10 to 90 days VND million	From 91 to 180 days VND million	Overdue From 181 to 360 days VND million	Over 360 days VND million	Total VND million
Loans and advances to customers (*)	33,797	18,368	27,041	55,581	134,787

An aging analysis of financial assets that are past due and impaired at the reporting date is as follows:

As at 31 December 2020	From 10 to 90 days VND million	From 91 to 180 days VND million	Overdue From 181 to 360 days VND million	Over 360 days VND million	Total VND million
Loans and advances to customers (*)	108,591	117,478	105,630	404,897	736,596

(*) Overdue debts are calculated on the basis of each loan.

See Note 37(a) for types and values of collaterals received from customers. The Bank has not determined fair values of the collaterals for overdue and impaired financial assets for disclosure in these separate financial statements because there is currently no guidance on determination of fair value under Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the SBV in case quoted price in the market is not available. The fair values of these collaterals may differ from their carrying amounts.

(c) Market risks

Market risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate because of movements in market prices. Market risks arise from open positions in interest rate, currency instruments and equity instruments, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and share prices.

(i) Interest rate risk

Interest rate risk is the risk that fair value or cash flows of financial instruments will fluctuate because of changes in the market interest rate. The Bank will be exposed to the interest rate risk when there is a gap between maturity date or interest repricing date of assets, liabilities and off-balance sheet commitments in a specific period of time. The Bank manages this risk by matching the dates of interest rate repricing of assets and liabilities.

Analysis of assets and liabilities by interest repricing period

The actual interest rate repricing term is the remaining period from the reporting date to the next interest rate repricing date or the maturity date of assets and liabilities whichever is earlier.

The following assumptions and conditions have been adopted in the analysis of actual interest rate repricing terms of the assets and liabilities of the Bank:

- Cash on hand, gold; held-for-trading securities; derivatives and other financial assets; special bonds issued by VAMC; capital contribution, long-term investments; other assets (including fixed assets and other assets) and other liabilities are classified as non-interest-bearing items.
- Balances with the State Bank of Vietnam are considered as current, interest rate repricing term is therefore considered within 1 month.
- The actual interest rate repricing term of debt securities is determined based on the actual maturity term of each type of securities at the reporting date.
- The actual interest rate repricing term of deposits with and loans to other credit institutions; loans and advances to customers; borrowings from the Government and the State Bank of Vietnam; deposits and borrowings from other credit institutions and deposits from customers is determined as follows:
 - Items which bear fixed interest rate for the entire contractual term: the actual interest rate repricing term is determined based on the remaining contractual term calculated from the reporting date.
 - Items which bear floating interest rate: the actual interest rate repricing term is determined based on the next interest rate repricing date subsequent to the reporting date.

- The actual interest rate repricing term of valuable papers issued is determined based on the remaining contractual term calculated from the reporting date.
- The actual interest rate repricing term of grants and entrusted funds is determined based on the next interest rate repricing date subsequent to the reporting date.
- The actual interest rate repricing term of other liabilities are classified as non-interest-bearing items.

The following tables show the Bank's assets and liabilities categorised by the earlier of interest rate repricing date and contractual maturity date at the end of the accounting period:

Notes to the separate financial statements for the year ended 31 December 2020 (continued)

