



# PROACTIVELY AND STURDILY OUTREACHING



ANNUAL REPORT  
**2019**

## ABBREVIATIONS

Abbreviation	Meaning	Abbreviation	Meaning
ADB	Asian Development Bank	IR	Investor Relations
BoD	Board of Directors	IT	Information Technology
BoM	Board of Management	MTBP	Medium-Term Business Plan
CAR	Capital Adequacy Ratio	NIM	Net Interest Margin
CIR	Cost to Income ratio	NPL	Non-Performing Loan
Co. Ltd.	Limited Company	PAT	Profit After Tax
Dept.	Department	PBT	Profit Before Tax
FDI	Foreign Direct Investment	Restructuring Plan	Restructuring Plan in association with handling bad debts in the period of 2016-2020
FII	Foreign Indirect Investment	ROA	Return on Assets
FS	Financial Statements	ROE	Return on Equity
FX	Foreign Currency Exchange	SBV	The State Bank of Vietnam
GDP	Gross Domestic Product	SME	Small and Medium Enterprise
GMS	General Meeting of Shareholders	SSC	State Securities Commission
HO	Head Office	VAMC	Vietnam Asset Management Company
HOSE	Ho Chi Minh Stock Exchange	VietinBank	Vietnam Joint Stock Commercial Bank for Industry and Trade
HR	Human Resources	WB	The World Bank
IFC	International Finance Corporation		
IMF	International Monetary Fund		
IPO	Initial Public Offering		

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## MESSAGE FROM THE CHAIRMAN

### Dear Shareholders, Customers and Partners,

In 2019, the domestic economy in general and the banking industry in particular witnessed a variety of great achievements. Such outcomes have further evidenced the proper, drastic and effective direction and administration applied by the Government as well as the flexible and effective monetary policy adopted by the State Bank of Vietnam (SBV). The local macro-economy was stably kept and the inflation has been well controlled. The economic growth rate was recorded higher than the target set for 2019. The credit acceleration contributed deeply to the economic growth, especially credit efficiency has been strongly improved. The smooth operation of the foreign exchange market supported significantly in stabilizing exchange rates. The restructuring plan in association with bad debt handling of the local banking system continued to further deepen its progress during the year 2019. The SBV has continued to draft up and perfect the legal framework, mechanisms and policies with an aim to improve safety standards of banking operations and enhance corporate governance. The tightened banking conduct and market discipline helped bolster market confidence as a healthy and stabilize the banking and financial system.

In 2019, VietinBank drastically and effectively implemented the solutions to successfully carry out the Restructuring Plan in association with handling bad debts in the period of 2016 – 2020 (Restructuring Plan); strongly transformed its business model from the large-scale growth to the improvement and development of service quality and business efficiency on the basis of a modern and multi-service banking platform. We strongly developed the business model of the chain services, developed and applied comprehensive financial banking solutions to our customer segments. We stressed on the importance of improving financial management efficiency and a broad range of application of information technology in business development and management. We also improved labor productivity, simplified and streamlined processes, procedures and records in order to create maximum support conditions for businesses and individuals to conveniently and promptly access safe and modern banking services with high quality. In 2019, we were proud to deliver a record performance with business results stronger than expected targets. Key highlight for VietinBank in our 2019 business operation was the efficiency improvement being rated five times higher than scale expansion, net fee and commission income increased sharply as compared to that of 2018 with 22% of total income were generated from non-interest income. The growth quality was well managed with NPL ratio recorded at 1.2%. The profit for the year therefore surpassed the planned target.

In 2019, with a view to strengthen motivation and promote internal strength, VietinBank promoted the development of our corporate culture with the introduction of “6-Criteria Program” (Standardization, Simplification, Optimization, Automation, Individualization of responsibility and Cooperation) across all activities conducted by VietinBank. These criteria have been put into practice and strongly renewed our way of thinking and doing business. This program has reflected our determination and efforts in meeting our expected targets.

Entering 2020, VietinBank will continue to challenge ourselves to capture new market opportunities, elaborate development strategy in response to the new requirements, draft up the medium-term business plan (MTBP) for the period of 2021 – 2023 with a view to realizing the objectives set out in the Bank’s 10-year development strategies for 2021 – 2030 period while ensuring alignment with the Development Strategy of Vietnam Banking Industry to 2025 with orientation to 2030 promulgated under the Decision No. 986/QĐ-TTg dated August 8, 2018 by the Prime Minister. With resources and traditions established during over 30 years of our history; coupled with clear orientation, development

I strongly believe that VietinBank will

**"PROACTIVELY AND STURDILY  
OUTREACH"**

and achieve our new business goals; on which we will successfully implement our strong and sustainable development strategy.

strategy, plan and solutions; in association with implementation measures to create fundamental factors for sustainable development, I strongly believe that VietinBank will "PROACTIVELY AND STURDILY OUTREACH" and achieve our new business goals; on which we will successfully implement our strong and sustainable development strategy.

On behalf of the Board of Directors, I would like to express my sincere gratitude to the Executive Board and our employees for their continuous efforts, invaluable dedication shown by each individual and each unit for the common goal of VietinBank. I would also like to present our deep appreciation to our valued shareholders, customers and partners for their trust, collaboration and companion with VietinBank over our history of development. We sincerely look forward to your continued cooperation and support in creating a sustainable and prosperous future

Respectfully yours,

CHAIRMAN OF THE BOARD

LE DUC THO





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# ABOUT VIETINBANK

- 1. General Information
- 2. Scope Of Business And Branch Network
- 3. Governance Model And Structure
- 4. Organization & Human Resources
- 5. Development Direction
- 6. Risk Factors

“  
SOLID FOUNDATION  
”



## 1. GENERAL INFORMATION

“

VIETINBANK IS AMONG THE COUNTRY'S TOP FOUR  
BANKS BY ASSETS AND DOMESTIC FRANCHISES

FitchRatings

“

VIETINBANK IS A RELATIVE SYSTEMIC IMPORTANCE  
OF THE BANK TO THE VIETNAMESE BANKING  
SYSTEM AS WELL AS ITS OWNERSHIP STRUCTURE

MOODY'S

## GENERAL INFORMATION

## Registered name in Vietnamese:

NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN CÔNG  
THƯƠNG VIỆT NAM

## Registered name in English:

VIETNAM JOINT STOCK COMMERCIAL BANK  
FOR INDUSTRY AND TRADE

**Transaction name:** VietinBank

**SWIFT code:** ICBVNVX

## Banking License:

No. 142/GP-NHNN dated July 3<sup>rd</sup>, 2009 by the  
SBV

## Certificate of Business Registration:

No. 0100111948

First issuance by Hanoi Department of Planning  
and Investment on July 3<sup>rd</sup>, 2009

Registered for the 11<sup>th</sup> amendment on November  
1<sup>st</sup>, 2018

## Chartered Capital:

VND 37,234,045,560,000

## Shareholders' Equity:

VND 77,354,818,000,000 (as at 31/12/2019)

## Head Office:

108 Tran Hung Dao Street, Hoan Kiem District,  
Hanoi, Vietnam

**Tel:** +84 24 3942 1030

**Fax:** +84 24 3942 1032

**Website:** www.vietinbank.vn

## Independent auditor:

Ernst & Young Vietnam Limited

**Stock code:** CTG

**Par value per share:** VND 10,000/share

**Total number of shares:** 3,723,404,556 shares

## CREDIT RATINGS

	Short term	Long term	Outlook	Date
<b>FitchRatings</b>	B	BB-	Positive	03/02/2020
<b>MOODY'S</b>		Ba3	Negative	23/12/2019

## 1. GENERAL INFORMATION

## KEY MILESTONES

VietinBank (then called Incombank) was established after its separation from the SBV in accordance with Decree No.53/HDBT by the Ministers Council.

1988

- New brand identity VietinBank was launched in April 2008.
- VietinBank Training Center was upgraded to VietinBank School of Human Resources Training and Development in September 2008.
- Initial public offering (IPO) was successfully launched in December 2008.

2008

- Sold 10% of stake to foreign strategic partner – IFC, making VietinBank the first local bank that had a strategic foreign partner.
- German branch was opened in Frankfurt, Germany.

2011

Sold 19.73% of stake to foreign strategic investor – BTMU (now MUFG Bank (Japan)), bringing VietinBank the state-owned commercial bank with the strongest shareholder structure in Vietnam at that time.

2013

- VietinBank Vientiane branch was upgraded to VietinBank Laos Ltd. (wholly-owned subsidiary bank).
- Orientation of shifting towards retail and SME sectors, promoting strongly non-interest income activities.

2015

Strengthened regional cooperation and international integration; VietinBank brand value was continuously enhanced.

2018

1990

VietinBank was the first bank in cooperation with a foreign bank to establish the joint venture Indovina Bank.

2009

VietinBank stock was officially listed and traded on Ho Chi Minh City Stock Exchange (HOSE) with stock code CTG.

2012

- VietinBank was the first bank in Vietnam to successfully issue USD 250 million of international bonds.
- Vientiane branch was opened in Laos PDR.

2014

VietinBank developed customer-oriented retail strategy, aiming to become the best retail bank in Vietnam.

2017

Successfully transformed SUNSHINE Core Banking system – the most innovative technology platform owned in the local banking industry.

2019

Implemented drastically and effectively the Restructuring Plan in association with handling bad debts in the period of 2016 – 2020 at VietinBank and the MTBP for the period 2018 – 2020.



## 1. GENERAL INFORMATION

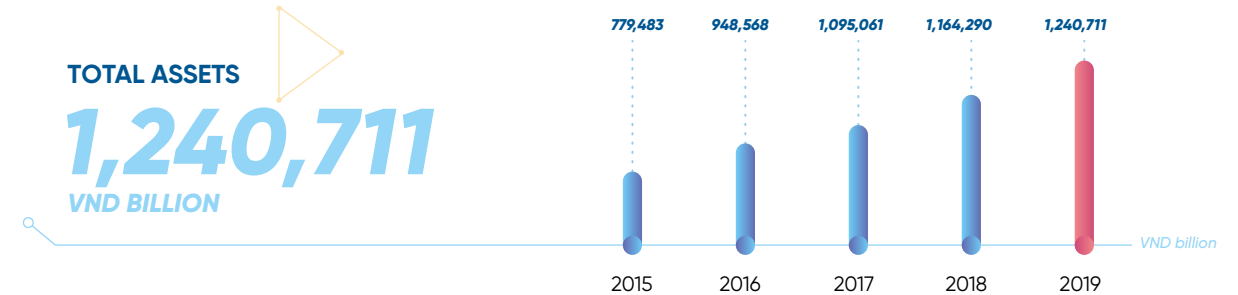
## KEY FINANCIAL INDICATORS IN 2015 - 2019

Indicator	Unit	31/12/2019	31/12/2018	31/12/2017	31/12/2016	31/12/2015
<b>KEY BUSINESS INDICATORS</b>						
Total Assets	VND billion	1,240,711	1,164,290	1,095,061	948,568	779,483
Shareholders' Equity	VND billion	77,355	67,316	63,765	60,307	56,110
Charter Capital	VND billion	37,234	37,234	37,234	37,234	37,234
Total Funding	VND billion	892,785	825,816	752,935	655,060	492,960
Gross Loans	VND billion	953,178	888,216	837,180	706,876	591,110
Total Operating Income	VND billion	40,519	28,446	32,620	26,361	22,744
Fee and Commission Income	VND billion	7,888	5,964	4,302	3,334	2,651
Total Operating Expenses	VND billion	(15,735)	(14,084)	(15,070)	(12,849)	(10,719)
Net profit before provision for credit losses	VND billion	24,785	14,361	17,550	13,512	12,024
Provisions expense for credit losses	VND billion	(13,004)	(7,803)	(8,344)	(5,059)	(4,679)
Profit before Tax	VND billion	11,781	6,559	9,206	8,454	7,345
Corporate Income Tax	VND billion	(2,304)	(1,281)	(1,747)	(1,689)	(1,629)
Profit after Tax	VND billion	9,477	5,277	7,459	6,765	5,717
<b>PROFITABILITY RATIO</b>						
ROA	%	1.0%	0.6%	0.9%	1.0%	1.0%
ROE	%	13.1%	8.1%	12.0%	11.6%	10.3%
<b>CAPITAL ADEQUACY RATIO</b>						
NPL/Gross Loans	%	1.20%	1.60%	1.13%	0.93%	0.81%
CAR	%	> 9%	> 9%	> 9%	> 9%	> 9%
<b>SHARES</b>						
Number of Ordinary shares	share	3,723,404,556	3,723,404,556	3,723,404,556	3,723,404,556	3,723,404,556
Value per share (as at end of 2019)	VND/share	20,900	19,300	24,200	15,050	18,600
Market Capitalization	VND billion	77,819	71,862	90,106	56,037	69,255
EPS	VND/share	2,044	1,454	1,546	1,432	1,208
P/E	time	10.23	13.27	15.65	10.51	15.40

Note: Figures as of 31/12/2018 were adjusted according to audited FS of the State Audit.

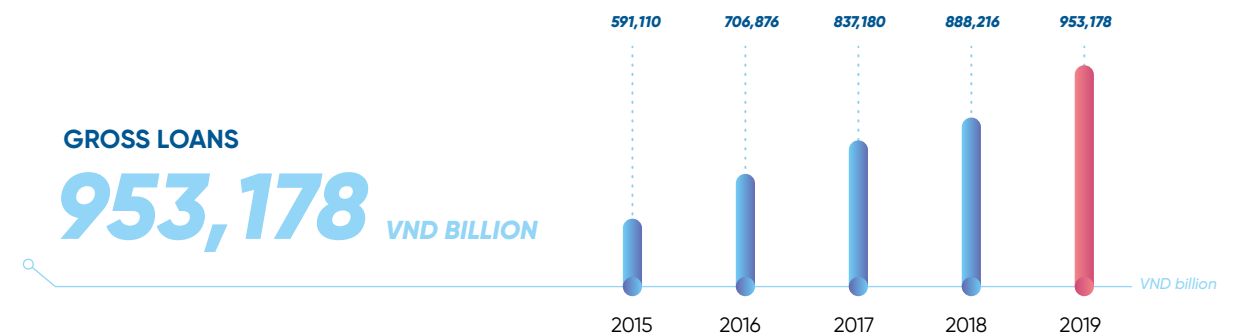
## TOTAL ASSETS

1,240,711  
VND BILLION



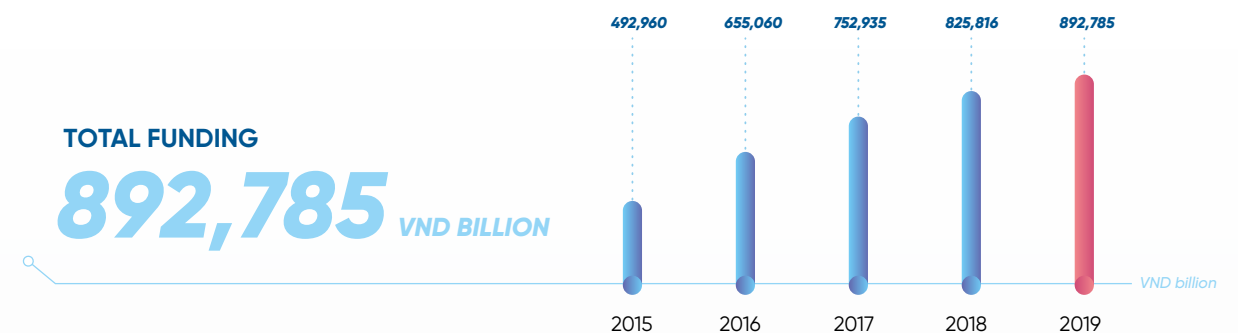
## GROSS LOANS

953,178  
VND BILLION



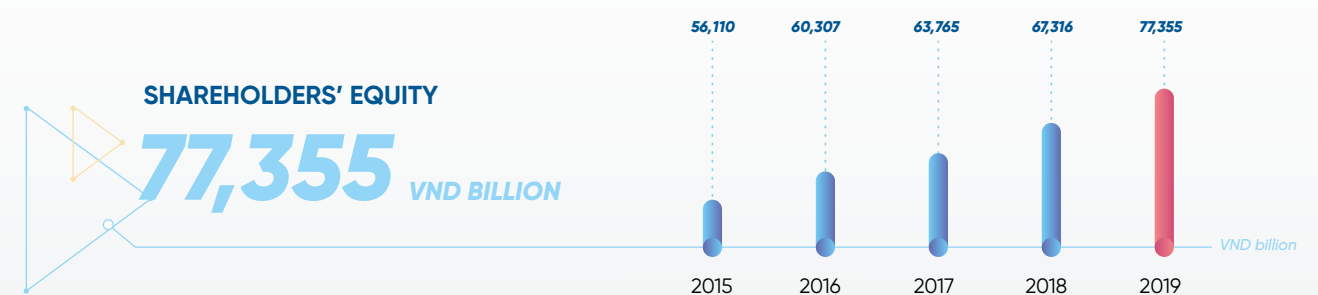
## TOTAL FUNDING

892,785  
VND BILLION



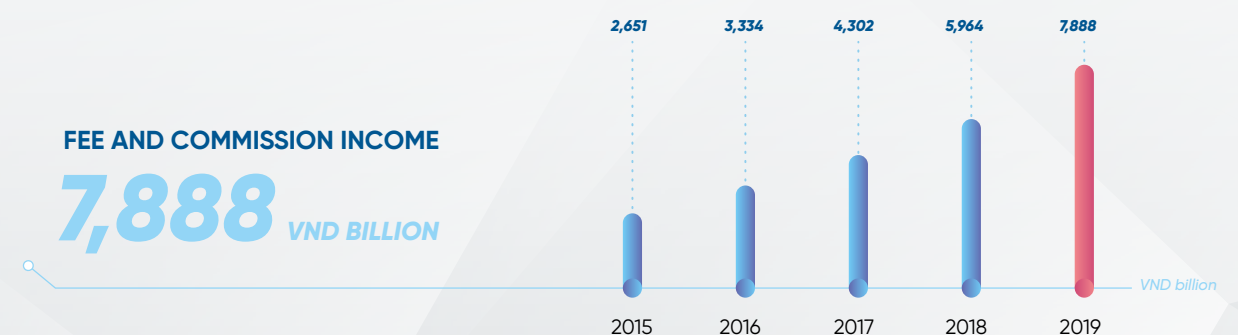
## SHAREHOLDERS' EQUITY

77,355  
VND BILLION



## FEE AND COMMISSION INCOME

7,888  
VND BILLION



## 1. GENERAL INFORMATION

## 10 HIGHLIGHTS IN BUSINESS ACTIVITIES OF VIETINBANK IN 2019

01

Implemented drastically and effectively the contents, objectives, roadmap and solutions of the Restructuring Plan in association with handling bad debts in the period of 2016 – 2020 and the MTBP for the period 2018 – 2020.



04

Strengthened the effective organizational structure model and optimized network units operation.



02

Continued to maintain the role as the pioneering bank in implementing policies of the Government and the SBV and contributed significantly to the country's socio-economic development.



05

Simultaneously deployed solutions to restructure human resources, promoting labour productivity and enforcing VietinBank Corporate Culture.

03

Customer-centric orientation, focusing on developing modern banking and financial solutions, developing comprehensive payment solutions for customers as well as chain links.



06

Efficient financial management, effective allocation of resources, increasing labour productivity. Measures to improve financial capacity were strongly and effectively implemented.





## 1. GENERAL INFORMATION

## 10 HIGHLIGHTS IN BUSINESS ACTIVITIES OF VIETINBANK IN 2019

07

Extensive application of IT in business development and governance; improving labour productivity; maintaining simplification and streamlined processes, procedures and records; maximizing support to customers to access modern and confidential banking services with good quality in a convenient and safe manner.



09

VietinBank was honored by local and international prestigious organizations and was presented with noble awards by the Communist Party of Vietnam and the Government.



08

Constantly improved the quality of risk management and enhancing the effectiveness of internal control and supervision.



10

VietinBank continued to make positive contributions and pioneered in many social security activities, effectively implemented policies and guidelines by the Party and Government.





## 1. GENERAL INFORMATION

## REPRESENTATIVE AWARDS AND ACCOLADES IN 2019

## Brand Finance®

TOP 300 MOST VALUABLE BANK  
BRANDS WORLDWIDE

In 2019, VietinBank was the first Vietnamese bank being listed in the Top 300 Most Valuable Bank Brands Worldwide with a Brand Value of USD 625 million (up by 64%), Brand Strength AA +, up by 68 places compared to that of 2018, ranked 242<sup>nd</sup> in the world and being recognized as the most valuable bank brand in Vietnam.

Regarding ranking progress, VietinBank continued to be in the World's Top 20 of Banks with strongest promotion (ranked 8<sup>th</sup>).

Regarding Brand Value, VietinBank also ranked 8<sup>th</sup> out of the World's Top 20 Banks with highest Brand Value and the Bank with strongest growth in terms of Brand Value Vietnam.

At the same time, 2019 was the fourth year VietinBank named in Top 10 most valuable Vietnamese brands, ranked 7<sup>th</sup>, the highest ranking among Vietnamese banks.



## Forbes

TOP 2000 LARGEST PUBLIC  
COMPANY WORLDWIDE

For the 8<sup>th</sup> time in a row, VietinBank has been listed on Forbes Global 2000 (Top 2000 World's Largest Public Company Worldwide) published by prestigious American magazine Forbes. Forbes recognized VietinBank's achievement of USD 3.7 billion in revenue and USD 50.2 billion in total assets.



## VIETNAM EXCELLENT BRAND

This marked the 15<sup>th</sup> consecutive year VietinBank being awarded the prize of "Vietnam Excellent Brand". The program aims to recognize, encourage and support businesses with outstanding achievements in production and business, having high growth rates and great contributions to the country.



## TOP 50 VIETNAM THE BEST

According to a publication of Vietnam Report and VietnamNet Newspaper, in 2019, VietinBank continued to be listed in VNR500 - Top 500 largest Companies in Vietnam. At the same time, VietinBank was also named among Top 50 Vietnam The Best.

In 2019, VietinBank was listed among Top 10 Largest Public Company in Vietnam according to Forbes Vietnam.

VIETNAM VALUE  
NATIONAL BRAND

For the 5<sup>th</sup> consecutive time, VietinBank was the enterprise having products and services achieving National Brand. This is a prestigious and noble title which the Prime Minister appointed to the National Brand Council, the National Brand Secretariat in collaboration with the Trade Promotion Agency (Ministry of Industry and Trade) to organize. The National Brand Program is the only Government program that promotes the national image through products and services branding.

## 1. GENERAL INFORMATION

## REPRESENTATIVE AWARDS AND ACCOLADES IN 2019



## BEST TRADE FINANCE SERVICE

In 2019, VietinBank's International Payment and Trade Finance activities were awarded the following prizes: Best Trade Finance Service Provider (by Global Finance); Best Trade Finance Bank 2019 for 03 consecutive years (by the Asian Banker); Bank with outstanding quality in International Payment (Deutsche Bank AG); Bank with outstanding quality in processing International Payment Messages (Wells Fargo).



Ms. Tran Thi Minh Duc (middle) and Ms. Le Minh Huong received the prestigious award by The Asian Banker.



VietinBank's representative was awarded by the Global Finance Magazine.

VARIOUS PRIZES IN  
RETAIL BANKING

VietinBank was awarded "Best Retail Bank" in Vietnam for 4 consecutive years by Global Banking & Finance Review and many other well-recognized awards such as: "Outstanding Digital Bank 2018" for 3 consecutive years awarded by Vietnam Banks Association (VNBA) and International Data Group (IDG), The Best Mobile Payments Service awarded by The Asian Banker, Vietnamese consumers' favorite products for E-Partner Domestic Card.



## BEST FOREX SERVICE

VietinBank continued to be recognized by the Global Finance Magazine as "Best Forex Service in Vietnam 2019" bank. The recognition in two consecutive years demonstrated the innovations and strong growth in foreign exchange activities with the orientation of enhancing VietinBank's position in the foreign exchange market.

VIETNAM LEADING  
CONTACT CENTER

For the 2<sup>nd</sup> consecutive time, VietinBank was presented with Vietnam Leading Contact Center by Global Banking & Finance Review. The award demonstrated VietinBank's continuous efforts to improve our quality of customer service and affirmed VietinBank's leading position in Vietnam Banking system and in the market.

OUTSTANDING ENTERPRISE  
FOR EMPLOYEES

VietinBank was honored to achieve "Outstanding Enterprise for Employees" in 2019. This was a program to recognize enterprises with continuous efforts to improve their working environment as well as their employees' life and to build a harmonious relationship between enterprises' interest, employees' rights and social benefits towards sustainable development in the process of integration and development.

The program "Outstanding Enterprise for Employees" is hosted by Vietnam General Confederation of Labor, with the participation of Ministry of Labour, Invalids and Social Affairs, Vietnam Chamber of Commerce and Industry (VCCI), and implemented by Lao Dong Newspaper.



## 2. SCOPE OF BUSINESS AND BRANCH NETWORK

## SCOPE OF BUSINESS

VietinBank's core banking business activities include:

**DEPOSITS**

Mobilization of deposits in short, medium and long term from enterprises and individuals;

**LOANS**

Providing short, medium and long term loans to enterprises and individuals based on characteristic and capabilities of the Bank's capital;

**PAYMENTS**

Providing payment services among enterprises and individuals;

**TRANSACTIONS**

Making transactions on foreign exchange, international trade finance, discount on commercial papers, bonds, other valuable papers and other banking services licensed by the SBV.

## BRANCH NETWORK

## DOMESTIC NETWORK

• **HEAD OFFICE**

VietinBank Head Office is located at No.108 Tran Hung Dao Street, Hoan Kiem District, Hanoi;

• **155 LOCAL BRANCHES**

in 63 cities and provinces across the country;

• **1 SOUTHERN CUSTOMER CENTER;**

• **2 REPRESENTATIVE OFFICES**

in Ho Chi Minh City and Da Nang;

• **9 NON-BUSINESS UNITS**

(Trade Finance Center, Card Center, IT Center, VietinBank School of Human Resources Training & Development, 5 Cash Management Centers);

• **958 TRANSACTION OFFICES.**

## INTERNATIONAL NETWORK

• **2 FOREIGN BRANCHES IN GERMANY;**

• **1 SUBSIDIARY BANK IN LAOS;**

• **1 REPRESENTATIVE OFFICE IN MYANMAR;**

In addition, VietinBank has established correspondent relationship with over

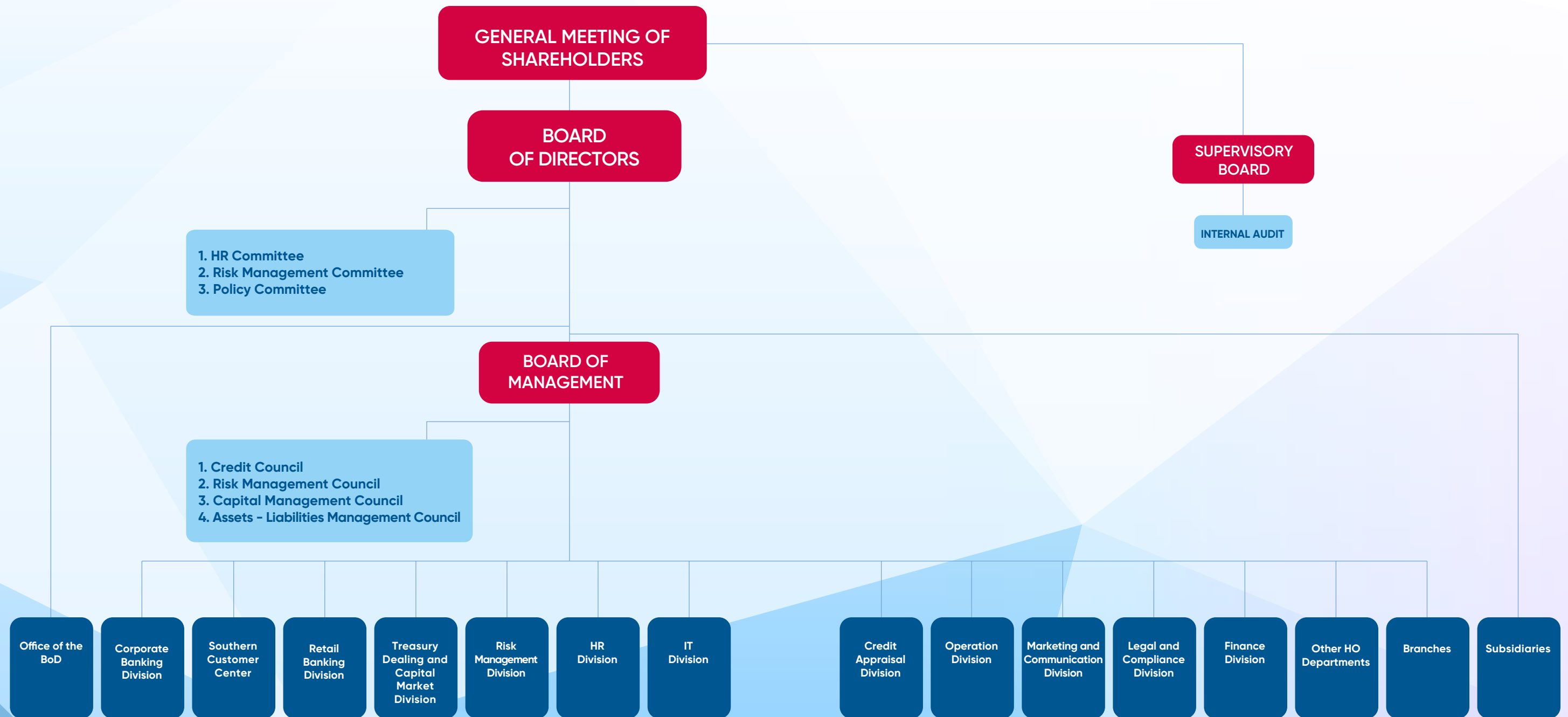
**1,000 FINANCIAL INSTITUTIONS**

of more than 90 countries and territories worldwide.





### 3. GOVERNANCE MODEL AND STRUCTURE



## 4. ORGANIZATION & HUMAN RESOURCES

### 4.1. BOARD OF DIRECTORS

*The BoD is the governing body of VietinBank, having full discretion on behalf of VietinBank to make decisions and demonstrate VietinBank's rights and obligations, except for issues under the authority of the GMS.*

#### MEMBERS OF THE BOARD OF DIRECTORS

No.	Full name	Title	No. of shares	Percentage (%)
1	Mr. Le Duc Tho	Chairman	37,527	0.001008%
2	Mr. Tran Minh Binh	Board Member and General Director	2,405	0.000065%
3	Ms. Tran Thu Huyen	Board Member	1,429	0.000038%
4	Mr. Tran Van Tan	Board Member	0	0%
5	Mr. Nguyen The Huan	Board Member	0	0%
6	Ms. Pham Thi Thanh Hoai	Board Member	92	0.000002%
7	Mr. Hiroshi Yamaguchi	Board Member and Deputy General Director	0	0%
8	Mr. Hideaki Takase	Board Member	0	0%

Note: the number of shares in this table does not include representative of State capital.

#### CHANGES IN BOARD MEMBERS DURING THE YEAR 2019

No.	Full name	Title	Date of appointment/resignation
1	Mr. Le Duc Tho	Chairman	Re-appointed as Chairman of the BoD on 23/4/2019 under Resolution of Annual GMS 2019 and for the term 2019 – 2024 No. 20/NQ-DHDCD dated 23/4/2019.
2	Mr. Tran Minh Binh	Board Member and General Director	Re-appointed as Board Member and General Director on 23/4/2019 under Resolution of Annual GMS 2019 and for the term 2019 – 2024 No. 20/NQ-DHDCD dated 23/4/2019.
3	Ms. Tran Thu Huyen	Board Member	Re-appointed as Board Member on 23/4/2019 under Resolution of Annual GMS 2019 and for the term 2019 – 2024 No. 20/NQ-DHDCD dated 23/4/2019.
4	Mr. Tran Van Tan	Board Member	Appointed as Board Member on 23/4/2019 under Resolution of Annual GMS 2019 and for the term 2019 – 2024 No. 20/NQ-DHDCD dated 23/4/2019.
5	Mr. Nguyen The Huan	Board Member	Appointed as Board Member on 23/4/2019 under Resolution of Annual GMS 2019 and for the term 2019 – 2024 No. 20/NQ-DHDCD dated 23/4/2019.
6	Ms. Pham Thi Thanh Hoai	Board Member	Appointed as Board Member on 23/4/2019 under Resolution of Annual GMS 2019 and for the term 2019 – 2024 No. 20/NQ-DHDCD dated 23/4/2019.
7	Mr. Hiroshi Yamaguchi	Board Member and Deputy General Director	Re-appointed as Board Member on 23/4/2019 under Resolution of Annual GMS 2019 and for the term 2019 – 2024 No. 20/NQ-DHDCD dated 23/4/2019.
8	Mr. Hideaki Takase	Board Member	Re-appointed as Board Member on 23/4/2019 under Resolution of Annual GMS 2019 and for the term 2019 – 2024 No. 20/NQ-DHDCD dated 23/4/2019.
9	Mr. Cat Quang Duong	Board Member	End of Board Member term from 23/4/2019.
10	Mr. Phung Khac Ke	Board Member	End of Board Member term from 23/4/2019.

## 4. ORGANIZATION &amp; HUMAN RESOURCES

**MR. LE DUC THO****Chairman**

Born in 1970.

Ph.D. in Economics.

Joined VietinBank since 1991.

Appointed as Chairman of VietinBank on 31/10/2018.

Currently a Member of the Party Executive Committee – Communist Party of State Enterprises, Party Committee Secretary, Chairman of VietinBank.

Former positions: Deputy Head of Business Dept. – VietinBank Phu Tho branch; Deputy Director of VietinBank ALCO Dept., Deputy Director of VietinBank ALCO and Investment Dept., Director of VietinBank Investment Dept., Deputy General Director of VietinBank; Chief of the Office of the SBV; Board Member and General Director of VietinBank.

**Mr. TRAN MINH BINH****Board Member and General Director**

Born in 1974.

Master in Business Administration.

Joined VietinBank since 1999.

Appointed as Board Member and General Director of VietinBank on 8/12/2018.

Currently a Member of Inspection Committee – Communist Party of State Enterprises, Deputy Secretary of VietinBank Party Committee, Board Member and General Director of VietinBank.

Former positions: Deputy Head of Cards Dept., Director of Cards Center, Director of Investment Dept.; Director of VietinBank Nguyen Trai Branch; Deputy Director, Director of VietinBank Hanoi Branch; Director of Treasury and Capital Markets Division cum Chairman of VietinBank Laos Limited; Deputy General Director cum Director of Treasury and Capital Markets Division cum Director of Credit Appraisal Division; Acting General Director of VietinBank.

**Mr. TRAN VAN TAN****Board Member**

Born in 1968.

Master in Economics.

Appointed as Board Member of VietinBank on 23/4/2019.

Former positions: Deputy Director of Market and Guarantee Dept., Director of Market and Guarantee Dept., Director of Credit Dept. – Credit Division of the SBV; Director of Agriculture Credit Dept., Deputy Head of Economic Credit Division of the SBV.

**Ms. TRAN THU HUYEN****Board Member**

Born in 1977.

Master in Business Administration.

Joined VietinBank since 2001.

Appointed as Board Member of VietinBank on 24/07/2014.

Currently a Member of Standing Committee – VietinBank Communist Party, Board Member cum Director of HR Division of VietinBank.

Former positions: Deputy Director, Director of HR Dept. of VietinBank.



## 4. ORGANIZATION &amp; HUMAN RESOURCES

**Mr. NGUYEN THE HUAN****Board Member**

Born in 1974.

Bachelor in Economics; Bachelor in Law; Bachelor in Foreign Language.

Joined VietinBank since 1995.

Appointed as Board Member of VietinBank on 23/4/2019.

Currently a Member of Standing Committee – VietinBank Communist Party, Board Member of VietinBank.

Former positions: Deputy Head of Corporate Banking Dept., Head of SMEs Banking Dept. – VietinBank Ba Dinh Branch; Deputy Director of ISO Management Dept., Deputy Director of Retail Banking Dept. – VietinBank HO; Deputy Director of VietinBank Bac Giang Branch; Deputy Director of Internal Control Dept., Deputy Director of Compliance Audit Dept., Deputy Director of Internal Audit Dept. – VietinBank HO, Head of Supervisory Board of VietinBank.

**Mr. HIROSHI YAMAGUCHI****Board Member and Deputy General Director**

Born in 1966, Japanese.

Bachelor of Economics.

First joined the Mitsubishi Bank, Ltd. (the bank that was merged with the Bank of Tokyo, Ltd. into the Bank of Tokyo-Mitsubishi, Ltd in 1996 and subsequently the latter was merged with UFJ Bank Ltd. in 2006 into MUFG Bank) in 1990.

Elected to VietinBank's BoD since 17/4/2017, concurrently holding the position of a Deputy General Director of VietinBank since 15/5/2017.

Former positions: Manager, Industry Research Group of Bank of Tokyo-Mitsubishi, Tokyo; Manager, Research Division, Hong Kong Office, Bank of Tokyo-Mitsubishi UFJ Hong Kong; Manager, Corporate Banking Division No.6/Corporate Banking Credit Division; Senior Manager, Corporate Banking Division No.3, Bank of Tokyo-Mitsubishi UFJ in Japan; Managing Director/ Deputy General Manager of Business Planning Dept., Asian Corporate Banking Division, Bank of Tokyo-Mitsubishi UFJ, New York; Deputy General Manager, Corporate Banking Division No.3 of Bank of Tokyo-Mitsubishi UFJ in Japan.

**Mr. HIDEAKI TAKASE****Board Member**

Born in 1968, Japanese.

Master in Business Administration.

Elected to VietinBank's BoD since 21/4/2018.

First joined the Mitsubishi Bank, Ltd. (the bank that was merged with the Bank of Tokyo, Ltd. into the Bank of Tokyo-Mitsubishi, Ltd in 1996 and subsequently the latter was merged with UFJ Bank Ltd. in 2006 into MUFG Bank) in 1991.

Working experience: Chief Manager, Corporate Planning Division; Deputy General Manager, Corporate Planning Division of Bank of Tokyo-Mitsubishi UFJ in Japan; Head of Asian Corporate of MUFG Union Bank in the United States; Executive Officer & General Manager, Global Planning Division of Bank of Tokyo-Mitsubishi UFJ in Japan; Executive Officer & Managing Director, Head of Global Commercial Banking Planning Division for MUFG Bank in Japan. He is now the Managing Director & President of MUFG BANK (EUROPE) N.V. in the Netherlands.

**Ms. PHAM THI THANH HOAI****Board Member**

Born in 1978.

Master in Finance.

Joined VietinBank since 2003.

Appointed as Board Member of VietinBank on 23/4/2019.

Currently a Member of the Party Executive Committee of VietinBank, Board Member of VietinBank.

Former positions: Deputy Director of Credit & Investment Policy Dept., Deputy Director of Investment Dept., Deputy Director in charge of Investment Dept., Director of Treasury Dealing Dept., Director of Multinational Corporation Dept.; Chairwoman of VietinBank Leasing Co. Ltd. (concurrently).

## 4. ORGANIZATION & HUMAN RESOURCES

### 4.2. SUPERVISORY BOARD

*The Supervisory Board is the agency on behalf of shareholders to supervise the operation and compliance with the Law and VietinBank's Charter in the management and administration of VietinBank; being responsible before the Law, the GMS in implementing the rights and duties assigned. During the implementation, the Supervisory Board may use the rights in accordance with the Law and VietinBank's Charter. The Supervisory Board has the role of implementing internal audit, controlling and evaluating the compliance with the provisions of the Law, internal regulations, VietinBank's Charter and resolutions and decisions of the GMS and the BoD.*

### MEMBERS OF SUPERVISORY BOARD

No.	Full name	Title	No. of shares	Percentage (%)
1	Ms. Le Anh Ha	Head of Supervisory Board	3,104	0.000083%
2	Ms. Nguyen Thi Anh Thu	Member of Supervisory Board	36	0.000001%
3	Mr. Nguyen Manh Toan	Member of Supervisory Board	0	0%

### CHANGES IN SUPERVISORY BOARD MEMBERS DURING THE YEAR 2019

No.	Full name	Title	Date of appointment/resignation
1	Ms. Le Anh Ha	Head of Supervisory Board	Appointed to the Supervisory Board on 23/4/2019 under Resolution of Annual GMS 2019 and for the term 2019 – 2024 No. 20/NQ-DHDCD dated 23/4/2019.
2	Ms. Nguyen Thi Anh Thu	Member of Supervisory Board	Appointed to the Supervisory Board on 23/4/2019 under Resolution of Annual GMS 2019 and for the term 2019 – 2024 No. 20/NQ-DHDCD dated 23/4/2019.
3	Mr. Nguyen Manh Toan	Member of Supervisory Board	Appointed to the Supervisory Board on 23/4/2019 under Resolution of Annual GMS 2019 and for the term 2019 – 2024 No. 20/NQ-DHDCD dated 23/4/2019.
4	Mr. Nguyen The Huan	Head of Supervisory Board	End of Supervisory Board Member term from 23/4/2019.
5	Ms. Pham Thi Thom	Member of Supervisory Board	End of Supervisory Board Member term from 23/4/2019.
6	Mr. Tran Minh Duc	Member of Supervisory Board	End of Supervisory Board Member term from 23/4/2019.



#### 4. ORGANIZATION & HUMAN RESOURCES

##### Ms. LE ANH HA

###### Head of Supervisory Board

Born in 1973.

Master of Economics and Public Management.

Joined VietinBank since 1995.

Elected to VietinBank's Supervisory Board since 23/4/2019.

Currently a Member of the Party Executive Committee of VietinBank, Head of Supervisory Board.

Former positions: Deputy Director of Credit Management Dept., Director of Capital Management & Utilization Dept., Director of Credit & Investment Risk Management Dept., Director of Retail Banking Dept. - VietinBank HO; Deputy Director of VietinBank School of Human Resources Training & Development; Director of Internal Control Dept., Deputy Head of Risk Management Division cum Director of Internal Control Dept.



##### Ms. NGUYEN THI ANH THU

###### Member of Supervisory Board

Born in 1976.

Bachelor in Banking & Finance, Bachelor in English.

Joined VietinBank since 1998.

Elected to VietinBank's Supervisory Board since 23/4/2019.

Former positions: Deputy Manager of Administrative Dept., Manager of General Marketing Dept., Manager of Risk Management Dept., Manager of Corporate Banking Dept. - VietinBank Hoan Kiem Branch; Deputy Director of Compliance Audit Dept., Deputy Director of Disbursement Control Dept., Deputy Director of Credit Appraisal Dept., Deputy Director of Credit Risk Management Dept., Director of Internal Audit Dept. - VietinBank HO.



##### Mr. NGUYEN MANH TOAN

###### Member of Supervisory Board

Born in 1966.

Master in Criminal Law, Criminology.

Joined VietinBank since 2010.

Elected to VietinBank's Supervisory Board since 23/4/2019.

Former positions: Procurator of the Supreme People's Procuracy, Deputy Director in charge of Legal Dept., Director of Legal Dept., VietinBank HO.



## 4. ORGANIZATION & HUMAN RESOURCES

### 4.3. BOARD OF MANAGEMENT

*The BoM is responsible for managing VietinBank's day-to-day affairs in accordance with VietinBank's Charter and the Regulations on Organization and Operation of the BoM. The BoM is under the direct, comprehensive management and supervision of the BoD.*

#### MEMBERS OF THE BOARD OF MANAGEMENT

No.	Full name	Title	No. of shares	Percentage (%)
1	Mr. Tran Minh Binh	Board Member and General Director	2,405	0.000065%
2	Mr. Hiroshi Yamaguchi	Board Member and Deputy General Director	0	0%
3	Ms. Nguyen Hong Van	Deputy General Director	4,050	0.000109%
4	Mr. Nguyen Hoang Dung	Deputy General Director	1,024	0.000028%
5	Mr. Nguyen Duc Thanh	Deputy General Director	0	0%
6	Mr. Tran Cong Quynh Lan	Deputy General Director	0	0%
7	Mr. Nguyen Dinh Vinh	Deputy General Director	0	0%
8	Ms. Le Nhu Hoa	Deputy General Director	27,692	0.000744%
9	Mr. Nguyen Hai Hung	Chief Accountant	19,288	0.000518%

*Note: the number of shares in this table does not include representative of State capital*

#### CHANGES IN THE BOARD OF MANAGEMENT DURING THE YEAR 2019

In 2019, the BoM of VietinBank witnessed no changes in personnel.

### Mr. TRAN MINH BINH

#### Board Member and General Director

Born in 1974.

Master in Business Administration.

Joined VietinBank since 1999.

Appointed as Board Member and General Director of VietinBank on 8/12/2018.

Currently a Member of Inspection Committee – Communist Party of State Enterprises, Deputy Secretary of VietinBank Party Committee, Board Member and General Director of VietinBank.

Former positions: Deputy Head of Cards Dept., Director of Cards Center, Director of Investment Dept.; Director of VietinBank Nguyen Trai Branch; Deputy Director, Director of VietinBank Hanoi Branch; Director of Treasury and Capital Markets Division cum Chairman of VietinBank Laos Limited; Deputy General Director cum Director of Treasury and Capital Markets Division cum Director of Credit Appraisal Division; Acting General Director of VietinBank.





## 4. ORGANIZATION &amp; HUMAN RESOURCES

**Mr. HIROSHI YAMAGUCHI**

Board Member and Deputy General Director

Born in 1966, Japanese.

Bachelor of Economics.

First joined the Mitsubishi Bank, Ltd. (the bank that was merged with the Bank of Tokyo, Ltd. into the Bank of Tokyo-Mitsubishi, Ltd in 1996 and subsequently the latter was merged with UFJ Bank Ltd. in 2006 into MUFG Bank) in 1990.

Elected to VietinBank's BoD since 17/4/2017, concurrently holding the position of a Deputy General Director of VietinBank since 15/5/2017.

Former positions: Manager, Industry Research Group of Bank of Tokyo-Mitsubishi, Tokyo; Manager, Research Division, Hong Kong Office, Bank of Tokyo-Mitsubishi UFJ Hong Kong; Manager, Corporate Banking Division No.6/ Corporate Banking Credit Division; Senior Manager, Corporate Banking Division No.3, Bank of Tokyo-Mitsubishi UFJ in Japan; Managing Director/ Deputy General Manager of Business Planning Dept., Asian Corporate Banking Division, Bank of Tokyo-Mitsubishi UFJ, New York; Deputy General Manager, Corporate Banking Division No.3 of Bank of Tokyo-Mitsubishi UFJ in Japan.

**Mr. NGUYEN DUC THANH**

Deputy General Director

Born in 1970.

Master in Economics.

Joined VietinBank since 2/2010.

Appointed as Deputy General Director in 8/2012.

Currently a Member of the Party Executive Committee of VietinBank, Deputy General Director cum Director of Treasury and Capital Markets Division; cum Chairman of VietinBank Laos Limited.

Former positions: Commercial Attaché - Embassy of Vietnam in the Arab Republic of Egypt; Deputy Director & Secretary to the Minister of Trade, Deputy Director of Dept. of Competition Management cum Secretary to the Minister of Trade, Deputy Director of Dept. of Competition Management - Ministry of Industry and Trade; Director of Financial Institutions Dept. - VietinBank HO, Co-Director of VietinBank German Branch.

**Ms. NGUYEN HONG VAN**

Deputy General Director

Born in 1969.

Master in Banking and Finance.

Joined VietinBank since 1990.

Appointed as Deputy General Director of VietinBank on 8/12/2018.

Currently a Member of Standing Committee - VietinBank Communist Party, Deputy General Director cum Director of Financial Division, Chairwoman of the BoD of VietinBank Insurance Corporation (VBI).

Former positions: Deputy Director of ALCO Department; Director of ALCO & Treasury Department; Director of Financial Planning & ALCO Supporting Department; Board Member of VietinBank.

**Mr. NGUYEN HOANG DUNG**

Deputy General Director

Born in 1962.

Master in Economics.

Joined VietinBank since 12/1988.

Appointed as Deputy General Director in 3/2011.

Former positions: Deputy Head of Supervisory Department, Assistant to Director, Director of HR and Admin Department - VietinBank Minh Hai Branch; Director of Sales Department, Director of the City Transaction Office, Deputy Director, Director of VietinBank Ca Mau Branch.

## 4. ORGANIZATION &amp; HUMAN RESOURCES

**Mr. NGUYEN DINH VINH**

## Deputy General Director

Born in 1980.

Master in Business Administration.

Joined VietinBank since 2002.

Appointed as Deputy General Director in 7/2015.

Currently a Member of Standing Committee - VietinBank Communist Party, Head of Inspection Committee of VietinBank's Party Committee, Chairman of VietinBank Trade Union, Deputy General Director cum Director of Risk Management Division; Chairman of VietinBank Global Money Transfer Company Ltd.

Former positions: Deputy Director, then Deputy Director in charge of Corporate Department at VietinBank Head Office; Deputy Director of VietinBank Quang Trung Branch, Director of VietinBank Hai Duong Branch; Director of NPL Management Department at VietinBank Head Office; Director of VietinBank Hanoi Branch.

**Ms. LE NHU HOA**

## Deputy General Director

Born in 1969.

Master in Finance, Banking and Insurance.

Joined VietinBank since 1990.

Appointed as General Director in 8/2016.

Currently a Member of VietinBank's Party Executive Committee cum Deputy General Director; Chairwoman of VietinBank Gold and Jewelry Trading Company.

Former positions: Deputy Head of Financial Accounting Dept., Head of Financial Accounting Dept., Head of Transaction Accounting, Deputy Head of Sales Dept. of VietinBank Phuc Yen Branch; Head of Admin and HR Dept. - VietinBank Hanoi Branch; Deputy Director of VietinBank Hanoi Branch; Director of Financial Accounting Dept. - VietinBank HO.

**Mr. TRAN CONG QUYNH LAN**

## Deputy General Director

Born in 1979.

Master in IT.

Joined VietinBank since 5/2012.

Appointed as Deputy General Director in 3/2015.

Currently Deputy General Director cum Director of IT Division of VietinBank.

Former positions: Assistant to Director of OCBC Singapore, Assistant to Vice President of OCBC Singapore, Vice President - IT - Retail Banking and Director of Electronic Distribution Channels & Investment - OCBC Singapore; Director of IT Center of VietinBank.

**Mr. NGUYEN HAI HUNG**

## Chief Accountant

Born in 1972.

Bachelor in Economics.

Joined VietinBank since 1991.

Appointed as Chief Accountant of VietinBank in 6/2011.

Currently a Member of VietinBank's Party Executive Committee, Chief Accountant of VietinBank.

Former positions: Deputy Director, Director of Accounting and Payment Dept. - VietinBank HO.





## 5. DEVELOPMENT DIRECTION

### DEVELOPMENT GOAL

**VIETINBANK'S LONG TERM DEVELOPMENT GOAL IS TO BECOME  
A LARGE SCALE BANK WITH THE BEST PERFORMANCE  
OF VIETNAM BANKING SYSTEM**

with:

### VISION

**TO BECOME A LEADING BANK IN VIETNAM AND A REGIONAL  
PLAYER, BEING MODERN AND MULTI-FUNCTIONAL THAT  
CONFORMS TO INTERNATIONAL STANDARDS.**

### MISSION

**TO BE NO.1 BANK IN VIETNAM BANKING SYSTEM, PROVIDING  
MODERN FINANCIAL AND BANKING PRODUCTS AND SERVICES  
WITH FULL UTILITIES AND MEETING INTERNATIONAL STANDARDS.**

### MEDIUM TERM DEVELOPMENT STRATEGY

- To develop in depth, strongly transform the business model towards growth with strong improvements in quality and efficiency, restructure the credit portfolio, increase the proportion of SME customers and retail segments, diversify revenue structure;
- To deploy breakthrough new business solutions, develop link chains, provide overall financial service solutions to each customer/customer group, develop modern products and services based on advanced technology platform;
- To continue to consolidate the organizational model, improve the efficiency of the whole system operation and promote the effective exploitation of key economic sectors, industries and geographical areas;
- To improve the quality of risk management, growth quality, effectiveness, efficiency of internal control and inspection activities, promote debt recovery to handle risks, bad debts, and debts sold to VAMC to improve financial quality;
- To improve financial capacity, financial management and effective cost of capital.

## 5. DEVELOPMENT DIRECTION

## CORE VALUES

**CUSTOMER ORIENTATION:**

"Customers are the center of all activities of VietinBank. VietinBank is committed to providing consistent products with uniformed service style; a sole VietinBank that best meets all appropriate needs of customers."

**TOWARDS EXCELLENCE:**

"VietinBank employs internal capabilities and resources to continuously innovate towards perfection."

**DYNAMIC, CREATIVE, PROFESSIONAL & MODERN:**

"VietinBank's leaders and employees always show their dynamism, creativity, professionalism, dedication, transparency and modernity in all transactions and relationship with customers, partners, and colleagues."

**INTEGRITY, HONESTY, TRANSPARENCY AND CODE OF ETHICS:**

"VietinBank's leaders and employees always think and act to ensure fairness, integrity, transparency and responsibility."

**RESPECT:**

"Respect, share with, care for customers, partners, leaders and colleagues".

**BRAND PROTECTION AND DEVELOPMENT:**

"Leaders and employees protect VietinBank's prestige and brand name as protecting their own honor and dignity".

**SUSTAINABLE DEVELOPMENT AND SOCIAL RESPONSIBILITY**

"Innovation and creativity are the motivation; Safe, effective and sustainable business growth and development are the targets. Performing good responsibilities to the community and society is VietinBank's honor and pride."

## BUSINESS PHILOSOPHY

**SAFE, EFFECTIVE AND SUSTAINABLE.**

**LOYAL, DEDICATED, UNITED, INNOVATIVE, WISE AND DISCIPLINED.**

**THE PROSPERITY OF VIETINBANK'S CUSTOMERS  
IS OUR ULTIMATE SUCCESS.**



## SUSTAINABLE DEVELOPMENT GOALS

Proud to be the leading commercial bank in Vietnam, apart from focusing on performance improvement and profit enhancement, VietinBank actively attributes ourselves to Vietnam's socio-economic development and industrialization and modernization; VietinBank will continue to share responsibilities with the Party and the Government in social work in support of rapid, steady & sustainable poverty

alleviation and eradication. We will continue to enhance our financial and competitive capacity, quality of HR, modern technology, etc. to ensure sustainable development of VietinBank and the society. In 2020, VietinBank will make our best efforts to share the responsibility with the community, deploy social welfare projects, and affirm our business philosophy "Improving the values of life".



## 6. RISK FACTORS



### BUSINESS ENVIRONMENT RISK

In 2019, Vietnam economy witnessed the growth of 7.02%, exceeding the target of 6.6% - 6.8% as set forth by the National Assembly, and the inflation being controlled under 4% target. This growth rate was lower than that of 2018 (7.08%), but higher than the average growth rate for the period 2011 - 2017. Particularly, 2019 marked an export milestone of more than 500 billion USD in the global context of trade decrease, trade surplus reached 9.9 billion USD; foreign exchange reserves reached 80 billion USD; public debt decreased to a level of 56% of GDP.

Vietnam's outlook for 2020 continues to be assessed positively by Asian Development Bank (ADB), the World Bank (WB), etc... amid slowing global growth. The 2020 growth is expected to be intensified by strong domestic consumption supported by modest inflation. Exports are

expected to increase in some important markets especially when the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CP-TPP) and the EU-Vietnam Free Trade Agreement (EVFTA) come into effect in 2020.

The opportunities for Vietnam economy do not come without challenges; particularly export is set to face more difficulties than the year before. Exports are expected to shrink, as only the US import might have the potential to increase by 27.8% while other important markets hardly show signs of significant growth. Export to EU market decreased by 0.7%. As Vietnam's economy becoming dependent on the US import, concerns raised over the possibility that Vietnam will be put in the world's largest economy's watch list. In 2020, inflation is also an important issue because during the last months, the high pork price resulted in CPI for the month of December having increased by 1.4% compared to that of November 2019, the highest increase during the past 9 years. International financial market experienced higher volatility giving rise to challenges for a highly open economy like Vietnam.

Particularly, the COVID-19 pandemic which developed complicatedly and widespread since the middle of the Quarter I/2020 is expected to cause widespread damage to the world economy and many countries such as China, Korea, Japan, Italy ... Vietnam's economy is facing double risks arising both from the lack of supply for production and declining demand. In recent assessment of Vietnam's economic growth considering different risk scenarios and based on the assumption that the COVID-19 pandemic can be controlled in Q1-II/2020, the Ministry of Planning and Investment forecasted GDP growth of Vietnam economy for 2020 will fall to 5.96% - 6.25%, lower than the growth forecast of 6.8% before. Several sectors and industries will have to experience negative effects of COVID-19 including tourism, accommodation services, agri-aquaculture exports, aviation, shipping, textile, oil and gas, and, consumption goods etc... FDI and export - import businesses are expected to suffer due to the long-term impact in the pandemic scenario. As a result, related indexes of trade balance and conditions to attract FDI and FII inflows will need to be closely monitored amid the spread of the pandemic in the coming time. The domestic exchange rate of USD/VND will also experience higher volatility as a result of the virus outbreak.



### CREDIT RISK

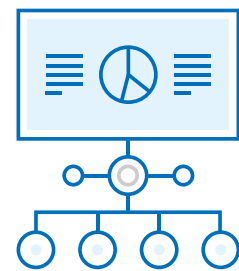
In 2020, the world economy is expected to experience economic slowdown especially when the trade-politic war among large economies becoming unpredictable. In that context, Vietnam's economy is set to face various challenges; corporates using out-of-dated technology and daunting staffing model will

gradually lose their competitiveness when the Industrial Revolution 4.0 develops vigorously in the future.

Targeting at sustainable development and business efficiency, VietinBank will concentrate on credit risk management from general to specific level, debt recovery measures enhancement, debt handling, and strict control of potential bad debts in order to improve portfolio quality and capital efficiency. Credit exposure will be strictly controlled through predetermined risk limits towards gradually reducing the proportion of riskier sectors in the calculation of capital adequacy ratio. Concurrently, we are strengthening our IT capabilities by stepping up our investment to improve technology platform and ensure the management of our credit portfolio, provide early warnings of customers with potential risk, supervise credit risk at branch level, recover and handle debts.



## 6. RISK FACTORS



### MARKET RISK

VietinBank has adopted comprehensive and appropriate market risk policy in compliance with international standards. Market risks on banking book, regulations, procedures, limits, risk appetite for each status (foreign exchange status, trading valuable paper status, etc.), Value at Risk (VAR), stop loss level, etc., were set up to control these risks. Trading activities were being conducted and controlled from front office to back office via the Treasury MX3 system. Accordingly, risk status and the utilization of each limit were monitored closely on a daily basis; daily reports on risk measurement and supervision were also provided to reflect comprehensive profit at market value while ensuring supervision on authorization in treasury dealing. Timely reports were made for review by the executive management and related business units. These reports actively supported the process of decision making to safeguard the Bank's business performance. In the context of potential volatility of exchange rate and interest rate due to the spread of COVID-19 pandemic, the Bank has set up earlier warning limits to promptly analyze and assess the volatility and strictly control market risks if there is any signs of significant movement.

Interest rate risk on banking book derives from adverse movements of interest rate against income, the value of assets and liabilities and off-balance sheet commitments of the Bank. At VietinBank, we have deployed central management for interest rate risks at HO via Treasury and Financial Planning Management Dept. and Market Risk Management Dept. as an independent supervisory unit. We also issued relevant sets of regulation and procedures on interest rate risk management on banking book to manage interest rate gap for any required period. Limits for change in net interest income and in economic value of owner's equity were set up while employing appropriate derivatives as soft tools to manage risk at portfolio level. At

transaction level, we applied hedging tools for interest rate risk in our credit agreements with customers to protect ourselves against market volatility as well as defined lending interest rates appropriately to reflect our practical cost of capital. Also, we managed interest rates via internal funds transfer pricing (FTP) tool according to the management's direction and market movements.



### OPERATIONAL RISK

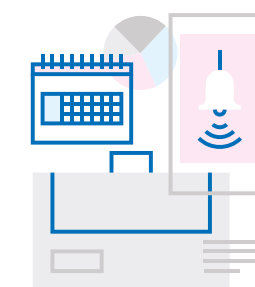
In 2019, banking frauds were becoming increasingly sophisticated and witnessed increase in both numbers and methods used. External criminals constantly employed new technologies and methods to plunder money/assets from banks and customers. Frauds not only came from retail banking (frauds on social media, impersonating bank staff, card skimming, overconfidence of customers to verify e-wallet links, etc.), but also came from corporate banking, criminals began to be impersonate corporate customers through forged signature, counterfeited seals and fake identity papers to transfer money illegally, etc. In addition, local banks also witnessed numbers of armed robberies. In addition, robberies are more prevalent in banks with dangerous weapons, carrying out many acts of intimidation and fighting in the process of causing a crime/escaping.

In addition, there was a small number of existing bank staff with diminished work ethics who took advantage of internal system or their senior's negligence to dispose money from customers and the banks. In order to mitigate and minimize fraud risks, VietinBank continued to focus on the consolidation of organizational structure, improve risk management capabilities and internal control system efficiency to meet the requirements of Circular 13/2018/TT-NHNN dated 18/5/2018 (Circular 13) on credit institutions' internal control as well as administration



requirements in accordance with international standards and best practice. We also strengthened training to raise staff awareness of ethics and regularly communicated with our customers to ensure they stay alert at all times.

Information confidentiality: there is a common situation in credit institutions that confidential information of customers are misused by Bank staffs. These are violation of Decree No. 117/2018/ND-CP on the customer information confidentiality, posing threats of legal, compliance risk as well as reputation risk to the Bank. In response to such risks, VietinBank has developed our methodology and specific system to prevent information leakage, delivered communications and training courses to raise staff awareness in order to protect VietinBank's reputation and our customers' wealth.



### LIQUIDITY RISK

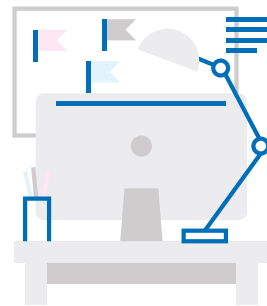
Liquidity risk at VietinBank has been centrally managed at HO via the Treasury and Financial Planning Management Dept. and Market Risk

Management Dept. as an independent supervisory unit. We place a strong emphasis on maintaining an appropriate level of highly liquid assets to meet the liquidity demand on normal business condition and in adverse liquidity status. We set up specific funding strategies to ensure the diversification of fund raising channels and suitable tenor structure. We also established set of indicators for solvency including lending to deposit ratio, short term borrowings to medium - long term lending, etc. to control liquidity risk on a daily basis. On a monthly basis, in the meeting of Risk Committee & ALCO Committee, balance of funding, liquidity and compliance with liquidity risk ratios are reviewed and reported; relevant recommendations for capital management are proposed to ensure good liquidity and capital efficiency.

The Assets - Liabilities Management (ALM) system was built in compliance with international standard to provide automatic reports on the balance of funding and cash flows to calculate daily liquidity status, analysis and forecast on future liquidity. The liquidity risk has been also closely monitored by type of currency (VND, USD, other foreign currencies in USD equivalent) on the basis of analyzing liquidity demand, source of liquidity business operation, structure of assets/payables and cash flows of every item recorded in the balance sheet and off-balance sheet as well as the possibility to access the market liquidity at each point in time. At VietinBank, stress testing is conducted on a regular basis to evaluate our competency to fulfill payment obligation and commitment, making liquidity provision plan and transaction limit with other credit institutions for backup purposes.



## 6. RISK FACTORS



### INFORMATION TECHNOLOGY SYSTEM RISK

The deployment of new products and services on our IT system with regular configuration changes and regular updates with partners' systems demands confidentiality in transaction security and banking data in order to ensure customers' confidence. Understanding information technology system security is the most important factor in our banking business and needs to be approached from bottom up, VietinBank has proactively & regularly assessed system security risks and implemented various risk control measures, including:

- Staff capability enhancement through training courses organized by the SBV, Ministry of Information and Communication or trusted partners;
- Coordination and exchange with state authorities in charge of network security and cybercriminal prevention. Communication also exchanged with top information security companies in Vietnam and around the world;
- Participation in information security events locally and internationally for latest updates;
- Development and standardization of our Security Information and Event Management (SIEM) system to ensure central monitor of individual security systems and early detection of any potential risks;
- Regular evaluation to identify security risk on new product and service testing before construction to implement appropriate control measures;
- Review of the entire system security including internet banking platform and core systems before providing to customers;
- Deployment of solutions to ensure the

availability and readiness of IT systems, at the same time rehearsing system transfer, recovering and ensuring data safety from main data center to the disaster recovery center to ensure the system is ready to operate during a disaster at the main data center;

- Application of Customer Security Program (CSP) standard for SWIFT system, ISO27001:2013 for Internet Banking system, Payment Card Industry Data Security Standards (PCI-DSS) for card system;
- Documentation and implementation of security policies and processes: security assessment, security event handling, etc.;
- Deployment of centralized internet access system with advanced technology;
- Research, deployment and application of bio-metric authentication solutions for all types of transactions at bank counters and by electronic devices;
- Research and implementation of stress-testing on defense systems and solutions, proactive detection of signals of fraud and information leakage;
- Communication and training to our people to raise their awareness of information security;
- Regular communication with customers on information confidentiality risks in using banking services.



# 2

## 2019 PERFORMANCE REVIEW

1. Business Performance
2. Investment Activities And Project Implementation
3. 2019 Financial Presentation
4. Shareholders Structure, Change In Shareholder's Equity



“  
**PIONEERING INNOVATION**  
”



## 1. BUSINESS PERFORMANCE



## BUSINESS RESULTS IN 2019

With proactive and effective implementation of mixed business solutions, our performance in 2019 made positive changes, fulfilling most of the business targets assigned by the GMS and closely following the tasks set out in the 2016 – 2020 Restructuring Plan and the 2018 – 2020 MTBP. In 2019, VietinBank continued to maintain its role as a pioneer bank in implementing policies of the Government and the SBV, making positive contributions to socio-economic development. The Bank well-satisfied the demand of the economy, managed growth quality, exploited various sources of capital, reduced costs, created favorable conditions by reducing lending interest rates, and maintained one of the lowest lending interest rates in the market. We implemented preferential programs to reduce lending interest rates, as well as promptly removed difficulties for enterprises to enable enterprises and individuals conveniently access credits and banking products with the lowest cost. In detail, the results of achieving targets assigned by the GMS in 2019 are as follows:

- **VietinBank's total assets** as of 31/12/2019 reached more than VND 1,240 trillion, an increase of 6.6% compared to 2018 and well achieved the targets set by the GMS.
- **Credit balance** reached over VND 953 trillion, up 7.3% compared to 2018, meeting the target set at 2019 GMS. The structure of outstanding loans shifted positively towards an appropriate level in terms of currencies and customer segments through the increasing proportion of VND loans and average loans of retail customers and SMEs. Credit granting policies were directed towards feasible projects with good credit ratings and high profitability as well as projects of key economic sectors that

were highly encouraged by the Governments. Credit quality was tightly closely, complying with legal regulations and ratios by the SBV. The NPL ratio was 1.2%, fulfilling the target set by the GMS.

- **Funding growth** is in line with demand for capital, the structure of funding varies by currency, and the proportion of demand deposits continues to increase. Fund mobilized from enterprises and individuals reached nearly VND 893 trillion, an increase of VND 67 trillion (up 8.1%) compared to 2018. In which, demand deposits from customers reached VND 146 trillion, up VND 22.4 trillion, the ratio of demand deposits out of total deposits increased by 1.4 percentage point compared to 2018. Customer deposits grew stably and sustainably over the years, continuously affirming customers' trust in VietinBank's reputation; liquidity ratios are in compliance with the law and continue to be improved.
- **Business efficiency** was highly improved. **Separated PBT** in 2019 was VND 11,461 billion, an increase of 85% compared to 2018, completing 127% of the target set out by the GMS. **Consolidated PBT** reached VND 11,781 billion, an increase of 79.6% compared to 2018, completing 124% of the plan set by the GMS. The high growth in PBT is the result of the increase in operating efficiency in the right direction through restructuring loan portfolio, improving the effectiveness of earning assets portfolio, boosting non-interest income, especially fee and commission income, gain from trading in foreign currencies and income from investment securities. Specifically, the profitability of interest was significantly improved with the net interest income (NIM) ratio increasing to 2.8% compared to 2% in 2018; Net consolidated fee and commission

income (including guarantee fee) increased by 37.4% compared to 2018, accounting for nearly 12% of total operating income, contributing to the proportion of net non-interest income to 20%; Treasury dealing and FX trading achieved high results, sales and market share of FX trading ranked first in the interbank market and market 1, further confirming VietinBank's position in the market. Net income from FX trading increased by 120% compared to 2018. Concurrently, operating expenses were

effectively controlled, consolidated operating expenses increased by 11.7%, lower than the growth rate of 42.4 % of operating income. CIR continued to fall to 38.8%, the lowest in more than 10 years.

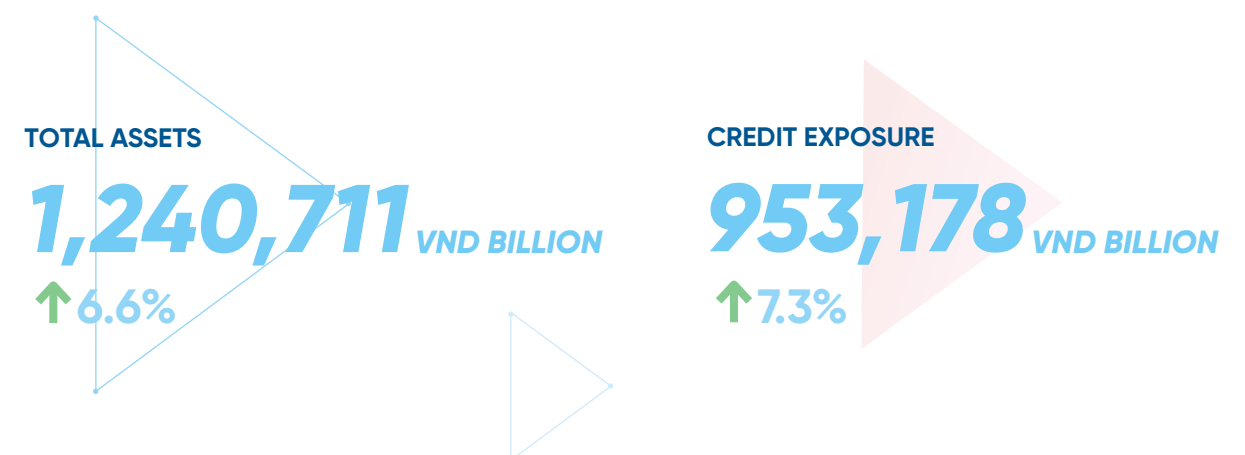
- Business operation was sustainably and effectively developed, ensuring full and strict compliance with prudential regulations by the SBV.

## PERFORMANCE VS. OBJECTIVES

Unit: VND bil

Indicator (consolidated)	31/12/2019	31/12/2018	31/12/2019 vs. 31/12/2018		2019 GMS target	% achieved vs. 2019 objectives
			+/-	+/- %		
<b>Total assets</b>	1,240,711	1,164,290	76,421	6.6%	Increase by 2% - 5%	Achieved
<b>Fund mobilized from economic entities and individuals</b>	892,785	825,816	66,969	8.1%	Increase by 10% - 12%	Not yet achieved
<b>Credit exposure</b>	953,178	888,216	64,962	7.3%	Increase by 6% - 7%	Achieved
<b>NPL/credit exposure</b>	1.2%	1.6%			< 2%	Achieved
<b>Separated PBT</b>	11,461	6,194	5,267	85.0%	9,000	127%
<b>Consolidated PBT</b>	11,781	6,559	5,222	79.6%	9,500	124%

(Source: Audited separated and consolidated FS 2018 and 2019))



## 2. INVESTMENT ACTIVITIES AND PROJECT IMPLEMENTATION



### Abbreviation

VBI

### Registered Office

10<sup>th</sup>, 11<sup>th</sup> floor, No. 126  
Doi Can Street, Ba Dinh  
District, Hanoi.

### Contact

Tel: +84 24 3942 5650  
Fax: +84 24 3942 5646

### Business license

21/GPDC27/KDBH  
dated 13/6/2019 issued  
by Ministry of Finance

### Business activities

Non-life insurance

### Charter capital (31/12/2019)

VND 666 billion

### VietinBank's ownership

73.37%

### 2.1. MAJOR INVESTMENT

During 2019, VietinBank did not undertake any major investments including financial and project investments.

### 2.2. BUSINESS PERFORMANCE OF SUBSIDIARIES AND AFFILIATED COMPANIES

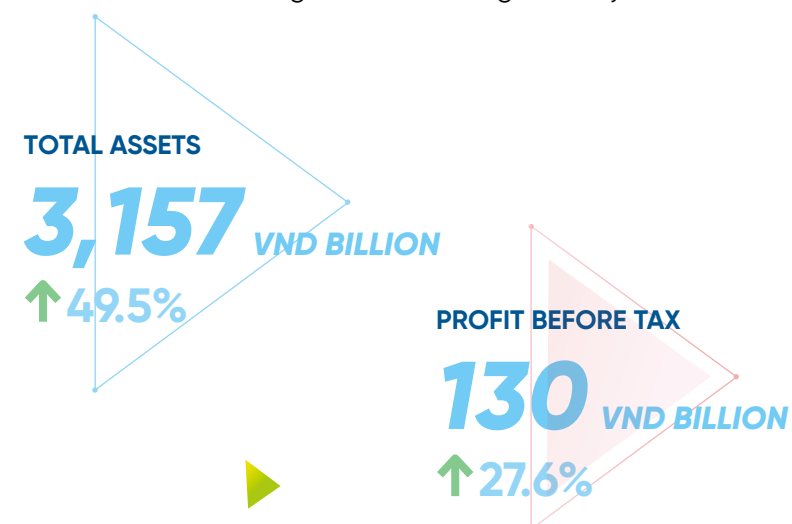
#### VietinBank Insurance Joint Stock Corporation

#### Business field:

The company operates in the areas of non-life insurance, re-insurance and financial investment.

#### Business results as of 31/12/2019:

Total assets reached VND 3,157 billion, up 49.5% compared to the end of 2018. In 2019, insurance business of VBI continued to expand significantly. Total premium reached VND 1,731 billion, a remarkable increase of 38% compared to 2018 – being the 6th year that the company maintained exceptional growth. The total cost of insurance business activities was VND 1,211 billion, an increase of 40% compared to 2018 (mainly due to the increase in insurance commissions compared to 2018, equivalent to 59%). The Company's PBT reached VND 130 billion, an increase of 27.6% compared to that of 2018. Strong growth in revenue contributed to the company's significant market share and reputation improvement as well. Specifically, market share of the Company continuously expanded from 0.8% in 2014 to 2.5% in 2016, above 3% in 2018 and this figure increased significantly to 3.6% in 2019.



### Abbreviation

VietinBank Capital

### Registered Office

6<sup>th</sup> floor, 34 Cua Nam  
Street, Hoan Kiem  
District, Hanoi.

### Contact

Tel: +84 24 3938 8855  
Fax: +84 24 3938 8500

### Business license

50/UBCK-GP issued by  
SSC dated 26/10/2010  
and most recent  
amended License  
No. 01/GPDC-UBCK  
issued by SSC dated  
08/01/2019.

### Business activities

Fund management

### Charter capital (31/12/2019)

VND 500 billion

### VietinBank's ownership

100%

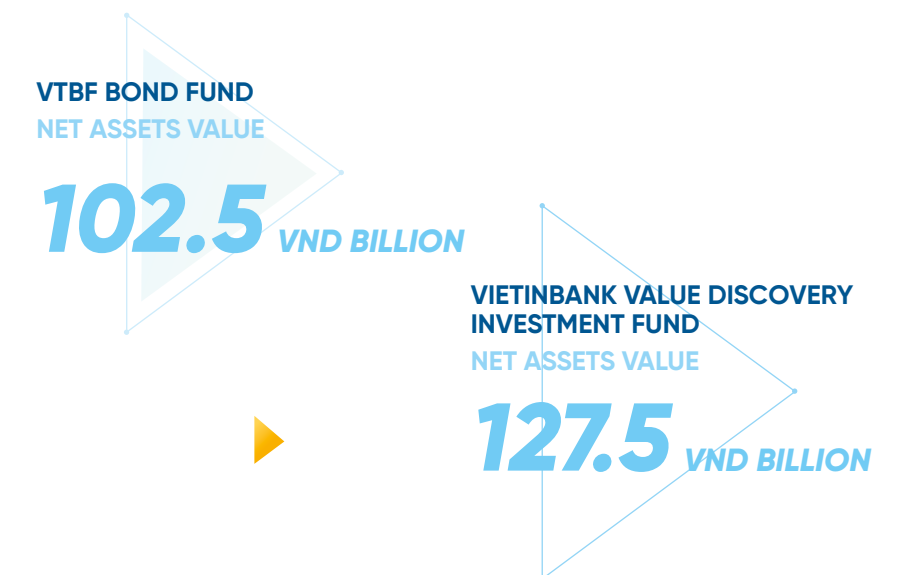
#### VietinBank Fund Management Company Ltd.

#### Business field:

The company operates in the areas of fund management and conducts activities such as: planning and management of securities investment funds, portfolio management of investment trust, consultancy of securities investment and other services allowed by applicable laws.

#### Business results as of 31/12/2019:

PBT for the year 2019 reached VND 11.5 billion. Revenue from financial investment reached VND 71.1 billion, accounting for 92.1% of total revenue. As of 31/12/2019, the Company was managing 02 investment funds, including 01 open fund – VTBF Bond Fund with capital investment of VND 66 billion (net assets value at 31/12/2019 was VND 102.5 billion) and a closed fund – VietinBank Value Discovery Investment Fund with capital investment of VND 100 billion (net assets value as of 31/12/2019 was VND 127.5 billion). In 2019, the Company successfully returned part of its capital to parent company (the charter capital reduced from VND 950 billion to VND 500 billion as of 31/12/2019 in preparation for a concentration on specified core business activities such as (i) managing securities investment funds, securities investment portfolio and investment consulting services; (ii) shifting its income structure from revenue generating from financial investment activities to service-based income and (iii) improving the efficiency of capital investment from parent company.





## 2. INVESTMENT ACTIVITIES AND PROJECT IMPLEMENTATION

**Abbreviation**

VietinBank Securities

**Registered Office**

306 Ba Trieu Street, Hai  
Ba Trung District, Hanoi

**Contact**

Tel: +84 24 6278 0012  
Fax: +84 24 3974 1760

**Business license**

107/UBCK-GP issued  
by the SSC dated  
01/07/2009 and most  
recent Amended  
License No. 36/GPĐC-  
UBCK issued by the SSC  
dated 13/6/2019.

**Business activities**

Securities

**Charter capital  
(31/12/2019)**

VND 1,064 billion

**VietinBank's ownership**

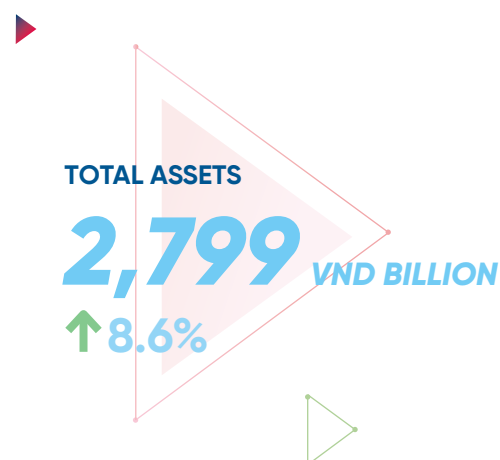
75.61%

**VietinBank Securities Joint Stock Company Ltd.****Business field:**

The company operates in the areas of: brokerage, proprietary trading, underwriting, and investment advisory, financial advisory and securities custody.

**Business results as of 31/12/2019:**

In 2019, the company's total assets was reported at VND 2,799 billion, an increase of 8.6% compared to that of 2018. Total revenue was VND 504.9 billion, a decrease of 22.6% compared to that of 2018, of which revenues generated from consultancy activities went down by 51% and brokerage activities decreased by 31% in comparison with 2018 result. Total operating expenses reached VND 262.3 billion, down 22% compared to the previous year. PBT was VND 139.6 billion, down 23.3% compared to one year ago. The business performance of 2019 decreased compared to 2018 resulting from slower growth. In addition, the long-term investment strategy for some potential stocks along with the decrease in revalued stock price also leads to a decline in the Company's business results.

**Abbreviation**

VietinBank Leasing

**Registered Office**

16 Phan Dinh Phung  
Street, Ba Dinh District,  
Hanoi.

**Contact**

Tel: +84 24 3823 3045  
Fax: +84 24 3733 3579

**Business license**

Certificate of business  
registration No.  
0101047075 dated  
31/08/2009 granted  
for the 1<sup>st</sup> time by  
Hanoi Planning  
and Investment  
Dept., amended 10<sup>th</sup>  
registration dated  
17/02/2017.

**Business activities**

Financial leasing

**Charter capital  
(31/12/2019)**

VND 1,000 billion

**VietinBank's ownership**

100%

**VietinBank Leasing Company Ltd.****Business field:**

The company operates in the area of financial leasing for businesses, individuals, families, and other organizations that are lending subjects of credit institutions.

**Business results as of 31/12/2019:**

Total assets of the company reached VND 3,030 billion, up 6% compared to that of 31/12/2018. Total operating income was VND 274 billion, up 10% compared to the year before mainly induced from the revenue from leasing activities of VND 272 billion, up 33% compared to 2018. Total expenses was VND 152 billion, up by 15% compared to the previous year. Gross leasing balance as of 31/12/2019 stood at VND 2,786 billion, up 12% compared to the year before and ranked second in terms of market share in local leasing activities. Group 2 debt accounted for 2.7% of the total outstanding loan; Asset quality of the company was remarkably enhanced as NPL ratio was reported at 0.4%. PBT was VND 122 billion, a decrease of 7% compared to 2018's result due to the higher cost of capital.

**GROSS LEASING BALANCE**

## 2. INVESTMENT ACTIVITIES AND PROJECT IMPLEMENTATION



## Abbreviation

VietinBank Gold & Jewellery

## Registered Office

2<sup>nd</sup> Floor, Hoang Thanh Tower, 114 Mai Hac De, Le Dai Hanh ward, Hai Ba Trung District, Hanoi

## Contact

Tel: +84 24 3942 1051  
Fax: +84 24 3939 3502

## Business license

No. 0105011873 dated 25/11/2010 granted for the 1<sup>st</sup> time by Hanoi Planning and Investment Dept.; 7<sup>th</sup> Amendment dated 22/7/2019.

## Business activities

Trading and manufacturing and processing of gold, gemstones and jewellery

Charter capital  
(31/12/2019)

VND 200 billion

## VietinBank's ownership

100%

## VietinBank Gold and Jewellery Trading Company Ltd.

## Business field:

The company operates in the area of gold, silver, precious stones trading.

## Business results as of 31/12/2019:

The charter capital of the Company decreased by VND 100 billion due to the parent bank's strategy for its subsidiaries to place a concentration towards core businesses and improving capital investment efficiency. As of 31/12/2019, the Company's charter capital was VND 200 billion; total assets reached VND 229 billion, down 31% compared to one year ago. In 2019, VietinBank Gold & Jewelry made great efforts in deploying various business activities, in particular, total revenue reached VND 38.9 billion, up 7% compared to 2018, of which, gross profit from sale of goods and services reached VND 22.6 billion, an increase of 19% compared to 2018 (especially in 2019, gold jewelry exporting activities achieved positive results with profit reported at VND 9.4 billion); Total expenses was VND 28 billion, up 8% compared to 2018. PBT for the year reached VND 11 billion, up 6% compared to that of 2018.

GROSS PROFIT FROM SALE OF GOODS  
AND SERVICES

**22.6** VND BILLION  
↑19%

## PROFIT BEFORE TAX

**11** VND BILLION  
↑6%



## Abbreviation

VietinBank AMC

## Registered Office

76 Nguyen Van Cu Street, Nguyen Cu Trinh Ward, District 1, Ho Chi Minh City

## Contact

Tel: +84 28 3920 2020  
Fax: +84 28 3920 3982

## Business license

No. 0302077030 issued by Ho Chi Minh Authority for Planning and Investment dated 20/7/2010, 5<sup>th</sup> registration dated 24/11/2017

## Business activities

Asset management

Charter capital  
(31/12/2019)

VND 120 billion

## VietinBank's ownership

100%

## VietinBank Debt and Asset Management Company Ltd.

## Business field:

The company's major business activities include receipt and management of mortgage, pledged assets and collateral valuation, etc.

## Business results as of 31/12/2019:

Operated as an independent business unit under VietinBank, the primary duty of the company is to support VietinBank's branches in evaluating collaterals. The company's functions contribute significantly in the Bank risk management activities. VietinBank AMC's efficiency was strongly reflected in VietinBank's final-year results. At the end of 2019, VietinBank AMC's total revenue was VND 49.2 billion in which asset evaluation activities contributed mostly to its revenue, reached VND 44.9 billion, increased by 48% compared to 2018 results. Other income which was mainly deposit interest was VND 4.36 billion. The total cost in 2019 was VND 41.7 billion, in which the employee cost increased strongly by 8.17 billion VND compared to the year before. PBT at the end of 2019 was VND 7.55 billion.

ASSET EVALUATION  
REVENUE

**44.9** VND BILLION  
↑48%

## PROFIT BEFORE TAX

**7.55** VND BILLION



## 2. INVESTMENT ACTIVITIES AND PROJECT IMPLEMENTATION



## VietinBank Global Money Transfer Company Ltd.

## Abbreviation

VietinBank Money  
Transfer

## Registered Office

3<sup>rd</sup> Floor, VietinBank  
Building, 126 Doi Can  
Street, Ba Dinh District,  
Hanoi.

## Contact

Tel: +84 24 3942 8690;  
+84 24 3942 8691  
Fax: +84 24 3942 8693

## Business license

No. 0105757686  
issued by Hanoi  
Authority for Planning  
and Investment  
on 03/01/2012, 1<sup>st</sup>  
Amendment dated  
13/03/2015.

## Business activities

Monetary  
intermediation

Charter capital  
(31/12/2019)

VND 50 billion

## VietinBank's ownership

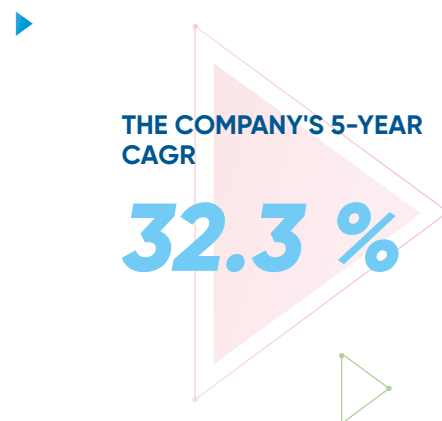
100%

## Business field:

The company's major business activities include overseas remittance service, money exchange service and other remittance services allowed by applicable laws.