As at 31 December 2020

Assets	Overdue VND million	Free of interest VND million	Less than 1 month VND million	From 1 to 3 months VND million	From over 3 to 6 months VND million	From over 6 to 12 months VND million	From over 1 to 5 years VND million	Over 5 years VND million	Total VND million
Cash on hand, gold	-	985,235	-	-	-	-	-	-	985,235
Balances with the SBV	-	-	4,428,378	-	-	-	-	-	4,428,378
Deposits with and loans to other credit institutions	-	239,229	9,696,154	1,958,160	-	-	-	-	11,893,543
Held-for-trading securities – gross	-	144,141	-	-	-	-	-	-	144,141
Loans and advances to customers – gross (*)	2,809,583	-	16,936,599	63,091,020	5,058,798	761,016	514,602	-	89,171,618
Investment securities – gross	-	1,950,033	-	400,535	1,799,281	499,990	932,497	14,700,585	20,282,921
Capital contribution, long-term investments – gross	-	215,280	-	-	-	-	-	-	215,280
Fixed assets	-	1,001,170	-	-	-	-	-	-	1,001,170
Other assets – gross	-	7,148,414	-	-	-	-	-	-	7,148,414
	2,809,583	11,683,502	31,061,131	65,449,715	6,858,079	1,261,006	1,447,099	14,700,585	135,270,700
Liabilities									
Borrowings from the Government and the SBV	-	-	35	764	358	97	-	-	1,254
Deposits and borrowings from other credit institutions	-	-	16,426,057	2,638,838	18,358	107	4,291	-	19,087,651
Deposits from customers	-	-	24,882,040	23,607,319	29,044,508	17,552,643	3,230,392	1,931	98,318,833
Derivatives and other financial liabilities	-	5,571	-	-	-	-	-	-	5,571
Grants and entrusted funds received	-	-	9,767	-	462,600	-	-	-	472,367
Valuable papers issued	-	-	355,517	1,624,196	1,489,220	2,488,380	800,000	200,000	6,957,313
Other liabilities	-	2,935,693	-	-	-	-	-	-	2,935,693
	-	2,941,264	41,673,416	27,871,117	31,015,044	20,041,227	4,034,683	201,931	127,778,682
Interest sensitivity gap of balance sheet items	2,809,583	8,742,238	(10,612,285)	37,578,598	(24,156,965)	(18,780,221)	(2,587,584)	14,498,654	7,492,018
Interest sensitivity gap of off- balance sheet items	-	-	-	-	-	-	-	-	-
Interest sensitivity gap on and off- balance sheet items	2,809,583	8,742,238	(10,612,285)	37,578,598	(24,156,965)	(18,780,221)	(2,587,584)	14,498,654	7,492,018

(*) Overdue debts are calculated on the basis of each repayment of each individual loan.

Notes to the separate financial statements for the year ended 31 December 2020 (continued)

As at 31 December 2019	Overdue VND million	Free of interest VND million	Less than 1 month VND million	From 1 to 3 months VND million	From over 3 to 6 months VND million	From over 6 to 12 months VND million	From over 1 to 5 years VND million	Over 5 years VND million	Total VND million
Assets									
Cash on hand, gold	-	945,670	-	-	-	-	-	-	945,670
Balances with the SBV	-	-	3,055,469	-	-	-	-	-	3,055,469
Deposits with and loans to other credit institutions	-	208,658	9,127,236	2,459,760	-	-	-	-	11,795,654
Held-for-trading securities – gross	-	144,141	-	-	-	-	-	-	144,141
Loans and advances to customers – gross (*)	3,869,985	-	13,416,090	45,462,818	4,226,007	464,301	106,452	-	67,545,653
Investment securities – gross	-	-	100,054	470,067	499,935	50,231	1,923,797	4,386,247	7,430,331
Capital contribution, long-term investments – gross	-	165,280	-	-	-	-	-	-	165,280
Fixed assets	-	881,710	-	-	-	-	-	-	881,710
Other assets – gross	-	3,561,999	-	-	-	-	-	-	3,561,999
	3,869,985	5,907,458	25,698,849	48,392,645	4,725,942	514,532	2,030,249	4,386,247	95,525,907
Liabilities									
Borrowings from the Government and the SBV	-	-	35	764	358	355	-	-	1,512
Deposits and borrowings from other credit institutions	-	-	9,242,949	2,462,215	8,847	663	6,223	-	11,720,897
Deposits from customers	-	-	18,840,720	13,477,179	20,454,089	14,515,996	3,455,058	1,692	70,744,734
Derivatives and other financial liabilities	-	4,718	-	-	-	-	-	-	4,718
Grants and entrusted funds received	-	-	14,601	463,600	231,800	-	-	-	710,001
Valuable papers issued	-	-	-	-	600,000	496,670	1,675,513	1,639,940	4,412,123
Other liabilities	-	2,131,506	-	-	-	-	-	-	2,131,506
	-	2,136,224	28,098,305	16,403,758	21,295,094	15,013,684	5,136,794	1,641,632	89,725,491
Interest sensitivity gap of balance sheet items	3,869,985	3,771,234	(2,399,456)	31,988,887	(16,569,152)	(14,499,152)	(3,106,545)	2,744,615	5,800,416
Interest sensitivity gap of off- balance sheet items	-	-	-	-	-	-	-	-	-
Interest sensitivity gap on and off-balance sheet items	3,869,985	3,771,234	(2,399,456)	31,988,887	(16,569,152)	(14,499,152)	(3,106,545)	2,744,615	5,800,416