## Business results as of 31/12/2019:

Total assets was VND 2499 billion, down 47% in comparison to 2018. Total revenue reached VND 72.8 billion, down 14% compared to 2018, mainly service-based income reported at VND 44.9 billion. The total expenses were VND 24.9 billion, down 6% compared to 2018. Lower revenue generating from services related to To Account amid fierce competition from new entrants up affected the company's business performance during 2019. Tough competition from local market resulted in reduction of fees and an enhancement in exchange rates from the company to retain customers which partly affected the company's total fee income. At the same time, expenses do not fall proportionally to income due to several marketing and market research activities. However, the Company's 5-year CAGR and 3-year CAGR, which were 32.3% and 9.3% respectively suggesting long-term sustainable growth capacity.



## VietinBank Laos Limited

## Abbreviation

VietinBank Laos

## Registered Office

No. 268 Langxang  
road, Hatsady ward,  
Chanthabouly district,  
Vientiane, Laos

## Contact

Tel: +856 2126 3997  
Fax: +856 2126 1026

## Business license

No. 068/NHCHDCNDL  
dated 08/7/2015  
issued by Lao People's  
Democratic Republic

## Business activities

Banking and Finance  
services

Charter capital  
(31/12/2019)

USD 50 million

## VietinBank's ownership

100%

**VietinBank Laos** started its operation in February 2012, with strong support from Central Bank of Laos, the Ministries of Laos Government and support from both Vietnamese and Laos communities;

VietinBank branch in Laos has achieved remarkable results since the first years of operation. In August 2015, the VietinBank branch in Laos was upgraded to be the first overseas subsidiary and wholly - owned by VietinBank with total charter capital of USD 50 million and expanded its scope of business.

## Business results as of 31/12/2019:

By the end of 2019, total assets of VietinBank Laos reached over USD 339 million, equivalent to VND 7,873.95 billion, down by 5% compared to 2018. Gross loans were USD 263.5 million, equivalent to VND 6,120.31 billion, increased 5.8% compared to last year. Profit before tax was USD 6.08 million, up by 3.4% compared to 2018.

Apart from prospective business results, VietinBank Lao Ltd. also focuses on improving human resources and corporate governance with quality and professionalism. Attempting to provide customers with modern products as well as support the development of entrepreneurs and individuals, the contribution of VietinBank Laos Ltd. is expected to promote economic exchange of commerce and investment between the two countries.

## GROSS LOANS

**263.5** USD MILLION  
↑ 5.8%

## PROFIT BEFORE TAX

**6.08** USD MILLION  
↑ 3.4%

## 2. INVESTMENT ACTIVITIES AND PROJECT IMPLEMENTATION



## Abbreviation

IVB

## Registered Office

97A Nguyen Van Troi  
Street, Ward 12, Phu  
Nhuan District, Ho Chi  
Minh City.

## Contact

Tel: +84 28 3942 1042  
Fax: +84 28 3942 1043

## Business license

No. 101/GP-NHNN  
issued by the SBV  
dated 11/11/2019 for  
joint-venture bank  
(replacement of  
business registration  
certificate No. 08/NH-  
GP issued by the SBV  
dated 29/10/1992)

## Business activities

Commercial bank

Charter capital  
(31/12/2019)

USD 193 million

## VietinBank's ownership

50%

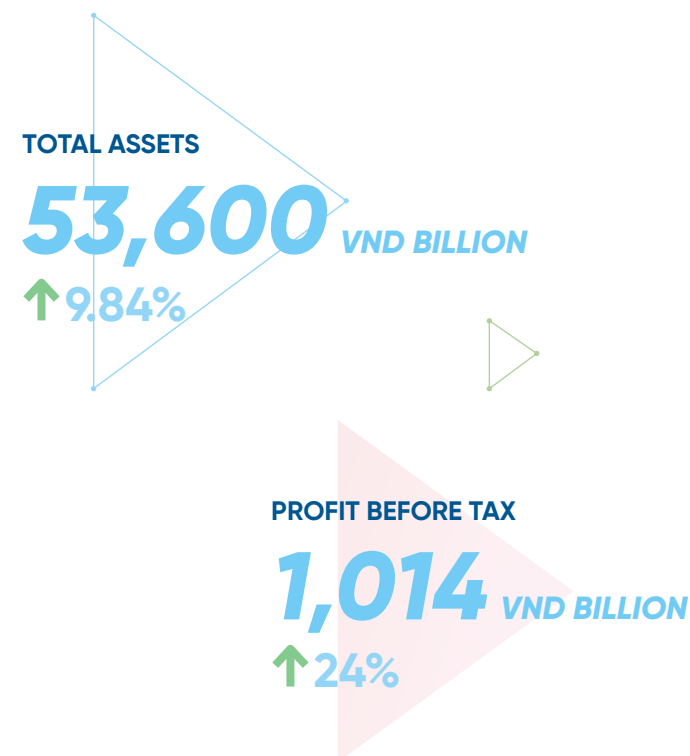
## Indovina Limited Bank (IVB)

## Business field:

The Bank's major business activities include capital mobilization and lending, foreign exchange transactions, international trade services, provision of payment services to customers and other banking services approved by the SBV.

## Business results as of 31/12/2019:

Total assets were reported at VND 53.6 trillion, up 9.84 % as compared to that of 2018. In which, gross loans were VND 30,308 billion, up 11% as compared to 2018 result, accounted for 56.5% of total assets while NPL ratio was kept at 1.2%. The Bank's total income in 2019 reached VND 1,838 billion, of which: net interest income was VND 1,638 billion, an increase of 17% compared to a year ago; net revenue from service activities reached VND 62.68 billion. Total operating cost amounted to nearly VND 569.3 billion, up 14.8% compared to that of 2018. PBT for the year reached VND 1,014 billion, an increase of 24% compared to that of 2018.



## 3. 2019 FINANCIAL PRESENTATION

Unit: VND bil

Indicators (consolidated)	2019	2018	% change
Total assets	1,240,711	1,164,290	6.6%
Deposits from economic entities and individuals	892,785	825,816	8.1%
Credit exposure	953,178	888,216	7.3%
PBT	11,781	6,559	79.6%
PAT	9,477	5,277	79.6%

## MAJOR FINANCIAL INDICATORS

Unit: VND bil

Indicators	2019	2018
<b>1. Assets and Capital</b>		
Total assets	1,240,711	1,164,290
Charter capital	37,234	37,234
Shareholders' equity	77,355	67,316
<b>2. Business Performance</b>		
Net interest income	33,199	22,212
Net fee and commission income	4,055	2,771
Net profit before provision for credit losses	24,785	14,361
PBT	11,781	6,559
PAT	9,477	5,277
NIM	2.8%	2.0%
CIR	38.8%	49.5%
ROE	13.1%	8.1%
ROA	1.0%	0.6%
<b>3. Special mentioned loans and NPLs</b>		
Special mentioned loans/ Gross loans	0.6%	0.7%
NPLs / Gross loans	1.2%	1.6%
<b>4. Liquidity</b>		
Liquid reserve ratio	14.0%	13.4%
Loans to Deposits Ratio (LDR)	88.1%	88.0%
Ratio of short-time capital used for medium and long-term loans	32.0%	33.0%
Capital Adequacy Ratio (CAR)	> 9%	> 9%

Note: NIM does not include guarantee fees



#### 4. SHAREHOLDERS STRUCTURE, CHANGE IN SHAREHOLDER'S EQUITY

##### 4.1. SHARES

- Total number of ordinary shares issued: 3,723,404,556.
- Total number of outstanding shares: 3,723,404,556.
- Treasury shares: 0
- List of shareholders with restricted shares transfer (as of 10/01/2020):

No.	Name of shareholder	ID/ Business License No./ Transaction code	Number of shares	Ownership percentage (%)	No. of shares with restricted transfer
1	<b>The State Bank of Vietnam Represented by:</b>	<b>15/SL</b>	<b>2,400,204,956</b>	<b>64.46%</b>	<b>2,400,204,956</b>
	Mr. Le Duc Tho, Chairman of the Board (40%):		960,081,982	25.78%	960,081,982
	Mr. Tran Minh Binh, Board Member & General Director (30%):		720,061,487	19.34%	720,061,487
	Mr. Tran Van Tan, Board Member (30%):		720,061,487	19.34%	720,061,487
2	<b>Internal shareholders</b>		<b>96,647</b>	<b>0.0026%</b>	<b>44.593</b>
	Board of Directors		41,453	0.0011%	41,453
	Supervisory Board		3,140	0.0001%	3,140
	Board of Management		52,054	0.0014%	0
3	<b>VietinBank Trade Union</b>	<b>310/ToC-CĐNH</b>	<b>42,734,749</b>	<b>1.15%</b>	<b>26,800,000</b>
4	<b>Strategic shareholder</b>				
	<b>MUFG Bank, Ltd.</b>	<b>CA6217</b>	<b>734,604,384</b>	<b>19.73%</b>	<b>0</b>

##### 4.2. SHAREHOLDERS STRUCTURE AS AT 10/01/2020<sup>(\*)</sup>

No.	SHAREHOLDER (by ownership ratio)	Number of shares	Ownership percentage (%)
1	<b>Major shareholders (holding 5% or more of the charter capital)</b>	<b>3,134,809,340</b>	<b>84.19%</b>
1.1	The State Bank of Vietnam	2,400,204,956	64.46%
1.2	MUFG Bank, Ltd.	734,604,384	19.73%
2	<b>Other shareholders</b>	<b>588,595,216</b>	<b>15.81%</b>
	<b>TOTAL</b>	<b>3,723,404,556</b>	<b>100%</b>

No.	SHAREHOLDER (by type: organization/individual)	Number of shares	Ownership percentage (%)
1	<b>Organizations</b> In which:	<b>3,588,178,035</b>	<b>96.37%</b>
	The State Bank of Vietnam	2,400,204,956	64.46%
	Other organizations	1,187,973,079	31.91%
2	<b>Individuals</b>	<b>135,226,521</b>	<b>3.63%</b>
	<b>TOTAL</b>	<b>3,723,404,556</b>	<b>100%</b>

No.	SHAREHOLDER (by type: domestic/ foreign)	Number of shares	Ownership percentage (%)
1	<b>The State Bank of Vietnam</b> In which:	<b>2,400,204,956</b>	<b>64.46%</b>
	Mr. Le Duc Tho, Chairman of the Board (40%):	960,081,982	25.78%
	Mr. Tran Minh Binh, Board Member & General Director (30%):	720,061,487	19.34%
	Mr. Tran Van Tan, Board Member (30%):	720,061,487	19.34%
2	<b>VietinBank Trade Union</b>	<b>42,734,749</b>	<b>1.15%</b>
3	<b>Other shareholders</b>	<b>1,280,464,851</b>	<b>34.39%</b>
3.1	<b>Local shareholders</b>	<b>176,549,829</b>	<b>4.74%</b>
	- Local organizations	47,477,681	1.28%
	- Local individuals	129,072,148	3.47%
3.2	<b>Foreign shareholders</b>	<b>1,103,915,022</b>	<b>29.65%</b>
	- Foreign organizations	1,097,760,649	29.48%
	- Foreign individuals	6,154,373	0.17%
	<b>TOTAL</b>	<b>3,723,404,556</b>	<b>100%</b>

<sup>(\*)</sup> Note: starting from 10/01/2020, IFC group of shareholders (including IFC and IFC Capitalization (Equity) Fund, L.P) was no longer major shareholders of VietinBank.

**4.3. CHANGES IN SHAREHOLDERS' EQUITY:** None

**4.4. TREASURY SHARE TRANSACTION:** None

## 5. BOND ISSUANCE IN 2019

In 2019, VietinBank made a total of 5 bond issuance sessions to raise Tier 2 capital with a total volume of VND 5,550 billion, ranking the second in terms of volume of capital raising bonds issued among domestic credit institutions. Accordingly, VietinBank focused on distributing mainly via public channel, accounting for 90.1% (equivalent to VND 5,000 billion) and only VND 550 billion was offered through private placement (accounting for 9.9%). Bonds were issued in 3 different tenors of 7 years, 10 years and 15 years; in which: the biggest volume was VND 2,900 billion bond with 7 years tenor; followed by VND 2,600 billion bond in 10-year tenor and VND 50 billion bond in 15-year tenor. The interest rates for public offerings were floating rates with margin range from 1% to

1.2% plus reference rate of 12-month term savings interest of 4 biggest commercial banks namely Vietcombank, BIDV, Agribank and VietinBank. The interest rate for private placement included both floating rate and fixed rate depending on the need of each investor. The issuance of VietinBank's capital raising bonds was an annual activity being carried out since 2015 until now in order to meet the SBV's regulations on operating limits and prudential ratios, as well as to improve CAR ratio.

Details of these issuances were fully disclosed by VietinBank as shown on our Investor Relations website at <http://investor.vietinbank.vn/Filings.aspx>







3

# REPORT OF THE BOARD OF MANAGEMENT

1. Assessment on 2019 performance
2. Orientation and business plan for 2020
3. Explanation of the BoM for auditor's opinion

“  
**DRASTIC  
ACTION**  
”





## REPORT OF THE BOARD OF MANAGEMENT

In 2019, the domestic and global macro-economy implied an interplay of advantages and disadvantages for the banking industry. International rating agencies constantly showed their lack of optimism on global economic growth. In this context, by exerting great efforts, the Government continued to affirm its constructive, drastic, creative role in the macro administration, enhancing effectiveness of the entire economy by improving the business environment and uplifting competitiveness capacity as well as emphasizing on enterprises development and innovation. Thanks to those improvements, the annual economic growth reached 7.02% (the 2<sup>nd</sup> consecutive year of over 7% growth rate since 2011). The macro-economy stability was well-maintained, inflation was kept at 2.79%, far lower than the GDP growth and was the lowest inflation over the past three years.

The banking system solvency was ensured throughout the year together with stable interest rates and exchange rates facilitated the overall economic growth significantly. The sector's credit

growth was strictly managed and controlled with annual growth reached nearly 14%, mostly focusing on key manufacturing sectors and businesses considered as pivotal for the economy. Simultaneously, the SBV continued to effectively introduce new policies and mechanisms to assist the acceleration of restructuring process which included the handling of bad debts, executive management capacity enhancement and risk management. Internal inspection, auditing and risk management have gradually aligned with international practices, on-balance sheet NPL ratio was below 2%.

The year 2019 played a pivotal role in realizing the missions provided in the Restructuring Plan 2016 – 2020 passed by the SBV and VietinBank' MTBP 2018 – 2020. In the light of limited resources for growth due to pending capital raising plan, VietinBank leaders have proactively steered and implemented various business solutions synchronously and effectively, following restructuring roadmap and ensuring corporate governance.





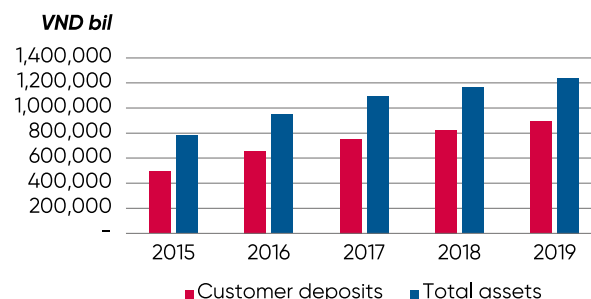
## 1. ASSESSMENT ON 2019 PERFORMANCE

1

The Restructuring Plan 2016 – 2020 approved by the SBV was implemented drastically and effectively. Reasonable credit growth coupled with quality control allowed strong improvement in loan portfolio and funding structure. Business efficiency and income structure was strongly improved, a number of ratios witnessed record improvement.

- **Consolidated total assets** reached above 1.24 VND quadrillion, increasing by 76.4 VND trillion (up 6.6%) compared to that of 2018, met the target set at the GMS 2019.
- **Outstanding loans** reached above 953 VND trillion, increased 7.3% compared to the year before and met the GMS's target. Credit quality was tightly controlled, meeting legal regulations and safety limits requirement by the SBV. NPLs ratio was 1.2%, satisfied the set target.
- **Deposits from business entities and individuals** reached nearly 893 VND trillion, increased by 67 VND trillion (up 8.1%) compared to that of 2018. Of which, demand deposit from primary market reached 146 VND trillion, an increase of 22.4 VND trillion, the proportion of demand deposit out of total deposits increased by 1.4 percentage point compared to one year before.

Growth indicators



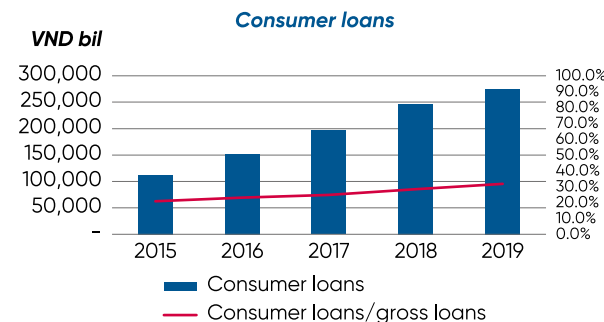
■ Customer deposits ■ Total assets



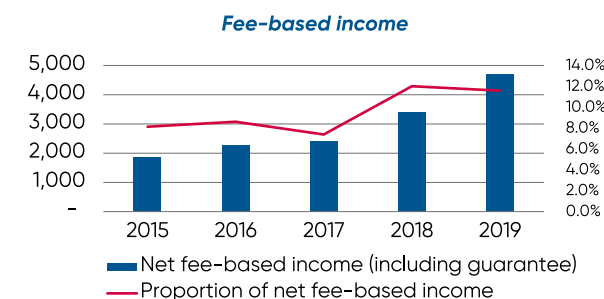
Customer deposits grew significantly and accounted for a major proportion in the total funding.

Efficiency ratios were improved, of which a number of indicators witnessed record improvement.

- **Profitability from interest** improved considerably, proven by an increase in NIM to 2.8% compared to 2% in 2018. Total amount and proportion of **consumer loans** in gross loans tended to grow strongly, reached 29.4% in 2019.



- **Net fee and commission income (including guarantee fee)** increased 37.4% compared to that of 2018. The proportion of net fee-based income out of total operating income reached nearly 12%.



- **Treasury dealing, FX trading** achieved positive results. Total market volume and market share ranked 1<sup>st</sup> place in the inter-bank market and primary market, further positioning VietinBank solidly in the local banking industry. **Net income from FX trading** rose 120% compared to 2018.
- **Cost effectiveness** was strongly improved, CIR ratio decreased to 38.8%, which was the lowest in the past 10 years.
- **Separated PBT** for the year 2019 gained 11,461 VND billion, rose 85% compared to 2018 and reached 127% of the annual plan. **Consolidated PBT** for the year 2019 gained 11,781 VND billion, increased 79.6% compared to 2018, reached 124% of the annual plan. **ROE and ROA** were 13.1% and 1% respectively, strongly improved compared to the year before.

Table comparing 2019 key financial indicators vs GMS plan was presented in Part 2 (page 53).

2

Continued to be the pioneering bank in carrying out the Government and SBV policies, positively contributed to the national socio-economic development.

In 2019, VietinBank continued to actively expand its lending activities and broad spectrum of banking services to meet the needs of the local economy. We continued to manage growth quality and simultaneously diversify our funding resources towards minimizing funding costs so as to decrease lending interest rates and maintain them within the lowest group in the local banking industry. Additionally, various preferential lending programs were introduced from time to time throughout the year to help local enterprises, ensuring our commitment in providing easy access for local enterprises and individuals to low-cost loan products and other banking services. VietinBank's lending activities were prioritized at a large proportion of the gross loans to manufacturing sector as well as other professions and industries of competitive advantage with strong potentials that were encouraged by the Government and the SBV. VietinBank would continue to accompany enterprises, industries and localities in an important mission to promote growth from all aspects of the national socio-economy.

3

Customer-orientation were implemented together with continuously improved tech-savvy products and services and client banking experience.

- Taking advantage of our modern CoreBanking, our effective cooperation with local and international financial institutions as well as payment intermediaries, VietinBank was proud to be the pioneering bank providing the most advanced payment solutions to local banking partners with speedy, accurate and convenient payments and promoting non-cash payment and providing easy access to banking products and services to our people.

- With a focus on digitalization, VietinBank further diversified our distribution channels, and renewed sales techniques as we introduced comprehensive suites of financial solutions to our clients/clientele. We placed a strong emphasis on the promotion of multi-channel electronic payment solutions and direct "bank to enterprise" payment platform (Bankpay) as well as a broad spectrum of products associated with electronic wallets and Fintechs. VietinBank was the leading financial institution in providing factoring and supply chain financing solutions, online FX trading services and on-demand accounts to individual and corporate customers. Our digital banking solution named VietinBank lpay Lifestyle 5.0 was also comprehensively upgraded with over 50 new features and functions along with an open diversified ecosystem. This achievement made VietinBank the leading digital bank for the 3<sup>rd</sup> consecutive year<sup>1</sup> and was recognized with "Vietnam's Best Mobile Payment Service in 2019"<sup>2</sup> award.



- Regarding service quality, standardization and quality supervision were strengthened in terms of both methodology and frequency, resulting in customer satisfaction being up from 89.3% in 2018 to 90% in 2019 according to our internal assessment.
- Thanks to unweaving improvements of banking products and services quality, for the 4<sup>th</sup> consecutive year, VietinBank continued to be awarded with Vietnam's Best Retail Bank presented by Global Banking & Finance Review; Best Trade Finance Bank in Vietnam for the 3<sup>rd</sup> consecutive year by The Asian Banker and by the Global Finance for the 2<sup>nd</sup> consecutive year; Leading Contact Center 2019 for the 2<sup>nd</sup> year running by the Global Banking and Finance Review (GBAF).

<sup>1</sup> Awarded by Vietnam Banking Association (VNBA) and International Data Group (IDG)

<sup>2</sup> "Best Mobile Payments Service" Award presented by The Asian Banker



## 1. ASSESSMENT ON 2019 PERFORMANCE

4

The handling and recovery of bad debts, written-off debts, debts sold to VAMC initially achieved positive results.

- In 2019, VietinBank established an effective coordination mechanism on managing potential risks, determining specific responsibilities of each unit and decentralizing authority in NPLs management and settlement. We stressed on the importance of debt collection and the implementation of debt management system to further enhance credit quality management measures and the recovery of special-mentioned loans, bad debts, written-off debts and debts sold to VAMC.
- NPLs reduced by 2,800 VND billion, the proportion of NPLs to gross loans and corporate bond investment was kept at 1.2%, a sharp decrease compared to that of 2018.
- Exception efforts were made to generate revenues and take advantage of own resources to make provision for impairment with priority given to special bonds issued by VAMC. Those attempts served as a stepping stone towards the handling of bad debts as well as debts sold to VAMC and optimizing the balance sheet structure. Loan loss provision coverage also rose significantly from 95% to 120%.

5

Corporate governance was standardized according to new sets of rules and standards of new practices. Credit appraisal and risk management were continuously strengthened.

- Corporate governance adhered to the principle of laws and discipline compliance, whereby the employees' sense of responsibility and ethics was promoted. The separation and transparency in the administration of the BoD and BoM were well-demonstrated. The

roles of Risk Management Council, Capital Management Council, Asset and Liability Management Council were intensively promoted, providing timely advice to the BoM for safe and efficient business operation.

- Prevention of internal and external fraud was actively supported by various technology solutions. Concurrently, information security management was enhanced through the implementation of an overall comprehensive strategy of various security components.
- The inspection function and competency of Internal Audit were also strengthened so as to timely detect and strictly handle potential operational risks arising from internal frauds and ethics violation.
- In 2019, VietinBank continued applying high standards in performance evaluation, asset quality control, compliance with credit extension to customer types specified in Clause 1, Article 127 of the Law on Credit Institutions, thereby upgrading the performance standards closer to those of advanced banks. The quality of credit evaluation and appraisal were also improved through intensive specialized classification

by industry, locality, customers and customer segments.

- Macroeconomic situation and market developments were closely monitored for prompt risk identification and assessment of potential impact on our business operation. Special attention was given to the modernization of tools for supporting risk management such as the risk weighted assets (RWA) computation and management system, Risk Profile system, upgrading the credit rating system, anti-money laundering (AML) system, completing the set of tools for internal control environment and rating evaluation for branches.

6

Various measures were effectively implemented to improve financial capacity, following closely the implementation of Circular 41/2016/TT-NHNN and Circular 22/2019/TT-NHNN by the SBV.

As our capital increase plan is pending for the state authority approval, VietinBank must be proactive in regulating reasonable credit growth, divesting its holdings at a number of subsidiaries, reducing the size of subordinated bond investment, optimizing the risk-weighted assets portfolio in order to ensure compliance with the requirements of regulatory agencies. During the year, the Bank completed its divestment from Saigon Joint Stock Commercial Bank for Industry and Trade, divested part of its stake in VietinBank Gold & Jewellery Company Ltd. and VietinBank Fund Management Co. Ltd. The Bank continued to follow closely the restructuring process of investment portfolio and investment in subsidiaries, long-term investments according to the roadmap set out in the Restructuring Plan towards investment portfolio optimization. In 2019, VietinBank, for the 3<sup>rd</sup> consecutive year, issued 5,550 VND billion subordinated bonds to increase tier-2 capital, helping to improve tier-2 capital base within the permitted limit. VietinBank has basically met the requirements of Circular 41/2016/TT-NHNN and will immediately apply Circular 41 on the basis of the capital raising roadmap.



## 1. ASSESSMENT ON 2019 PERFORMANCE

7

The efficiency of financial management, resources allocation and labor productivity was improved significantly.

Financial management was improved in 2019 in all aspects of financial planning, supervision and administration. VietinBank applied a series of solutions to improve cost management efficiency, including strengthening the management role and responsibilities of vertical cost management units; cost planning directly and closely associated with business results and efficiency; cost classification by group of expenses to take scientific and suitable management measures

for banking activities. **Labor productivity was enhanced** by synchronous deployment of comprehensive solutions in all business aspects such as promoting the application of IT, artificial intelligence, machine learning, and big data analysis in order to encourage operational automation, simplifying and streamlining procedures, and records by using robots for automatic credit application approval, developing virtual assistant to support internal operation; controlling closing hours of transactions on the system, structuring labor force by reducing low working efficient labor, shifting to using outsourced services for unskilled operations ... Average income/cost difference<sup>3</sup> per person reached nearly 1.4 VND billion in the year, up 62% compared to 2018 (0.8 VND billion per person).

<sup>3</sup> Personnel expenses excluded

8

Consolidation of personnel policies and organizational model were enhanced, network efficiency and staff quality were improved and staff awareness on the Bank's business culture and its application during business operation were uplifted.

- Continued to review, arrange and consolidate the organizational model in order to streamline the structure, reduce intermediary units as well as enhance workforce planning.
- Reformed the organizational structure according to regional model, the establishment of the Southern Customer Center at the end of 2019 would be the premise to strongly promote business activities and regional governance in key areas.
- Reviewed and evaluated performance of transaction offices network across the system, identified those in need of restructuring to deploy a group of appropriate business promotion solutions.
- Completed the transition to using outsourced services for unskilled labor to encourage specialization and personnel structure optimization; enhanced labor restructuring and staffing limit, reviewed actual staff quality to reduce labor with low working efficiency, focused on well-qualified labor resources for core operations. Staffing quality was consolidated and improved, particularly the top and mid-level management.

- Conducted the expansion of capacity assessment in staff classification, encouraged innovations in recognition and reward culture; training quality was emphasized as well as the establishment of a culture of learning, training, and self-study in terms of core competencies, leadership and professional competence.
- Fostered the staff awareness of the Bank's business culture and its application in all aspects of business operation, reviewed and examined business culture application in units to propose appropriate measures to overcome weaknesses and create a balanced and healthy cultural environment for our employees.

9

Our corporate social responsibility was continuously exercised.

Implementing guidelines of the Party and the Government on hunger eradication, poverty alleviation, natural disaster recovery, health development and education, promoting the national tradition "When You Drink Water, Think of Its Source", VietinBank spent a total of nearly 370 VND billion for social welfare activities. Our social care programs, throughout the year, continued to focus on helping the more vulnerable in society and actively supported our business activities.

## 2. ORIENTATION AND BUSINESS PLAN FOR 2020



In 2020, the world economy is expected to be prone to challenges from trade and geopolitical tensions among major economies, natural disasters and the coronavirus pandemic, etc... However, Vietnam's economy is expected to maintain solid growth momentum thanks to the stable macro-economic foundation as well as strong growth quality created over the years. GDP is forecast to increase by 6.8%, CPI to be controlled below 4%, creating favorable conditions for business development of domestic enterprises and foreign investment. The SBV shall continue to employ flexible monetary policies to stabilize the monetary market, ensuring sound liquidity for the whole system and effectively provide capital resources to the economy, creating favourable conditions for the development of credit institutions.

Nevertheless, due to the negative impacts of the coronavirus pandemic right at the beginning of the year 2020, banks are required to make every effort possible to support businesses overcoming this difficult time. As we stand together with clients, the Bank's growth and profitability for the year 2020 might be affected.

2020 is the last year in the 5-year roadmap for implementing our Restructuring Plan. In order to make a breakthrough and successfully achieve all objectives and tasks outlined in the Restructuring Plan, in 2020, the whole system should continue to innovate, create and utilize market opportunities following the orientation and direction by the Government and the SBV. Promoting the Party's comprehensive leadership in all banking activities, thoroughly grasping and strictly implementing the guidelines, directions, resolutions and conclusions of the Central Party and the Party Committee of the Central Business Sector, the SBV and the Bank's Party Committee.

In particular, the key targets shall be paid special attention to in 2020 are as follows:

- **To continue to promote positive business results achieved in 2019**, improve profitability, sustainable and reasonable scale growth associated with good growth quality control, good cost of funding management, increase non-interest income, restructure income; Strive to improve the quality and business efficiency, ensuring the profit growth rate is higher than the scale growth rate.
- **To employ all available resources and stay determined to successfully implement the objectives of the Restructuring Plan** according to the outlined schedule. Special attention will be paid to dealing with bad debts, written-off debts and debts sold to VAMC, improving asset quality and financial capacity.
- **To constantly improve the quality of corporate governance, risk management, financial management, human resources management** in accordance with advanced international practices and standards, prepare all necessary human resources, technology, processes, etc... to meet requirements in accordance with Basel II as soon as VietinBank is allowed to raise capital according to the plan submitted to the competent authorities.

Our 2020 business plan continues to depend on the capital raising roadmap submitted to the competent authorities. If profits from 2017 to 2019 are to be retained and other capital adequacy measures were to be employed synchronously namely divestments from subsidiaries and selling part of investment portfolio, etc... VietinBank will be required to drastically pursue 2020 business targets as follow:

### I. BASIC FINANCIAL OBJECTIVES:

#### Financial targets for 2020\*

Financial indicators (consolidated)	2020 projected plan
Total assets	Increase by 3% - 5% compared to 2019
Credit exposure**	Increase by 6% - 10% compared to 2019
Funding mobilized from corporate, institutional and individual customers***	Increase by 6% - 10% compared to 2019
NPL/credit exposure	<2%
Unconsolidated, consolidated CAR	
Solvency ratio	In compliance with the SBV-specified ratios
Ratio of short-term funds used for medium and long-term loans	
Loan to deposit ratio	

#### Note:

- Details as approved by the Annual GMS 2020.
- \* VietinBank's business plan for 2020 largely depends on progress of capital raising scheme which was already submitted to the competent authorities.
- \*\* In compliance with credit growth orientation assigned by the SBV in each period.
- \*\*\* Flexible adjustments, in consistence with the growth of outstanding loans and operational efficiency of the Bank.

### II. SPECIFIC TASKS:

**1**

Maintain the leading role of a state-owned commercial bank in capital supply and promote the economy's access to financial banking services and improve business environment.

To focus on in depth sustainable growth through encouraging the growth of SME and Retail segments in order to improve profitability; prioritize lending activities towards manufacturing sectors and increase the proportion of retail loan products of higher yields and lower risks within our risk appetite. VietinBank shall stay selective as we grow our exposure to large corporates and FDIs, maintain our customer-centric culture and promote cross-selling. As new set of policies and mechanisms have been specifically designed for each locality, customer segment and industry, we will continue to expand these scopes and explore further in the most efficient way. Customers with good credit ratings and business prospects shall be paid special attention and supported from all

aspects. We shall also make necessary changes in our loans portfolio in terms of currency towards increasing the proportion of local currency loans while staying focus on developing and diversifying our customer base deeper.

**2**

Increase the proportion of fee-based income to total income. Comprehensively improve the quality of products and services for better customers' banking experience, provide comprehensive financial solutions to customers. A strong emphasis shall be further placed on the development of payment solutions and other investment activities. This is our business area of focus for the year 2020.

- Employ flexible pricing, interest rate and incentive policies in order to enhance the proportion of fee-based income; diverse further our suite of products and services related to cards, trade finance, ebanking



## 2. ORIENTATION AND BUSINESS PLAN FOR 2020

and insurance to enhance fee-based income. Cross-selling will also be promoted to potential customer segments with high demand of a variety of banking and finance products and services.

- Improve the quality of our transaction tellers with strong verbal communication skills; improve our facilities at every bank branch and transaction location with an aim to provide our customers with better banking experience and further affirm VietinBank's position in local market in terms of comprehensive service quality.
- Special attention shall be paid to communication and multi-channel marketing for each key product and service, securing uniformed service quality, enhancing customer experience and VietinBank's prestige.
- Our FX trading in the interbank market has been our competitive strength for years. Entering 2020, we shall continue to promote this tradition as well as our investment in securities and interest and commodities derivatives.

### 3

Concentrate resources to promote capital growth especially low-cost source of funds (foreign-currency capital, current accounts - CASA).

- Flexible in managing funding sources – employing funding sources in compliance with setting roadmap to meet regulated liquidity safety indicators.
- Further strengthen cash management services via electronic banking channels, providing capital account/escrow account and depository account services... Promote various preferential programs in order to encourage customers in opening new current accounts and in using their existing accounts for payments. We shall further develop and optimize our pioneering ecosystem with various payment solutions through cards, multi-utility mobile devices to better serve our clients and partners.



Implement effectively the Restructuring Plan.

We will focus our resources with the best effort to comprehensively and flexibly apply the existing policies and mechanisms to accelerate the recovery of bad debts, write-off debts, debts sold to VAMC. We are strongly determined to implement set action plans to resolve our shortcomings so that we can preserve growth efficiency and increase revenue from debt collection. This continues to be the core task of the whole system.



Improve the effectiveness of risk management, ensuring compliance and promote sound operation of the Bank, further develop our business while ensuring strict credit quality control.

- Strictly comply with prevailing regulations in accordance with the SBV's instructions. Emphasize on the execution of regulations, job responsibilities and the importance of staff's morality. The capacity and effectiveness of Internal Audit is another crucial aspect to pay attention to on our business operation.

- Strictly comply with the approved risk limits; Regularly evaluate and identify potential customers and sectors to promptly take appropriate measures.
- Focus on the quality of our customer base, credit appraisal, and project evaluation as well as customers' repayment capability; Special attention shall be paid in credit provision, supervision during and after disbursement period, monitor the use of loans. Improve the coordination between front-line business units and teams of credit approval, disbursement control, and risk control in order to prevent unplanned special-mentioned loans and bad debts.

## 2. ORIENTATION AND BUSINESS PLAN FOR 2020

6

Manage cost effectively and monitor closely expense growth rate to be lower than income growth rate; control CIR rate and improve labor productivity.

At VietinBank, we constantly improve automation rate by promote a variety of IT applications in our banking procedures and processes for better productivity and spare human resources in the better provision of customer services. The whole system shall continue to implement anti-wastefulness, ensuring expenses are used for the right purposes and business efficiency.

7

Continue to synchronously implement other capital raising measures to improve and enhance financial capacity.

Besides from closely following the submitted capital raising plan, VietinBank shall ensure compliance with regulatory capital and liquidity requirements by proactively maintaining reasonable credit growth and increasing Tier 2 capital via subordinated bond issuance as well as divesting our holdings at a number of subsidiaries, reducing the size of subordinated bond investment, optimizing the risk-weighted assets portfolio. We shall also control the scale of risk weighted assets in the direction of prioritizing low-risk assets, setting limits of each risk weighted asset type and risk ratio, and implementing risk-based evaluation mechanism as well as effectiveness assessment.

8

Consolidate the organizational structure, improve the quality of human resources, focus on communication and raise the awareness of exercising VietinBank cultures.

Research and studies will be conducted to consolidate our operating model to meet operating requirements and expectation of the SBV. We will strictly employ productive HR tools and policies to ensure HR quality and labor productivity. Our 7 core values shall be deeper applied in all aspects of our business to uphold the creativity spirit as well as to nurture the pride and engagement of VietinBankers, which will drive the sustainable development of the Bank.

9

Promote technological application of digitalization in every aspect of our business operation.

Continue to build an ecosystem of products and services on the basis of advanced technology to meet every customers' needs and enhance their banking experience with VietinBank. We will further promote cross-selling and shift our distribution channels. Attention will be paid to employing artificial intelligence in data analysis and corporate governance. Following the guidelines of the Government and the SBV in non-cash payments, the Bank shall focus our resources in this area as we commit to providing advanced banking experience to our clients and partners. The application of modern technology shall also be employed broadly to ensure system security and customer convenience including the introduction of Robotic Process Automation (RPA) and biometric identification.

## 3. EXPLANATION OF THE BOARD OF MANAGEMENT FOR AUDITOR'S OPINION

None





4

## ASSESSMENT OF THE BOARD OF DIRECTORS

1. Results of Implementation of GMS's Plan
2. Supervision by the BOD over the BOM
3. The BOD's Direction of Development for 2020

“  
**PROACTIVE  
PLANNING**  
”

## 1. RESULTS OF IMPLEMENTATION OF GMS'S PLAN

### 1.1. RESULTS OF IMPLEMENTATION OF 2019 BUSINESS PLAN

Closely following the orientations approved by the GMS, VietinBank's BoD directed drastically and effectively the implementation of solutions in the Restructuring Plan, promoting the development of effective business solutions from the beginning of the year towards safe and sustainable growth.

THE RESULTS OF IMPLEMENTING TARGETS ASSIGNED BY THE GMS IN 2019 ARE SHOWN IN THE FOLLOWING TABLE:

Unit: VND bil

Indicators (consolidated)	31/12/2019	31/12/2018	31/12/2019 vs 31/12/2018		2019 GMS targets	Percentage achieved vs. 2019 targets
			+/-	+/- %		
Total assets	1,240,711	1,164,290	76,421	6.6%	2% - 5%	Achieved
Credit balance	953,178	888,216	64,962	7.3%	6% - 7%	Achieved
Fund mobilized from economic entities and individuals	892,785	825,816	66,969	8.1%	10% - 12%	Not yet achieved
NPL/credit exposure	1.2%	1.6%			< 2%	Achieved
Separated PBT	11,461	6,194	5,267	85.0%	9,000	Achieved
Consolidated PBT	11,781	6,559	5,222	79.6%	9,500	Achieved

(Source: Audited separated and consolidated FS 2018 and 2019)

- VietinBank's **total assets** as of 31/12/2019 reached more than 1,240 VND trillion, an increase of 6.6% compared to 2018 and well achieved the targets set by the GMS.
- Credit balance** reached over 953 VND trillion, up 7.3% compared to 2018, meeting the target set at 2019 GMS. The structure of outstanding loans shifted positively towards an appropriate level in terms of currencies and customer segments through the increasing proportion of VND loans and average loans of retail customers and SMEs. Credit granting policies were directed towards feasible projects with good credit ratings and high profitability as well as projects of key economic sectors that were highly encouraged by the Governments. The NPL ratio was 1.2%, fulfilling the target set by the GMS.
- Fund mobilized from enterprises and individuals** as of 31/12/2019 reached nearly 893 VND trillion, up 8.1% compared to 2018. In 2019, VietinBank always proactively balanced capital channels to meet actual credit growth needs while ensuring profitability on the basis of compliance with SBV's capital safety regulations.
- Business efficiency** was highly improved. **Separated PBT** in 2019 was 11,461 VND billion, completing 127% of the target set out by the GMS. **Consolidated PBT** reached 11,781 VND billion, completing 124% of the plan set by the GMS. Business activities were closely lined up with orientation set forth from the beginning of the year, our income structure was positively shifted and diversified. Service quality was also enhanced to give our customers better banking experience, together with the prospect of modern banking development on the multi-service platform. Total fee and commission income (including guarantee fee) for the year reached more than 8.5 VND trillion, an increase of 29% compared to the year before, net fee income increased over 37% compared to that of 2018. VietinBank also promoted the development of chain services, strengthening cross-selling while staying firmly focused on digital innovation by cooperating with Fintech companies. The simplification of procedures and documentation as well as quality improvement of products and services was also emphasized on to facilitate businesses and individual customers' access to safe, modern and high quality banking services.

- Business operation was sustainably and effectively developed, ensuring full and strict compliance with prudential regulations by the SBV. (Details of the Bank's business activities are presented in Part III – Report of the BoM).

### 1.2. CORPORATE GOVERNANCE

#### 1.2.1. STRENGTHENING SENIOR MANAGEMENT PERSONNEL

Resolution of the Annual GMS 2019 and for the term 2019 - 2024 No. 20/NQ-DHDCD dated 23/04/2019 approved VietinBank's BoD for the term 2019 - 2024 with the following members:

- Mr. Le Duc Tho – Chairman of the BoD;
- Mr. Tran Minh Binh – Board Member cum General Director;
- Mr. Tran Van Tan – Board Member;
- Ms. Tran Thu Huyen – Board Member cum Director of HR Division;
- Mr. Nguyen The Huan – Board Member;
- Ms. Pham Thi Thanh Hoai – Board Member;
- Mr. Hideaki Takase – Board Member;
- Mr. Hiroshi Yamaguchi – Board Member cum Deputy General Director;

Also at this GMS, Mr. Cat Quang Duong – Board Member and Mr. Phung Khac Ke – Independent Board Member ended their Board Member term for 2014 - 2019 and resigned from 23/04/2019.

VietinBank's BoD agreed on the overall governance of the Bank so as to fulfill set objectives and tasks; drastically directed the whole system to closely follow the strategic direction in order to strongly implement business solutions and initiatives towards the goal of safe and sustainable growth. The Board, throughout the year, provided guidance in all aspects including operational management, financial management, asset quality management and bad debt handling. The Board also stressed on mechanism and policy frameworks as well as other pivotal banking facets, completed set target mentioned in the Restructuring Plan 2016-2020 with an aim to creating stronger momentum for comprehensive development as the Bank enters the year 2020 and subsequent period.



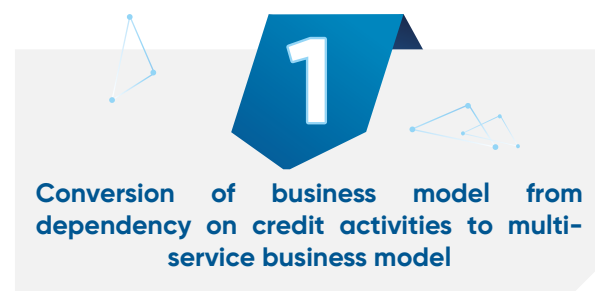


## 1. RESULTS OF IMPLEMENTATION OF GMS'S PLAN

### 1.2.2. RESULTS OF THE IMPLEMENTATION OF THE RESTRUCTURING PLAN

Following the SBV's guidance on the implementation of the Restructuring Plan according to the contents approved in Decision No.2337/QĐ-NHNN (QĐ 2337), VietinBank's BoD directed comprehensive business activities to closely follow the contents, solutions and roadmap of the Restructuring Plan, striving to become one of the large-scale commercial banks with the best performance of the Vietnamese banking system. Immediately after the Restructuring Plan had been approved by the SBV, VietinBank's BoD issued Resolution No.456/NQ-HĐQT-NHCT44 (Resolution No.456) on December 15, 2018 and Decision No. 746/2018/QĐ-HĐQT-NHCT44 (Decision 746) on December 15, 2018 approving the implementation of Restructuring Plan, specifying responsibilities of units and individuals involved in the construction and implementation of plans as well as the reporting and supervision of the implementation of the Restructuring Plan.

In 2019, the BoD directed drastically and effectively to implement the objectives, orientations, solutions and roadmap for the Restructuring Plan implementation in the whole system, specifically as follows:



VietinBank vigorously renovated its growth model from scale-based to major improvement in service quality and operational efficiency on the basis of a modern and multi-service banking platform, maintaining reasonable growth rates; drastically changed the business method from the single supply of products and services to the development and application of overall financial banking solutions for customers/customer groups, thriving along the chain of links. Accordingly, developing business activities from the previous purely credit model to promoting diversification of products and services. Developing comprehensive banking solutions that meet the needs of the economy in a timely manner, including modern banking and financial solutions for corporate customers, households

and individuals, financial institutions and banks, State agencies such as State Treasury, Taxation, Customs ... based on modern technology.

VietinBank is a typical pioneer bank in investing and developing modern banking technology, synchronizing technology infrastructure, developing effective solutions and applications; at the same time ensuring security, confidentiality and increasing utility for customers. Applying IT in operating activities and management; improving, streamlining processes, procedures, records; fully supporting for customers to conveniently access, use safe, confidential and modern banking services with good quality, increasing utilities. Deploying applications to automate customer identification through biometrics, developing ecosystems for institutional customers and individuals, applying artificial intelligence, strongly expanding automation, analyzing big data on business activities and management, shortening transaction time, improving customer satisfaction. Applying robotic in credit profile approval, development of virtual assistant to support internal operations.

Continuing to expand correspondent relations with foreign financial institutions, promote access to international financial markets; Coordinating with strategic partners to implement business connection programs to promote trade presence in regional and international markets to increase the export of financial services.



The BoD directed strong implementation of solutions to increase capital and improve the quality of shareholders' equity of VietinBank. In 2019, VietinBank implemented measures to propose to the Government and other ministries to approve our capital raising plan which resulted in principle approval of the Government. Currently, the Ministry of Finance and the SBV are coordinating to submit to the Government for official approval of VietinBank's capital raising plan. VietinBank also increased Tier 2 capital by issuing subordinated bonds. In 2019, VietinBank issued VND 5,550 billion subordinated bonds; selling the subordinated bond portfolio of other credit institutions; divestment, reducing the percentage of ownership in several subsidiaries.

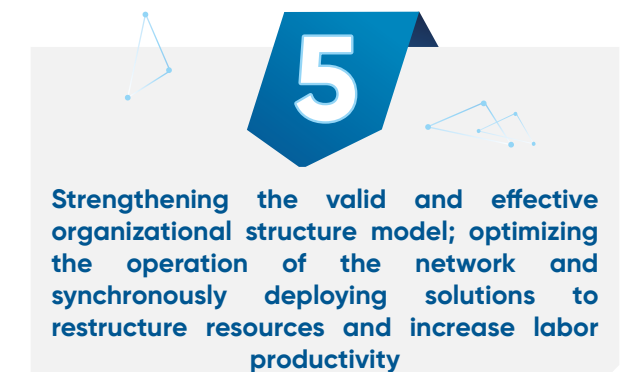


The inspection and control work were focused and strengthened in accordance with the provisions of Circular No. 13/2018/TT - NHNN dated May 18, 2018 and in accordance with normal practice. In 2019, the BoD established Legal & Compliance Division to standardize and consolidate the control, compliance and management of debt quality, and control potential risks in all aspects of VietinBank's operations, early detection of risks for timely warnings and handling. The asset control and improvement activities were implemented aggressively in 2019, applying many measures, focusing on handling NPLs, reducing VietinBank's NPLs by the end of 2019 significantly. The ratio of NPLs to total credit exposure of VietinBank in 2019 was below 2%, the ratio of NPL coverage was high, reaching 120%. Gradually reducing the proportion of assets with high risk ratio, optimizing the efficiency of using equity capital; implementing solutions to control and restrain arising NPLs, improving the effectiveness of credit risk management and solutions to handle NPLs, written-off debts, debts sold to VAMC, and potential risky debts.



VietinBank built and implemented 6 solutions: (i) Strictly and comprehensively supervising the activities of subsidiaries and affiliated companies; (ii) Strengthening financial capacity, expanding the scope of business of subsidiaries; (iii) Promoting cross-selling products of subsidiaries and joint ventures to VietinBank's customers; (iv) Enhancing the management of investment portfolio of subsidiaries, affiliated companies and units with capital contribution; (v) Restructuring investment portfolio, divesting from non-core industry capital through selling on the exchange, preserving capital; (vi) Consolidating the management of data and

information on subsidiaries, affiliated companies and units with capital contribution. VietinBank implemented the above solutions in accordance with the set-out schedule, divested capital in a number of subsidiaries and continues to implement the divestment roadmap in 2020.



VietinBank's organizational structure in 2019 was organized, arranged and consolidated towards the streamlining, reduction of focal points, specialization by function, towards strengthening coordination, customer-oriented, operational efficiency and in line with business strategy. Divisions/Departments/Committees were arranged vertically from HO to Branches in order to improve management ability, risk management, specialization of operating activities and access to preminent organizational structure, modernization applied by leading banks in the world. In 2019, VietinBank established the Southern Customer Center to exploit potential of the locality to strongly promote and breakthrough business activities in the southern key economic region, established Legal & Compliance Division, consolidated Risk Management Division and Financial Division, streamlined Retail Banking Division model, consolidated Contact Center model and developing Transaction Banking model. We also successfully merged the Party's advisory and assisting agencies with specialized units with similar functions and duties.

VietinBank reviewed the planning of transaction offices network throughout the system in order to promote the effectiveness of business activities and enhance risk management. VietinBank was the pioneer bank proposing the SBV to restructure and reorganize network units in the direction of efficiency, practicality and serving to the economy. At the same time, we strongly developed new distribution channels based on modern, safe and convenient technology, in accordance with the development trend, improving the operation of traditional distribution

channels, meeting market requirements.

VietinBank also implemented synchronously solutions to improve the efficiency of using resources, uplifting labor productivity, streamlining organizational structure and labor force in general support operations; increasing automation; focusing on developing high quality labor resources for core business; improving the capacity and experience of human resources through training and rotating managers, promoting their capabilities and strength; improving leadership, management capacity; actively identifying and training, fostering and appointing talented staff (Top 500).

6

#### Strengthening governance, management, and transparency in operation

VietinBank developed a model of the BoD's Office to directly assist the BoD's governance and clearly specified the governance role of the BoD, the executive role of the BoM and the supervising role of the Supervisory Board. The BoD directed the public, transparent and accurate disclosure of business strategy, ownership, financial situation, management structure, risk management and corporate governance in accordance with the law and international practices. We also developed business plans, strategies in the medium and long term; modernized our technology system, promoted IT application for administration; standardized conditions and qualifications for key positions. VietinBank fully met the requirements of Basel II standards on governance structure, processes, internal control regulations, IT systems. Right after being approved by the Government and completing charter capital increase, VietinBank will fully meet the requirements of Basel II standards.

7

#### Improving the efficiency and capacity of Internal Control and Internal Audit departments

In 2019, we continuously improved the inspection

and monitoring system; completed audit techniques; developed training program to increase knowledge on internal control system. Internal Control activities were effectively implemented in accordance with the system's restructuring direction and our conservative approach in business development towards sustainability. Internal Audit system focused on region-based main banking functions in major branches. Any shortcomings, deficiencies and potential risks unveiled during inspection process would be thoroughly assessed and addressed properly to further promote VietinBank's sustainable development.

8

#### Improving financial management and cost management

Financial management and resources allocation activities such as planning, allocating, evaluating, monitoring were efficiently executed. Guidelines were given on operating cost control system wide as well as cost and profitability management solutions were also provided in conjunction with regular review and amendment if necessary in terms of internal policies and procedures to strictly control operating costs. As a result, CIR ratio was well-controlled at 38.8%, lower than that of previous years.

9

#### Strict management of investments in capital construction

The BoD carried out stringent monitoring and assessment of capital investment in construction activities, ensuring the efficiency of the State - funded capital investment.

## 2. SUPERVISION BY THE BOD OVER THE BOM



Supervisory activities of the BoD over the BoM were carried out in accordance with the Internal Management Regulations, the Regulations on Organization and Operation of the BoD and the Regulation on Organization and Operation of the BoM. On the other hand, the General Director is also a Board member, which ensuring the supervision of the BoD on management activities. The BoD also assigned the BoM to closely monitor the macroeconomic situation and market developments, guidelines and directions of the Government, the SBV in order to seriously and drastically implement business solutions and innovate the methods of corporate governance.

Right from the beginning of 2019, the BoD set the business orientation with important strategic goals and assigned business KPIs to branches and departments throughout the system. In regular monthly meetings of the BoD, the General Director reported all aspects of VietinBank operations as well as progress and results of implementing GMS's resolutions, BoD's resolutions and decisions; including reports on several specialized topics at the request of the BoD. In addition, the supervision of the BoD was also reflected in the review of monthly reports of the Supervisory Board.

2019 is a pivotal year in implementing the SBV's approved tasks specified in the 2016 - 2020 Restructuring Plan and VietinBank's 2018 - 2020 MTBP. In the context of limited growth resources due to capital raising plan awaiting

approval, under the direction and supervision of the BoD, the BoM built and implemented synchronously and effectively business solutions closely attached to the process of restructuring, specifically:

- Strongly transforming the growth model from width development to depth one, from a business that primarily relied on large-scale growth to one that focused on improvement of quality and efficiency while maintaining rational scale growth.
- Thoroughly changing the manner of delivering service to customers, promoting chain-based sales, cross-selling and providing comprehensive and full-aspect financial solutions to customers.
- Comprehensively renovating financial management activities, enhancing cost management efficiency and improving labor productivity.
- Strengthening and improving risk management standards in reviewing and assessing quality of assets.

These changes created a strong breakthrough in business efficiency in 2019, at the same time served as a solid motivation and platform, creating momentum for comprehensive development in 2020 - the last year of the business restructuring period 2016 - 2020.



### 3. THE BOD'S DIRECTION OF DEVELOPMENT FOR 2020

The global and domestic economic growth for the year 2020 is projected to encounter challenges and risks arising from political and trade tensions among major economies. In addition, Corona Virus (COVID-19) pandemic has imposed such significant negative effects on the local and international economy. The current crisis has severely affected various domestic industries, especially international trade industries which involve the exchange of goods and services with China, Korea, European countries, and the US. VietinBank and other local financial institutions also face various difficulties and challenges in operational activities and in realizing the targeted 2020 business plan.

2020 will be a pivotal year since it is the last year to complete the Restructuring Plan. As there are still a lot of difficulties and challenges ahead, to accomplish the goals and tasks set out in the Restructuring Plan; in 2020, VietinBank will need to continuously innovate and utilize market opportunities as well as adhere to the Government's and the SBV's directions to effectively implement the following key objectives:

# 1

To effectively and comprehensively implement the tasks set forth in the Restructuring Plan, to focus on improving profitability, enhancing the shift of business structure and customer portfolio, emphasizing in controlling quality of growth and keeping NPLs ratio lower than 2%. In addition, to continue to closely follow the plan to increase charter capital while creating an optimal solution to increase the Bank's equity capital including issuing subordinated bonds and simultaneously improving capital investment efficiency as well as capital contribution, controlling risk weight assets in order to reduce pressure to increase equity capital. VietinBank will also apply Basel II standards as soon as the charter capital is raised.

# 2

To complete VietinBank's long term strategic development plan until 2030 and MTBP 2021 - 2023 with an emphasis on an in-depth and sustainable growth associated with efficiency improvement, credit portfolio management and increasing the proportion of SME and retail customer segments, diversifying revenue structure, financial management, and effective cost of capital.

# 3

To strongly transform growth model with business scale growth at reasonable pace while business structure drastically shifted together with significant improvement in quality and efficiency of business performance. Initiate new business solutions, develop linked chains, provide comprehensive financial service solutions for each customer segment and develop technology-based financial services and products especially in payment solutions.

# 4

To enhance organizational structure, review operational efficiency system wide, improve the productivity of network units and promote the efficient exploitation of economic areas as well as key industries and sectors according to VietinBank's development strategy.

# 5

To improve the quality of risk management, quality of growth, effectiveness and efficiency of Internal Control; to step up in the recovery and reduction of NPLs, written-off debts and debts sold to VAMC, hence improving assets quality.

#### MAJOR FINANCIAL TARGETS FOR 2020\* IS AS FOLLOW:

Financial indicators (consolidated)	2020 projected plan
Total assets	Increase by 3% - 5% compared to 2019
Credit exposure**	Increase by 6% - 10% compared to 2019
Funding mobilized from corporate, institutional and individual customers***	Increase by 6% - 10% compared to 2019
NPL/credit exposure	< 2%
Unconsolidated, consolidated CAR	
Solvency ratio	
Ratio of short-term funds used for medium and long-term loans	In compliance with the SBV-specified ratio
Loan to deposit ratio	

**Note:** Details as approved by the Annual GMS 2020.

\* VietinBank's business plan for 2020 largely depends on progress of capital raising scheme which was already submitted to the competent authorities.

\*\* In compliance with credit growth orientation assigned by the SBV in each period.

\*\*\* Flexible adjustments, in consistence with the growth of outstanding loans and operational efficiency of the Bank

With innovative thinking, strong determination and crave for innovation, VietinBank leaders and employees will continue to accomplish further by taking on various business opportunities and fulfilling 2020 objectives. Thereby, we will further affirm our role as a leading commercial bank contributing to the banking industry and national socio-economic development.





5

# CORPORATE GOVERNANCE

1. Activities of the BoD in 2019
2. Activities of Supervisory Board in 2019
3. Transactions, remuneration and interests of the BoD, Supervisory Board and BoM

“  
**PERSISTENT  
POWER**  
”





## 1. ACTIVITIES OF THE BOD IN 2019

### 1.1. BOARD MEMBERS AND STRUCTURE OF THE BOD

- The number of Board Members and their respective share ownership are presented in the table below:

No.	Full name (including title)	Shares (Unit)	Ownership (%)
1	<b>Mr. Le Duc Tho – Chairman</b>	<b>960,119,509</b>	<b>25.786%</b>
-	Individual ownership	37,527	0.001%
-	State capital representative	960,081,982	25.785%
2	<b>Mr. Tran Minh Binh – Board Member &amp; General Director</b>	<b>720,063,892</b>	<b>19.339%</b>
-	Individual ownership	2,405	0.00006%
-	State capital representative	720,061,487	19.339%
3	<b>Mr. Tran Van Tan – Board Member</b>	<b>720,061,487</b>	<b>19.339%</b>
-	Individual representative	0	0%
-	State capital representative	720,061,487	19.339%
4	<b>Ms. Tran Thu Huyen – Board Member</b>	<b>1,429</b>	<b>0.00004%</b>
5	<b>Mr. Nguyen The Huan – Board Member</b>	<b>0</b>	<b>0%</b>
6	<b>Ms. Pham Thi Thanh Hoai – Board Member</b>	<b>92</b>	<b>0.000002%</b>
7	<b>Mr. Hideaki Takase – Board Member</b>	<b>0</b>	<b>0%</b>
8	<b>Mr. Hiroshi Yamaguchi – Board Member &amp; Deputy General Director</b>	<b>0</b>	<b>0%</b>
<b>TOTAL</b>		<b>2,400,246,409</b>	<b>64.46%</b>

- As at 31/12/2019, Board Members of VietinBank did not hold any position at other relevant companies.
- Independent Board Member: as at 31/12/2019, VietinBank BoD did not include any independent member.
- Changes in Board Members during the year 2019: (please refer to Organization and HR section on page 27).

### 1.2. COMMITTEES UNDER THE BOD

As at 31/12/2019, VietinBank has 03 committees under the BoD namely Personnel Committee; Risk Management Committee (RMC) and Policy Committee. Asset-Liability Management Committee (ALCO) terminated its operation according to the decision of the BoD to comply with Circular No. 13/2018/NHNN on internal control systems of commercial banks and foreign banks' branches issued by the SBV on 18/05/2018 and amended and supplemented documents (Circular 13).

In 2019, the Committees worked closely with relevant departments and units to effectively carry out their functions and duties according to their Regulations on Organization and Operation issued by the BoD respectively. Details are as follow:

- Personnel Committee:** is an advisory and assisting agency for the BoD on dealing with issues under the BoD's authority in developing personnel policies, recruiting, arranging and using personnel for titles under the BoD's authority; assisting the BoD in supervising the implementation

of the personnel mechanism and policies as well as personnel management activities of VietinBank; Personnel Committee is under the direct leadership and guidance of the BoD on personnel matters in the entire system of VietinBank. In 2019, the Personnel Committee advised effectively to assist the BoD in human resources management including: Strengthening the organizational structure model of the entire VietinBank system in the direction of streamlining, reducing person-in-charge to handle work at the HO, specializing functional groups into business divisions and enhancing coordination efficiency among units in the system; Consolidating and supplementing key personnel under the BoD's authority at the HO, branches, subsidiaries and non-business units.

- Risk Management Committee:** There were new achievements in activities of the RMC in 2019 with the BoD promulgating the Regulations on Organizational and Operational of the RMC, which clarified the primary role of the RMC as an advisory committee for the BoD in high-level supervision on risk management with the General Director. At the same time, the BoD also consolidated the RMC with new experienced members with high expertise in administration, management as well as risk management who are members of the BoD, representatives of HR Division, Risk Management Division, Legal and Compliance Division. With the change in regulations on organization, operation and personnel consolidation, the RMC agreed on working approach and operating principles at meetings to ensure effectiveness and substance of the RMC. During 2019, the RMC advised the BoD to issue a number of important risk management policies at BoD level such as: Risk appetite in 2019–2020, credit risk control limits, credit orientation in 2019, roadmap of implementing Circular 41/2016/TT-NHNN stipulating the capital adequacy ratio for banks and foreign bank branches in VietinBank, regulating the competence of treasury dealing, the policy of supplementing inspection function for HO units of the Internal

Control Department... In addition, having the role of monitoring critical risk states, at the RMC meetings, members of the RMC also discussed the causes of significant problems and risks arising in the VietinBank system and proposed solutions as well as agreed recommendations to the BoD to assign the BoM to organize and implement.

- Policy Committee:** In 2019, besides the main task of advising the BoD on policy documents issued at BoD level to ensure consistency, completeness, compliance with laws, and consistent with business environment and practices, Policy Committee also implemented many initiatives towards improving VietinBank's policy system and business processes in the direction of streamlining, in line with VietinBank's strategic orientation on improving labor productivity and raising efficiency. Some of the notable work implemented by the Policy Committee in 2019 include:
  - Establishing the principle of developing and issuing internal policy documents, especially in the case of policy documents that have material effects on VietinBank's business. The principle requires all departments issuing policy documents to understand the spirit and principles of determining the levels of issuance of each policy document, the form of issuance, etc. to ensure uniformity, avoid overlap and provide convenience for users;*
  - Advising the BoD on the development and implementation of the Centralized Policy Document Management System, allowing users to look up the consolidated policy, saving search time and ensuring comprehensive search. The Policy Committee also advised the BoD to review the compliance and completeness of VietinBank internal policy documents system to ensure the compliance with Circular 13 and direct the development and issuance of policy documents which complied with new laws and regulations issued in 2019.*



## 1. ACTIVITIES OF THE BOD IN 2019

### 1.3. ACTIVITIES OF THE BOD IN 2019

In 2019, VietinBank's BoD held 12 monthly meetings and 1 extraordinary meeting to evaluate business results and provide directions for VietinBank's operations as well as exchanging ideas on a number of issues related to corporate governance. In addition, the BoD also handled with other issues through written – opinion form (99 times). Details are as follows:

No.	Board Member	Position	Day becoming Board Member	Day no longer Board Member	Number of attendance	Percentage	Reasons for absence
1	Mr. Le Duc Tho	Chairman of the BoD	29/04/2014 Continue to be elected to the BoD for the term of 2019 – 2024 from 23/04/2019		112/112	100%	
2	Mr. Tran Minh Binh	Board Member cum General Director	08/12/2018 Continue to be elected to the BoD for the term of 2019 – 2024 from 23/04/2019		112/112	100%	
3	Mr. Tran Van Tan	Board Member	23/04/2019		83/83	100%	Attend BoD meetings and give written opinions since 23/04/2019 (start being a Board Member)
4	Ms. Tran Thu Huyen	Board Member	24/07/2014 Continue to be elected to the BoD for the term of 2019 – 2024 from 23/04/2019		112/112	100%	
5	Mr. Nguyen The Huan	Board Member	23/04/2019		83/83	100%	Attend BoD meetings and give written opinions
6	Ms. Pham Thi Thanh Hoai	Board Member	23/04/2019		83/83	100%	since 23/04/2019 (start being a Board Member)
7	Mr. Hiroshi Yamaguchi	Board Member cum Deputy General Director	17/04/2017; Continue to be elected to the BoD for the term of 2019 – 2024 from 23/04/2019		112/112	100%	
8	Mr. Hideaki Takase	Board Member	21/04/2018 Continue to be elected to the BoD for the term of 2019 – 2024 from 23/04/2019		103/103	100%	Non-residential Board Member: (i) attended some BoD's monthly meetings and (ii) gave written opinions
9	Mr. Cat Quang Duong	Former Board Member	28/02/2012	23/04/2019	29/29	100%	Did not attend BoD meetings and give written opinions since 23/04/2019 (no longer being a Board Member)

No.	Board Member	Position	Day becoming Board Member	Day no longer Board Member	Number of attendance	Percentage	Reasons for absence
10	Mr. Phung Khac Ke	Former Board Member	01/11/2014	23/04/2019	29/29	100%	Did not attend BoD meetings and give written opinions since 23/04/2019 (no longer being a Board Member)

#### NOTES:

- The total number of meetings of the BoD in 2019 was 112, including 12 monthly periodical meetings, 1 extraordinary meeting and 99 written opinions.
- From 01/01/2019 to 22/04/2019: VietinBank's BoD for the term of 2014–2019 included 7 members: Mr. Le Duc Tho – Chairman of the BoD, Mr. Tran Minh Binh – Board Member cum General Director, Mr. Cat Quang Duong – Board Member, Ms. Tran Thu Huyen – Board Member, Mr. Phung Khac Ke – Board Member, Mr. Hiroshi Yamaguchi – Board Member cum Deputy General Director and Mr. Hideaki Takase – Board Member.
- From 23/04/2019 to date: VietinBank's BoD for the term of 2019–2024 includes 8 members: Mr. Le Duc Tho – Chairman of the BoD, Mr. Tran Minh Binh – Board Member cum General Director, Mr. Tran Van Tan – Board Member, Ms. Tran Thu Huyen – Board Member, Mr. Nguyen The Huan – Board Member, Ms. Pham Thi Thanh Hoai – Board Member, Mr. Hiroshi Yamaguchi – Board Member cum Deputy General Director and Mr. Hideaki Takase – Board Member.
- Mr. Hiroshi Yamaguchi – residential Board Member: (i) attended all BoD's monthly meetings and (ii) gave written opinions of the BoD.
- Mr. Hideaki Takase – non-residential Board Member: (i) attended some BoD's monthly meetings and (ii) gave written opinions of the BoD.

### 1.4. DUTIES OF THE INDEPENDENT BOARD MEMBER

Comply with the provisions of applicable Charter and Law.

From 01/01/2019 to 23/04/2019: VietinBank BoD for the term of 2014–2019 included 1 independent Board Member, Mr. Phung Khac Ke.

From 23/04/2019 to date: VietinBank BoD for the term of 2014–2019 has not had independent Board Member.

share knowledge and experience in banking management, deploy projects, activities to improve competence in risk management, human resource management, financial management, payment activities development, application of digital technology to all activities of the bank, etc. Therefore, VietinBank's BoD, BoM and other management levels kept updating new knowledge and corporate governance standards according to domestic and international practices to continuously improve, acquire, select and apply in practical situations of VietinBank's operation.

### 1.5. CORPORATE GOVERNANCE TRAINING

VietinBank always determines the important role of banking management in business performance as well as the goal of safe and sustainable development.

In 2019, VietinBank's BoD, BoM and heads of HO departments/divisions attended conferences and seminars organized by international consulting units, strategic partners to update,

In the coming time, VietinBank will continue to study and deploy courses on corporate governance organized by the SSC and prestigious training institutions around the world for members of the BoD, BoM and all VietinBank's management levels to improve their knowledge of strategic management, aiming at building VietinBank as one of Vietnam's leading banks, promoting safe and sustainable development and proactive international integration.



## 2. ACTIVITIES OF SUPERVISORY BOARD IN 2019

In 2019, the Supervisory Board held 12 periodical monthly meetings with the participation of members of the Supervisory Board, assistants' team and leader of Internal Control Department to implement works, and 1 extraordinary meeting to elect the Head of Supervisory Board for the term 2019 – 2024. Details are as follows:

No.	Members of Supervisory Board	Position	Day becoming member of the Supervisory Board	Day no longer member of the Supervisory Board	Number of attendance	Percentage	Reasons for absence
1	Ms. Le Anh Ha	Head	23/04/2019		9/9	100%	
2	Ms. Nguyen Thi Anh Thu	Member (full time)	23/04/2019		9/9	100%	Start being member of the Supervisory Board since 23/04/2019 according to Resolution No. 20/NQ-ĐHĐCĐ
3	Mr. Nguyen Manh Toan	Member (full time)	23/04/2019		9/9	100%	
4	Mr. Nguyen The Huan	Former Head	14/04/2015	23/04/2019	4/4	100%	
5	Mr. Tran Minh Duc	Former Member (full time)	14/04/2015	23/04/2019	4/4	100%	No longer being member of the Supervisory Board since 23/04/2019 according to Resolution No. 20/NQ-ĐHĐCĐ
6	Ms. Pham Thi Thom	Former Member (part-time)	04/06/2009	23/04/2019	4/4	100%	

### NOTES:

- The total number of meetings of the Supervisory Board in 2019 is 12 periodical meetings and 1 extraordinary meeting.
- From 01/01/2019 to 22/04/2019: VietinBank's Supervisory Board for the term of 2014–2019 included 3 members: Mr. Nguyen The Huan – Head, Mr. Tran Minh Duc – member (full time) and Ms. Pham Thi Thom – member (part-time).
- From 23/04/2019 to 31/12/2019: VietinBank's Supervisory Board for the term of 2019–2024 includes 3 members: Ms. Le Anh Ha – Head, Ms. Nguyen Thi Anh Thu – member and Mr. Nguyen Manh Toan – member.

In 2019, the Supervisory Board has implemented the tasks and functions in accordance with the Law on Credit Institutions, VietinBank's Charter, Regulations on organization and operation of the Supervisory Board as well as the orientation on operation of the Supervisory Board that was approved by the 2019 and term 2019 – 2024 GMS. Specifically, members of the Supervisory Board together with Internal Audit Department and assistant team to the Supervisory Board hold regular monthly meetings. In these meetings, the Supervisory Board discussed and commented on issues related to business operations, governance and administration activities identified through the monitoring and auditing process of the Supervisory Board members and Internal Audit Department. At the same time, the Supervisory Board also assessed results of the assigned tasks and set up a specific work program every month, assigned to each member of the Supervisory Board and relevant departments.

Opinions of the Supervisory Board were conveyed to the BoD and the BoM through monthly monitoring reports and comments at the BoD's, BoM's meetings.

### 2.1 SUPERVISING BUSINESS OPERATIONS, COMPLIANCE WITH LAW AND VIETINBANK'S CHARTER IN ADMINISTRATION AND MANAGEMENT OF VIETINBANK; AND IMPLEMENTING GMS'S RESOLUTIONS, ADVICE ON EXECUTIVE MANAGEMENT

The Supervisory Board carried out regular and continuous monitoring activities through the following specific actions:

- Supervise the implementation of resolutions of the GMS, update information on business activities of VietinBank, participate and exchange opinions at BoD's, BoM's meetings*

The Supervisory Board regularly monitored the implementation of resolutions of the GMS, attended and express opinions at regular meetings of the BoD, briefings of the BoM. In these meetings, the Supervisory Board gave independent opinion and views on business performance data (compared with targets assigned by the GMS); shortcomings, risks in business operations and governance of VietinBank, then, recommending solutions to help the BoD and BoM fulfill the plan assigned by the GMS and tasks need implementing to overcome shortcomings. At the same time, regarding issues that need attention and strengthened control, the Supervisory Board made specific recommendations and advice in the construction of appropriate

behaviors to improve operational efficiency, ensure safe and sustainable growth. Generally, in 2019, the BoD and BoM directed and operated the business activities of VietinBank in accordance with the targets, in compliance with provisions of the Law on Credit Institutions and the Bank's Charter in governance and administration.

- Review of policy documents, BoD's resolutions:*

The Supervisory Board assigned one member to review policy documents issued by the BoD & the General Director and BoD's resolutions sent to the Supervisory Board. After reviewing, the Supervisory Board found that the policy documents and BoD's resolutions were basically in accordance with law and VietinBank's Charter.

- Review audit reports of Internal Audit Department:*

Based on periodical internal audit findings reports and reports on result of each internal audit session provided by the Internal Audit Department, the Supervisory Board reviewed and evaluated the issues recorded through audit activities, identified material issues, and reflected them in reports to the BoD and General Director at regular meetings.





## 2. ACTIVITIES OF SUPERVISORY BOARD IN 2019

### 2.2. APPRAISAL OF FINANCIAL STATEMENTS

Performing the functions and duties stipulated in VietinBank's Charter and the Regulation on Organization and Operation of the Supervisory Board, in 2019, the FS appraisal team was set up to review the audited FS for full year 2018 and reviewed FS for half year 2019. Through the appraisal, the Supervisory Board assessed the reasonableness, legality, honesty and the degree of caution in the work of accounting, statistics and preparing FS. The appraisal results were timely sent to the BoD and BoM to seek for approval at the GMS and for information disclosure in accordance with law.

### 2.3. LISTING, FILING AND UPDATING LIST OF AFFILIATED PERSONS

Updating the list of related persons of the BoD members, Supervisory Board members, BoM members and shareholders owning at least 05% (five percent) of the voting shares of VietinBank is carried out by the Supervisory Board periodically on the basis of coordination and information exchange with relevant departments namely the Secretariat to the BoD and Investor Relations. The updated results show that VietinBank's list of related persons in 2019 had several changes compared to that of year end 2018 due to the election of new BoD and BoM at the 2019 and

term 2019-2024 GMS. Specifically:

- **Mr. Tran Van Tan** - was elected to become VietinBank Board Member for the term 2019 - 2024 from 23/04/2019, representative of 30% of State capital at VietinBank;
- **Mr. Nguyen The Huan** - resigned from the position of Head of Supervisory Board for the term 2014 - 2019 from 23/04/2019 and was elected to become VietinBank Board Member for the term 2019 - 2024;
- **Ms. Pham Thi Thanh Hoai** - was elected to become VietinBank Board Member for the term 2019 - 2024 from 23/04/2019;
- **Mr. Cat Quang Duong**, no longer being VietinBank Board Member for the term 2014 - 2019 from 23/04/2019;
- **Mr. Phung Khac Ke**, no longer being VietinBank Board Member for the term 2014 - 2019 from 23/04/2019;
- **Ms. Le Anh Ha** - was elected to become Member of the Supervisory Board of VietinBank for the term 2019 - 2024 from 23/04/2019 and being elected Head of the Supervisory Board of VietinBank according to Resolution No. 01/NQ-BKS-2019 by the Supervisory Board;

- **Mr. Nguyen Manh Toan** - was elected to become Member of the Supervisory Board of VietinBank for the term 2019 - 2024 from 23/04/2019;
- **Ms. Nguyen Thi Anh Thu** - was elected to become Member of the Supervisory Board of VietinBank for the term 2019 - 2024 from 23/04/2019;
- **Mr. Tran Minh Duc** - no longer being Member of the Supervisory Board of VietinBank for the term 2014 - 2019 from 23/04/2019;
- **Ms. Pham Thi Thom** - no longer being Member of the Supervisory Board of VietinBank for the term 2014 - 2019 from 23/04/2019;

This list has been updated promptly by the Supervisory Board and recorded properly in accordance with regulations.

### 2.4. DIRECTION AND SUPERVISION OF INTERNAL AUDIT'S OPERATION

In 2019, the Supervisory Board regularly directed and supervised the Internal Audit activities according to the approved functions, tasks and plans. At the end of 2019, the Internal Audit Department basically completed audits according to the approved plan. Internal

Audit sessions were directly supervised by the Supervisory Board by acting the role of Chief Auditor, thereby controlling the quality of audit activities, ensuring compliance with professional ethical standards as well as assessing the achievements/limitations of the Internal Audit to promptly draw experience, constantly improve the quality of Internal Audit and capacity of internal audit team, maximize the role of the last line of protection in risk management, meeting the requirements of comprehensiveness and frequency of internal audit activities with respect to the contents of the internal control system.

### 2.5. THE COORDINATION AMONG THE SUPERVISORY BOARD WITH THE BOD AND BOM

The Supervisory Board regularly participated in regular meetings of the BoD, monthly briefings of the BoM, and participated as guests in a number of meetings of the Committees under BoD and Boards under BoM. Through supervision, the Supervisory Board exchanged ideas and made recommendations to the BoD and BoM on the supervision of senior management, internal control and risk management, ensuring compliance with the provisions of law, guiding documents of competent State agencies, contributing to quality improvement of the Bank's activities.



### 3. TRANSACTIONS, REMUNERATION AND INTERESTS OF THE BOD, SUPERVISORY BOARD AND BOM

#### • SALARY, BONUSES AND OTHER REMUNERATION

The BoD, BoM and Supervisory Board are entitled to salaries, bonuses and other benefits under the salary, bonus and other welfare regimes in accordance with the prevailing regulations of the Bank. Of which, remuneration of members of the BoD, BoM and Supervisory Board are taken from the general salary budget of the Bank and paid according to roles and responsibilities of each individual associated with level of completion.

Remuneration of the BoD and Supervisory Board in 2019 was 0.28% of profit after tax.

- **SHARES TRANSACTIONS OF INTERNAL SHAREHOLDERS:** No activity.
- **CONTRACTS OF TRANSACTIONS WITH INTERNAL SHAREHOLDERS:** No activity.
- **IMPLEMENTATION OF REGULATIONS ON CORPORATE GOVERNANCE**

VietinBank fully complies with applicable rules and regulations on corporate governance; fully and promptly execute the disclosure of corporate governance report every 6 months as regulated by law.

On October 31, 2019, the BoD of VietinBank issued Resolution No.367/NQ-HĐQT-NHCT2.1 approving the appointment of Mr. Do Trong Nghia – Chief of Office of the BoD to hold the position of Person in charge of Corporate Governance according to Article 18, Decree 71/2017/ND-CP dated 06/06/2017 by the Government providing guidance on corporate governance applicable to public companies.





6

# REPORT ON SUSTAINABLE DEVELOPMENT

1. Sustainable economic development
2. Environmental and social sustainability

“  
**SUSTAINABLE DEVELOPMENT**  
”



## 1. SUSTAINABLE ECONOMIC DEVELOPMENT

Recognizing that sustainable economic development is the foundation and a key factor to maximize long-term contribution to the society, VietinBank constantly innovates and comprehensively restructures its operations, focuses on the quality, efficiency, management and administration in accordance with international practices, promotes the pioneering role of a core commercial bank of the economy in implementing directions of the Government and the SBV.



### Effective and sustainable business operations:

From 2015 to 2019, VietinBank's total assets, outstanding loans and deposit mobilization have doubled, affirming the constantly increasing trust of customers in VietinBank's reputation and quality. The breakthroughs in growth of scale and market share in the previous period have set a solid foundation for VietinBank to strongly transform its growth model from width perspective to depth perspective development, from a business model that based on the growth of scale to the model that focuses on the improvement of quality and efficiency in association with reasonable scale growth since 2018. In 2019, our income growth was many times higher than the scale growth as compared to 2018 and efficiency ratios were improved, many of which were recorded the strongest growth ever, the consolidated PBT exceeded 24% compared to the plan of the GMS. By actively restructuring credit portfolio structure, reducing cost of fund,

the profitability efficiency was significantly improved with NIM in 2019 increasing to 2.8%. The operating expenses were well managed with CIR dropping sharply from 46.6% in 2014 to 38.8% in 2019. With the overall PBT generated in 5 years from 2015 to 2019 reaching over VND 43 trillion, VietinBank has been frequently ranked among the top banks that have made major contributions to the State budget. The profitability ratios were improved positively with ROA reaching 1.0% and ROE at 13.1% as of 31/12/2019.

**Portfolio quality constantly improved with NPL maintained at a low level.** As of 31/12/2019, NPL ratio stood at 1.2%, lower than the industry average; NPL coverage ratio increased by 1.3 times, from 95% in 2018 to 120% in late 2019.

**Income structure strongly shifted to non-interest income through a strong focus on**

OVERALL PBT GENERATED IN 5 YEARS FROM 2015 - 2019 REACHING OVER

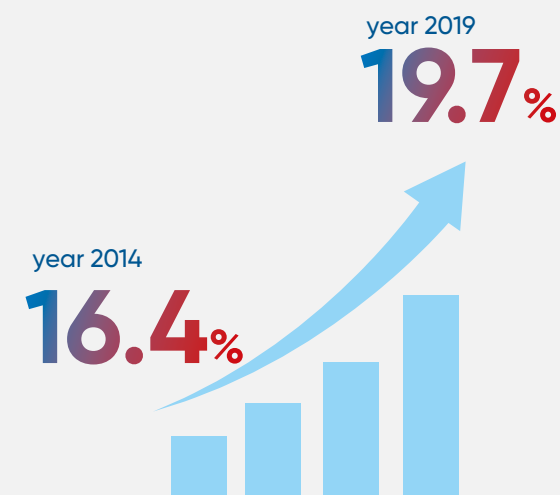
43,000 VND bil



BRINGING THE PROPORTION OF NON-INTEREST INCOME FROM

NON-INTEREST INCOME (INCLUDING GUARANTEE FEE) REACHED NEARLY

8,000 VND bil  
2.3 times higher than that of 2014



AVERAGE GROWTH OF OVER

26% YEAR

**improving products and services quality:** non-interest income, especially fees and commission income and FX trading grew sharply. The Bank's non-interest income (including guarantee fee) reached nearly VND 8 trillion, 2.3 times higher than that of 2014, bringing the proportion of non-interest income from 16.4% in 2014 to 19.7% in 2019. In which, net income from service fees (including guarantees) was 3.2 times higher than that of 2014, growing at an average of more than 26% per year. Income from FX trading in 2019 increased by more than 120% compared to 2018.

**VietinBank is the leading bank in implementing the Government's orientation towards non-cash payments and supporting businesses and Vietnamese people.** With its technology advantage, VietinBank continues to be the leading commercial bank in providing online payment of

public services, collection of the State budget, payment of derivative securities, development of electronic payment network and payment utilities with state-of-the-art technologies in Vietnam. VietinBank focuses on utilizing a variety of funding sources, reducing costs as a prerequisite to maintain our lending rate among the lowest group in the market, promptly lifts difficulties for businesses, actively participates in domestic and international investment promotion activities, credit financing commitments programs as well as trade promotion programs for the purpose of the development of various regions as both sponsor and supplier to introduce our financial products and services to customers, helping businesses and individuals conveniently access funding and banking products and services with optimal costs.

## 2. ENVIRONMENTAL AND SOCIAL SUSTAINABILITY



### 2.1. CONTRIBUTION TO ENVIRONMENTAL IMPROVEMENT

#### 2.1.1. Compliance with laws on environmental protection

VietinBank fully complies with current legal documents on environmental protection such as the Law on Environmental Protection, Decree No. 18/2015/ND-CP issued by the Government; Circular No. 43/2015/TT-BTNMT guiding the environmental status report and management of environmental monitoring data.

Number of penalties for violations due to non-compliance with prevailing environmental laws: None

Total amount sanctioned for failing to comply with prevailing environmental laws: None

#### 2.1.2. Implementation of thrift practice and waste combat

Implementing action program of the Government and the Banking industry on thrift practice and waste combat, over the past years, VietinBank has paid special attention in implementing the propaganda, leadership, direction and organization of the execution of thrift practice and waste combat in the system. VietinBank achieved the following positive results in thrift practice and waste combat in 2019:

- *Propaganda, dissemination and thorough understanding of thrift practice and waste combat*

The study, thorough grasping and implementation of the Law on Thrift Practice and Waste Combat issued by the Government/The Program on Thrift

Practice and Waste Combat of the Banking industry continues to be maintained and implemented throughout the system from HO to branches/member business units, synchronized at all levels of the Party's organizations, Trade Unions, Youth Union with the forms, methods of propagation and dissemination associated with practical operations of each unit/working position. On that foundation, VietinBank's employees enhanced their knowledge, raised awareness, and made specific actions to make a real change in their working practices, administrative reforms, thrift practices, and waste combat.

- *Leadership and direction in building and organizing the implementation of thrift practice and waste combat program.*

In 2019, VietinBank issued a number of documents related to thrift practice and waste combat including the Proposal on "Practicing economical and efficient use of electricity" to reduce operating costs in association with business operation goals of VietinBank as well as market characteristics and conditions.

The direction and organization of implementation of thrift practice and waste combat were specific in terms of scope of work, progress, goals, supervision and inspection scheme and a full evaluation report of implementation results.

- *Results from implementing thrift practice and waste combat program.*

The successful implementation of thrift practice and waste combat program resulted in a reduction of more than 3% of total annual energy consumption and contributed to the

nation's primary energy sources conservation, greenhouse gas emissions reduction, environmental protection in response to global climate change.

In parallel with the compliance with regulations on thrift practice and waste combat, VietinBank also implemented procurement, repairs and maintenance policies in accordance with prevailing laws and regulations as well as had effective investment portfolios with the optimal scale, contents and platforms. The procurement, repairs and maintenance items are of the right type, high quality and with proper assigned schedule, ensuring savings and efficiency within the financial plan of the year.

The procurement of assets and equipment was based on the needs and technical/professional requirements.

In 2019, VietinBank reviewed and sorted existing cars of the Bank, transferred cars from the surplus place to the missing place ... changed the means of transportation for business travel.