(*) Overdue debts are calculated on the basis of each repayment of each individual loan.

Notes to the separate financial statements for the year ended 31 December 2020 (continued)

The following table shows the average actual interest rates of interest bearing financial instruments with different terms and currencies:

As at 31 December 2020	Less than 1 month	From 1 to 3 months	From over 3 to 6 months	From over 6 to 12 months	From over 1 to 5 years	Over 5 years
Assets						
Balances with the SBV						
▪ VND	0%-0.5%	(*)	(*)	(*)	(*)	(*)
▪ Foreign currencies	0%-0.05%	(*)	(*)	(*)	(*)	(*)
Deposits with and loans to other credit institutions						
▪ VND	0%-1.5%	0.8%-1.5%	(*)	(*)	(*)	(*)
▪ Foreign currencies	0%-0.9%	0.6%-1.0%	(*)	(*)	(*)	(*)
Loans and advances to customers						
▪ VND	4.5%-30%	0%-30%	5%-20%	6%-13.4%	6%-11%	(*)
▪ Foreign currencies	3%-5.2%	3%-5.2%	3.2%-4.2%	(*)	(*)	(*)
Investment securities						
▪ VND	(*)	6.2%-6.3%	6.1%-9.8%	4.5%-6.9%	6.2%-7.7%	2.5%-8.8%
Liabilities						
Borrowings from the Government and the SBV						
▪ VND	3.5%	3.5%	3.5%	3.5%	(*)	(*)
Deposits and borrowings from other credit institutions						
▪ VND	0%-10.3%	0.7%-9.8%	8.6%-9%	(*)	9.15%	(*)
▪ Foreign currencies	0%-0.9%	0.6%-1.7%	(*)	0.75%	(*)	(*)
Deposits from customers						
▪ VND	0%-9.3%	3.2%-9.3%	0%-9.3%	3.75%-9.1%	3.75%-9.2%	3.75%-7.6%
▪ Foreign currencies	0%	0%	0%	0%	0%	0%
Grants and entrusted funds received						
▪ VND	4.18%	(*)	(*)	(*)	(*)	(*)
▪ USD	(*)	(*)	3.02%-3.35%	(*)	(*)	(*)
Valuable papers issued						
▪ VND	8.8%-8.99%	8.8%-8.99%	6.5%-8.9%	5.3%-9.15%	5.8%-5.8%	7.80%

(*) These items have nil balance at the end of the accounting period.

Notes to the separate financial statements for the year ended 31 December 2020 (continued)