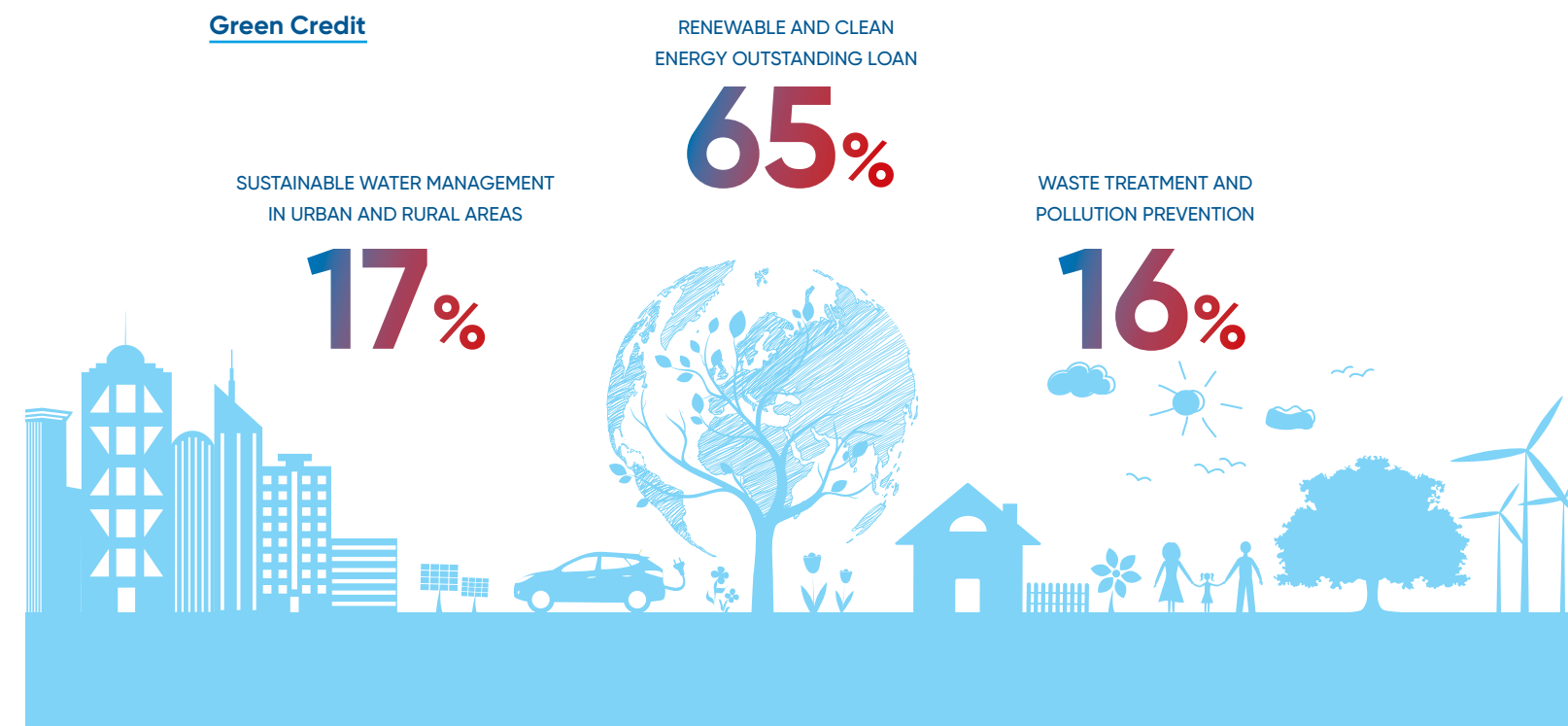
The management and operation of records and archives brought about efficiency. As a result, all records and archives of HO's departments and offices from 1987 up to now have been checked, classified, scientifically arranged and stored on warehouse management software. Thereby

helping to save a lot of time and manpower in management; convenient for quick search of records, archives for inspection and audit in accordance with the approval of the BoD. As a result, information about business activities and transactions in the form of records since 1987 until now have been checked, classified, arranged and properly stored in warehouse management software. Thereby saving a lot of time and manpower in management; enabling quick search of records, archives for inspection and audit in accordance with the approval of the BoD.

#### 2.1.3. Green Credit Program financing projects in the field of environmental protection, response to climate change and sustainable development

Vietnam is forecasted to be one of the top countries most vulnerable to climate change, affecting the country's sustainable development. Therefore, green credit growth is aimed at promoting economic restructuring towards efficient use of natural resources, creating a momentum for economic growth in a sustainable manner.

Implementing the SBV's orientation to promote green credit for projects with environmental protection purpose, encouraging environmentally friendly business activities as well as implementing action plans of the Banking industry on "The National Strategy on





## 2. ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

Green Growth to 2020" and "The Scheme on Green Banks Development in Vietnam" under Decision No. 1604/QĐ-NHNN, VietinBank have granted credits to a variety of customers in the field of Green Credit, saving projects and energy efficient projects. Of which, medium and long-term loans accounted for 89%, renewable and clean energy (65%), sustainable water management in urban and rural areas (17%), and waste treatment and pollution prevention (16%), green agriculture, sustainable forestry, reuse and recycling of resources.

VietinBank has been acting as one of the leading banks in implementing the SBV's orientation in pursuing synchronous solutions to promote quick response to climate change, strengthen resource management and promote environmental protection. Through the green credit program, VietinBank hopes to provide customers with the best financial solutions that gear towards sustainable values, development of renewable energy, reduction of electricity consumption and environmental pollution, ensuring national energy security, improving the quality of people's life, helping households in rural areas to get an easier access to clean water and sanitation facilities, ensuring national standards.

### 2.1.4. Activities related to foreign investment trust for development assistance projects, ODA projects

In 2019, VietinBank was appointed to serve key national development projects including:

- "Water Efficiency Improvement in Drought Affected Provinces Project" with a USD 124.6 million loan provided by ADB.
- "Mekong Delta Integrated Climate Resilience and Sustainable Livelihoods Project" with a USD 6 million loan provided by ADB.
- Da Nang Traffic Improvement Project with USD 61.37 million fund borrowed from the OPEC Fund for International Development (OFID).

### 2.1.5. Report related to Green Capital Market activities under the SSC's guidance

The issuance of green bonds is currently a global trend with the participation of major international financial institutions such as WB, IMF, ADB and is considered an important capital raising channel.

In Vietnam, on 20/10/2015, the Ministry of Finance issued Decision No. 2183/QĐ-BTC approving the action plan of the Finance sector to implement the "National Strategy on Green Growth towards 2020" which set out a plan to develop and complete financial policies related to promoting the implementation of green growth strategies, reviewing and finalizing policies on developing green capital markets and green financial products (including green bonds). In addition, Circular 155/TT-BTC dated 06/10/2015 issued by the Ministry of Finance on guidelines for information disclosure on securities market required listed companies to public environmental, social and governance information in their annual reports, which serves as the foundation for the development of green/sustainable index. Moreover, the set of ASEAN green bond standards was studied and launched in November 2017, which set out common standards for the issuance of ASEAN green bonds, in order to contribute to the implementation of connection and integration targets towards sustainable development in ASEAN region.

Recognizing our importance and social responsibility in environmental protection, VietinBank has conducted development research of the green capital market based on knowledge and experience sharing from major financial institutions experienced in advising and issuing green bonds such as IFC and MUFG Bank to conduct a feasibility study on green bond issuance (Green Bonds). At the same time, VietinBank also reviewed projects for environment and projects that take into account environmental benefits, focusing on areas such as renewable energy, public transport, clean water... VietinBank always appreciates the importance of developing these debt instruments in the coming years because it not only brings a new channel of capital mobilization for businesses but also contributes to protecting the living environment and carrying out responsibilities collectively for the community.

## 2.2. RESPONSIBILITIES TO OUR CUSTOMERS

### 2.2.1. Customer service and support

VietinBank Contact Center operates 24/7 all days in 3 languages: English, Vietnamese and Japanese to support our customers. In 2019, our Contact Center responded to queries and advised on transactions for 2.4 million customers, resulting in an increase of 31% over the

previous year. Sales, marketing and customer surveys increased by 94%, helping to improve VietinBank's service quality and increasing customer satisfaction and engagement. VietinBank Contact Center met international standards for quality and efficiency; and was the only organization in Vietnam for 2 consecutive years being awarded the "Leading Contact Center Vietnam" by Global Banking and Finance Review (UK).



IN 2019, OUR CONTACT CENTER SERVED

**2.4** MILLION TIMES OF  
CUSTOMERS

**↑ 31%**  
COMPARED TO 2018





## 2. ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

### 2.2.2. Special credit programs of preferential interest rate support for SMEs

Closely following SBV's guidance and accompanying businesses in priority sectors of the economy, VietinBank actively balances its funding channels, coordinates with relevant authorities and SBV in all provinces to initiate programs to promote socio-economic development in 5 priority areas guided by the Government. Currently, the interest rate ceiling for short-term loan for these 5 priority areas is only 6% p.a.

In addition, VietinBank is the leading bank which offers many preferential interest rate for SME customers through our SME Credit Program (with interest rate for short-term loan starting from 6.5% p.a.), fixed interest rate for medium and

long-term loan starting from 8.5% p.a. VietinBank also utilizes various sources of capital to support specific prioritized industries and enterprises' business operation such as the SME Incentive Program for distribution and trading sector and Credit program for the development of high-tech agriculture – clean agriculture firms, along with offering preferential interest rate for corporations buying cars.

In the last 4 months of 2019, in order to serve the peak demand of SME corporations, VietinBank deployed many preferential credit packages for SMEs with interest rate starting from only 5.0% p.a. with funding-scale up to VND 12,000 billion.

VietinBank is also the leading bank that provides customers with comprehensive solutions of products and services including credit products, deposits, trade finance, payment services, and insurance on our latest modern Core Sunshine platform. Some product packages are tailored for specific range of customers such as customers in textile industry, combo 6-in-1 for new SME customers, preferential package for beneficiaries of loan customers. VietinBank also launched a new credit card product for SMEs with credit limit of up to VND 5 billion, including both domestic and international credit cards and for effective period of up to 15 months (card issuance period is up to 3 years), serving the quick and simple spending needs of business.

Besides, VietinBank also boasts a wide range of specialized credit products designed to connect customers among different segments. One of the highlight is the success initiation of credit products for chains such as: (i) beverages; (ii) pharmaceutical industry chain; (iii) construction equipment suppliers chains, electric cables, etc. In addition, VietinBank also provides a variety of collection and payment solutions to customers belong to the agency/distribution model such as: (i) pharmacy, (ii) food and beverage; (iii) investment, information technology. Particularly, VietinBank recently successfully implemented the Supply Chain Financing Product with fast credit granting procedure when the Buyer/Seller uploads loan disbursement documents via VietinBank's Internet Banking system.



- The above preferential interest rates are applicable to those businesses that meet the Program eligibility.



VietinBank's 2019 and term 2019 – 2024 GMS

### 2.3. RESPONSIBILITIES TO SHAREHOLDERS AND INVESTORS

VietinBank IR Team, which is a function unit under the BoD Secretariat & Investor Relations of The BoD Office, serves as a bridge between VietinBank and its investor community, responsible for the communication and information sharing from investor community to VietinBank BoD, protecting and attracting shareholders' interests in CTG shares within the Bank's business plan, aiming at creating sustainable value for all our stakeholders.

#### 2.3.1. Information transparency, protecting investor rights

As a listed company with a number of regular shareholders at a high level of above 30,000, it is crucial for us to emphasize on the transparency in information disclosure. VietinBank not only developed strict disclosure regulations in compliance with Circular No. 155/2015/TT-BTC by the Ministry of Finance for the disclosure of compulsory information but also improved the quality of our information sharing channels to enable timely access of our shareholders and investors to VietinBank financial results and other business information.

At every GMS, VietinBank always secure the rights of shareholders through direct dialogue as well as productive discussion of recommendations and proposals ahead of every voting on important issues in connection with the Bank' operations. After the GMS, we make sure that all proposals and related documents approved at each GMS are properly documented and posted on the VietinBank IR website to ensure information transparency to all of our shareholders and investors. In addition, during the fiscal year, our IR Team actively supports and provides responsive answers to all questions asked by our investors around the world via indirect channels such as emails, phone calls and our IR website.

At VietinBank, reporting and disclosing of sufficient information in a timely manner in both English and Vietnamese is an important mechanism that demonstrates transparency and accountability to our shareholders. In 2019, VietinBank provided comprehensive periodic and extraordinary information disclosure such as financial statements, corporate governance reports, information about GMS, changes in key personnel, transactions with our subsidiaries as well as bond issuance, etc.... in both Vietnamese and English.

#### 2.3.2. Orientation for IR activities in 2020

Right from the beginning of 2020, towards our commitment in meeting international standards and best practices in building mutual understanding, trust and respect from our stakeholders through better IR performance and stronger business operation, besides well-done performance of regular tasks, VietinBank officially launched the IR website with a completely new interface at <http://investor.vietinbank.vn>. This new interface was upgraded with all contents consolidated and presented in a modern and professional manner, not only providing informative, useful and easy access but also improving the quality of our information announcement in both Vietnamese and English. In addition, VietinBank improved our contact and meetings with investors. On 09/01/2020, VietinBank successfully organized our "Investors & Analysts Meeting" with the participation of many representatives from domestic and foreign investment funds, securities companies, fund management companies as well as news and media agencies. At the meeting, the direct, open, transparent and friendly conversations delivered by VietinBank's Chairman of the BoD and senior leaders were highly appreciated. The Meeting contributed to further enhance the professionalism and transparency in information disclosure of VietinBank, helping investors better understand VietinBank's operations, business results as well as strategic directions in the coming time.



## 2. ENVIRONMENTAL AND SOCIAL SUSTAINABILITY



Delegates congratulated the 10th People's Inspection Board for the term 2019 - 2021

### 2.4. RESPONSIBILITY TO OUR EMPLOYEES

#### 2.4.1. Guaranteed employment for our people

In 2019, our employees were deployed and assigned in accordance with their qualifications and capability. Our job arrangements ensured that all employees in the entire system hold appropriate job title with signed labor contracts according to the provision of Labor Law.

#### 2.4.2. Remuneration policy

Total number of our employees as of 31/12/2019 was 24,105 (including employees of all subsidiaries, business units, representative offices and employees working on temporary basis). VietinBank employees are entitled to the following remuneration mechanism:

- Monthly salary paid based on role and responsibilities of each position, individual capacity and key performance index (KPI);

- Salary and bonuses are linked with the achievement and performance of agreed upon tasks as well as employees' contribution to final business results of their respective unit. The position and performance-related salary scheme continues to be an important motivation to our employees and helps to improve labour efficiency. In 2019, VietinBank's average salary was 27.87 million VND/person/month;

- Each employee is entitled to full insurance benefits under Vietnamese Labour Law which

ensures the employees' rights to retirement, sick leave and maternity leave;

- Employees are provided with equal opportunities to develop careers by being promoted to higher positions in VietinBank and are eligible for award consideration;

- Training is made available to all employees to improve their professional competence;

- Employees are also eligible for welfare regimes including holiday vacations and labor union benefits in case of sickness, personal and family issues as well as health insurance coverage;

- Social Security Retirement Benefits are provided to former employees with 2 month's salary before their retirement date. They are also funded for retirement activities by the Bank.

VietinBank's salary scheme was built according to international practices based on the principle of 3Ps: Pay for Position, Person and Performance in order to meet three main objectives: (i) Ensuring stable monthly, quarterly and annual salary for our employees; (ii) Creating constant motivation for our people to improve productivity; (iii) Flexibility in annual salary and salary incensement.

In 2019, the salary was properly and fully paid by VietinBank and the average salary was associated with an increase in average labor productivity. Accordingly, the average salary increased over 30% compared to that of 2018.



#### 2.4.3. Social insurance benefit

Our employees are insured under the law and regulations. Social insurance regime benefits our employees in the event of sickness, retirement or maternity... Especially for retirement, we coordinate closely with social insurance authority to ensure that our employees can retire at their retirement

age with an allowance of 02 month salary on the basis of the actual average salary of the last six months preceding their retirement.

#### 2.4.4. Welfare regime

In 2019, VietinBank continued the welfare regime for employees throughout the system to improve life care, labor regeneration, create work-life balance and enhance employee engagement and superior welfare regime for high-performing employees, talented employees, key leaders and senior leaders to demonstrate recognition an retainment of highly qualified and competent employees.

Currently, our welfare regime is implemented including the followings:

(i) 15 general welfare regimes for all employees in the entire system including holiday vacations (Tet holiday, National Women's Day, International Women's Day, Children's Day, Mid-Autumn Festival...) and other labor union benefits in case of sickness, personal and family issues as well as health insurance coverage from VBI for those who have worked for at least 12 months at the Bank, etc.

(ii) 04 outstanding remuneration policies for high-performing employees, key employees and Top 500 talents with Associate Banking program applied to high-performing and Top 500 employees, high-end holidays, and tuition support for their children, special health insurance coverage, life insurance, etc.

TABLE OF AVERAGE TRAINING DURATION AND COVERAGE OF TRAINING PROGRAMS IN 2019  
(EXCLUDING ON-THE-JOB TRAINING, COACHING AND MENTORING)

	Number of training days	Number of employees	Average training days
<b>System – wide scope</b>	74,918	22,331	3.35
<b>By position</b>			
Mid-level Management (Branch Director/Deputy Director, Manager/ Deputy Manager of HO Dept., Director/Deputy Director of non-business Units)	1,449	963	1.5
Managers (Head/Deputy Head of Branches, Head/Deputy Head of non-business Unit)	6,776	4,663	1.45
New employees at branches	9,276	1,388	6.68
Other functional employees	57,417	15,306	3.75



## 2. ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

### 2.4.5. Training quality improvement

In 2019, VietinBank constantly transformed ourselves to improve training quality and simultaneously conducted training programs to enhance employee quality and competence. VietinBank organized a total of 577 classes (up 13% compared to 2018) with total training duration of 74,918 days. The training programs were well structured with subjects given by functional units to meet the requirements of VietinBank Competency Framework as well as our periodical business strategy.

#### 2.4.5.1. Training needs adjusted according to standard practice and enhanced to respond promptly to the needs of business

In the year 2019, we identified training needs and developed Training Plan for 2020 & 2021 in hierarchy including: training needs from organization (organizational strategy, operational status, budgeting), job training needs (analysis of capacity gaps for professional/personal divisions according to the organization's development plan such as Job Description, Competency Framework, Mandatory Training Framework...), individual training needs (personal development

plan). In addition, we also introduced a supporting program offered to selected branches for the establishment of training teams at branches. New training teams were formed with an aim to identify various training needs at all levels and design appropriate training plans in line with promoting the business targets of each branch.

#### 2.4.5.2. Quality of training program and expertise improved while classroom learning experience enhanced with technology

*In 2019, VietinBank focused on improving training programs that closely following the needs of HO*

*departments and branches:* (i) Direct training courses were introduced at bank branches with support from HO departments. Various training courses were tailor-made for each branch to meet professional needs of our employees at branches; (ii) Developed and directly taught new skills and professional programs, which were practical and highly applicable, saving outsourcing costs for VietinBank.

*Training methods were continuously improved in the direction of applying technology to enhance classroom experience and practical efficiency as well as minimize costs:* VietinBank built an E-learning library with diversified topics covering essential skills and professional knowledge. In addition, the training method was continuously improved in terms of applying technology into training such as application of training games (kahoot, slido ...), successfully building the program "Practice simulation of management skills for deputy head of branch dept. position" to catch up with the modern training trend in the world today.

*At VietinBank, we continued to develop a strong force of training experts on quality and quantity. We placed a strong emphasis on the practicality of teaching contents to meet the requirements and in accordance with best practice:* practical perspective programs with the participation of experts were also introduced to help students better understand the issues and orient the effective application of knowledge into their daily performance.

### 2.4.6. Career advancement opportunity

In 2019, VietinBank continued to review the job ranking to arrange and appoint in accordance with the capacity of employees. VietinBank employees are trained, developed and evaluated in parallel with both Core Competency Framework and Professional Competency Framework for each job position, from which there is a specific improvement plan towards the positions' targets according to individual roadmap. Regarding the identified potential talent pool, VietinBank continues to train, develop, and nurture in order to build the next management team. As for the year 2019, 30 talented employees's were promoted to higher positions according to their performance.



VietinBank School of Human Resources Training & Development has modern facilities to fully meet the process of training, retraining



## 2. ENVIRONMENTAL AND SOCIAL SUSTAINABILITY



Final round of the Innovation Contest for VietinBank Retail Talents, held on November 23, 2019.

### 2.4.7. Gender equality in our business

Our Committee for the Advancement of VietinBank Women and VietinBank Trade Union always pay special attention to create favorable conditions for our female employees to have the opportunity to strive, contribute, improve their qualifications and participate in various activities to advance their goals at work. The Committee for the Advancement of VietinBank Women constantly tasks every business units to connect their operation plans with the implementation of regimes and policies for female staff in order to protect legitimate rights and legitimate interests of our female employees. In addition, our reward scheme was developed as an important mechanism to encourage and motivate the achievements of female employees in the entire system.

### 2.4.8. Promotion of democracy among our employees

With strong consensus of our employees to Regulations on Salaries, Internal Labor Regulations and Collective Labor Agreements, in 2019, VietinBank continued to ensure applicable

rights and full benefits of our employees in accordance with the provisions of laws and regulations.

VietinBank strictly discloses the information according to regulations including Business Plan; rules and regulations of Labour regulations, Recruitment and Employment regulations, Staff Policies, Payroll Policies, Labour Protection Equipment; as well as the implementation of policies on recruitment, employment, allowances; collective labour agreement, allocation of reward fund, welfare fund together with financial transparency and the Charter of organization and operation of VietinBank.

100% of VietinBank's units organized 2019 Employees' Conference. In addition, we also implemented various forms of communications in order to timely grasp responses from our employees about the working environment including: HR comment box, surveys, 360-degree evaluation, pilot testing of VietinBank Workplace internal social network, employees' satisfaction and engagement survey, etc., so that we could catch up with what our staffs were feeling about our working environment.

In 2019, in addition to the inspection plan of VietinBank Democracy Steering Committee, HO departments and VietinBank Trade Union also developed different programs to inspect and supervise business units within the system including the checking and monitoring the implementation of Democracy Regulations.

No strike or go-slow was reported at our branches and subsidiaries as well as no petition letters related to the implementation of the Democracy Regulation were unsolved.

### 2.4.9. Survey of employee engagement

Based on the results of the 2017 Employee Satisfaction and Engagement Survey, VietinBank presented action plans and achieved positive results. In 2019, VietinBank continued to deploy the survey on the basis of identifying areas where recorded high survey score in comparison with the market; and pointed out areas that need improvement to improve engagement; therefore shaping up action plan for 2020 to improve employee satisfaction.



VietinBank regularly organizes training courses to improve professional knowledge and skills for employees.





## 2. ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

### 2.5. CORPORATE SOCIAL RESPONSIBILITY

#### 2.5.1. Developing for the community prosperity

VietinBank has always been a pioneer in carrying out charity, social welfare and gratitude work as we share our responsibilities with the the Party, Government and rural provinces. At VietinBank, we understand that engaging ourselves in charity and social welfare activities is not only an important political task, but also our social responsibility for sustainable community prosperity. Such activities in support of poverty reduction and hunger eradication made great contribution in promoting the Bank's brand name known in every corner of the country.

#### 2.5.2. Social welfare activities to date

To date, VietinBank has sponsored more than

VND 7,000 billion from our Welfare Fund, part of the Bank's annual operation costs and voluntary contributions of our employees to build over 40 thousand houses for the poor. We constructed nearly 1,000 bridges and rural roads, 20 water supply systems and reservoirs; supported the poor small-holder farmers with 3,158 cows and buffalos and built 7 field irrigation canals and 80 disaster prevention infrastructure and community buildings.

**In education,** VietinBank has funded the construction of 672 schools, more than 500 classrooms and houses for semi-boarding and boarding students. We also granted over 10,000 scholarships for under-privileged children with good academic records (VND 1 – 3 million/each student), more than 32,000 life-saving schoolbags for children in riverside communities as well as other domestic utilities and educational equipment.

**In healthcare,** VietinBank has invested funds to build 129 healthcare centers; upgraded and built 04 hospitals, 01 clinic and 01 medical college; donated more than 300 ambulance cars, specialized blood donation vehicles and seven-seater cars to exclusively serve the medical staff rotation according to Project 1816 of the Ministry of Health. Many other medical equipment and supplies including versatile beds, clinic beds, new-born beds, medicine cabinets, bedside cabinets, high frequency ventilators, endoscopy, ultrasound, X-rays, CT scanners, endoscopic surgical systems and equipment, patient monitoring and other modern medical equipment were provided for central, provincial, district hospitals and commune health stations to improve health care conditions for the people. In addition, we also supported the construction of houses for families of patients at Vietnam National Children's Hospital in Hanoi and Cho Ray Hospital in Ho Chi Minh City to provide accommodation for their under-privileged relatives.

**In gratitude activities,** VietinBank has taken life care of nearly 300 Vietnamese Heroic Mothers (currently only 41 of them are alive). We pay regular visit, and support seriously wounded veterans in nursing centers with monthly allowances. We also embellish and upgrade a number of martyrs' cemeteries, stone houses, national hero monuments and other historical vestiges, etc.... We actively support the Agent Orange victims, disabled children through many volunteer campaigns, other charity programs were also initiated to support the natural disasters victims.

With such achievements in social welfare and gratitude activities, VietinBank was honored to receive numerous awards from the Government, Ministry of Labor, War Invalids, & Social Welfare, Ministry of Health, Ministry of Education, Vietnam General Confederation of Labor, Ministry of Planning and Investment and many other cities and provinces... as a recognition of our contributions to the society.

### SOCIAL WELFARE ACTIVITIES TO DATE

VietinBank has  
sponsored  
more than

**7,000**

VND bil

**40,000**

houses for the poor



40,000 low-income households were sponsored new houses by VietinBank

**1,000**

bridges and rural roads



Bridge La Ma was constructed in Hung Nhuong commune, Giong Trom district, Ben Tre province by VietinBank's funding.



Sung Thai semi-boarding primary school for ethnic minority in Yen Minh district, Ha Giang province funded by VietinBank

**672**

schools

**500**

and dormitories for semi-boarding  
and boarding students



Modern multi-array CT scanner system at Hai Phong Medical University Hospital was sponsored by VietinBank

built **129** healthcare centers

donated more than

**300** ambulance cars



## 2. ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

### 2.5.3. Social welfare activities in 2019 – sharing responsibility with the community

VietinBank has always been an active pioneer with long tradition in charity work, social welfare and gratitude to our community. VietinBank has been determined and endeavored with the Party, Government, Banking industry and Communist Party of State Enterprises to bring welfare policies and guidelines to life, constantly improving material and spiritual life of people.

Implementing the business philosophy of "Solidarity, cooperation, sharing and social responsibility", in 2019, VietinBank financed the implementation of welfare activities in many poor localities and difficult areas throughout the country with the amount of nearly VND 370 billion. Specifically:

**In supporting under-privileged citizens**, VietinBank built 945 new houses for under-privileged citizens, 04 cultural centers, 01 clean water stations, 05 bridges and rural roads, and presented gifts for under-privileged citizens during Tet Holiday.

**In healthcare**, VietinBank sponsored to build 03 healthcare centers, 01 housing project for families of patients, donation of medical equipment, donation of 02 seven-seated cars according to Project 1816 of the Ministry of Health as well as sponsored nutritious and charity meals for under-privileged children and their families.

**In education**, VietinBank funded the construction of 18 schools, 2,000 pairs of life-saving schoolbags for children in riverside communities, awarded 330 scholarships to under-privileged children with good academic records and other educational equipment.

**In others social welfare activities**, VietinBank sponsored many gratitude projects, presented special gifts to policy beneficiaries on the occasion of Invalids and Martyrs Day (27 July). In 2019, VietinBank also took life care of 53 Vietnamese Heroic Mothers (currently only 41 of them are alive). Other activities such as assisting our fellow citizens in overcoming consequences of devastating natural disasters, especially those caused by flood in a number of Northern provinces were also taken place.

In addition to the sponsorship programs of VietinBank, many units of the VietinBank system have actively encouraged a large number of labor union members to participate in blood donation in 2019. Our efforts in recent years

have brought certain successes in contributing to the successful implementation of the great policy of the Party, Government and Banking Sector in hunger eradication, poverty reduction and gratitude expression. Many poor districts and communes have gradually changed their appearance after the support of VietinBank; material, cultural and spiritual life of poor households and localities have been enhanced and improved significantly. Many people now enjoy decent accommodation, better healthcare conditions and safe and convenient transportation. The children can have access to school facilities for learning activities...A sustainable development community is the target that VietinBank always aims to demonstrate our corporate social responsibility.

### SOCIAL WELFARE ACTIVITIES IN 2019

**945** houses for the poor

**04** cultural centers

**05** bridges and rural roads



Handover ceremony of Cultural House of Kim Quan commune, Yen Son district, Tuyen Quang province sponsored by VietinBank

**03** healthcare centers

**01** housing project for families of patients

**02** 7-seated cars



VietinBank presented cars under Project 1816 by the Ministry of Health to the National Institute of Nutrition

Total financed  
amount of

**370** VND bil

**18** schools

**2,000**  
pairs of life-saving  
schoolbags for children in riverside  
communities

awarded **330** scholarships  
to under-privileged pupils



Handover ceremony of Schools in Ha Giang province sponsored by VietinBank



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# AUDITED CONSOLIDATED FINANCIAL STATEMENTS 2019

1. General information
2. Report of Management
3. Independent auditors' report
4. Consolidated balance sheet
5. Consolidated income statement
6. Consolidated cash flow statement
7. Notes to the consolidated financial statements



“  
**OVERCOMING  
CHALLENGE**  
”



## VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

## GENERAL INFORMATION

## THE BANK

Vietnam Joint Stock Commercial Bank for Industry and Trade ("the Bank" or "VietinBank") is a joint stock commercial bank incorporated and registered in the Socialist Republic of Vietnam.

The Bank was established on the basis of equitizing Vietnam Bank for Industry and Trade, a State-owned commercial bank set up under the name of Vietnam Industrial and Commercial Bank in accordance with Decree No. 53/ND-HDBT dated 26 March 1988 of the Ministers' Council on the organization of the State Bank of Vietnam ("SBV"). The Bank was officially renamed Vietnam Bank for Industry and Trade in accordance with Decision No. 402/CT dated 14 November 1990 granted by the Chairman of Ministers' Council. Also, the Governor of the SBV signed Decision No. 285/QD-NH5 dated 21 September 1996 to re-establish the Bank under State corporation model. On 25 December 2008, Vietnam Bank for Industry and Trade successfully carried out its initial public offering.

The Bank was equitized and renamed Vietnam Joint Stock Commercial Bank for Industry and Trade on 3 July 2009 according to Establishment and Operating License No. 142/GP-NHNN dated 3 July 2009 issued by the State Bank of Vietnam and Business Registration No. 0103038874 dated 3 July 2009 issued by Hanoi Authority for Planning and Investment. The most recent 11th amendment of Business Registration No. 0100111948 issued by Hanoi Authority for Planning and Investment was dated 1 November 2018.

The Bank was established to provide banking services including mobilizing and receiving short, medium and long-term deposits from organizations or individuals; making short, medium and long-term loans and advances to organizations and individuals based on the nature and ability of the Bank's capital resources; conducting foreign exchange transactions, international trade finance services, discounting of commercial papers, bonds and other valuable papers, and providing other banking services as allowed by the State Bank of Vietnam.

**Charter capital**

As at 31 December 2019, the charter capital of the Bank is VND37,234,046 million (31 December 2018: VND37,234,046 million).

**Location**

The Bank's Head Office is located at 108 Tran Hung Dao Street, Hoan Kiem District, Hanoi, Vietnam. As at 31 December 2019, the Bank has one (1) Head Office; two (2) Local representative offices (in Da Nang and Ho Chi Minh City); nine (9) Administrative units include: one (1) School of Human Resource Development and Training; one (1) IT centre; one (1) Card centre; one (1) Trade finance centre; five (5) Cash management centres; one-hundred and fifty five (155) branches and seven (7) subsidiaries; foreign networks include: one (1) overseas representative office in Myanmar; two (2) branches in the Federal Republic of Germany, one (1) 100% owned bank in Lao People's Democratic Republic (Vietnam Joint Stock Commercial Bank for Industry and Trade in Laos).

## VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

## GENERAL INFORMATION (continued)

## BOARD OF DIRECTORS

The members of the Board of Directors of the Bank during the year and at the date of the consolidated financial statements are as follows:

Name	Position
Mr. Le Duc Tho	Chairman (appointed for the term of 2014-2019 on 31 October 2018 by Resolution 568/NQ-HDQT-NHCT1.2 dated 31 October 2018; appointed for the term of 2019-2024 on 23 April 2019 by Resolution 118/NQ-HDQT-NHCT1.2 dated 23 April 2019)
Mr. Tran Minh Binh	Member (additionally appointed for the term of 2014-2019 on 8 December 2018 at Extraordinary General Meeting of Shareholders on 8 December 2018 by Resolution No. 19/NQ-DHDCD dated 8 December 2018; appointed to the Board of Directors for the term of 2019-2024 on 23 April 2019 at Annual General Meeting of Shareholders 2019 on 23 April 2019)
Ms. Tran Thu Huyen	Member (additionally appointed to the Board of Directors for the term of 2014-2019 on 24 July 2014; appointed to the Board of Directors for the term of 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Mr. Hiroshi Yamaguchi	Member (additionally appointed to the Board of Directors for the term of 2014-2019 on 17 April 2017; appointed to the Board of Directors for the term of 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Mr. Hideaki Takase	Member (additionally appointed to the Board of Directors for the term of 2014-2019 on 21 April 2017; appointed to the Board of Directors for the term of 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Mr. Nguyen The Huan	Member (appointed to the Board of Directors for the term of 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Ms. Pham Thi Thanh Hoai	Member (appointed to the Board of Directors for the term of 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Mr. Tran Van Tan	Member (appointed to the Board of Directors for the term of 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
Mr. Cat Quang Duong	Member (resigned from 23 April 2019 at the Annual General Meeting of Shareholders, 23 April 2019)
Mr. Phung Khac Ke	Member (resigned from 23 April 2019 at the Annual General Meeting of Shareholders, 23 April 2019)

## VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

**GENERAL INFORMATION (continued)****MANAGEMENT AND CHIEF ACCOUNTANT**

The members of the Management and Chief Accountant of the Bank during the year and at the date of the consolidated financial statements are as follows:

Name	Position
<b>Mr. Tran Minh Binh</b>	General Director
<b>Ms. Nguyen Hong Van</b>	Deputy General Director
<b>Mr. Nguyen Hoang Dung</b>	Deputy General Director
<b>Mr. Nguyen Duc Thanh</b>	Deputy General Director
<b>Mr. Tran Cong Quynh Lan</b>	Deputy General Director
<b>Mr. Nguyen Dinh Vinh</b>	Deputy General Director
<b>Ms. Le Nhu Hoa</b>	Deputy General Director
<b>Mr. Hiroshi Yamaguchi</b>	Deputy General Director
<b>Mr. Nguyen Hai Hung</b>	Chief Accountant

**SUPERVISORY BOARD**

The members of the Supervisory Board of the Bank during the year and at the date of the consolidated financial statements are as follows:

Name	Position
<b>Ms. Le Anh Ha</b>	Chief Supervisor (appointed to the Supervisory Board for the term 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019; appointed to the Head of the Bank's Supervisory Board for the term of 2019-2024 according to Resolution No.01/NQ-BKS-2019 dated 23 April 2019)
<b>Ms. Nguyen Thi Anh Thu</b>	Member (appointed to the Supervisory Board for the term of 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
<b>Mr. Nguyen Manh Toan</b>	Member (appointed to the Supervisory Board for the term 2019-2024 on 23 April 2019 at the Annual General Meeting of Shareholders 2019, 23 April 2019)
<b>Mr. Nguyen The Huan</b>	Chief Supervisor (resigned from 23 April 2019 at the Annual General Meeting of Shareholders on 23 April 2019)
<b>Ms. Pham Thi Thom</b>	Member (resigned from 23 April 2019 at the Annual General Meeting of Shareholders on 23 April 2019)
<b>Mr. Tran Minh Duc</b>	Member (resigned from 23 April 2019 at the Annual General Meeting of Shareholders on 23 April 2019)

## VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

**GENERAL INFORMATION (continued)****LEGAL REPRESENTATIVE**

The legal representative of the Bank during the year and at the date of the consolidated financial statements is Mr. Le Duc Tho – the Chairman.

Ms. Nguyen Hong Van – Deputy General Director is authorized by Mr. Le Duc Tho to sign the accompanying consolidated financial statements for the year ended 31 December 2019 in accordance with the Letter of Authorization No. 1151/UQ-HDQT-NHCT18 dated 18 December 2018.

**AUDITORS**

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



## VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

## REPORT OF MANAGEMENT

Management of Vietnam Joint Stock Commercial Bank for Industry and Trade ("the Bank") is pleased to present this report and the consolidated financial statements of the Bank and its subsidiaries as at 31 December 2019 and for the year then ended.

## MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

## STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2019 and of the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of the consolidated financial statements.

For and on behalf of management



Mr. Tran Minh Binh  
General Director

Hanoi, Vietnam  
28 February 2020

## INDEPENDENT AUDITORS' REPORT



Ernst & Young Vietnam  
Limited  
8th Floor, CornerStone  
Building  
16 Phan Chu Trinh Street,  
Hoan Kiem District  
Hanoi, S.R. of Vietnam  
Tel: +84 24 3831 5100  
Fax: +84 24 3831 5090  
ey.com

Reference: 60755043/20827148-HN

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

We have audited the accompanying consolidated financial statements of Vietnam Joint Stock Commercial Bank for Industry and Trade ("the Bank") and its subsidiaries as prepared on 28 February 2020 and set out on pages 7 to 76, which comprise the consolidated balance sheet as at 31 December 2019, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

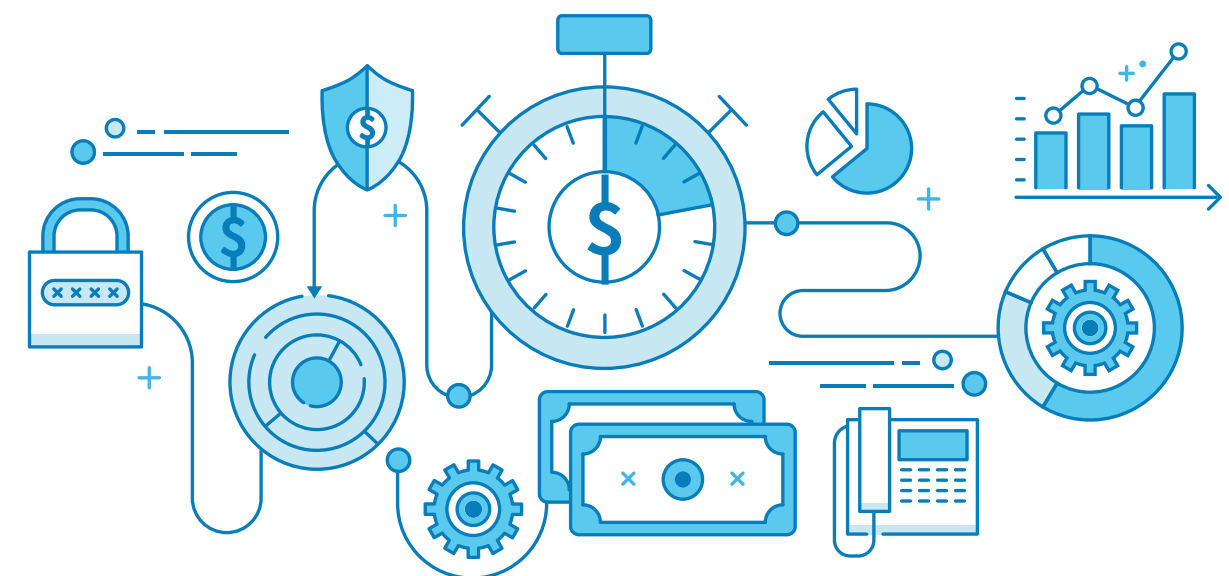
## Management's responsibility

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

## Auditors' responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Bank's and its subsidiaries' preparation and fair presentation of the consolidated 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 and its subsidiaries' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



## INDEPENDENT AUDITORS' REPORT (continued)



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

**Opinion**

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2019, and of the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and other statutory requirements relevant to preparation and presentation of consolidated financial statements.

**Ernst & Young Vietnam Limited**

Trình Hoàng Anh  
Deputy General Director  
Audit Practising Registration  
Certificate No. 2071-2018-004-1

Hoàng Thị Hồng Minh  
Auditor  
Audit Practising Registration  
Certificate No. 0761-2018-004-1

Hanoi, Vietnam  
28 February 2020



## VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

B02/TCTD-HN

**CONSOLIDATED BALANCE SHEET**

as at 31 December 2019

	Notes	31 December 2019 VND million	31 December 2018 VND million (restated)
<b>ASSETS</b>			
<b>Cash, gold and gemstones</b>	<b>5</b>	<b>8,282,726</b>	<b>7,028,347</b>
<b>Balances with the State Bank of Vietnam</b>	<b>6</b>	<b>24,873,714</b>	<b>23,182,208</b>
<b>Placements with and loans to other credit institutions</b>	<b>7</b>	<b>129,388,518</b>	<b>130,512,012</b>
Placements with other credit institutions		123,084,758	126,276,846
Loans to other credit institutions		6,303,760	4,235,166
<b>Securities held for trading</b>	<b>8</b>	<b>3,825,374</b>	<b>3,131,835</b>
Securities held for trading		4,051,245	3,279,561
Provision for securities held for trading		(225,871)	(147,726)
<b>Derivatives and other financial assets</b>	<b>9</b>	<b>469,712</b>	<b>281,166</b>
<b>Loans to customers</b>		<b>922,325,251</b>	<b>851,865,984</b>
Loans to customers	10	935,270,945	864,925,948
Provision for credit losses on loans to customers	11	(12,945,694)	(13,059,964)
<b>Investment securities</b>	<b>12</b>	<b>104,615,279</b>	<b>102,100,093</b>
Available-for-sale securities	12.1	97,131,629	88,586,344
Held-to-maturity investments	12.2	15,367,993	16,207,592
Provision for investment securities	12.4	(7,884,343)	(2,693,843)
<b>Long-term investments</b>	<b>13</b>	<b>3,282,709</b>	<b>3,317,405</b>
Investment in a joint venture	13.1	3,018,057	2,906,452
Other long-term investments		264,652	412,645
Provision for long-term investments		-	(1,692)
<b>Fixed assets</b>		<b>10,996,975</b>	<b>11,139,862</b>
Tangible fixed assets	14	6,422,382	6,194,652
Cost		14,817,602	13,919,662
Accumulated depreciation		(8,395,220)	(7,725,010)
Intangible fixed assets	15	4,574,593	4,945,210
Cost		6,302,326	6,447,395
Accumulated amortization		(1,727,733)	(1,502,185)
<b>Other assets</b>	<b>16</b>	<b>32,651,217</b>	<b>31,730,749</b>
Receivables	16.1	22,349,498	21,741,493
Accrued interest and fee receivables		6,675,886	6,593,324



## VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

B02/TCTD-HN

**CONSOLIDATED BALANCE SHEET (continued)**

as at 31 December 2019

Other assets	16.2	3,636,910	3,404,868
<i>In which: Goodwill</i>	17	-	907
Provision for other assets		(11,077)	(8,936)
<b>TOTAL ASSETS</b>		<b>1,240,711,475</b>	<b>1,164,289,661</b>

	Notes	31 December 2019 VND million	31 December 2018 VND million (restated)
<b>LIABILITIES</b>			
<b>Due to the Government and the State Bank of Vietnam</b>	<b>18</b>	<b>70,602,893</b>	<b>62,600,159</b>
<b>Deposits and borrowings from other credit institutions</b>	<b>19</b>	<b>109,483,059</b>	<b>111,399,612</b>
Deposits from other credit institutions	19.1	82,538,040	73,941,924
Borrowings from other credit institutions	19.2	26,945,019	37,457,688
<b>Customer deposits</b>	<b>20</b>	<b>892,785,228</b>	<b>825,816,119</b>
<b>Other borrowed and entrusted funds</b>	<b>21</b>	<b>5,775,899</b>	<b>5,934,029</b>
<b>Valuable papers issued</b>	<b>22</b>	<b>57,066,353</b>	<b>46,216,359</b>
<b>Other liabilities</b>	<b>23</b>	<b>27,643,225</b>	<b>45,007,049</b>
Interest and fee payables		17,835,374	15,820,561
Other payables	23.1	9,322,163	28,763,344
Other provision		485,688	423,144
<b>TOTAL LIABILITIES</b>		<b>1,163,356,657</b>	<b>1,096,973,327</b>
<b>OWNERS' EQUITY</b>			
Capital		46,724,637	46,416,214
Charter capital		37,234,046	37,234,046
Share premium		8,974,683	8,974,698
Other capital		515,908	207,470
Reserves		9,610,061	8,167,617
Foreign exchange differences		626,014	599,602
Undistributed profits		19,832,683	11,836,676
Non-controlling interests		561,423	296,225
<b>TOTAL OWNERS' EQUITY</b>	<b>25</b>	<b>77,354,818</b>	<b>67,316,334</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>1,240,711,475</b>	<b>1,164,289,661</b>

## VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

B02/TCTD-HN

**CONSOLIDATED BALANCE SHEET (continued)**

as at 31 December 2019

**OFF-BALANCE SHEET ITEMS**

	31 December 2019 VND million	31 December 2018 VND million (restated)
Credit guarantees	526,118	3,058,616
Foreign exchange commitments	190,185,460	167,327,100
- Foreign exchange commitments - buy	4,525,641	2,507,667
- Foreign exchange commitments - sell	4,741,892	2,724,166
- Currency swap contracts	180,917,927	162,095,267
Letters of credit	34,487,895	52,935,903
Other guarantees	51,550,780	57,429,323
Other commitments	20,798,816	37,414,889

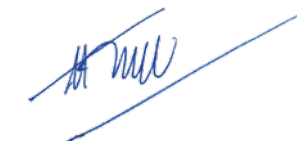
Prepared by:



Mr. Ngo Xuan Hai

Head of Financial Accounting  
Management Department

Reviewed by:



Mr. Nguyen Hai Hung

Chief Accountant

Approved by:



Ms. Nguyen Hong Van

Deputy General Director

Hanoi, Vietnam  
28 February 2020

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

B03/TCTD-HN

**CONSOLIDATED INCOME STATEMENT**

for the year ended 31 December 2019

	Notes	2019 VND million	2018 VND million (restated)
Interest and similar income	26	82,742,771	73,869,866
Interest and similar expenses	27	(49,543,734)	(51,658,034)
<b>Net interest and similar income</b>		<b>33,199,037</b>	<b>22,211,832</b>
Fee and commission income		7,888,130	5,963,790
Fee and commission expenses		(3,832,752)	(3,193,013)
<b>Net fee and commission income</b>	<b>28</b>	<b>4,055,378</b>	<b>2,770,777</b>
<b>Net gain from trading in foreign currencies</b>	<b>29</b>	<b>1,564,300</b>	<b>709,869</b>
<b>Net gain from securities held for trading</b>	<b>30</b>	<b>365,564</b>	<b>271,475</b>
<b>Net gain/(loss) from investment securities</b>	<b>31</b>	<b>(790,728)</b>	<b>218,321</b>
Other income		2,357,430	2,914,313
Other expenses		(859,995)	(1,025,298)
<b>Net gain from other activities</b>	<b>32</b>	<b>1,497,435</b>	<b>1,889,015</b>
<b>Income from investments in other entities</b>	<b>33</b>	<b>628,400</b>	<b>374,238</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>34</b>	<b>(15,734,862)</b>	<b>(14,084,040)</b>
<b>Net profit before provision for credit losses</b>		<b>24,784,524</b>	<b>14,361,487</b>
Provision expense for credit losses		(13,003,531)	(7,802,854)
<b>PROFIT BEFORE TAX</b>		<b>11,780,993</b>	<b>6,558,633</b>
Current corporate income tax expense	24.1	(2,286,552)	(1,272,578)
Deferred tax expense		(17,452)	(8,809)
<b>Corporate income tax expense</b>		<b>(2,304,004)</b>	<b>(1,281,387)</b>
<b>PROFIT AFTER TAX</b>		<b>9,476,989</b>	<b>5,277,246</b>
<b>Non-controlling interests</b>		<b>15,722</b>	<b>2,443</b>
<b>Owners' net profit</b>		<b>9,461,267</b>	<b>5,274,803</b>
<b>Basic earnings per share (VND/share)</b>	<b>25.3</b>	<b>2,044</b>	<b>1,417</b>

Prepared by:


Mr. Ngo Xuan Hai  
Head of Financial Accounting  
Management Department

Reviewed by:


Mr. Nguyen Hai Hung  
Chief Accountant

Approved by:


Ms. Nguyen Hong Van  
Deputy General DirectorHanoi, Vietnam  
28 February 2020

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

B04/TCTD-HN

**CONSOLIDATED CASH FLOW STATEMENT**

for the year ended 31 December 2019

	Notes	2019 VND million	2018 VND million
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest and similar receipts		82,973,160	81,997,808
Interest and similar payments		(47,525,820)	(48,160,147)
Net fee and commission receipts		4,256,422	3,085,123
Net receipts from dealing in foreign currencies, gold and securities trading activities		2,676,918	1,729,360
Other expenses		(205,603)	(269,907)
Recoveries from bad debts written-off previously		1,337,954	1,968,711
Payments for operating and salary expenses		(14,329,018)	(14,727,086)
Corporate income tax paid during the year	24.1	(1,500,561)	(1,573,255)
<b>Net cash flows from operating profit before changes in operating assets and liabilities</b>		<b>27,683,452</b>	<b>24,050,607</b>
<b>Changes in operating assets</b>		<b>(91,283,259)</b>	<b>(60,680,120)</b>
(Increase)/Decrease in deposits at and loans to other credit institutions		(2,320,366)	1,061,676
(Increase)/Decrease in trading securities		(8,477,370)	22,721,999
(Increase)/Decrease in derivatives and other financial assets		(188,546)	247,596
Increase in loans to customers		(61,586,214)	(71,531,023)
Utilization of provision to write off loans to customers, securities, long-term investments and other receivables		(8,758,783)	(2,706,866)
Increase in other assets		(9,951,980)	(10,473,502)
<b>Changes in operating liabilities</b>		<b>62,053,130</b>	<b>61,048,848</b>
Increase in due to the SBV and the Government		8,002,734	47,393,260
(Decrease) in deposits and borrowings from other credit institutions		(1,916,553)	(3,759,153)
Increase in customers deposits		66,969,109	72,880,781
Increase in valuable papers issued (except for valuable papers issued for financing activities)		10,849,994	23,714,586
(Decrease) in other borrowed and entrusted funds		(158,130)	(430,129)
(Decrease) in other liabilities		(21,691,804)	(78,750,497)
Payments from reserves		(2,220)	-
<b>Net cash flows (used in)/from operating activities</b>		<b>(1,546,677)</b>	<b>24,419,335</b>



VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

B04/TCTD-HN

**CONSOLIDATED CASH FLOW STATEMENT (continued)**

for the year ended 31 December 2019

	Notes	2019 VND million	2018 VND million
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(378,539)	(1,006,229)
Proceeds from disposal of fixed assets		389,844	6,084
Payments for disposal of fixed assets		(251,854)	(5,037)
Proceeds from investments in other entities		304,905	-
Dividends and profits received from long-term investments		367,593	374,238
Net cash flows from/(used in) investing activities		431,949	(630,944)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in share capital from capital contribution and/or share issuance		586,882	-
Dividend payment to shareholders		(26,124)	-
Net cash flows from financing activities		560,758	-
Net cash flows in the year		(553,970)	23,788,391
Cash and cash equivalents at the beginning of the year		155,544,719	131,707,327
Impact of exchange rate fluctuation		55,995	49,001
Cash and cash equivalents at the end of the year	35	155,046,744	155,544,719

Prepared by:



Mr. Ngo Xuan Hai

Head of Financial Accounting  
Management Department

Reviewed by:



Mr. Nguyen Hai Hung

Chief Accountant

Approved by:

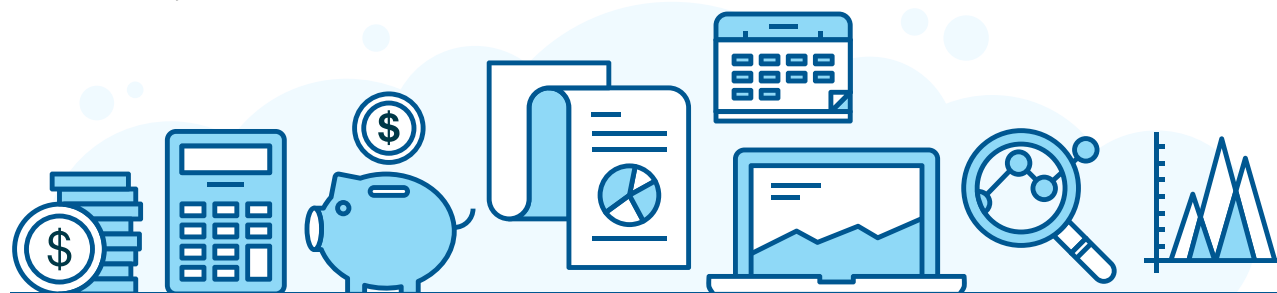


Ms. Nguyen Hong Van

Deputy General Director

Hanoi, Vietnam

28 February 2020



VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

B05/TCTD-HN

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

as at 31 December 2019 and for the year then ended

**1. GENERAL INFORMATION**

Vietnam Joint Stock Commercial Bank for Industry and Trade ("the Bank" or "VietinBank") is a joint stock commercial bank incorporated and registered in the Socialist Republic of Vietnam.

The Bank was established on the basis of equitizing Vietnam Bank for Industry and Trade, a State-owned commercial bank set up under the name of Vietnam Industrial and Commercial Bank in accordance with Decree No. 53/ND-HDBT dated 26 March 1988 of the Ministers' Council on the organization of the State Bank of Vietnam ("SBV"). The Bank was officially renamed Vietnam Bank for Industry and Trade in accordance with Decision No. 402/CT dated 14 November 1990 granted by the Chairman of Ministers' Council. Also, the Governor of the SBV signed Decision No. 285/QD-NH5 dated 21 September 1996 to re-establish the Bank under State corporation model. On 25 December 2008, Vietnam Bank for Industry and Trade successfully carried out its initial public offering.

The Bank was equitized and renamed Vietnam Joint Stock Commercial Bank for Industry and Trade on 3 July 2009 according to Establishment and Operating License No. 142/GP-NHNN dated 3 July 2009 issued by the State Bank of Vietnam and Business Registration No. 0103038874 dated 3 July 2009 issued by Hanoi Authority for Planning and Investment. The most recent 11th amendment of Business Registration No. 0100111948 issued by Hanoi Authority for Planning and Investment was dated 1 November 2018.

The Bank was established to provide banking services including mobilizing and receiving short, medium and long-term deposits from organizations or individuals; making short, medium and long-term loans and advances to organizations and individuals based on the nature and ability of the Bank's capital resources; conducting foreign exchange transactions, international trade finance services, discounting of commercial papers, bonds and other valuable papers, and providing other banking services as allowed by the State Bank of Vietnam.

**Charter capital**

As at 31 December 2019, the charter capital of the Bank is VND37,234,046 million (31 December 2018: VND37,234,046 million).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**1. GENERAL INFORMATION (continued)****Location**

The Bank's Head Office is located at 108 Tran Hung Dao Street, Hoan Kiem District, Hanoi, Vietnam. As at 30 June 2019, the Bank has one (1) Head Office; two (2) Local representative offices (in Da Nang and Ho Chi Minh City); nine (9) Administrative units include: one (1) School of Human Resource Development and Training; one (1) IT centre; one (1) Card centre; one (1) Trade finance centre; five (5) Cash management centres; ; one-hundred and fifty five (155) branches and seven (7) subsidiaries; foreign networks include: one (1) overseas representative office in Myanmar; two (2) branches in the Federal Republic of Germany, one (1) 100% owned bank in Lao People's Democratic Republic (Vietnam Joint Stock Commercial Bank for Industry and Trade in Laos).

**Employees**

The Bank has 24,105 employees as at 31 December 2019 (31 December 2018: 24,197 employees).

**Subsidiaries**

As at 31 December 2019, the Bank has seven (7) directly owned subsidiary companies and one (1) subsidiary bank as follows:

Subsidiaries	Operating Licence	Nature of Business	Ownership
<b>VietinBank Leasing Company Limited</b>	Business Registration No. 0101047075 dated 31 August 2009 granted by Hanoi Authority for Planning and Investment	Finance and Banking	100%
<b>VietinBank Securities Joint Stock Company</b>	Establishment and Operating License No. 107/UBCK - GP dated 1 July 2009 granted by State Securities Commission	Security market	75.6%
<b>VietinBank Debt Management and Asset Exploitation Company Limited</b>	Business Registration No. 0302077030/GP dated 20 July 2010 granted by Department of Planning and Investment of Ho Chi Minh City	Asset management	100%
<b>VietinBank Insurance Joint Stock Corporation</b>	Establishment and Operating License No. 21/GP-KDBH dated 12 December 2002 granted by the Ministry of Finance and Amended License No. 21/GPDC23/KDBH dated 2 November 2017 granted by the Ministry of Finance	Non-life insurance	73.4%
<b>VietinBank Gold &amp; Jewellery Trading Company Limited</b>	Business Registration No. 0105011873/GP dated 25 November 2010 granted by Hanoi Authority for Planning and Investment	Gold, gold manipulation	100%
<b>VietinBank Fund Management Company Limited</b>	Establishment and Operating License No. 50/UBCK-GP dated 26 October 2010 granted by State Security Commission and No. 05/GPDC-UBCK dated 23 March 2011	Fund management	100%
<b>VietinBank Global Money Transfer Company Limited</b>	Business Registration No. 0105757686 dated 3 January 2012 granted by Hanoi Planning and Investment Department	Monetary transfer intermediary	100%
<b>VietinBank Lao Limited</b>	Business Registration No. 068/NHCHDCNDL dated 8 July 2015 granted by Lao DPR Central Bank	Finance and Banking	100%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**2. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY****2.1 Accounting period**

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

**2.2 Accounting currency**

Currency used in preparation of financial statement of the Bank is Vietnam Dong ("VND"). For the purpose of preparing consolidated financial statements as at 31 December 2019, all amounts are rounded to the nearest million and presented in VND million. The presentation makes no impact on readers' view of consolidated financial position, consolidated income statement and consolidated cash flows.

**3. APPLIED ACCOUNTING STANDARDS AND SYSTEM****3.1 Statement of compliance**

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

**3.2 Accounting standards and system**

The consolidated financial statements of the Bank and its subsidiaries are prepared in accordance with the Accounting System applicable to Credit Institutions required under Decision No. 479/2004/QĐ-NHNN issued on 29 April 2004 and Circular No. 10/2014/TT-NHNN dated 20 March 2014 and Circular 22/2017/TT-NHNN issued on 29 December 2017 amending and supplementing Decision No. 479/2004/QĐ-NHNN; Decision No. 16/2007/QĐ-NHNN dated 18 April 2007, Circular No. 49/2014/TT-NHNN amending and supplementing a number of articles of Decision No. 16/2007/QĐ-NHNN and the chart of account system for Credit Institutions issued in connection with Decision No. 479/2004/QĐ-NHNN by the Governor of the State Bank of Vietnam and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2019 and for the year then ended

### 3. APPLIED ACCOUNTING STANDARDS AND SYSTEM (continued)

#### 3.2 Accounting standards and system (continued)

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

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

#### 3.3 Assumptions and uses of estimates

The preparation of the consolidated financial statements requires the Management of the Bank to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income, expenses and the resultant provisions. The actual results may differ from such estimates and assumptions.

#### 3.4 Basis of consolidation

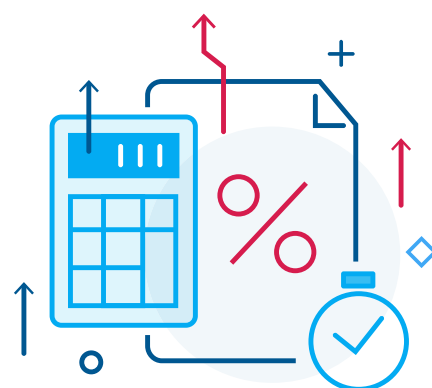
The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries for the year ended 31 December 2019.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control.

The financial statements of the Bank and its subsidiaries are prepared for the same reporting period, using consistent accounting policies.

All intra-company balances, income and expenses and unrealized gains or losses resulting from intra-company transactions are eliminated in full.

Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling's share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2019 and for the year then ended

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 Changes in accounting policies and disclosures

The accounting policies adopted by the Bank in preparation of the consolidated financial statements are consistent with those followed in the preparation of the Bank's consolidated financial statements for the year ended 31 December 2018, except for the following change in the accounting policies:

*Circular No. 48/2019/TT-BTC providing guidance to the appropriation and use of provisions for devaluation of inventories, financial investments, bad receivable debts and warranty for products, goods and construction works at enterprises*

On 8 August 2019, the Ministry of Finance issued Circular No. 48/2019/TT-BTC ("Circular 48") providing guidance to the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad receivable debts and warranty for products, goods and construction works as a basis for determining deductible expenses when determining taxable income corporate income.

Key changes in Circular 48 are as below:

- Amending the guidance to the appropriation and use of provisions for devaluation of financial investments;
- Amending and supplementing the method of determining provisions for capital contribution, long-term investment;
- Amending the guidance to the appropriation and use of provisions for bad receivable debts.

Circular 48 has taken effect since 10 October 2019, applied from fiscal year 2019 and replaced Circular No. 228/2009/TT-BTC dated 7 December 2009, Circular No. 34/2011/TT-BTC dated 14 March 2011 and Circular No. 89/2013/TT-BTC dated 28 June 2013.

#### 4.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balance with the SBV, demand deposits and placements with other credit institutions with an original maturity of three months or less from the transaction date, Government treasury bills and other short-term valuable papers eligible for rediscount with the SBV, securities with recovery or maturity of three months or less from date of purchase which are convertible into a known amount of cash and do not bear liquidity risk as at the reporting date.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****4.3. Placements with and loans to other credit institutions**

Placements with and loans to other credit institutions are presented at the principal amounts outstanding at the end of the year.

Placements with and loans to other credit institutions are classified and provided for allowance in accordance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 ("Circular 02") regulating classification of assets, levels and method of setting up of risk provisions, and use of provisions against credit risks in the banking activity of credit institutions, foreign banks' branches and Circular No. 09/2014/TT-NHNN dated 18 March 2014 ("Circular 09") amending, supplementing a number of Articles of the Circular 02.

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

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

**4.4 Loans to customers**

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

Provision for credit losses on loans to customers is accounted and presented in a separate line in the consolidated balance sheet.

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****4.5 Loan classification and provision for credit losses applied to placements with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets****Loan classification**

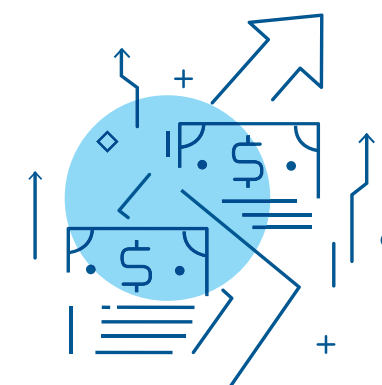
The classification of placements with and loans to other credit institutions, direct and entrusted investments in unlisted corporate bonds, loans to customers and entrustments for credit granting (collectively called "debts") is made using both the quantitative and qualitative methods as regulated under Article 10 and Article 11 of Circular 02. In case the classification results under Articles 10 and 11 are not the same, the debts must be classified into the higher risk group.

Since 1 January 2015, credit institutions, foreign bank branches have been required to use the updated information from Credit Information Centre ("CIC") about the loan group of customers at the time of loan classification to adjust the classification group of loans and off-balance sheet items.

Accordingly, debts are classified based on risk level as follows: *Current*, *Special Mention*, *Sub-standard*, *Doubtful* and *Loss*. Loans which are classified as *Sub-standard*, *Doubtful* and *Loss* are non-performing loan.

**Specific provision**

Specific provision as at 31 December 2019 is made based on the principal balance less discounted value of collateral multiplied by provision rates which are determined based on the loan classification results as at 30 November 2019.





**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.5 Loan classification and provision for credit losses applied to placements with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets (continued)**

*Specific provision (continued)*

The specific provision rates for each group are presented as follows:

Group	Loan classification using the quantitative method	Loan classification using the qualitative method	Provision rate
1	Current	<ul style="list-style-type: none"> <li>a. Standard debts are assessed as fully and timely recoverable for both principals and interests; or</li> <li>b. Debts are overdue for a period of less than 10 days and assessed as fully recoverable for both overdue principals and interests, and fully and timely recoverable for both remaining principals and interests.</li> </ul>	0%
2	Special Mention	<ul style="list-style-type: none"> <li>a. Debts are overdue for a period between 10 days and 90 days; or</li> <li>b. Debts which the repayment terms are restructured for the first time.</li> </ul>	5%
3	Sub-standard	<ul style="list-style-type: none"> <li>a. Debts are overdue for a period between 91 days and 180 days; or</li> <li>b. Debts which the repayment terms are extended for the first time; or</li> <li>c. Debts which interests are exempted or reduced because customers do not have sufficient capability to repay all interests under credit contracts; or</li> <li>d. Debts under one of the following cases which have not been recovered in less than 30 days from the date of the recovery decision: <ul style="list-style-type: none"> <li>- Debts made in compliance with Clause 1, 3, 4, 5, 6 under Article 126 of Law on Credit Institutions; or</li> <li>- Debts made in compliance with Clause 1, 2, 3, 4 under Article 127 of Law on Credit Institutions; or</li> <li>- Debts made in compliance with Clauses 1, 2, 5 under Article 128 of Law on Credit Institutions.</li> </ul> </li> <li>e. Debts are required to be recovered according to regulatory inspection conclusions.</li> </ul>	20%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.5 Loan classification and provision for credit losses applied to placements with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets (continued)**

*Specific provision (continued)*

Group	Loan classification using the quantitative method	Loan classification using the qualitative method	Provision rate
4	Doubtful	<ul style="list-style-type: none"> <li>a. Debts are overdue for a period of between 181 days and 360 days; or</li> <li>b. Debts which the repayment terms are restructured for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or</li> <li>c. Debts which the repayment terms are restructured for the second time; or</li> <li>d. Debts are specified in point (d) of Loan group 3 and overdue for a period of between 30 days and 60 days after decisions of recovery have been issued; or</li> <li>e. Debts are required to be recovered according to regulatory inspection conclusions but still outstanding with an overdue period up to 60 days since the recovery date as required by regulatory inspection conclusions.</li> </ul>	50%
5	Loss	<ul style="list-style-type: none"> <li>a. Debts are overdue for a period of more than 360 days; or</li> <li>b. Debts which the repayment terms are restructured for the first time but still overdue for a period of 90 days or more under that first restructured repayment term; or</li> <li>c. Debts which the repayment terms are restructured for the second time but still overdue under that second restructured repayment term; or</li> <li>d. Debts which the repayment terms are restructured for the third time or more, regardless of being overdue or not; or</li> <li>e. Debts are specified in point (d) of Loan group 3 and overdue for a period of more than 60 days after decisions on recovery have been issued; or</li> <li>f. Debts are required to be recovered under regulatory inspection conclusions but still outstanding with an overdue period of more than 60 days since the recovery date as required by regulatory inspection conclusions; or</li> <li>g. Debts of credit institutions under special control as announced by the SBV, or debts of foreign bank branches which capital and assets are blocked.</li> </ul>	100%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****4.5 Loan classification and provision for credit losses applied to placements with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets (continued)***Specific provision (continued)*

Where a customer has more than one debt with the Bank and any of the outstanding debts is classified into a higher risk group, the Bank has to classify the entire remaining debts of that customer into the corresponding higher risk group.

When the Bank participates in a syndicated loan as a participant, it classifies loans (including syndicated loans) of the customer into the higher of the risk group assessed by the leading bank and by the Bank.

For loans in agricultural and rural areas, the Bank is allowed to restructure debt and remain the debt group in accordance with Circular No. 10/2015/TT-NHNN dated 22 July 2015 and Circular No. 25/2018/TT-NHNN dated 24 October 2018 amending, supplementing Circular No. 10/2015/TT-NHNN guiding the implementation of a number of contents of Decree No. 55/2015/ND-CP dated 9 June 2015 issued by the Government on credit policies supporting agricultural and rural development.

The basis for determination of the value and discounted value for each type of collateral is specified in Circular 02 and Circular 09 amending and supplementing a number of articles of Circular 02.

*General provision*

General provision as at 31 December is made at 0.75% of total outstanding loans excluding placements with and loans to other credit institutions and loans classified as loss group as at 30 November.

*Write-off bad debts*

Provisions are recognized as an expense on the consolidated income statement and used to write-off bad debt. According to Circular 02, the Bank establishes a Risk Management Committee to deal with bad debts if they are classified in Group 5 or if the borrower is a dissolved, bankrupt organization or individual who is dead or missing.

**4.6 Securities held for trading**

Securities held for trading include debt securities, equity securities and other securities acquired and held for the purpose of reselling within one year to gain profit on price variances.

Securities held for trading are initially recognized at the cost of acquisition and subsequently measured at the lower of the book value and the market value. Gains or losses from sales of trading securities are recognized in the consolidated income statement.

Interest and dividends derived from securities held for trading are recognized on a cash basis in the consolidated income statement upon actual receipt.

Provision for impairment of securities held for trading is recorded when their book value is higher than their market value as stipulated in Circular No. 48/2019/TT-BTC ("Circular 48") dated 08 August 2019 issued by the Ministry of Finance. Provision for impairment is recognized in the consolidated income statement as "Net gain/(loss) from securities held for trading".

Provision for credit losses of corporate bonds, which are not listed on the stock market or not registered on the unlisted public company market, is made in accordance with Circular 02 and Circular 09 as described in Note 4.5.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****4.7 Investment securities**

Investment securities are classified into two categories: available-for-sale and held-to-maturity investment securities. The Bank classifies investment securities on their purchase dates. In accordance with Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 issued by the SBV, the Bank is allowed to reclassify investment securities no more than one time after the purchase date.

*4.7.1 Available-for-sale securities*

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

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

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

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

Available-for-sale securities are subject to impairment review on a periodical basis.

Provision for diminution in value of securities is made when the carrying value is higher than the market value in compliance with Circular 48. In case market prices of securities are not available or cannot be determined reliably, no provision is required. Provision is recognized in the "Net (loss)/gain from investment securities" account of the consolidated income statement.

Provision for credit losses of corporate bonds which are not listed on the stock market or not registered on the unlisted public companies market is made in accordance with Circular 02, Circular 09 as described in Note 4.5.





**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****4.7 Investment securities (continued)****4.7.2 Held-to-maturity investment securities**

Held-to-maturity investment securities include special bonds issued by Vietnam Asset Management Company ("VAMC") and other held-to-maturity securities.

*Special bonds issued by VAMC*

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

During the holding period, the Bank annually calculates and makes allowance in accordance with Circular No. 14/2015/TT-NHNN dated 28 August 2015 issued by the SBV amending and supplementing some articles of Circular No. 19/2013/TT-NHNN stipulating purchase, sale and bad debt written-off of VAMC.

In accordance with Circular No. 14/2015/TT-NHNN, each year within 5 consecutive working days prior to the maturity date of special bonds, the Bank is obliged to fully make specific provision for each special bond using the below formula:

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

In which:

- $X_{(m)}$ : minimum provision for special bonds in the mth year;
- $X_{m-1}$ : accumulated specific provision for special bonds in the m-1th year;
- Y: face value of special bonds;
- n: term of special bonds (years);
- m: number of years from the bond issuance date to the provision date;
- $Z_m$ : accumulated bad debt recoveries at the provision date (mth year). Credit institutions should co-operate with VAMC to determine the recovery of the bad debts.

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

Specific provision for special bonds is recognized in the consolidated income statement in "Provision expense for credit losses". General provision is not required for the special bonds.

On settlement date of special bonds, recovery from the debts is recognized into "Other income".

*Other held-to-maturity securities*

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

Held-to-maturity securities are recorded and measured identical to debt securities available-for-sale and presented at Note 4.7.1.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****4.8 Investments in joint ventures**

Investments in joint ventures whereby the Bank is subject to joint control are initially stated at cost.

Distributions from net accumulated profit of joint ventures after the date on which control is transferred to the Bank are recognized in the consolidated income statement. Other distributions are considered as recoveries of investments and deducted from the investment value.

**4.9 Other long-term investments**

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

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

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

The allowance for diminution in the value of long-term investments is made if the economic entity in which the Bank invests in suffers a loss in accordance with Circular No. 48/2019/TT-BTC dated 8 August 2019 ("Circular 48") issued by the Ministry of Finance. Accordingly, the allowance amount is the difference between the parties' actual capital contributions to the economic entity and the actual owners' equity multiplied (x) by the ratio of capital invested by the Bank to the total actual capital of the economic entity at the end of the annual accounting period. For an investment in listed shares or shares which market price can be determined reliably, allowance is made based on the shares' market price.

**4.10 Re-purchase and re-sale contracts**

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

Conversely, securities purchased under agreements to resell at a specific date in the future are not recognized in the consolidated financial statements. The corresponding cash paid under these agreements is recognized as a loan in the consolidated balance sheet and the difference between the purchase price and resale price is amortized in the consolidated income statement over the term of the agreement using the straight-line method based on the interest rate stipulated in the contract.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****4.11 Fixed assets**

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

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

Cost related to additions, improvements and renewals are capitalized while expenditures for maintenance and repairs are charged to the consolidated income statement.

When assets are sold or liquidated, their cost and accumulated depreciation are deducted from the consolidated balance sheet item and any gains or losses resulting from their disposal are recorded to the consolidated income statement.

**4.12 Depreciation and amortization**

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

Buildings and structure	05 - 40 years
Machine and equipment	03 - 07 years
Transportation vehicles	06 - 07 years
Other tangible fixed assets	04 - 25 years
Land use rights (*)	Upon lease term
Computer software	03 - 08 years

(\*) Indefinite land use rights are not depreciated. Definite land use rights are depreciated over the lease or usage term.

**4.13 Receivables****4.13.1 Receivables classified as credit bearing assets**

Receivables classified as credit bearing assets are recognized at cost. Doubtful receivables are classified and provided for allowance by the Bank in accordance with the regulations on recognition and use of provision to write off the credit risk as presented in Note 4.5.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****4.13 Receivables (continued)****4.13.2 Other receivables**

Receivables other than receivables from credit activities of the Bank are initially recorded at cost and always carried at cost subsequently.

Provision for receivables is determined based on the overdue status of debts or expected loss of current debts in case the debts are not due for payment yet, however, the corporate debtors have bankruptcy or are in the process of dissolution, or of individual debtors who are missing, escaped, deceased, prosecuted, on trial or under execution of criminal judgement by legal authority. Provision expense incurred is recorded in "Total operating expenses" of the consolidated income statement.

Provision for overdue debts is made in accordance with Circular No. 48/2019/TT-BTC as follows:

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

**4.14 Prepaid expenses and deferred expenses**

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated balance sheet and amortized over the period for which the amount is paid or the period in which economic benefit is generated in relation to these expenses.

**4.15 Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under leases are charged to "Other expenses" in the consolidated income statement on a straight-line basis over the term of the relevant lease.

**The Bank as lessor**

Amounts due from lessees under finance leases are recorded as loan to customer in the consolidated balance sheet at the amount of the Bank's net investment in the leases. Financial leases are recorded as principal of loan to customer and income from these are recognized as "Interest and similar income". Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases.

Operating lease assets are recorded on the consolidated balance sheet. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease and independent on payment method. Initial direct costs incurred for obtaining income from the operating lease are recognized as expenses in the period.

**The Bank as lessee**

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



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****4.16 Recognition of income and expense****4.16.1 Interest income and expenses**

Interest income and interest expenses are recognized in the consolidated income statement on an accrual basis using the nominal interest rates. The recognition of accrued interest income of a loan is suspended when such loan is classified in groups 2 to 5 in compliance with Circular 02. Suspended interest income is reversed and monitored off-balance sheet and recognized in the consolidated income statement upon actual receipt.

Fees and commissions are recognized on an accrual basis. Fee from guarantee, letter of credit, investment activities (bonds, etc.) are recognized on an accrual/amortization basis.

**4.16.2 Income from securities trading**

Income from securities trading is recognized based on differences between selling price and cost of securities sold.

**4.16.3 Dividends**

Dividends received in cash from investment activities are recognized in the consolidated income statement when the Bank's rights to receive payment are established.

Dividends which are received in the form of shares, bonus shares and the right to buy shares for current shareholders, the share from undistributed profits is not recognized as an increase in investment value and is not recorded as an income of the Bank but updates the number of shares.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****4.16 Recognition of income and expense (continued)****4.16.4 Revenue from insurance business**

Gross written premiums are recognized in accordance with Circular No. 50/2017/TT-BTC dated 1 July 2017 ("Circular 50") on financial regime applicable to insurers, reinsurers, insurance brokers and foreign non-life insurance branches.

Specifically, gross written premiums are recognized as revenue at the point of time when the following conditions are met: (i) the insurance contract has been entered into by the insurer and the insured; and (ii) there is evidence of a contract being signed and the premium paid by the insured or (iii) there is agreement between the Corporation and the insured on premium payment period. Premium payment period shall not exceed 30 days from policy inception date. For instalment contracts, non-life insurers are required to record revenue from insurance premium of the first instalment as of the insurance contract's effective date and record revenue from premium of the following instalments only when the policy holder makes full premium payment under the agreement of the contract. If policyholder cannot make full premium payment as agreed in the contracts, insurance contract shall be automatically terminated after contractual premium payment date.

Prepaid premium before due date as at the end of the fiscal year is recorded as "Revenue pending for allocation" in the consolidated balance sheet.

Premium return and premium reduction are considered as revenue deduction and must be booked separately. At year end, these amounts are net-off to gross written premium to calculate net written premium.

**4.16.5 Income from other services**

When the result of the contract is definitely determined, income is recognized based on the completion of work or service. If the result of the contract is not determined, income is only recognized to the extent of recoverable amount of expenses incurred.

**4.16.6 Recognition of receivables not yet collected**

According to Circular No. 16/2018/TT-BTC dated 7 February 2018 issued by the Ministry of Finance, receivables from accrued income but not yet collected at the due date are recorded as reduction in revenue if the income has been accrued in the same accounting period or recorded as expense if the income has been accrued in different accounting periods and monitored in off-balance sheet. Upon actual receipt of these receivables, the Bank recognized in the consolidated income statement.

**4.16.7 Claim settlement expenses of insurance activities**

Claim expense is recognized at the point of time when the claim documents are completed and approved by authorized persons. Any claim that is not yet approved by authorized persons is considered as an outstanding claim and included in claim reserve.

**4.16.8 Commission expenses for insurance activities**

Commission is calculated at percentage of direct premiums for specific line of insurance as stipulated in Circular 50. Commission expense is allocated and recognized in the income statement for direct premiums earned during the period.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

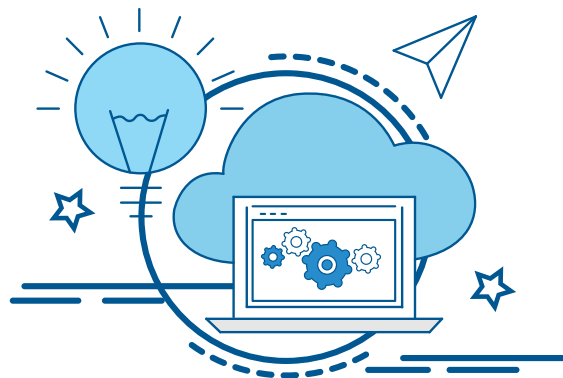
as at 31 December 2019 and for the year then ended

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****4.17 Deposits from other credit institutions, customers and valuable papers issued**

Deposits from other credit institutions, customer deposits and valuable papers issued are disclosed at the principal amounts outstanding at the date of the consolidated financial statements.

**4.18 Foreign currency transactions**

All transactions are recorded in original currencies. Monetary assets and liabilities denominated in foreign currencies are translated into VND using exchange rates ruling at the consolidated balance sheet date (*Note 47*). Income and expenses arising in foreign currencies during the year are converted into VND at rates ruling at the transaction dates. Foreign exchange differences arising from the translation of monetary assets and liabilities are recognized and monitored in the “*Foreign exchange differences*” under “*Owners’ equity*” in the consolidated balance sheet and will be transferred to the consolidated income statement.

**4.19 Payables and accruals**

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

**4.20 Technical reserves for insurance**

The technical reserves of VietinBank Insurance Joint Stock Corporation include (a) technical reserves for non-life insurance and (b) technical reserve of health insurance. The reserve appropriation methodologies are based on Official Letter No. 2821/BTC-QLBH dated 13 March 2018, which was approved by Ministry of Finance, in accordance with Circular 50.

Details of such reserving methodologies are as follows:

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****4.20 Technical reserves for insurance (continued)****a) Technical reserves for non-life insurance****i. Unearned premium reserve**

Unearned premium reserve is calculated as a percentage of total premium or in accordance with a coefficient of the insurance contracts’ terms, as such:

- For insurance policies with a term of less than 1 year: for line of cargo insurance delivered by road, water, inland water, railway and airway, unearned premium reserve is made at 25% of the total insurance premium. For other insurance lines, unearned premium reserve is calculated at 50% of the total insurance premium.
- For insurance policies with a term of more than 1 year, unearned premium reserve is calculated based on the 1/8 method. This method assumes that premiums for all insurance contracts issued in a quarter equally spread along the quarter. In other words, all insurance contracts of a particular quarter are assumed to be effective at that mid-quarter. Unearned premium reserve is calculated based on the following formula:

$$\text{Unearned premium reserve} = \text{Premiums} \times \text{Unearned premium rate}$$

- Gross and assumed unearned premium reserve is presented as liabilities. Unearned premium reserve of outward reinsurance is presented as reinsurance asset.





**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****4.20 Technical reserves for insurance (continued)****a) Technical reserves for non-life insurance (continued)****ii. Claim reserve**

Claim reserve includes the reserve for outstanding claims and for claims incurred but not reported.

- Outstanding claim reserve is established based on the estimated claim payments for each claim for which the insurer is liable, which is either notified to the insurer or requested for payment but is still unresolved at the end of the fiscal year after deducting the amount recoverable from reinsurers; and
- Reserve for incurred but not reported claims for which the insurer is liable (IBNR) is established for each insurance operation as per formula below:

$$\begin{array}{c} \text{Reserve for} \\ \text{payment} \\ \text{of losses} \\ \text{which have} \\ \text{incurred} \\ \text{but not yet} \\ \text{reported for} \\ \text{the current} \\ \text{fiscal year} \end{array} = \frac{\begin{array}{c} \text{Total indemnity for} \\ \text{claims incurred but} \\ \text{not reported at} \\ \text{the end of the last} \\ \text{three years} \end{array}}{\begin{array}{c} \text{Total indemnity for} \\ \text{losses arising in the} \\ \text{last three years} \end{array}} \times \begin{array}{c} \text{Indemnity} \\ \text{for losses} \\ \text{arising} \\ \text{in the} \\ \text{current} \\ \text{fiscal year} \end{array} \times \frac{\begin{array}{c} \text{Net operating} \\ \text{revenue of} \\ \text{current fiscal} \\ \text{year} \end{array}}{\begin{array}{c} \text{Net operating} \\ \text{revenue of the} \\ \text{previous fiscal} \\ \text{year} \end{array}} \times \frac{\begin{array}{c} \text{Average delay in} \\ \text{claim intimation} \\ \text{of current fiscal} \\ \text{year} \end{array}}{\begin{array}{c} \text{Average delay in} \\ \text{claim intimation} \\ \text{of previous fiscal} \\ \text{year} \end{array}}$$

In which:

- The compensation amount arising from a fiscal year includes the compensation amount actually paid in the year plus increase/decrease of the provision for losses incurred under the insurance liability but still unresolved in financial year-end.
- The average time of delaying the claim for compensation is the average time since the loss occurs until the non-life insurance enterprise, foreign branch, reinsurance enterprise receives the notice of loss or a claim form for compensation (in days)
- Gross and assumed reinsurance claim reserve is presented as liabilities; claim reserve of outward reinsurance is presented as reinsurance asset.

**iii. Catastrophe reserve**

- Catastrophe reserve is accrued annually until such reserve reaches 100% of the retained premiums of the current fiscal year and is made based on retained premiums according to Circular 50.
- Catastrophe reserve is presented as liabilities.

On 28 December 2005, the Ministry of Finance issued Decision No. 100/2005/QĐ-BTC governing the publication of four new accounting standards, one of which is Vietnamese Accounting Standard ("VAS") 19 – Insurance Contract. Following the issuance of this Standard, starting from January 2006, the provision of catastrophe reserve is no longer required since it represents "possible claims under contracts that are not in existence at the reporting date". However, since the Ministry of Finance has not issued detailed guidance for the implementation of VAS 19 and in accordance with the provision set out in Decree 73/2016/ND-CP issued by the Government of Vietnam on 1 July 2016 ("Decree No. 73") on the details of the implementation of the Law on Insurance Business and amendments to certain articles of the Law on Insurance Business, the Corporation has elected to adopt the policy of providing for the catastrophe reserve at 1% of total retained premiums for the year 2019.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****4.20 Technical reserves for insurance (continued)****b) Technical reserve for health insurance****i. Mathematical reserve**

- Regarding health insurance policies with a term of more than 1 year, mathematical reserve is calculated based on the 1/8 method.
- Regarding health insurance policies provided by a non-life insurer or foreign branch which only cover death or total permanent disability, mathematical reserve is set aside based on a coefficient of the remaining days of insurance policies.
- Mathematical reserve is recorded in un-earned premium reserve account in the balance sheet.

**ii. Unearned premiums reserve**

Regarding insurance policies with a term of less than or equal to 1 year, unearned premiums reserve is calculated at 50% of the total insurance premiums.

**iii. Claim reserve**

- Outstanding claim reserve is established based on the estimated claim payments for each claim for which the insurer is liable, which is either notified to the insurer or requested for payment but is still unresolved at the end of the fiscal year after deducting the amount recoverable from reinsurers; and
- Reserve for incurred but not reported claims for which the insurer is liable (IBNR) is established for each insurance operation as per formula below:

$$\begin{array}{c} \text{Reserve for} \\ \text{payment of} \\ \text{losses which} \\ \text{have incurred} \\ \text{but not yet} \\ \text{reported for the} \\ \text{current fiscal} \\ \text{year} \end{array} = \frac{\begin{array}{c} \text{Total indemnity} \\ \text{for claims} \\ \text{incurred but not} \\ \text{reported at the} \\ \text{end of the last} \\ \text{three years} \end{array}}{\begin{array}{c} \text{Total indemnity for} \\ \text{losses arising in the} \\ \text{last three years} \end{array}} \times \begin{array}{c} \text{Indemnity} \\ \text{for losses} \\ \text{arising} \\ \text{in the} \\ \text{current} \\ \text{fiscal year} \end{array} \times \frac{\begin{array}{c} \text{Net} \\ \text{operating} \\ \text{revenue of} \\ \text{current fiscal} \\ \text{year} \end{array}}{\begin{array}{c} \text{Net} \\ \text{operating} \\ \text{revenue of} \\ \text{the previous} \\ \text{fiscal year} \end{array}} \times \frac{\begin{array}{c} \text{Average} \\ \text{delay in claim} \\ \text{intimation of} \\ \text{current fiscal} \\ \text{year} \end{array}}{\begin{array}{c} \text{Average} \\ \text{delay in claim} \\ \text{intimation of} \\ \text{previous fiscal} \\ \text{year} \end{array}}$$

In which:

- The compensation amount arising from a fiscal year includes the compensation amount actually paid in the year plus increase/decrease of the provision for losses incurred under the insurance liability but still unresolved in financial year-end.
- The average time of delaying the claim for compensation is the average time since the loss occurs until the non-life insurance enterprise, foreign branch, reinsurance enterprise receives the notice of loss or a claim form for compensation (in days).
- Gross and assumed reinsurance claim reserve is presented as liabilities; claim reserve of outward reinsurance is presented as reinsurance asset.