As at 31 December 2019	Less than 1 month	From 1 to 3 months	From over 3 to 6 months	From over 6 to 12 months	From over 1 to 5 years	Over 5 years
Assets						
Balances with the SBV						
▪ VND	0%-0.8%	(*)	(*)	(*)	(*)	(*)
▪ Foreign currencies	0%-0.05%	(*)	(*)	(*)	(*)	(*)
Deposits with and loans to other credit institutions						
▪ VND	0%-4.5%	4%-5%	(*)	(*)	(*)	(*)
▪ Foreign currencies	0%-2.2%	2.4%-2.6%	(*)	(*)	(*)	(*)
Loans and advances to customers						
▪ VND	5%-30%	0%-30%	5%-20%	6.5%-12.95%	6-11.8%	(*)
▪ Foreign currencies	2.33%-5.5%	3.2%-5.6%	3.2%-4.2%	(*)	(*)	(*)
Investment securities						
▪ VND	6.60%	4.9%-9%	6.4%-8.8%	6.4%	6.1%-10.8%	3.5%-8%
Liabilities						
Borrowings from the Government and the SBV						
▪ VND	3.50%	3.50%	3.50%	3.50%	(*)	(*)
Deposits and borrowings from other credit institutions						
▪ VND	0%-9.6%	4%-11%	9%-10.5%	10.5%-10.9%	(*)	(*)
▪ Foreign currencies	(*)	2.4%-2.6%	0.75%	(*)	(*)	(*)
Deposits from customers						
▪ VND	0%-9.2%	4.5%-9.3%	0%-9.4%	6.29-9.4%	5.85%-9.3%	5.4%-7.6%
▪ Foreign currencies	0%	0%	0%	0%	0%	0%
Grants and entrusted funds received						
▪ VND	5.18%	(*)	(*)	(*)	(*)	(*)
▪ USD	(*)	3.56%	4.92%	(*)	(*)	(*)
Valuable papers issued						
▪ VND	(*)	(*)	7%-7.6%	7.6%-8.8%	8.5%-8.9%	7.5%-9.1%

(*) These items have nil balance at the end of the accounting period.

Interest rate sensitivity analysis

The Bank has not performed the sensitivity analysis for interest rates at 31 December 2020 and 31 December 2019 because there are no specific guidelines and regulations of the State Bank of Vietnam and other competent authorities.

(ii) Currency risk

Currency risk is the risk arising from changes in foreign exchange rates to VND, the Bank's accounting currency, which may affect the value of the financial instruments or may cause volatility in the Bank's earnings. The Bank manages currency risk by setting limits on currency exposure. These limits include open position limit, open position limit for each currency.

The main transactional currency of the Bank is VND. Financial assets and financial liabilities of the Bank are denominated mainly in VND, partially in USD, EUR and gold. The Bank sets limits on position of each currency. The currency position is monitored daily to ensure that the currency position is within the set limit.

The followings are the significant exchange rates applied by the Bank at the reporting date:

	Exchange rate as at	
	31/12/2020	31/12/2019
USD/VND	23,130	23,180
EUR/VND	28,385	25,992
GBP/VND	31,567	30,450
CHF/VND	26,212	23,947
JPY/VND	223.97	213.00
SGD/VND	17,473	17,225
CAD/VND	18,123	17,771
AUD/VND	17,797	16,242
HKD/VND	3,042	2,977
KRW/VND	21	20
XAU/VND (one tenth of a tael)	5,582,500	4,257,500

Notes to the separate financial statements for the year ended 31 December 2020 (continued)

As at 31 December 2020	VND million	USD VND million	Gold VND million	EUR VND million	Other currencies VND million	Total VND million
Assets						
Cash on hand, gold	779,222	196,515	1,401	1,711	6,386	985,235
Balances with the SBV	4,331,562	96,816	-	-	-	4,428,378
Deposits with and loans to other credit institutions – gross	10,657,883	1,224,934	-	5,782	4,944	11,893,543
Held-for-trading securities – gross	144,141	-	-	-	-	144,141
Loans and advances to customers – gross	88,349,272	822,346	-	-	-	89,171,618
Investment securities – gross	20,282,921	-	-	-	-	20,282,921
Capital contribution, long-term investments – gross	215,280	-	-	-	-	215,280
Fixed assets	1,001,170	-	-	-	-	1,001,170
Other assets – gross	7,130,995	17,419	-	-	-	7,148,414
Total assets (1)	132,892,446	2,358,030	1,401	7,493	11,330	135,270,700
Liabilities and equity						
Borrowings from the Government and the SBV	1,254	-	-	-	-	1,254
Deposits and borrowings from other credit institutions	17,676,614	1,411,037	-	-	-	19,087,651
Deposits from customers	97,048,779	1,260,036	-	6,741	3,277	98,318,833
Derivatives and other financial liabilities	828,999	(823,428)	-	-	-	5,571
Grants and entrusted funds received	9,767	462,600	-	-	-	472,367
Valuable papers issued	6,957,313	-	-	-	-	6,957,313
Other liabilities	2,927,405	8,262	-	26	-	2,935,693
Capital and reserves	6,570,260	-	-	-	-	6,570,260
Total liabilities and equity (2)	132,020,391	2,318,507	-	6,767	3,277	134,348,942
FX position on-balance sheet [(3)=(1)-(2)]	872,055	39,523	1,401	726	8,053	921,758
FX position off-balance sheet (4)	-	-	-	-	-	-
FX position on and off-balance sheet [(5)=(3)+(4)]	872,055	39,523	1,401	726	8,053	921,758

As at 31 December 2019

[illegible]

FX position on-balance sheet [(3)=(1)-(2)]

FX position off-balance sheet (4)	-	-	-	-
FX position on and off-balance sheet [(5)=(3)+(4)]	578,865	277,450	1,477	1,824
				8,925
				868,541

FX position on and off-balance sheet [(5)=(3)+(4)]

Below is the analysis of impact to net profit of the Bank after consideration the current foreign exchange rate and the fluctuations in the past as well as market expectation at the reporting date.

	Effect to net profit Increase/(decrease) VND million
As at 31 December 2020	
USD (weakening by 1%)	(316)
EUR (strengthening by 9%)	52
XAU (strengthening by 31%)	347
As at 31 December 2019	
USD (strengthening by 1%)	2,220
EUR (weakening by 2%)	(29)
XAU (strengthening by 17%)	201

(iii) Equity price risk

Equity price risk is the risk that the market value of securities decreases due to changes in price of individual securities. Equity price risk derives from held-for-trading listed equity securities of the Bank.

Held-for-trading listed equity securities of the Bank bear the equity price risk resulting from the uncertainties in fluctuation of equity price in the future of these securities. The Bank manages the equity price risk by diversification and prudence in selection of investment securities within the approved limit.

As at 31 December 2020 and 31 December 2019, the Bank is not exposed to the equity price risk because the Bank does not hold any held-for-trading listed equity securities.

(d) Liquidity risk

Liquidity risk is the risk that (i) the Bank will be unable to meet its payment obligations when they fall due under normal and stress circumstance or (ii) the Bank has ability to meet its payment obligations but has to bear significant financial loss to perform its obligations.

Management of liquidity risk

The Bank's purpose of the liquidity risk management is to ensure that the Bank has ability to meet its payment obligations on due date, under normal and stress circumstances, without any unexpected loss which may affect to the Bank's reputation.

To mitigate the liquidity risk, the Bank maintains an appropriate structure of liabilities and assets, enhance the ability of raising fund from various sources. The Bank manages the assets with high liquidity and monitor future cash flows and liquidity on a daily basis. The assessment of expected cash flows together with the availability of high-quality collaterals are deemed as a secured additional fund.

In addition, the Bank maintains deposits at the SBV in accordance with prevailing regulation relating to compulsory reserve ratio as well as comply with solvency ratios, ratio of short-term funding used for medium and long-term lending and other safety ratios stipulated by the SBV.

Analysis of the maturity of financial assets and financial liabilities

The maturity of assets and liabilities represents the remaining term of assets and liabilities from the reporting date to the maturity date specified in contracts or issuance provisions.

The following assumptions and conditions are applied in analysing the maturity of assets and liabilities of the Bank:

- Balances with the SBV are classified as demand deposits, in which compulsory reserve is included. The balance of compulsory reserve depends on elements and term of deposits from customers.
- The maturity of deposits with and loans to other credit institutions and loans and advances to customers are determined based on the contractual maturity date. The actual maturity date can be changed as the loan contracts are extended.
- The maturity of investment securities is determined based on the maturity date of each securities.
- The maturity of capital contribution, long-term investments is categorised over 5 years because these investments do not have exact maturity date and the Bank has intention to hold them for long-term.
- The maturity of fixed assets is categorised over 5 years because the Bank has intention to hold them for long-term.
- The maturity of deposits and borrowings from other credit institutions and deposits from customers is determined based on the characteristic of each item or the maturity date specified in the contracts. Demand deposits from other credit institutions and customers are performed as requests of customers and categorised as call deposits. The maturity term of borrowings and term deposits are determined based on contractual maturity date. In reality, the actual maturities of those liabilities may be longer than the original contractual term due to rollover or shorter due to withdrawal before maturity date.