**iv. Equalization reserve**

Equalization reserve for health insurance is established at 1% of net premium and recognised in catastrophe reserve account on balance sheet.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****4.21 Corporate income taxes***Current income tax*

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be paid to (or recovered from) the taxation authorities – using the tax rates and tax laws are applied and enacted at the consolidated balance sheet date.

Current income tax is charged or credited to the consolidated income statement except when it relates to items recognized directly to equity, in this case the current income tax is also recognized in equity.

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

*Deferred tax*

Deferred tax is provided on temporary differences at the consolidated balance sheet date between the tax base of assets and liabilities and their carrying amount for the financial reporting purposes.

Deferred tax payable is recognized for temporary taxable differences.

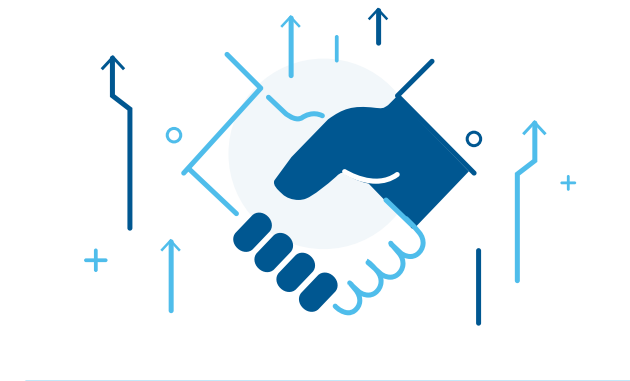
Deferred tax assets are recognized for deductible temporary differences, deductible amounts carried over to subsequent years of taxable losses, and unused tax credits when it is probable that there will be sufficient future taxable profit to use deductible temporary differences, taxable losses and tax credits. Deferred tax assets and deferred tax payables are determined on the basis of expected tax rates applied for the accounting year when the assets are recovered or liabilities are settled and on basis of effective and applicable tax rates and tax laws at the end of the accounting year.

**4.22 Classification for off-balance sheet commitments**

According to Circular 02, credit institutions should classify guarantees, payment acceptances and irrevocable loan commitments with specific effective date (generally called “off-balance sheet commitments”) in compliance with Article 10, Circular 02 for management and monitoring of credit quality. Off-balance sheet commitments are classified into groups which are *Current*, *Special Mention*, *Substandard*, *Doubtful* and *Loss* based on the overdue status and other qualitative factors.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****4.23 Derivatives**

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

*Currency forward contracts*

The currency forward contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates, calculated on the notional amount. The currency forward contracts are recognized at nominal value at the transaction date and are revalued for the reporting purpose at the exchange rate at the reporting date. Gains or losses realized or unrealized are recognized in the “Foreign exchange differences” under “Owners’ equity” in the consolidated balance sheet and will be transferred to the consolidated income statement at the end of the accounting year.

*Swap contracts*

The swap contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates calculated on the notional principal amount or commitments to settle interest based on a floating rate or a fixed rate calculated on the notional amount and in a given period.

The currency swap contracts are revalued periodically. Gains or losses realized or unrealized are recognized in the “Foreign exchange differences” under “Owners’ equity” in the consolidated balance sheet and will be transferred to the consolidated income statement at the end of the accounting year.

Differences in interest rate swaps are recognized in the consolidated income statement on an accrual basis.

**4.24 Employee benefits****4.24.1 Post - employment benefits**

The employees at the Bank shall be entitled to receive allowance from the Social Insurance Fund upon retirement, and shall be subsidized by the Bank for 02 months based on additional salary by the job position attached to the KPI on an average of the latest six - month period before retirement.

Under the Bank’s labor reorganization policy, the employees at the Bank of early retirement are entitled to receive allowance equal to a half of the basic salary for social insurance for one year (12 months) of work and by a half of a month’s basic salary for social insurance for each month of retirement before the age (not exceeding 48 months of retirement before the age).



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****4.24 Employee benefits (continued)****4.24.2 Voluntary resignation benefits**

Under Section 48 of the Vietnam Labour Code 10/2012/QH13 effective from 1 May 2013, the employee working at the Bank when terminating the labour contract with the Bank in accordance with the law and the Bank is entitled to receive allowance equal to a half month's salary for each year of employment (12 months) up to 31 December 2008. The average monthly salary used in this calculation is the average salary under the labour contract of the latest six – month period up to the resignation date.

**4.24.3 Unemployment insurance**

According to Circular No. 28/2015/TT-BLDTBXH on guidelines for Article 52 of the Law on Employment and Decree No. 28/2015/ND-CP dated 12 March 2015 of the Government on guidelines for the Law on Employment in term of unemployment insurance, the Bank is required to contribute to the unemployment insurance at the rate of 1% of salary and wage fund of unemployment insurance joiners and deduct 1% of monthly salary and wage of each employee to contribute to the unemployment insurance.

**4.25 Capital and reserves****4.25.1 Ordinary shares**

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

**4.25.2 Share premium**

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

**4.25.3 Reserves****i. The Bank's reserves**

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

- Supplementary charter capital reserve: 5% of net profit after tax and does not exceed charter capital;
- Financial reserve: 10% of net profit after tax;
- Bonus to the Management, bonus and welfare funds are appropriated according to the decision approved in the General Meeting of Shareholders;
- Other reserves: are to be made upon the current regulations and decisions of the Annual General Shareholders' Meeting.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****4.25 Capital and reserves (continued)****ii. Subsidiaries' reserves**

Reserves at subsidiaries are appropriated under the Bank's policy, except for the following companies, which are appropriated in accordance with relevant legal regulations:

VietinBank Securities Joint Stock Corporation and VietinBank Fund Management Company Limited: reserves are appropriated from the Companies' net profit after tax according to Circular No. 146/2014/TT-BTC dated 6 October 2014 issued by the Ministry of Finance at prescribed rates as below:

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

VietinBank Insurance Joint Stock Corporation: the statutory reserve is made as per Decree No. 73/2016/ND-CP dated 1 July 2016 promulgated by the Government at the following rate:

- Statutory reserve fund: 5% of profit after tax, not exceeding 10% of the Company's charter capital

These reserves will be appropriated at the end of the accounting year

**4.26 Offsetting**

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

**4.27 Business combinations and goodwill**

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of Business combination plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Bank's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortization. Goodwill is amortized ten (10) years on a straight-line basis.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**5. CASH, GOLD AND GEMSTONES**

	31 December 2019 VND million	31 December 2018 VND million
Cash on hand in VND	7,327,399	5,763,833
Cash on hand in foreign currencies	922,422	1,211,753
Valuable papers in foreign currencies	-	19,817
Monetary gold	12,074	10,467
Non-monetary gold	-	16
Other gemstones	20,831	22,461
	<b>8,282,726</b>	<b>7,028,347</b>

**6. BALANCES WITH THE STATE BANK OF VIETNAM ("SBV")**

	31 December 2019 VND million	31 December 2018 VND million
Balance with the SBV		
- In VND	21,219,322	19,753,319
- In foreign currencies	3,654,392	3,428,889
	<b>24,873,714</b>	<b>23,182,208</b>

Balances with the SBV include current account and compulsory reserves. In accordance with regulations of the SBV, the Bank must maintain a certain reserve with the SBV in form of compulsory reserves. As at 31 December 2019, compulsory reserves in VND and in foreign currencies bear interest rate of 0.8% per annum and 0% per annum, respectively.

Compulsory reserve balances for deposits in VND applicable to credit institutions as at 31 December 2019 are as follows:

- Compulsory reserve balance is 3% of the preceding month's average balance for demand deposits and term deposits in VND with terms of less than 12 months;
- Compulsory reserve balance is 1% of the preceding month's average balance for deposits in VND with terms of 12 months or more.

Compulsory reserve balances for deposits in foreign currencies applicable to credit institutions as at 31 December 2019 are as follows:

- Compulsory reserve balance is 8% of the preceding month's average balance for demand deposits and term deposits in foreign currencies with terms of less than 12 months;
- Compulsory reserve balance is 6% of the preceding month's average balance for deposits in foreign currencies with terms of 12 months or more;
- Compulsory reserve balance is 1% of the preceding month's average balance for deposit in foreign currencies from overseas credit institutions.

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

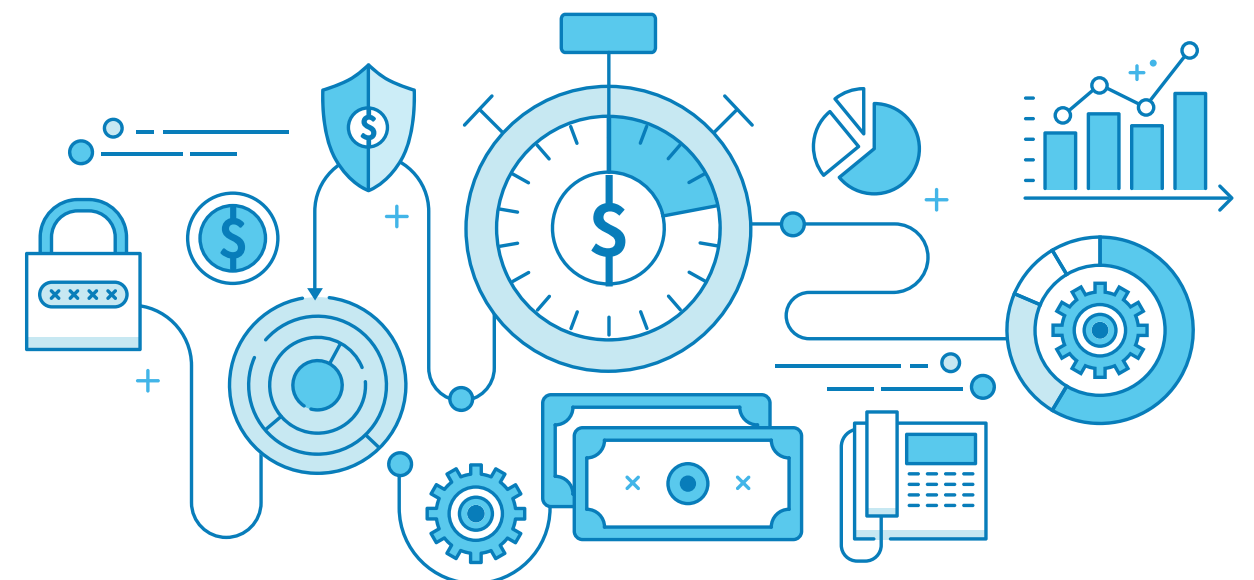
as at 31 December 2019 and for the year then ended

**7. PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS**

	31 December 2019 VND million	31 December 2018 VND million
<b>Placements with other credit institutions</b>		
Current accounts	59,830,519	67,777,391
- In VND	54,755,345	60,142,796
- In foreign currencies	5,075,174	7,634,595
Term deposits	63,254,239	58,499,455
- In VND	34,938,860	38,469,817
- In foreign currencies	28,315,379	20,029,638
	<b>123,084,758</b>	<b>126,276,846</b>
<b>Loans to other credit institutions</b>		
In VND	5,804,080	3,730,710
In foreign currencies	499,680	504,456
	<b>6,303,760</b>	<b>4,235,166</b>
	<b>129,388,518</b>	<b>130,512,012</b>

Placements with and loans to other credit institutions by loan group are as follows:

	31 December 2019 VND million	31 December 2018 VND million
Current	69,557,999	62,734,621





**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**8. SECURITIES HELD FOR TRADING**

	31 December 2019 VND million	31 December 2018 VND million
<b>Debt securities</b>	<b>3,137,327</b>	<b>2,183,108</b>
Government securities	2,363,665	1,276,084
Securities issued by other domestic credit institutions	111,318	575,179
Securities issued by other domestic economic entities	662,344	331,845
<b>Equity securities</b>	<b>913,918</b>	<b>946,374</b>
Equity securities issued by other domestic credit institutions	23,476	21,491
Equity securities issued by other domestic economic entities	890,442	924,883
<b>Other trading securities</b>	<b>-</b>	<b>150,079</b>
Fund certificates	-	150,079
	<b>4,051,245</b>	<b>3,279,561</b>
Provision for securities held for trading	(225,871)	(147,726)
	<b>3,825,374</b>	<b>3,131,835</b>

**Securities held for trading by listing status**

	31 December 2019 VND million	31 December 2018 VND million
<b>Debt securities</b>	<b>3,137,327</b>	<b>2,183,108</b>
Listed securities	2,474,983	1,999,942
Unlisted securities	662,344	183,166
<b>Equity securities</b>	<b>913,918</b>	<b>946,374</b>
Listed securities	559,962	560,945
Unlisted securities	353,956	385,429
<b>Other trading securities</b>	<b>-</b>	<b>150,079</b>
Listed securities	-	-
Unlisted securities	-	150,079
	<b>4,051,245</b>	<b>3,279,561</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**9. DERIVATIVES AND OTHER FINANCIAL ASSETS**

	31 December 2019 VND million	31 December 2018 VND million
<b>Currency derivative financial instruments</b>	<b>460,677</b>	<b>195,848</b>
Foreign exchange forward contracts	45,185	(79,987)
Foreign exchange swap contracts	415,492	275,835
<b>Commodity option contracts</b>	<b>-</b>	<b>-</b>
<b>Other derivative financial instruments</b>	<b>9,035</b>	<b>85,318</b>
	<b>469,712</b>	<b>281,166</b>



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**10. LOANS TO CUSTOMERS**

	31 December 2019 VND million	31 December 2018 VND million
Loans to domestic economic entities and individuals	920,678,908	851,853,211
Discounted bills and valuable papers	1,389,621	1,026,188
Financial lease	2,785,755	2,486,941
Payments on behalf of customers	10,337	96,054
Loans financed by entrusted funds	348,928	452,354
Loans to foreign economic entities and individuals	10,057,396	9,011,200
	<b>935,270,945</b>	<b>864,925,948</b>

**10.1 Analysis of loan portfolio by quality**

	31 December 2019 VND million	31 December 2018 VND million (restated)
Current	918,780,095	846,022,474
Special mention	5,677,439	5,194,126
Substandard	2,062,615	2,139,221
Doubtful	1,546,701	2,016,689
Loss	7,204,095	9,553,438
	<b>935,270,945</b>	<b>864,925,948</b>

**10.2 Analysis of loan portfolio by original maturity**

	31 December 2019 VND million	31 December 2018 VND million
Short term loans	537,206,295	487,609,766
Medium term loans	61,930,487	70,340,280
Long term loans	336,134,163	306,975,902
	<b>935,270,945</b>	<b>864,925,948</b>



VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

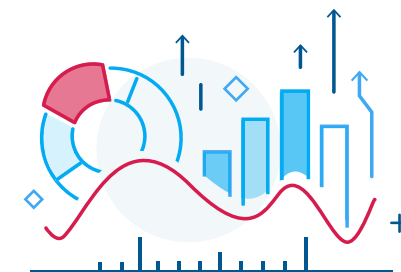
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**10. LOANS TO CUSTOMERS (continued)****10.3 Analysis of loan portfolio by ownership and types of customers**

	31 December 2019 VND million	%	31 December 2018 VND million	%
State-owned companies	42,213,282	4.51	35,753,678	4.13
One-member limited liability companies with 100% State ownership	33,347,654	3.57	38,958,135	4.50
Two or more member limited liability companies with over 50% State ownership or being controlled by the State	6,628,148	0.71	6,559,862	0.76
Other limited liability companies	210,675,358	22.53	192,470,350	22.25
Joint stock companies with over 50% State ownership or voting share capital; or being controlled by the State	35,845,575	3.83	32,583,840	3.77
Other joint-stock companies	264,881,824	28.32	247,586,087	28.64
Partnership companies	48,495	0.01	25,244	0.00
Private enterprises	12,450,347	1.33	12,548,898	1.45
Foreign invested enterprises	50,541,116	5.40	48,063,597	5.56
Co-operatives and unions of co-operative	1,365,946	0.15	1,338,775	0.15
Household business and individuals	274,787,877	29.37	246,593,889	28.51
Operation administration entities, the Party, unions and associations	1,553,548	0.17	2,173,765	0.25
Others	931,775	0.10	269,828	0.03
	<b>935,270,945</b>	<b>100</b>	<b>864,925,948</b>	<b>100</b>





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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**10. LOANS TO CUSTOMERS (continued)****10.4 Analysis of loan portfolio by sectors**

	31 December 2019 VND million	%	31 December 2018 VND million	%
Construction	96,802,169	10.35	94,337,991	10.91
Electricity, petroleum and steam	34,076,022	3.64	27,952,631	3.23
Production and processing	236,237,449	25.26	233,772,041	27.03
Mining	16,943,774	1.81	18,643,873	2.16
Agricultural, forestry and aquaculture	39,074,667	4.18	35,792,236	4.14
Transportation, logistics and information	22,358,726	2.39	19,628,064	2.27
Wholesale and retail, repairing of cars, motor vehicles and motor cycles	293,911,523	31.43	254,030,031	29.36
Trading and services	133,592,532	14.28	119,245,916	13.79
Households services, production of material products and services used by households	41,905,460	4.48	44,614,817	5.16
Other activities	20,368,623	2.18	16,908,348	1.95
	<b>935,270,945</b>	<b>100</b>	<b>864,925,948</b>	<b>100</b>

**11. PROVISION FOR CREDIT LOSSES ON LOANS TO CUSTOMERS**

Movement of provision for credit losses on loans to customers during the year 2019 are as follows:

	General provision VND million	Specific provision VND million	Total VND million
Opening balance as at 1 January 2019 (restated)	<b>6,768,218</b>	<b>6,291,746</b>	<b>13,059,964</b>
Provision charged in the year	89,614	8,554,899	8,644,513
Provision used to write-off bad debts	-	(8,758,783)	(8,758,783)
<b>Closing balance as at 31 December 2019</b>	<b>6,857,832</b>	<b>6,087,862</b>	<b>12,945,694</b>

Movement of provision for credit losses on loans to customers during the year 2018 are as follows:

	General provision VND million (restated)	Specific provision VND million (restated)	Total VND million (restated)
Opening balance as at 1 January 2018	5,944,758	2,358,065	8,302,823
Provision charged in the year	823,460	4,188,222	5,011,682
Provision used to write-off bad debts	-	(254,541)	(254,541)
<b>Closing balance as at 31 December 2018</b>	<b>6,768,218</b>	<b>6,291,746</b>	<b>13,059,964</b>

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**12. INVESTMENT SECURITIES****12.1 Available-for-sale securities**

	31 December 2019 VND million	31 December 2018 VND million
<b>Debt securities</b>	<b>96,755,014</b>	<b>88,187,442</b>
Government debt securities	44,898,960	41,709,054
Debt securities issued by other domestic credit institutions	34,998,124	24,007,410
Debt securities issued by other domestic economic entities	16,857,930	22,470,978
<b>Equity securities</b>	<b>376,615</b>	<b>398,902</b>
Equity securities issued by domestic economic entities	376,615	398,902
<b>Provision for available-for-sale securities</b>	<b>(1,292,424)</b>	<b>(460,192)</b>
In which:		
Provision for diminution in value	(168,306)	(117,473)
General provision	(293,268)	(342,719)
Specific provision	(830,850)	-
	<b>95,839,205</b>	<b>88,126,152</b>

**12.2 Held-to-maturity securities**

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

	31 December 2019 VND million	31 December 2018 VND million
<b>Debt securities</b>	<b>2,586,748</b>	<b>2,780,789</b>
Government bonds	2,200,000	2,200,000
Bonds issued by other domestic credit institutions	-	94,041
Bonds issued by other domestic economic entities	386,748	486,748
<b>Provision for held-to-maturity securities</b>	<b>(2,901)</b>	<b>(3,651)</b>
General provision	(2,901)	(3,651)
	<b>2,583,847</b>	<b>2,777,138</b>

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**12. INVESTMENT SECURITIES (continued)****12.2 Held-to-maturity securities (continued)****12.2.2 Special bonds issued by VAMC**

	31 December 2019 VND million	31 December 2018 VND million
Special bonds	12,781,245	13,426,803
Provision for special bonds	(6,589,018)	(2,230,000)
	<b>6,192,227</b>	<b>11,196,803</b>

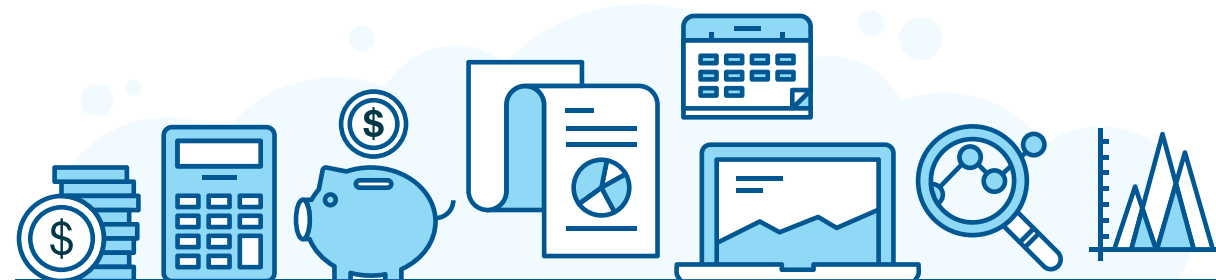
**12.3 Analysis by quality of investment securities classified as credit risk bearing assets**

	31 December 2019 VND million	31 December 2018 VND million
Current	41,295,925	40,682,714
Special mention	-	590,000
Substandard	-	-
Doubtful	-	-
Loss	590,000	480,850
	<b>41,885,925</b>	<b>41,753,564</b>

**12.4 Provision for investment securities**

Movement of provision for impairment of investment securities during the year is as follows:

	Available-for-sale securities VND million	Held-to-maturity securities VND million	Total VND million
Opening balance as at 1 January 2019	460,192	2,233,651	2,693,843
Provision charged in the year	832,232	4,358,268	5,190,500
<b>Closing balance as at 31 December 2019</b>	<b>1,292,424</b>	<b>6,591,919</b>	<b>7,884,343</b>



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**13. LONG-TERM INVESTMENTS**

Analysis by type of investments:

	31 December 2019 VND million	31 December 2018 VND million
Investment in a joint venture (Note 13.1)	3,018,057	2,906,452
Other long-term investments	264,652	412,645
Provision for long-term investments	-	(1,692)
	<b>3,282,709</b>	<b>3,317,405</b>

**13.1 Investment in a joint venture**

	31 December 2019			31 December 2018		
	Cost VND million	Carrying value (equity method) VND million	% owned	Cost VND million	Carrying value (equity method) VND million	% owned
Indovina Bank Limited	1,688,788	3,018,057	50%	1,688,788	2,906,452	50%
	<b>1,688,788</b>	<b>3,018,057</b>		<b>1,688,788</b>	<b>2,906,452</b>	

Indovina Bank Limited was established in Vietnam with Head Office located in Ho Chi Minh City; its main activity is providing banking services. This is a joint venture between the Bank and Cathay United Bank, a bank established in Taiwan. Indovina Bank Limited was granted Operating License No. 101/GP-NHNN dated 11 November 2019 (amended for Operating License No. 08/NH-GP dated 29 October 1992 issued by the State Bank of Vietnam) for the operating period of 99 years with the charter capital of USD193,000,000.

Since its establishment, with the approval of the State Bank, Indovina Bank Limited has made many capital increases, in which the value of capital contributed by the two parties to the joint venture increased but the proportion of contributed capital did not change. As at 31 December 2019, the charter capital of Indovina Bank Limited is USD193,000,000.





VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**14. TANGIBLE FIXED ASSETS**  
Movements of tangible fixed assets in the year are as follows:

	Building & construction VND million	Machines & equipment VND million	Transportation vehicles VND million	Other tangible fixed assets VND million	Total VND million
<b>Cost</b>					
Opening balance <i>(restated)</i>	7176,678	5,053,894	1,393,414	295,676	13,919,662
Additions	54,666	163,360	166,891	25,749	410,666
Transfer from construction in progress	375,143	51,826	17098	18,310	462,377
Disposals	(26,068)	(37,213)	(30,347)	(3,352)	(96,980)
Reclassification	-	(1,071)	-	1,071	-
Other increases/(decreases)	(9,555)	126,476	4,196	760	121,877
<b>Closing balance</b>	<b>7,570,864</b>	<b>5,357,272</b>	<b>1,551,252</b>	<b>338,214</b>	<b>14,817,602</b>
<b>Accumulated depreciation</b>					
Opening balance <i>(restated)</i>	1,993,441	4,532,603	974,771	224,195	7,725,010
Depreciation during the year	273,711	297,048	128,650	47,460	746,869
Disposals	(4,235)	(35,257)	(29,115)	(3,148)	(71,755)
Reclassification	-	(39)	-	39	-
Other increases/(decreases)	234	(6,378)	363	877	(4,904)
<b>Closing balance</b>	<b>2,263,151</b>	<b>4,787,977</b>	<b>1,074,669</b>	<b>269,423</b>	<b>8,395,220</b>
<b>Net book value</b>					
Opening balance <i>(restated)</i>	5,183,237	521,291	418,643	71,481	6,194,652
Closing balance	5,307,713	569,295	476,583	68,791	6,422,382

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**15. INTANGIBLE FIXED ASSETS**

Movements of intangible fixed assets in the year are as follows:

	Land use rights VND million	Other intangible fixed assets VND million	Total VND million
<b>Cost</b>			
Opening balance <i>(restated)</i>	4,504,749	1,942,646	6,447,395
Additions	6,020	1,812	7,832
Disposals	(425,270)	(1,904)	(427,174)
Other increases	5,748	268,525	274,273
Closing balance	4,091,247	2,211,079	6,302,326
<b>Accumulated depreciation</b>			
Opening balance <i>(restated)</i>	293,473	1,208,712	1,502,185
Amortization during the year	39,218	194,454	233,672
Disposals	(5,723)	(681)	(6,404)
Other decreases	(1,720)	-	(1,720)
Closing balance	325,248	1,402,485	1,727,733
<b>Net book value</b>			
Opening balance <i>(restated)</i>	4,211,276	733,934	4,945,210
Closing balance	3,765,999	808,594	4,574,593

**16. OTHER ASSETS****16.1 Receivables**

	31 December 2019 VND million	31 December 2018 VND million (restated)
Internal receivables	285,104	445,907
External receivables	15,275,062	14,051,703
<i>in which: CIT receivables</i>	-	136,488
Construction in progress	5,730,014	5,865,048
- <i>Constructions in the North</i>	5,247,938	5,144,184
- <i>Constructions in the Central</i>	304,640	559,290
- <i>Constructions in the South</i>	177,436	161,574
Fixed assets in purchase or under repair	1,059,318	1,378,835
	<b>22,349,498</b>	<b>21,741,493</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**16. OTHER ASSETS (continued)****16.2 Other assets**

	31 December 2019 VND million	31 December 2018 VND million (restated)
Materials	130,007	167,506
Prepaid expenses	3,398,502	3,175,473
Goodwill (Note 17)	–	907
Other assets	108,401	61,889
	<b>3,636,910</b>	<b>3,404,868</b>

**17. GOODWILL**

Goodwill represents business goodwill resulting from the enterprise valuation for purpose of equitizing VietinBank Securities Joint Stock Corporation – a subsidiary of the Bank.

	31 December 2019 VND million	31 December 2018 VND million
Total value of goodwill	18,149	18,149
Amortized period	10 years	10 years
Value of accumulated amortized goodwill at the beginning of the year	(17,242)	(15,427)
Value of unamortized goodwill at the beginning of the year	907	2,722
<b>Decrease in goodwill during the year</b>	<b>(907)</b>	<b>(1,815)</b>
Goodwill amortized during the year	(907)	(1,815)
<b>Total value of unamortized goodwill at the end of the year</b>	<b>–</b>	<b>907</b>

**18. DUE TO THE GOVERNMENT AND THE STATE BANK OF VIETNAM**

	31 December 2019 VND million	31 December 2018 VND million
<b>Borrowings from the SBV</b>	<b>2,616,734</b>	<b>3,394,517</b>
Borrowings based on the credit files	2,609,776	3,387,559
Borrowings to support State-owned enterprises	6,958	6,958
<b>Deposits from the State Treasury and other dues</b>	<b>67,986,159</b>	<b>59,205,642</b>
In VND	67,986,159	59,204,977
In foreign currencies	–	665
	<b>70,602,893</b>	<b>62,600,159</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**19. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS****19.1 Deposits from other credit institutions**

	31 December 2019 VND million	31 December 2018 VND million
<b>Demand deposits</b>	<b>41,418,294</b>	<b>45,929,817</b>
In VND	40,981,731	45,506,583
In foreign currencies	436,563	423,234
<b>Term deposits</b>	<b>41,119,746</b>	<b>28,012,107</b>
In VND	35,846,997	24,662,300
In foreign currencies	5,272,749	3,349,807
	<b>82,538,040</b>	<b>73,941,924</b>

**19.2 Borrowings from other credit institutions**

	31 December 2019 VND million	31 December 2018 VND million
In VND	3,500,812	4,244,314
In foreign currencies	23,444,207	33,213,374
	<b>26,945,019</b>	<b>37,457,688</b>

**20. CUSTOMER DEPOSITS**

	31 December 2019 VND million	31 December 2018 VND million
Demand deposits	146,420,659	124,039,627
– Demand deposits in VND	120,166,477	99,241,853
– Demand deposits in foreign currencies	26,254,182	24,797,774
Term deposits	740,861,362	694,572,398
– Term deposits in VND	712,001,684	665,347,621
– Term deposits in foreign currencies	28,859,678	29,224,777
Deposits for specific purpose	2,336,638	4,067,540
– Deposits for specific purpose in VND	1,507,119	2,471,786
– Deposits for specific purpose in foreign currencies	829,519	1,595,754
Margin deposits	3,166,569	3,136,554
– Margin deposits in VND	2,815,590	2,800,123
– Margin deposits in foreign currencies	350,979	336,431
	<b>892,785,228</b>	<b>825,816,119</b>



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

as at 31 December 2019 and for the year then ended

**20. CUSTOMER DEPOSITS (continued)**

Analysis of customer deposits by type of entities is as follows:

	31 December 2019 VND million	%	31 December 2018 VND million	%
State-owned companies	134,000,840	15.01	144,282,240	17.47
One-member limited liability companies with 100% State ownership	18,924,304	2.12	32,455,154	3.93
Two or more member limited liability companies with over 50% State ownership	967,114	0.11	1,475,933	0.18
Other limited liability companies	34,231,510	3.83	27,192,508	3.29
Joint stock companies with over 50% State ownership	38,090,520	4.27	23,934,107	2.90
Other joint-stock companies	55,567,154	6.22	53,066,664	6.42
Partnership companies	3,657,234	0.41	2,641,632	0.32
Private enterprises	4,322,656	0.48	2,201,924	0.27
Foreign invested enterprises	72,930,412	8.17	57,591,086	6.97
Co-operatives and unions of co-operative	451,800	0.05	170,954	0.02
Household business and individuals	472,022,908	52.87	435,144,186	52.70
Operation administration entities, the Party, unions and associations	35,154,926	3.94	30,154,319	3.65
Others	22,463,850	2.52	15,505,412	1.88
	<b>892,785,228</b>	<b>100</b>	<b>825,816,119</b>	<b>100</b>

**21. OTHER BORROWED AND ENTRUSTED FUNDS**

	31 December 2019 VND million	31 December 2018 VND million
Funds received in VND	750,505	849,358
Funds received in foreign currencies	5,025,394	5,084,671
	<b>5,775,899</b>	<b>5,934,029</b>

**22. VALUABLE PAPERS ISSUED**

	31 December 2019 VND million	31 December 2018 VND million
<b>In VND</b>	<b>57,065,477</b>	<b>46,215,482</b>
Par value	57,065,477	46,215,482
<b>In foreign currencies</b>	<b>876</b>	<b>877</b>
Par value	876	877
	<b>57,066,353</b>	<b>46,216,359</b>

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**22. VALUABLE PAPERS ISSUED (continued)**

Details of the term of valuable papers issued at the end of the year are as follows:

	Bills of exchange VND million	Bearer bonds VND million	Book-entry bond VND million s	Certificates of deposits VND million	Total VND million
Less than 12 months	197	-	-	-	197
- In VND	197	-	-	-	197
From 12 months to under 5 years	-	166	5,550,000	19,450,890	25,001,056
- In VND	-	166	5,550,000	19,450,014	25,000,180
- In foreign currencies	-	-	-	876	876
From 5 years	-	-	32,065,100	-	32,065,100
- In VND	-	-	32,065,100	-	32,065,100
<b>Closing balance</b>	<b>197</b>	<b>166</b>	<b>37,615,100</b>	<b>19,450,890</b>	<b>57,066,353</b>

**23. OTHER LIABILITIES****23.1 Other payables**

	31 December 2019 VND million	31 December 2018 VND million (restated)
Internal payables	3,472,757	2,714,687
External payables (*)	5,519,040	24,543,836
Bonus, welfare funds	330,366	1,504,821
	<b>9,322,163</b>	<b>28,763,344</b>

(\*) Details of external payables are as follows:

	31 December 2019 VND million	31 December 2018 VND million (restated)
Collection, payment on behalf of other organizations	1,477,465	20,933,729
Amount kept for customers and awaiting settlement	150,451	131,942
Corporate income tax payable/(receivable)	619,096	(32,586)
Other items awaiting for payment	1,483,731	1,410,283
Other payables related to securities operation	635,988	610,398
Tax and fee payables	311,302	226,737
Payables to the SBV due to the collection of written-off debts	92,380	90,046
Payables related to trade finance activities	6,008	6,005
Money transfer payable	250,237	860,339
Other payables	492,382	306,943
	<b>5,519,040</b>	<b>24,543,836</b>

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**24. TAX AND OTHER OBLIGATIONS TO THE STATE BUDGET**

	Opening balance VND million (restated)	Movements during the year		Closing balance VND million
		Payables VND million	Paid VND million	
Value added tax	23,490	466,966	470,053	20,403
Corporate income tax	(169,074)	2,288,731	1,500,561	619,096
Other taxes	125,220	714,134	709,925	129,429
	<b>(20,364)</b>	<b>3,469,831</b>	<b>2,680,539</b>	<b>768,928</b>

**24.1 Current corporate income tax**

From 1 January 2016, the Bank has the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits according to Circular No. 78/2014/TT-BTC which became effective from 2 August 2014.

For VietinBank Lao Limited, the Bank shall calculate and determine the CIT payable according to the income tax regulations in Laos. According to Tax Law No. 70 issued by the National Assembly on 15 December 2015, the CIT amount of VietinBank Lao Limited is determined by 24% of the earned profit.

The Bank's tax reports are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amount reported in the consolidated financial statements could be changed at a later date upon final determination of the tax authorities.

Current corporate income tax payables are determined based on taxable income of the year. Taxable income differs from the one reported in the consolidated income statement since taxable income excludes incomes which are taxable or expenses which are deducted in prior years due to the differences between the Bank's accounting policies and the tax regulations. It also excludes tax exempted income and non-deductible expenses. The current corporate income tax payables of the Bank is calculated based on the statutory tax rates applicable at the year-end.

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**24. TAX AND OTHER OBLIGATIONS TO THE STATE BUDGET (continued)****24.1 Current corporate income tax (continued)**

Provision for current income tax expense is computed as follows:

	2019 VND million	2018 VND million (restated)
<b>Profit before tax</b>	<b>11,780,993</b>	<b>6,558,633</b>
<i>Plus/(minus)</i>		
- Non-bearing tax dividend income	(305,360)	(229,761)
- Subsidiaries' profits	(618,607)	(702,521)
- Income from increase in interest at joint venture	(103,895)	(110,883)
- Movement of general provision for loans and bonds arising from consolidation	118,875	146,254
- Others	16,883	36,289
<b>Estimated taxable income</b>	<b>10,888,889</b>	<b>5,698,011</b>
Parent Bank's CIT expenses	2,177,778	1,139,602
Subsidiaries' CIT expenses	108,774	132,976
<b>Total CIT expenses in the year</b>	<b>2,286,552</b>	<b>1,272,578</b>
<b>CIT payable at the beginning of the year</b>	<b>(169,074)</b>	<b>131,590</b>
CIT paid during the year	(1,500,561)	(1,573,255)
Adjustment CIT differences of previous year	2,179	13
<b>Current income tax payable at the end of the year</b>	<b>619,096</b>	<b>(169,074)</b>



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Unit: VND million

	Charter capital	Share premium	Other owned capital	Capital supplementary reserve	Financial reserve	Investment and development fund	Foreign exchange difference	Undistributed profits	Non-controlling interests	Total
<b>Balance as at 1 January 2018</b>	<b>37,234,046</b>	<b>8,974,710</b>	-	<b>2,597,498</b>	<b>4,823,006</b>	<b>55,835</b>	<b>550,601</b>	<b>9,233,969</b>	<b>295,618</b>	<b>63,765,283</b>
Net profit for the year (restated)	-	-	-	-	-	-	-	5,274,803	2,443	5,277,246
Appropriation to reserves	-	-	-	276,179	547,499	10,747	-	(834,425)	(1,833)	(1,833)
Appropriation of the Bank bonus and welfare funds in 2017	-	-	-	-	-	-	-	(1,702,564)	-	(1,702,564)
Increase from subsidiaries' share issue	-	-	66,404	-	-	-	-	(66,404)	-	-
Increase from translation of financial statements for consolidation purposes	-	-	-	-	-	-	49,001	(49,001)	-	-
Reclassification	-	-	141,066	(141,066)	-	-	-	-	-	-
Other adjustments	-	(12)	-	-	(1,440)	(641)	-	(19,702)	(3)	(21,798)
<b>Balance as at 31 December 2018 (restated)</b>	<b>37,234,046</b>	<b>8,974,698</b>	<b>207,470</b>	<b>2,732,611</b>	<b>5,369,065</b>	<b>65,941</b>	<b>599,602</b>	<b>11,836,676</b>	<b>296,225</b>	<b>67,316,334</b>
Net profit for the year	-	-	-	-	-	-	-	9,461,267	15,722	9,476,989
Appropriation to reserves	-	-	-	477,851	954,582	10,671	-	(1,443,104)	-	-
Appropriation of the Bank bonus and welfare funds in 2018	-	-	-	-	-	-	-	(41,812)	(2,927)	(44,739)
Increase from subsidiaries' share issue	-	-	308,438	-	-	-	-	-	278,444	586,882
Increase from translation of financial statements for consolidation purposes	-	-	-	-	-	-	26,412	-	-	26,412
Utilization of reserves	-	-	-	-	(2,220)	-	-	-	-	(2,220)
Dividends in 2018 paid for non-controlling interests	-	-	-	-	-	-	-	-	(26,124)	(26,124)
Other adjustments	-	(15)	-	-	1,022	538	-	19,656	83	21,284
<b>Balance as at 31 December 2019</b>	<b>37,234,046</b>	<b>8,974,683</b>	<b>515,908</b>	<b>3,210,462</b>	<b>6,322,449</b>	<b>77,150</b>	<b>626,014</b>	<b>19,832,683</b>	<b>561,423</b>	<b>77,354,818</b>

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25. OWNERS' EQUITY AND RESERVES (continued)

25.2 Equity

Details of the Bank's shares are as follows:

	31 December 2019		31 December 2018	
	Shares	VND million	Shares	VND million
Number of registered shares	3,723,404,556	37,234,046	3,723,404,556	37,234,046
Number of shares issued	3,723,404,556	37,234,046	3,723,404,556	37,234,046
- Ordinary shares	3,723,404,556	37,234,046	3,723,404,556	37,234,046
Number of shares circulated	3,723,404,556	37,234,046	3,723,404,556	37,234,046
- Ordinary shares	3,723,404,556	37,234,046	3,723,404,556	37,234,046

The face value of each share of the Bank is VND10,000.