Below is the analysis of assets and liabilities of the Bank classified into maturity groups based on the remaining terms from the end of the annual accounting period until the maturity date. In reality, the maturity dates of assets and liabilities might be different from the contractual ones, depending on the appendices signed.

Notes to the separate financial statements for the year ended 31 December 2020 (continued)

As at 31 December 2020	Overdue Overdue over 3 months VND million	Up to 1 month VND million	From over 1 to 3 months VND million	Current From over 3 to 12 months VND million	From over 1 to 5 years VND million	Over 5 years VND million	Total VND million
Assets							
Cash on hand, gold	-	985,235	-	-	-	-	985,235
Balances with the SBV	-	4,428,378	-	-	-	-	4,428,378
Deposits with and loans to other credit institutions – gross	-	9,717,674	1,958,160	137,721	79,988	-	11,893,543
Held-for-trading securities – gross	-	144,141	-	-	-	-	144,141
Loans and advances to customers – gross (*)	481,112	2,968,184	6,807,009	43,569,337	15,029,382	17,988,123	89,171,618
Investment securities – gross	-	-	400,535	1,619,272	3,062,529	15,200,585	20,282,921
Capital contribution, long-term investments – gross	-	-	-	-	-	215,280	215,280
Fixed assets	-	-	-	-	-	1,001,170	1,001,170
Other assets – gross	-	1,274,517	2,715,583	2,826,989	283,306	48,019	7,148,414
Total assets (1)	481,112	19,518,129	11,881,287	48,153,319	18,455,205	34,453,177	135,270,700
Liabilities							
Borrowings from the Government and the SBV	-	-	35	455	-	-	1,254
Deposits and borrowings from other credit institutions	-	16,426,808	2,629,947	7,322	23,574	-	19,087,651
Deposits from customers	-	24,882,040	23,607,319	46,597,151	3,230,392	1,931	98,318,833
Derivatives and other financial liabilities	-	(36)	2,077	3,530	-	-	5,571
Grants and entrusted funds received	-	246	672	118,276	352,923	250	472,367
Valuable papers issued	-	5,760	-	1,713,710	3,715,513	1,522,330	6,957,313
Other liabilities	-	680,810	906,705	1,266,731	46,428	35,019	2,935,693
Total liabilities (2)	-	41,995,663	27,147,484	49,707,175	7,368,830	1,559,530	127,778,682
Net liquidity gap [(3)=(1)-(2)]	481,112	2,328,471	(22,477,534)	(1,553,856)	11,086,375	32,893,647	7,492,018

(*) Overdue debts are calculated on the basis of each repayment of each individual loan.

As at 31 December 2019	Overdue			Current			Total VND million
	Overdue over 3 months VND million	Overdue up to 3 months VND million	Up to 1 month VND million	From over 1 to 3 months VND million	From over 3 to 12 months VND million	From over 1 to 5 years VND million	
Assets							
Cash on hand, gold	-	-	945,670	-	-	-	945,670
Balances with the SBV	-	-	3,055,469	-	-	-	3,055,469
Deposits with and loans to other credit institutions – gross	-	-	9,127,236	2,459,760	49,417	159,241	11,795,654
Held-for-trading securities – gross	-	-	144,141	-	-	-	144,141
Loans and advances to customers – gross (*)	841,800	3,028,185	4,532,582	4,976,156	35,904,518	7,943,833	67,545,653
Investment securities – gross	-	-	100,054	470,067	550,166	1,923,797	7,430,331
Capital contribution, long-term investments – gross	-	-	-	-	-	-	165,280
Fixed assets	-	-	-	-	-	-	881,710
Other assets – gross	-	-	729,012	262,479	2,239,252	282,342	3,561,999

(*) Overdue debts are calculated on the basis of each repayment of each individual loan.

(e) Fair value versus carrying amount

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement.

The fair values of financial assets and financial liabilities, together with the carrying amounts shown in the separate balance sheet at the reporting date, are as follows:

	31/12/2020		31/12/2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	VND million	VND million	VND million	VND million
Financial assets				
<i>Categorised as financial assets at fair value through profit or loss:</i>				
- Held-for-trading securities	127,921	(*)	127,921	(*)
<i>Categorised as held-to-maturity investments:</i>				
- Government bonds	9,749,713	(*)	2,529,771	(*)
- Debt securities issued by other local credit institutions	1,271,216	(*)	569,459	(*)
- Bonds issued by other local economic institutions	178,650	(*)	-	-
- Special bonds issued by VAMC	1,950,033	(*)	-	-
<i>Categorised as loans and receivables:</i>				
- Cash in hand, gold	985,235	985,235	945,670	945,670
- Balances with the SBV	4,428,378	4,428,378	3,055,469	3,055,469
- Deposits with and loans to other credit institutions	11,893,543	(*)	11,795,654	(*)
- Loans and advances to customers	88,320,271	(*)	66,751,987	(*)
- Receivables	4,136,122	(*)	1,835,496	(*)
- Accrued interest and fees receivable	2,631,737	(*)	1,315,261	(*)
<i>Categorised as available-for-sale securities:</i>				
- Government bonds	4,993,616	(*)	1,716,797	(*)
- Debt securities issued by other local credit institutions	1,499,943	(*)	1,795,904	(*)
- Debt securities issued by other local economic entities	633,612	(*)	812,262	(*)
- Capital contribution, long-term investments	214,348	(*)	160,220	(*)
- Other financial assets	30,482	30,482	43,745	43,745

	31/12/2020		31/12/2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	VND million	VND million	VND million	VND million
Financial liabilities				
<i>Categorised as financial liabilities carried at amortised cost:</i>				
- Borrowings from the Government and SBV	1,254	(*)	1,512	(*)
- Deposits and borrowings from other credit institutions	19,087,651	(*)	11,720,897	(*)
- Deposits from customers	98,318,833	(*)	70,744,734	(*)
- Derivatives and other financial liabilities	5,571	(*)	4,718	(*)
- Grants and entrusted funds received	472,367	(*)	710,001	(*)
- Valuable papers issued	6,957,313	(*)	4,412,123	(*)
- Accrued interest and fees payable	2,410,083	(*)	1,679,219	(*)
- Other financial liabilities	292,204	(*)	144,232	(*)

(*) The Bank has not determined fair values of these financial assets and financial liabilities because there are currently no specific guidance or regulations of the State Bank of Vietnam and other competent authorities on the determination of fair value of the financial instruments.

Notes to the separate financial statements for the year ended 31 December 2020 (continued)

42. Segment reporting

(a) Primary segment

Information on primary segment by geographical areas of the Bank is presented as follows:

	The Northern Region VND million		The Central Region VND million		The Southern Region VND million		Elimination VND million		Total VND million	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
I. Income	1,773,120	1,085,375	2,273,252	1,828,482	20,916,679	16,113,405	(15,168,491)	(11,475,329)	9,794,560	7,551,933
1. Interest income	1,763,819	1,080,387	2,258,112	1,811,821	20,223,004	15,703,955	(15,168,491)	(11,475,329)	9,076,444	7,120,834
2. Fees and commission income	4,556	2,413	13,991	13,509	191,401	144,206	-	-	209,948	160,128
3. Income from other activities	4,745	2,575	1,149	3,152	502,274	265,244	-	-	508,168	270,971
II. Expenses	(1,663,744)	(1,010,624)	(2,060,346)	(1,708,209)	(19,676,153)	(15,398,763)	15,168,491	11,475,329	(8,231,752)	(6,642,267)
1. Interest expense	(1,539,570)	(924,301)	(1,857,475)	(1,541,120)	(18,255,651)	(13,948,639)	15,168,491	11,475,329	(6,484,205)	(4,938,731)
2. Depreciation expenses	(4,124)	(2,952)	(10,452)	(8,641)	(78,131)	(63,162)	-	-	(92,707)	(74,755)
3. Operating expenses	(120,050)	(83,371)	(192,419)	(158,448)	(1,342,371)	(1,386,962)	-	-	(1,654,840)	(1,628,781)
Operating profit before allowance expenses for credit losses	109,376	74,751	212,906	120,273	1,240,526	714,642	-	-	1,562,808	909,666
Allowance expenses for credit losses	(5,372)	(11,072)	(2,514)	48,308	(550,323)	(25,094)	-	-	558,209	12,142
Segment profit before tax	104,004	63,679	210,392	168,581	690,203	689,548	-	-	1,004,599	921,808