25.3 Basic earnings per share

Profit for calculation of basic earnings per share

	2019 VND million	2018 VND million (restated)
Net profit	9,461,267	5,274,803
Bonus and welfare fund	(1,848,981)	-
<b>Profit attributed to ordinary equity holders</b>	<b>7,612,286</b>	<b>5,274,803</b>

Number of ordinary shares for calculation of basic earnings

	2019 Shares	2018 Shares
Number of ordinary shares issued at the beginning of the year	3,723,404,556	3,723,404,556
Effect of the number of shares issued in the year	-	-
<b>Weighted average of ordinary shares for calculation of basic earnings per share</b>	<b>3,723,404,556</b>	<b>3,723,404,556</b>

Basic earnings per share

	2019 VND/share	2018 VND/share (restated)
<b>Basic earnings per share</b>	<b>2,044</b>	<b>1,417</b>

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**26. INTEREST AND SIMILAR INCOME**

	2019 VND million	2018 VND million (restated)
Interest income from deposits	3,121,356	2,240,484
Interest income from loans to customers	71,594,789	61,328,093
Interest income from debt securities	6,509,878	8,940,971
Income from guarantee activities	645,543	650,154
Income from finance leases	270,906	236,292
Other income from credit activities	600,299	473,872
	<b>82,742,771</b>	<b>73,869,866</b>

**27. INTEREST AND SIMILAR EXPENSES**

	2019 VND million	2018 VND million
Interest expenses for deposits	44,391,837	40,920,955
Interest expenses for borrowings	1,100,375	1,971,206
Interest expenses for valuable papers issued	3,680,910	2,218,639
Other expenses for credit activities	370,612	6,547,234
	<b>49,543,734</b>	<b>51,658,034</b>

**28. NET FEE AND COMMISSION INCOME**

	2019 VND million	2018 VND million (restated)
<b>Fee and commission income</b>	<b>7,888,130</b>	<b>5,963,790</b>
Settlement services	3,284,133	2,626,613
Trustee and agency services	131,427	51,398
Other services	4,472,570	3,285,779
<b>Fee and commission expenses</b>	<b>(3,832,752)</b>	<b>(3,193,013)</b>
Settlement services	(1,827,293)	(1,547,393)
Trustee and agency services	(133,299)	(47,405)
Treasury services	(301,880)	(282,232)
Other services	(1,570,280)	(1,315,983)
<b>Net fee and commission income</b>	<b>4,055,378</b>	<b>2,770,777</b>

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**29. NET GAIN FROM TRADING IN FOREIGN CURRENCIES**

	2019 VND million	2018 VND million
<b>Income from trading in foreign currencies</b>	<b>5,488,757</b>	<b>2,249,446</b>
Income from trading in spot foreign currencies	960,754	901,498
Income from trading in currency derivatives	1,463,386	890,449
Income from gold trading	3,064,617	457,499
<b>Expenses for trading in foreign currencies</b>	<b>(3,924,457)</b>	<b>(1,539,577)</b>
Expenses for trading in spot foreign currencies	(64,166)	(167,113)
Expenses for trading in currency derivatives	(800,196)	(916,742)
Expenses for gold trading	(3,060,095)	(455,722)
<b>Net gain from trading in foreign currencies</b>	<b>1,564,300</b>	<b>709,869</b>

**30. NET GAIN FROM SECURITIES HELD FOR TRADING**

	2019 VND million	2018 VND million
Income from securities held for trading	463,490	428,139
Expenses for securities held for trading	(19,782)	(82,399)
Provision charged for securities held for trading	(78,144)	(74,265)
<b>Net gain from securities held for trading</b>	<b>365,564</b>	<b>271,475</b>

**31. NET (LOSS)/GAIN FROM INVESTMENT SECURITIES**

	2019 VND million	2018 VND million
Income from trading in investment securities	43,975	105,868
Expenses for trading in investment securities	(3,221)	(32,839)
Provision (charged)/reserved for investment securities	(831,482)	145,292
<b>Net (loss)/gain from investment securities</b>	<b>(790,728)</b>	<b>218,321</b>



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**32 NET GAIN FROM OTHER ACTIVITIES**

	2019 VND million	2018 VND million (restated)
<b>Income from other activities</b>		
Income from recovery of bad debts previously written-off	1,337,954	1,968,711
Income from other derivatives	408,870	542,512
Income from transfer, disposal of assets	139,813	6,084
Other income	470,793	397,006
<b>Expenses for other activities</b>		
Expenses for other derivatives	(377,461)	(450,370)
Expenses for transfer, disposal of assets	(1,823)	(5,037)
Other expenses	(480,711)	(569,891)
<b>Net gain from other activities</b>	<b>1,497,435</b>	<b>1,889,015</b>

**33. INCOME FROM INVESTMENTS IN OTHER ENTITIES**

	2019 VND million	2018 VND million
Income received from equity securities	9,428	8,180
Income received from capital contribution	358,165	255,175
Share from net profit under equity method of investment in a joint venture	103,895	110,883
Income received from divestments	156,912	-
	<b>628,400</b>	<b>374,238</b>



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**34. TOTAL OPERATING EXPENSES**

	2019 VND million	2018 VND million (restated)
<b>Expenses on taxes, fees, charges</b>	<b>21,180</b>	<b>27,769</b>
<b>Personnel expenses</b>	<b>9,434,827</b>	<b>7,345,648</b>
Salary and allowances	7,769,361	5,822,268
Expenses related to salary	556,683	550,848
Allowances	2,994	14,320
Other expenses	1,105,789	958,212
<b>Expenses on assets</b>	<b>2,280,260</b>	<b>2,350,109</b>
Depreciation and amortization expenses	980,541	1,045,077
Others	1,299,719	1,305,032
<b>Administrative expenses</b>	<b>2,950,282</b>	<b>3,293,825</b>
Per-diem	169,947	222,664
Expenses for union activities	33,359	52,604
Other expenses	2,746,976	3,018,557
<b>Insurance premium for customers' deposits</b>	<b>663,368</b>	<b>629,513</b>
<b>Other provision expenses</b>	<b>384,945</b>	<b>437,176</b>
	<b>15,734,862</b>	<b>14,084,040</b>

**35. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents on the consolidated cash flow statement include items on the consolidated balance sheet are as follows:

	31 December 2019 VND million	31 December 2018 VND million
Cash and cash equivalents on hand	8,282,726	7,028,347
Balances with the SBV	24,873,714	23,182,208
Current accounts at other credit institutions	59,830,519	67,777,391
Placements with other credit institutions with terms not exceeding 3 months	62,059,785	57,556,773
	<b>155,046,744</b>	<b>155,544,719</b>

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**36. EMPLOYEES' REMUNERATIONS**

	2019	2018 (restated)
<b>I. Total number of employees (persons) (*)</b>	<b>24,105</b>	<b>24,197</b>
<b>II. Employees' remuneration (VND million)</b>		
1. Total salary fund	7,769,361	5,822,268
2. Other remuneration	356,255	321,540
3. Total remuneration (1+2)	8,125,616	6,143,808
4. Average monthly salary (**)	27.14	20.42
5. Average monthly remuneration (**)	28.38	21.55

(\*) Data as at 31 December

(\*\*) Calculated based on the average number of employees in the year

**37. COLLATERAL AND MORTGAGES****37.1 Assets, valuable papers taken for mortgage, pledge and discount, rediscount**

Details of customers' collateral and mortgages at the Bank as at the end of the year are as follows:

	31 December 2019 VND million	31 December 2018 VND million (restated)
Real estates	1,280,623,861	1,081,899,099
Movables	66,317,982	75,665,024
Deposits, gold, gemstones and valuable papers	143,377,428	129,677,028
Other assets	496,795,576	489,774,872
	<b>1,987,114,847</b>	<b>1,777,016,023</b>

Collaterals and mortgages held by the Bank which are permitted to sell to or re-pledge for a third party in the absence of default by the customers (owner of the collaterals) who are able to pay off the debts according to the law.

As at 31 December 2019, the Bank did not hold any collateral which the Bank is permitted to sell or re-pledge for a third party in the absence of default by the customers (owner of the collaterals) who are able to pay off the debt according to the law.

**38. RELATED PARTY TRANSACTIONS**

During normal business operation, the Bank has undertaken transactions with other parties to which the Bank is related. A party is considered to be related if the party has ability to control or to influence other parties in making decision of financial policies and operational activities. A party is related to the Bank if:

(a) Directly, or indirectly through one or more intermediaries, the party:

- controls, is controlled by, or is under common control by the Bank (including parents and subsidiaries);

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**38. RELATED PARTY TRANSACTIONS (continued)**

(a) Directly, or indirectly through one or more intermediaries, the party: (continued)

- has an interest (owning 5% or more of the charter capital or voting share capital) in the Bank that gives it significant influence over the Bank;

- has joint control over the Bank.

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

(c) The party has a member which is the member of the key management personnel of the Bank;

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

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

Details of significant balances with related parties as at 31 December 2019 are as follows:

**Related organizations**

Related parties	Relationship	Balances	31 December 2019 VND million	31 December 2018 VND million
The State Bank of Vietnam	Owner and direct management agency	Deposits of the Bank at the SBV	24,873,714	23,182,208
		Due to the SBV	2,616,734	3,394,517
Indovina Bank Limited	Joint venture	Deposits of the Bank at Indovina Bank Limited	4,015,808	4,011,795
		Deposits of Indovina Bank Limited at the Bank	4,044,912	4,040,635

Details of significant transactions with related parties in the year are as follows:

**Related organizations**

Related parties	Relationship	Transactions	2019 VND million	2018 VND million
The State Bank of Vietnam ("the SBV")	Owner and direct management agency	Increase in deposits of the Bank at the SBV	1,691,506	2,425,677
		Decrease in borrowings from the SBV	(777,783)	(712,764)
Indovina Bank Limited	Joint venture	Increase in deposits of the Bank at Indovina Bank Limited	4,013	4,010
		Increase in deposits of Indovina Bank Limited at the Bank	4,277	29,015



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**38. RELATED PARTY TRANSACTIONS (continued)**

Details of significant transactions with related parties in the year are as follows:

**Related Individual**

Related parties	Transactions
Board of Directors, Supervisory Board and Management (*)	Salaries and remunerations: Payment in accordance with the Bank's internal regulations on salary payment, ensuring the interrelation between managerial level's average salary and staff level's average salary within the banking system.

(\*) The salary and remuneration of the Board of Directors and Supervisory Board comply with Resolution No. 20/ NQ-DHDCD dated 23 April 2019 approved by the General Meeting of Shareholders and other related documents of subsidiaries.

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

	Total loans VND million	Total deposits VND million	Credit commitments VND million	Derivative financial instruments VND million	Trading and investment of securities VND million
Domestic	931,818,363	1,036,777,145	86,407,609	469,712	116,550,867
Overseas	9,756,342	6,532,282	157,184	-	-
	<b>941,574,705</b>	<b>1,043,309,427</b>	<b>86,564,793</b>	<b>469,712</b>	<b>116,550,867</b>

**40. SEGMENT INFORMATION**  
**40.1 Business segment report**

Items	Banking financial services	Non-banking financial services	Others	Adjustment	Total
<b>I. Income</b>	<b>93,937,633</b>	<b>2,820,803</b>	<b>3,374,765</b>	<b>(520,248)</b>	<b>99,612,953</b>
1. Interest income	82,310,757	471,311	108,634	(147,931)	82,742,771
- Interest income from external sources	82,304,484	451,234	107,494	(120,441)	82,742,771
- Interest income from internal sources	6,273	20,077	1,140	(27,490)	-
2. Income from services	5,799,170	2,270,662	8,557	(190,259)	7,888,130
3. Other income	5,827,706	78,830	3,257,574	(182,058)	8,982,052
<b>II. Expenses</b>	<b>(69,284,519)</b>	<b>(2,548,266)</b>	<b>(3,346,942)</b>	<b>351,298</b>	<b>(74,828,429)</b>
1. Interest expenses	(49,529,654)	(105,484)	(56,527)	147,931	(49,543,734)
- External interest expenses	(49,498,945)	(15,550)	(56,407)	27,168	(49,543,734)
- Internal interest expenses	(30,709)	(89,934)	(120)	120,763	-
2. Depreciation and amortization expenses	(957,908)	(10,249)	(12,384)	-	(980,541)
3. Expenses related to operating business	(18,796,957)	(2,432,533)	(3,278,031)	203,367	(24,304,154)
<b>Net profit from operating activities before credit provision expenses</b>	<b>24,653,114</b>	<b>272,537</b>	<b>27,823</b>	<b>(168,950)</b>	<b>24,784,524</b>
<b>Provision expenses for credit losses</b>	<b>(12,995,835)</b>	<b>2,736</b>	<b>429</b>	<b>(10,861)</b>	<b>(13,003,531)</b>
<b>Segment profit before tax</b>	<b>11,657,279</b>	<b>275,273</b>	<b>28,252</b>	<b>(179,811)</b>	<b>11,780,993</b>
Current corporate income tax expense	(2,223,560)	(53,040)	(9952)	-	(2,286,552)
Deferred corporate income tax expense	-	(272)	(17,180)	-	(17,452)
<b>Segment profit after corporate income tax</b>	<b>9,433,719</b>	<b>221,961</b>	<b>1,120</b>	<b>(179,811)</b>	<b>9,476,989</b>
<b>III. Assets</b>	<b>1,237,114,844</b>	<b>6,879,672</b>	<b>2,946,811</b>	<b>(6,229,852)</b>	<b>1,240,711,475</b>
1. Cash on hand	8,247,742	942	34,042	-	8,282,726
2. Fixed assets	10,850,245	82,389	64,341	-	10,996,975
3. Other assets	1,218,016,857	6,796,341	2,848,428	(6,229,852)	1,221,431,774
<b>IV. Liabilities</b>	<b>1,161,321,168</b>	<b>3,742,167</b>	<b>1,689,074</b>	<b>(3,395,752)</b>	<b>1,163,356,657</b>
1. External liabilities	1,158,851,681	2,432,372	1,658,429	(3,388,949)	1,159,553,533
2. Internal liabilities	2,469,487	1,309,795	30,645	(6,803)	3,803,124

Unit: VND million

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**40. SEGMENT INFORMATION (continued)**  
**40.2 Geographical segment report**

Unit: VND million

Items	North	South	Others	Offset	Total
<b>Segment profit before tax</b>	<b>8,926,323</b>	<b>401,658</b>	<b>2,632,823</b>	<b>(179,811)</b>	<b>11,780,993</b>
Current corporate income tax expense	(2,232,367)	(1,569)	(52,616)	-	(2,286,552)
Deferred corporate income tax expense	(17,452)	-	-	-	(17,452)
<b>Segment profit after corporate income tax</b>	<b>6,676,504</b>	<b>400,089</b>	<b>2,580,207</b>	<b>(179,811)</b>	<b>9,476,989</b>
Segment assets	711,352,558	384,210,148	151,378,621	(6,229,852)	1,240,711,475
Segment liabilities	643,027,757	376,355,558	147,369,094	(3,395,752)	1,163,356,657

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**41. FINANCIAL RISK MANAGEMENT POLICIES**

Under the guidance of the State Bank of Vietnam on enhancing the role of risk management in credit institutions, the Bank continues implementing risk management policies for its entire business to support the safe and steady growth of business activities.

Due to the goal of sustainable development, improving operational efficiency and competitive advantage, the Bank has always been one of the pioneers in researching and applying international practices on governance. In particular, the application of Basel II is one of the Bank's priority solutions. Since 2013, the Bank has begun to research and gradually implemented the Basel Accord standards in accordance with the schedule. Projects under the Basel II Accord focus on comprehensive enhancing of risk management capacity on material areas.

The application of advanced practices and risk management is a prerequisite for the integration and expansion of the Bank's influence in the global financial banking industry. The Bank has always played a pioneering role in the modernization of the banking system. In addition, after the Circular No.13/2018/TT-NHHH (Circular 13) stipulating the internal control system of commercial banks and foreign bank branches, the Bank took initiatives in reviewing control and adjusting regulations and processes in accordance with the requirements of Circular 13 to ensure compliance with the standards of internal control system, risk management, internal audit from 01 January 2019 and have preparation for the implementation of the internal assessment on capital adequacy which will take effect on 01 January 2021.

In 2020, the Bank will continue to actively study and implement projects under the Basel II in order to comprehensively enhance the management capacity for all types of risks. Moreover, the Bank has continued to complete its policies system in 5 levels, namely: (i) General policy regime, (ii) Detailed policies, (iii) Guidance documents on policies, (iv) General processes, and (v) Detailed processes for each product in order to ensure consistency and overall effectiveness of the policy system.

The activities related to the Bank's financial instruments including foreign exchange trading products, gold trading, cross currency swaps, interest rate swaps, etc. mainly serve the demands of corporate customers in the preferential and key sectors and corporate and individual customers that have strong financial conditions.

To manage risk related to financial instruments, the Bank issues regulations, procedures, detailed guidance and internal indicators as well as strictly manages the balance between assets and liabilities, tightly controls the growth in business activities and credit quality; complies with limitation and safety rate for its operation and requirements on risk management as stipulated in Circular 36/2014/TT-NHNN and Circular 06/2016/TT-NHNN, Circular 19/2017/TT-NHNN, Circular 22/2019/TT-NHNN (applied from 01 January 2020) and regulations of the State Bank of Vietnam and meets requirements on risk management in accordance with Basel II.



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**42. CREDIT RISK**

Credit risk is the risk that results in the Bank's loss because its customers or counterparties default on their contractual obligations or fail to fulfil their committed obligations.

Tools that the Bank uses to manage credit risk include:

*For credit activities:* The Bank manages and controls credit risk by setting credit limits for each counterparty and industrial concentration, and by monitoring exposures in relation to such limits.

The Bank has established a credit quality review process to provide early identification of possible changes in the financial position as well as solvency of counterparties based on the qualitative and quantitative factors. Credit limit is established for each counterparty based on its risk rating assigned by the credit rating system, in which each customer is rated at a risk rating. Risk rating can be modified and updated regularly.

*For investment activities/interbank lending activities:* The Bank controls and manages risks by setting the interbank and investment limit for each specific counterparty based on the analysis and assessment of the counterparty's risks. These limits are set by the Financial Institution Committee and executed by the Treasury Dealing Department.

**Methods of minimize credit risk**

**Credit bearing assets of the Bank are divided into the following groups:**

- **Financial assets which are neither past due nor impaired**

The Bank's financial assets which are neither past due nor impaired include loans classified as Current loans, except for the loans overdue less than 10 days, under Circular 02; securities, receivables and other financial assets which are not past due and no provision is required under Circular No. 48/2019/TT-BTC. The Bank believes that the Bank has the ability to collect adequately and timely these financial assets in the future.

- **Financial assets which are past due but not impaired**

Financial assets are overdue but not impaired as the Bank is currently holding sufficient collateral assets to offset credit risk in accordance with the SBV's regulations.

The Bank is currently holding collateral in the forms of real estates, movable assets, valuable papers and other types for the above financial assets.

The maturity of overdue but not impaired financial assets is presented as follows:

Unit: VND million

	Overdue				Total
	Less than 90 days	91-180 days	181-360 days	Over 360 days	
Loans to customers	530,988	210,133	102,529	339,645	1,183,295

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**42. CREDIT RISK (continued)****Methods of minimize credit risk (continued)**

- **Financial assets which are impaired**

The maturity of impaired financial assets is presented as follows:

Unit: VND million

	Overdue				Total
	Less than 90 days	91-180 days	181-360 days	Over 360 days	
Loans to customers	5,146,451	1,852,482	1,444,172	6,864,450	15,307,555
Available-for-sale securities	-	-	-	590,000	590,000
	<b>5,146,451</b>	<b>1,852,482</b>	<b>1,444,172</b>	<b>7,454,450</b>	<b>15,897,555</b>

**43. MARKET RISK****43.1 Interest rate risk**

Interest rate risk is the possibility of the Bank's income or asset value being affected when market interest rate fluctuates.

Interest rate risk to the Bank possibly derives from investment activities and fund mobilization and lending activities.

The effective interest rate re-pricing term of assets and liabilities is the remaining period from the date of consolidated financial statements to the nearest interest rate re-pricing date. The following assumptions and conditions have been adopted in the analysis of effective interest rate re-pricing term of the Bank's assets and liabilities:

- Cash, gold and gemstones and other assets are classified as non-interest-bearing items;
- Balances with the SBV are considered demand deposits, thus the effective interest rate re-pricing term is assumed to be within one month;
- The maturity of securities held-for-trading is calculated on the basis of the probable time to convert bonds into cash because this portfolio includes highly liquid bonds with fixed interest rates;
- The effective interest rate re-pricing term of placements with and loans to other credit institutions; investment securities; loans to customers; borrowings from the Government and the SBV; deposits and borrowings from other credit institutions; deposits from customers, valuable papers issued, grants, trusted funds and borrowings at risk of the credit institution is determined as follows:
  - Items with fixed interest rate during the contractual period: the effective interest rate re-pricing term is determined from the consolidated balance sheet date to maturity date;
  - Items with floating interest rate: the effective interest rate re-pricing term is determined from the consolidated balance sheet date to the nearest interest rate re-pricing date;
  - Accrued income, accrued expenses: classified as non-interest-bearing items.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 43. MARKET RISK (continued)

#### 43.1 Interest rate risk (continued)

##### **The Bank's interest rate risk policies**

For interbank lending (short-term activities), investment interest rate is based on the fluctuation of the market and the Bank's funding cost. The interbank loans usually have short terms (less than 3 months).

The Bank forecasts fluctuation of the market interest rate and its fund balancing ability in order to make appropriate investment decisions. In case that the interest rates are forecasted to decline, the Bank will focus on long-term investments to increase profitability. Conversely, if interest rates are forecasted to have increasing trend, the Bank will increase short-term investments.

For fund mobilization, interest rate is determined based on the market price, business orientation of the Bank's management, the Bank's fund balance and regulations of the State Bank of Vietnam. Fund is mobilized mainly with short interest rate re-pricing term.

For lending activities, the Bank determines lending interest rate based on the funding cost, management expenses, risk considerations, collateral value and market interest rate to ensure competitiveness as well as the efficiency. The Head Office regulates the lending interest rate floor for each period; branches can themselves decide lending interest rates for each period based on credit risk analysis and assessment provided that the rates are not less than the regulated floor rate and annual budgeted profit is assured. Besides, due to the fact that assets were mainly financed by the short interest rate re-pricing term funds, the Bank requires that all long-term and medium-term loans' interest must be floating (interest rate are not fixed during the whole loans' periods) to minimize possible interest rate risk to arise.

##### **Interest rate risk management**

The Bank manages interest rate risk at 2 levels: transaction level and portfolio level, of which the former is more focused.

##### *Interest rate risk management at portfolio level*

- Since 2013, the Bank has issued regulations and procedures for managing interest rate risk on banking book which stipulate the principles for managing interest rate risk on banking book through the process of identification, measurement, control and monitoring of risk aims to ensure a balance between the interest rate risk control/prevention goal and the maximization of net interest income as well as the economic value of equity in the business operations of the Bank.
- The Bank completed the design, officially applied and continuously upgraded the software system of Assets-Liabilities Management (ALM), which runs to the transaction level under international practices, automatically provides reports of term differences, revaluation under nominal term and behaviour, scenarios analysis reports on interest rate increase/decrease situation, etc. in order to facilitate the Bank's interest rate management activities.
- Re-pricing terms of all loans are required to be adjusted based on the re-pricing terms of funds mobilized and are controlled within established limits by the Bank.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2019 and for the year then ended

### 43. MARKET RISK (continued)

#### 43.1 Interest rate risk (continued)

##### **Interest rate risk management (continued)**

##### *Interest rate risk management at transaction level*

- All credit contracts are required to include terms relating to interest rate risk prevention to ensure that the Bank can hold initiative in coping with fluctuations of the market, lending interest rate must reflect the Bank's actual funding cost;
- Management through the Fund Transfer Pricing (FTP) system: the Bank has completed and continuously improved of internal fund transfer pricing system – FTP, which enhanced the Bank's capital and interest management. Depending on the orientation of the Bank and the market movements, the Head Office can change the fund price for each type of customers or products, etc. to give signals for the business units to determine their lending/fund mobilization rates.





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**4.3. MARKET RISK (continued)**  
**4.3.1 Interest rate risk (continued)**

Below table shows an analysis of the interest re-pricing period of assets and liabilities of the Bank as at 31 December 2019:

Unit: VND million

	Non-interest bearing	Overdue		Interest re-pricing period					Total
		Over 3 months	Up to 3 months	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Over 5 years
<b>Assets</b>									
Cash, gold and gemstones	8,282,726	-	-	-	-	-	-	-	-
Balances with the SBV	-	-	-	24,873,714	-	-	-	-	-
Placements with and loans to other credit institutions (*)	-	-	-	102,862,661	24,745,857	1,268,000	512,000	-	-
Securities held for trading (*)	-	-	-	4,051,245	-	-	-	-	-
Derivatives and other financial assets	-	-	-	469,712	-	-	-	-	-
Loans to customers (*)	-	10,813,411	5,677,439	379,769,979	259,416,799	211,468,782	570,49,706	97,64,628	1,310,201
Investment securities (*)	376,615	590,000	-	3,564,564	9,170,993	6,635,239	12,082,002	57,521,779	22,558,430
Long-term investments (*)	3,282,709	-	-	-	-	-	-	-	-
Fixed assets	10,996,975	-	-	-	-	-	-	-	-
Other assets (*)	32,662,294	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>55,601,319</b>	<b>11,403,411</b>	<b>5,677,439</b>	<b>515,591,875</b>	<b>293,333,649</b>	<b>219,372,021</b>	<b>69,643,708</b>	<b>67,286,407</b>	<b>23,868,631</b>

(\*): Excluding provision

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**4.3. MARKET RISK (continued)**  
**4.3.1 Interest rate risk (continued)**

Unit: VND million

	Non-interest bearing	Overdue		Interest re-pricing period					Total
		Over 3 months	Up to 3 months	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Over 5 years
<b>Liabilities</b>									
Due to the Government and the SBV	-	-	-	41,858,341	27,015,097	637,176	1,092,279	-	-
Deposits and borrowings from other credit institutions	-	-	-	80,836,237	20,986,679	6,146,752	1,471,745	41,646	-
Customer deposits	-	-	-	382,425,407	177,622,468	157,477,117	164,850,790	10,305,335	104,111
Other borrowed and entrusted funds	-	-	-	-	1,212,000	1,668,024	-	2,895,875	-
Valuable papers issued	-	-	-	-	-	24,900,000	2,001,253	30,165,100	-
Other liabilities (*)	27,157,537	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>27,157,537</b>	<b>-</b>	<b>-</b>	<b>505,119,985</b>	<b>226,836,244</b>	<b>190,829,069</b>	<b>169,416,067</b>	<b>43,407,956</b>	<b>104,111</b>
Interest sensitivity gap of balance sheet items	28,443,782	11,403,411	5,677,439	10,471,890	66,497,405	28,542,952	(99,772,359)	23,878,451	23,764,520
Interest sensitivity gap of off-balance sheet items	-	-	-	-	-	-	-	-	-
Interest sensitivity gap of on, off-balance sheet items	28,443,782	11,403,411	5,677,439	10,471,890	66,497,405	28,542,952	(99,772,359)	23,878,451	23,764,520

(\*): Excluding provision

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**43. MARKET RISK (continued)****43.2 Currency risk**

Currency risk is the risk that values of financial instruments will be affected by the changes in foreign exchange rate.

The Bank was incorporated and operates in Vietnam and its reporting currency is Vietnam Dong (VND), while part of the Bank's asset-equity is in foreign currencies (USD, EUR, etc.). Thus, currency risk may arise.

The Bank is exposed to the following risks:

- Currency risks in foreign currency trading;
- Currency risks in fund mobilization and lending;
- Currency risks in investments.

*To prevent the risk of exchange rate fluctuations, the Bank has applied the following synchronous measures:*

Based on the actual data, the growth demand of affiliates and business orientation, Treasury and Financial Planning Department analyses and projects cash inflows and outflows and proposes fund planning projection for each currency unit (in VND, USD, and EUR equivalent) to the Bank's management based on actual daily cash flows to ensure safety and effectiveness of the whole system. All foreign currency loans are financed through mobilized funds in the same currency, thus no currency risk arises in lending and mobilization activities.

*For investment activities:*

The Bank faces currency risk with regards to its investment in Indovina Bank Limited and in VietinBank Lao Limited. Currency risk for these investments is closely monitored by the Bank through the analysis and forecast of changes in exchange rates of these currencies against VND.

*For foreign currency trading activities:*

Regulations on currency position for each currency unit and stop-loss limits in foreign exchange trading are developed by the Market Risk Management Department at the Head Office and approved by the General Director, which are within the Bank's risk tolerance. The market risk limits are controlled and executed by the Treasury Dealing Department at the Head Office and independently supervised and reported by the Market Risk Management Department. The currency position is managed on a daily basis and hedging strategies are used to ensure that the currency position is maintained within established limits.

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**43. MARKET RISK (continued)****43.2 Currency risk (continued)**

The following table presents assets and liabilities in foreign currencies translated into VND as at 31 December 2019:

	EUR equivalent VND million	USD equivalent VND million	Other currencies equivalent VND million	Total VND million
<b>Assets</b>				
Cash, gold and gemstones	128,332	773,812	53,183	955,327
Balances with the SBV	-	3,654,392	-	3,654,392
Placements with and loans to other credit institutions	253,603	31,740,146	1,896,484	33,890,233
Loans to customers (*)	135,347	71,867,898	3,676,010	75,679,255
Long-term investments (*)	-	1,688,788	-	1,688,788
Other assets (*)	2,112,791	12,619,796	497,055	15,229,642
<b>Total assets</b>	<b>2,630,073</b>	<b>122,344,832</b>	<b>6,122,732</b>	<b>131,097,637</b>
<b>Liabilities</b>				
Deposits and borrowings from other credit institutions	221,151	28,435,478	496,890	29,153,519
Customer deposits	1,382,088	54,745,995	166,275	56,294,358
Derivatives and other financial liabilities	796,825	38,786,275	431,432	40,014,532
Other borrowed and entrusted funds	174,454	4,845,473	5,467	5,025,394
Valuable papers issued	-	876	-	876
Other liabilities (*)	47,579	1,337,372	7,636	1,392,587
<b>Total liabilities</b>	<b>2,622,097</b>	<b>128,151,469</b>	<b>1,107,700</b>	<b>131,881,266</b>
<b>FX position on balance sheet</b>	<b>7,976</b>	<b>(5,806,637)</b>	<b>5,015,032</b>	<b>(783,629)</b>
<b>FX position off-balance sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net on, off-balance sheet FX position</b>	<b>7,976</b>	<b>(5,806,637)</b>	<b>5,015,032</b>	<b>(783,629)</b>

(\*): Excluding provision



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**43. MARKET RISK (continued)****43.3 Liquidity risk**

Liquidity risk is defined as the risk that results in the Bank's difficulty in meeting obligations associated with its financial liabilities. Liquidity risk arises since the Bank might be unable to meet its payment obligations when they fall due under both normal and stressed circumstances or when the Bank has to mobilize funds at a higher cost to meet its payment obligations.

The Bank had issued regulations and procedures on the liquidity risk management which establishes rules of managing the liquidity gap through maturity, liquidity risk ratios, designs stress test scenarios and backup plan to proactively handle measures in facing with the market volatility. To minimize this risk, the management plans to diversify its funding sources and also develops fund management report system to calculate liquidity position on a daily basis as well as prepares analysis and forecast report on future liquidity position on a regular basis.

On a monthly basis, at ALCO Council meeting, fund balance and liquidity of the Bank is one of the key contents to be discussed. At Risk Management Council meeting, the compliance of risk appetite and liquidity risk limits is also reviewed and reported. Based on analysis and evaluation, ALCO/Risk Council makes recommendations to the Management to best remain the Bank's solvency in a safe and effective way.

In addition, the Bank also maintains a list of secondary liquid assets such as the Government bonds, which may be sold or under repurchased contracts with the State Bank of Vietnam. It is not only the secondary reserve in liquidity stress circumstances (if any) but also the profitable investments, providing funds for key national projects. The maturity of assets and liabilities represents the remaining time to the contractual maturity date from the balance sheet date until the payment date regulated in the contract or terms of issuance.

The following assumptions and conditions have been adopted in the analysis of the Bank's maturity relating to its assets and liabilities:

- Cash, gold and gemstones and balance with the State Bank of Vietnam are classified into maturity up to one month;
- The maturity term of deposits with and loans to other credit institutions and loans to customers, investment securities, borrowings from the Government and the SBV, deposits, loans from other credit institutions, valuable papers issued, other borrowed and entrusted funds are based on the contractual maturity date;
- The maturity of securities held-for-trading is calculated on the basis of the probable time to convert bonds into cash because this portfolio includes highly liquid bonds;
- The maturity term of deposits from customers are determined based on the customer's behaviour analysis and the forecast on interest rate policy and other macroeconomic factors.

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as at 31 December 2019 and for the year then ended

**43. MARKET RISK (continued)****43.3 Liquidity risk (continued)**

Based on the management's approval of annual business plan, the Treasury and Financial Planning Department together with some other departments does analysis and makes forecasts of cash inflows and outflows of the system according to the approved plans; and also based on the actual daily fluctuations of fund mobilization and utilization, the Bank makes decisions on appropriate management of capital adequacy.

Based on the projection of capital adequacy, the Treasury and Financial Planning Department in cooperation with the Treasury Dealing Department creates the Bank's liquidity buffer through purchasing highly liquid valuable papers, which could be converted into cash on the secondary market. The Treasury and Financial Planning Department in cooperation with the Treasury Dealing Department may decide to sell valuable papers to the SBV in the open market, or to borrow to replenish working capital's deficiency to ensure liquidity position of the whole system.

Based on the SBV's regulations, the Treasury and Financial Planning Department in cooperation with the Treasury Dealing Department proposes available fund management plan in order to assure that the actual average balance of deposits in VND and foreign currencies at the SBV is not less than the required level of compulsory reserve. Besides, the Bank also establishes credit limit with other banks and other credit institutions for mutual support when needed. The Market Risk Management Department acts as an independent supervisor to ensure that the liquidity risks are managed and comply with the regulations and procedures on the liquidity management of the Bank.

The process of capital adequacy of the Bank is performed in the Core Sunshine system, the interbank payment program CITAD, Asset-Liability management software, information about large cash flows from business units. Therefore, the Bank actively performs liquidity risk management on a daily basis.

The Bank's liquidity risk management activities are monitored closely in compliance with the regulations of the State Bank of Vietnam and the Bank's criteria for internal liquidity management for each major currency unit (such as VND, USD, EUR) on deposit and loan portfolios.



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Unit: VND million

43. MARKET RISK (continued)  
43.3 Liquidity risk (continued)  
The table below presents the analysis of remaining maturity of assets and liabilities of the Bank as at 31 December 2019:

	Overdue		Current				Total
	Over 3 months	Up to 3 months	Up to 1 month	From 1 month to 3 months	From 3 months to 12 months	From 1 to 5 years	
<b>Assets</b>							
Cash, gold and gemstones	-	-	8,282,726	-	-	-	8,282,726
Balances with the SBV	-	-	24,873,714	-	-	-	24,873,714
Placements with and loans to other credit institutions (*)	-	-	102,862,661	24,745,857	1,780,000	-	129,388,518
Securities held for trading (*)	-	-	4,051,245	-	-	-	4,051,245
Derivatives and other financial assets	-	-	469,712	-	-	-	469,712
Loans to customers (*)	10,813,411	5,677,439	50,599,128	192,747,559	323,425,506	138,460,127	935,270,945
Investment securities (*)	590,000	-	2,538,509	2,393,281	15,219,203	66,523,686	112,499,622
Long-term investments (*)	-	-	-	-	-	-	3,282,709
Fixed assets	-	-	-	-	-	-	10,996,975
Other assets (*)	-	-	-	-	-	-	32,662,294
<b>Total assets</b>	<b>11,403,411</b>	<b>5,677,439</b>	<b>193,677,695</b>	<b>219,886,697</b>	<b>340,424,709</b>	<b>204,983,813</b>	<b>1,261,778,460</b>
<b>Liabilities</b>							
Due to the Government and the SBV	-	-	41,858,341	27,015,097	1,729,455	-	70,602,893
Deposits and borrowings from other credit institutions	-	-	80,531,043	20,864,392	6,264,527	1,689,630	109,483,059
Customer deposits	-	-	187,237,145	209,444,488	400,801,956	94,549,559	892,785,228
Other borrowed and entrusted funds	-	-	-	-	-	2,895,875	5,775,899
Valuable papers issued	-	-	-	-	24,900,000	2,101,253	57,066,353
Other liabilities (*)	-	-	9,860,138	3,960,131	6,768,532	5,975,757	27,157,537
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>319,486,667</b>	<b>261,284,108</b>	<b>440,464,470</b>	<b>107,212,074</b>	<b>1,162,870,969</b>
<b>Net liquidity gap</b>	<b>11,403,411</b>	<b>5,677,439</b>	<b>(125,808,972)</b>	<b>(41,397,411)</b>	<b>(100,039,761)</b>	<b>97,771,739</b>	<b>98,907,491</b>

(\*): Excluding provision

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**43. MARKET RISK (continued)****43.3 Liquidity risk (continued)****Other market price risk**

Except for the assets and liabilities disclosed in the previous section, the Bank does not bear any other market price risks that account for 5% of its net profit or the value of its assets, liabilities accounted for 5% of total assets.

**44. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

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

The Circular 210 only regulates the presentation of financial statements and disclosures financial instruments, therefore, the below definitions of financial assets, financial liabilities and other relating definitions are applied solely for the preparation of this Note. The Bank's assets and liabilities, owner's equity are still recognized and recorded in accordance with Vietnamese Accounting Standards, Accounting System for Credit Institutions and other statutory requirements relevant to preparation and presentation of the consolidated financial statements.

Financial assets

Under Circular 210, financial assets of the Bank include placements with other credit institutions, loans to customers and other institutions, other receivables and currency derivative contracts.

Financial assets within the scope of Circular 210, for disclosures in the notes to the consolidated financial statements, are classified into either of the followings:

- *Financial asset at fair value through profit or loss*

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

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

- It is acquired or incurred principally for the purpose of reselling or repurchasing it in the short term;
- There is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except derivative that is a financial guarantee contract or effective hedging instrument).

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

- *Held-to-maturity investments*

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



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**44. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)**Financial assets (continued)• *Held-to-maturity investments (continued)*

a) Those that the Bank upon initial recognition designates as at fair value through profit or loss report;

b) Those that the Bank designates as available for sale; or

c) Those meet the definition of loans and receivables.

• *Loans and receivables:*

Loans and receivables are non-derivative with fixed payments or can be recognized and are not quoted on the market, other than:

a) Those that the Bank intends to sell immediately or in the near future are classified as assets held for trading purposes, and others that at the same time of initial recognition that the entity classified at fair value according to result of income statement;

b) Those that the Bank classifies as available-for-sale at the time of initial recognition; or

c) Those that the holders may not recover most of the initial investment cost, not due to the impairment of the credit quality and are classified as available-for-sale.

• *Available-for-sale financial assets:*

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

a) Loans and receivables;

b) Held-to-maturity investments; or

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

Financial liabilities

According to Circular 210 financial liabilities of the Bank includes deposits and loans from other institutions, valuable papers issued and other financial liabilities.

Financial liabilities within the scope of Circular 210, for disclosures in the notes to the consolidated financial statements, are classified into either of the followings:

• *Financial liability at fair value through profit or loss:*

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

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

- It is acquired or incurred principally for the purpose of reselling or repurchasing it in the short term;
- There is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except derivative that is a financial guarantee contract or effective hedging instrument).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**44. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)**Financial liabilities (continued)• *Financial liability at fair value through profit or loss: (continued)*

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

• *Financial liabilities at amortized cost:*

Financial liabilities that are not classified as at fair value through profit or loss report are classified as at amortized cost.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if and only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.



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Unit: VND million

The carrying value and fair value of financial assets and financial liabilities of the Bank as at 31 December 2019 are presented as follows:

	Carrying value					Fair value
	Financial assets at fair value through profit and loss	Held-to-maturity	Loans and receivables	Available for-sale	Other assets and liabilities recorded at amortized cost	
Cash, gold and gemstones	8,282,726	-	-	-	-	8,282,726
Balances with the SBV	24,873,714	-	-	-	-	24,873,714
Placements with and loans to other credit institutions	-	-	129,388,518	-	-	129,388,518 (*)
Securities held for trading	4,051,245	-	-	-	-	4,051,245 (*)
Derivatives and other financial assets	469,712	-	-	-	-	469,712 (*)
Loans to customers	-	-	935,270,945	-	-	935,270,945 (*)
Available-for-sale securities	-	-	-	97,131,629	-	97,131,629 (*)
Held-to-maturity securities	-	15,367,993	-	-	-	15,367,993 (*)
Other long-term investments	-	-	-	264,652	-	264,652 (*)
Other financial assets	-	-	32,617,889	-	-	32,617,889 (*)
	37,677,397	15,367,993	1,097,277,352	97,396,281	-	1,247,719,023
Due to the Government and the SBV	-	-	-	-	70,602,893	70,602,893 (*)
Deposits and loans from other credit institutions	-	-	-	-	109,483,059	109,483,059 (*)
Customer deposits	-	-	-	-	892,785,228	892,785,228 (*)
Other borrowed and entrusted funds	-	-	-	-	5,775,899	5,775,899 (*)
Valuable papers issued	-	-	-	-	57,066,353	57,066,353 (*)
Other financial liabilities	-	-	-	-	26,344,203	26,344,203 (*)
	-	-	-	-	1,162,057,635	1,162,057,635

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

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## 45. COMPARATIVE FIGURES

During the year, the Bank adjusted, classified and re-presented some comparative figures at the beginning of the year in accordance with the State audit report. The details adjustments are as follows:

Extracted from the Balance Sheet

Unit: VND million

Items	31/12/2018 Restated (As adjusted by State Audit)	31/12/2018 Audited (As audited by independent auditor)	Adjustment
<b>Loans to customers</b>	<b>851,865,984</b>	<b>851,917,565</b>	<b>(51,581)</b>
Provision for credit losses on loans to customer	(13,059,964)	(13,008,383)	(51,581)
<b>Fixed assets</b>	<b>11,139,862</b>	<b>11,114,537</b>	<b>25,325</b>
Tangible fixed assets	6,194,652	6,193,312	1,340
Cost	13,919,662	13,925,207	(5,545)
Accumulated depreciation	(7,725,010)	(7,731,895)	6,885
Intangible fixed assets	4,945,210	4,921,225	23,985
Cost	6,447,395	6,424,369	23,026
Accumulated depreciation	(1,502,185)	(1,503,144)	959
<b>Other assets</b>	<b>31,730,749</b>	<b>31,849,567</b>	<b>(118,818)</b>
Receivables	21,741,493	21,556,765	184,728
Accrued interest and fees receivable	6,593,324	6,901,214	(307,890)
Other assets	3,404,868	3,400,524	4,344
<b>Total assets</b>	<b>1,164,289,661</b>	<b>1,164,434,735</b>	<b>(145,074)</b>
<b>Other liabilities</b>	<b>45,007,049</b>	<b>45,012,940</b>	<b>(5,891)</b>
Interest and fee payables	15,820,561	15,820,192	369
Other payables	28,763,344	28,772,169	(8,825)
Other provision (Allowance for contingent liabilities)	423,144	420,579	2,565
<b>Total liabilities</b>	<b>1,096,973,327</b>	<b>1,096,979,218</b>	<b>(5,891)</b>
<b>Equity and reserves</b>	<b>67,316,334</b>	<b>67,455,517</b>	<b>(139,183)</b>
Undistributed profits	11,836,676	11,975,822	(139,146)
Non-controlling interests	296,225	296,262	(37)
<b>TOTAL LIABILITIES AND OWNERS 'EQUITY</b>	<b>1,164,289,661</b>	<b>1,164,434,735</b>	<b>(145,074)</b>



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**45. COMPARATIVE FIGURES (continued)***Extracted from Off-balance sheet*

Unit: VND million

Items	31/12/2018 Restated (As adjusted by State Audit)	2018 Audited (As audited by independent auditor)	Adjustment
Letters of credit	52,935,903	52,940,203	(4,300)
Other guarantees	57,429,323	57,634,431	(205,108)

*Extracted from the Income Statement*

Unit: VND million

Items	2018 Restated (As adjusted by State Audit)	2018 Audited (As audited by independent auditor)	Adjustment
Interest and similar income	73,869,866	74,176,120	(306,254)
<b>Net interest and similar income</b>	<b>22,211,832</b>	<b>22,518,086</b>	<b>(306,254)</b>
Fee and commission income	5,963,790	5,954,421	9,369
Fee and commission expenses	(3,193,013)	(3,186,894)	(6,119)
<b>Net fee and commission income</b>	<b>2,770,777</b>	<b>2,767,527</b>	<b>3,250</b>
Other income	2,914,313	2,903,224	11,089
Other expenses	(1,025,298)	(1,024,814)	(484)
<b>Net gain from other activities</b>	<b>1,889,015</b>	<b>1,878,410</b>	<b>10,605</b>
<b>Total operating expenses</b>	<b>(14,084,040)</b>	<b>(14,256,251)</b>	<b>172,211</b>
<b>Net profit before provision for credit losses</b>	<b>14,361,487</b>	<b>14,481,675</b>	<b>(120,188)</b>
<b>Provision expense for credit losses</b>	<b>(7,802,854)</b>	<b>(7,751,273)</b>	<b>(51,581)</b>
<b>PROFIT BEFORE TAX</b>	<b>6,558,633</b>	<b>6,730,402</b>	<b>(171,769)</b>
Current corporate income tax expense	(1,272,578)	(1,305,164)	32,586
<b>Corporate income tax expense</b>	<b>(1,281,387)</b>	<b>(1,313,973)</b>	<b>32,586</b>
<b>PROFIT AFTER TAX</b>	<b>5,277,246</b>	<b>5,416,429</b>	<b>(139,183)</b>
Non-controlling interests	2,443	2,480	(37)
<b>Owners' net profit</b>	<b>5,274,803</b>	<b>5,413,949</b>	<b>(139,146)</b>
<b>Basic earnings per share (VND/share)</b>	<b>1,417</b>	<b>1,454</b>	<b>(37)</b>

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**46. EVENTS AFTER THE CONSOLIDATED BALANCE SHEET DATE**

There is no other matter or circumstance that has arisen since the consolidated balance date that requires adjustment or disclosure in the consolidated financial statements.

**47. EXCHANGE RATES OF SOME FOREIGN CURRENCIES AGAINST VIETNAM DONG AT THE BALANCE SHEET DATE**

	31 December 2019 VND	31 December 2018 VND
USD	23,167	23,195
EUR	26,164	26,587
GBP	30,450	29,537
CHF	23,938	23,544
JPY	213.52	210.69
SGD	17,265	17,023
CAD	17,874	17,034
AUD	16,350	16,392
NZD	15,598	16,364
THB	748.09	715.47
SEK	2,480	2,589
NOK	2,635	2,667
DKK	3,492	3,552
HKD	2,933	2,962
CNY	3,326	3,372
KRW	20.46	21.08
LAK	2.82	2.74
MYR	5,329	5,329

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Hanoi, Vietnam  
28 February 2020