Notes to the separate financial statements for the year ended 31 December 2020 (continued)

	The Northern Region VND million		The Central Region VND million		The Southern Region VND million		Elimination VND million		Total VND million	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
III. Assets										
1. Cash on hand, gold	1,959,158	1,421,886	9,460,219	8,672,852	122,929,565	84,562,628	-	-	134,348,942	94,657,366
2. Deposits with other credit institutions	67,089	101,363	185,910	212,459	732,236	631,848	-	-	985,235	945,670
3. Loans and advances to customers	194	141	1,413	1,161	11,891,936	11,794,352	-	-	11,893,543	11,795,654
4. Investment securities	1,821,394	1,275,310	8,960,142	8,193,419	77,538,735	57,283,258	-	-	88,320,271	66,751,987
5. Fixed assets	22,771	10,595	137,606	88,991	20,276,783	7,424,193	-	-	20,276,783	7,424,193
6. Other assets	47,710	34,477	175,148	176,822	840,793	782,124	-	-	1,001,170	881,710
					11,649,082	6,646,853	-	-	11,871,940	6,858,152
IV. Liabilities										
1. Deposits and borrowings from other credit institutions and the SBV	22,523,305	14,472,083	16,731,036	13,023,091	88,524,341	62,230,317	-	-	127,778,682	89,725,491
2. Deposits from customers	100	1,000,764	12,676	8,278	19,076,129	10,713,367	-	-	19,088,905	11,722,409
3. Grants and entrusted funds received	21,089,480	12,620,021	15,087,862	11,902,899	62,141,491	46,221,814	-	-	98,318,833	70,744,734
4. Valuable papers issued	-	-	-	-	472,367	710,001	-	-	472,367	710,001
5. Other liabilities	728,533	474,163	1,210,290	781,294	5,018,490	3,156,666	-	-	6,957,313	4,412,123
	705,192	377,135	420,208	330,620	1,815,864	1,428,469	-	-	2,941,264	2,136,224

(b) Secondary segment

The Bank mainly operates in one business segment which is commercial banking.

43. Commitments

(a) Capital expenditure commitments

At the reporting date, the Bank had the following outstanding capital commitments approved but not recorded in the separate balance sheet:

	31/12/2020 VND million	31/12/2019 VND million
Approved and contracted	3,928	4,440

(b) Lease commitments

At the reporting date, the future minimum lease payments under non-cancellable operating leases were as follows:


	31/12/2020 VND million	31/12/2019 VND million
Within one year	79,657	80,576
Over one year to five years	268,446	258,991
More than five years	113,651	119,799
	461,754	459,366

(c) Unusual items


In 2020, Covid-19 pandemic caused business disruption in many countries. Due to the impact of Covid-19, the SBV has issued Circular No. 01/2020/TT-NHNN on rescheduling of debt repayment terms, waiver, reduction of interest and fees, maintaining the debt classifications in order to support customers affected by Covid-19 pandemic. The extent of the impact of the COVID-19 pandemic on the Bank's operational and financial performance will depend on future developments, including the duration and spread of the outbreak which are highly uncertain and unpredictable at the issuance date of these separate financial statements. While the Bank's Board of Directors believes that the pandemic is likely to have a partial negative impact on the Bank's unconsolidated results of operations, the extent of the specific impact cannot be reliably estimated at the issuance date of these separate financial statements.

16 March 2021

Prepared by


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Approved by


Tran Ngoc Tam
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