

EXIMBANK





ANNUAL REPORT

2019





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STATEMENT OF THE ACTING CEO

2019 marked the 30th anniversary of Eximbank's establishment and development with many upheavals. The Bank has, despite the difficulties, endeavored and gained certain achievements, affirming its position in the market as proven by the major awards bestowed by known organizations domestically and overseas.

On grounds of the values earned within the last 30 years, Eximbank has taken steady steps and successfully implemented the project "New Eximbank". It is the second year of the Bank's execution of its mid-term strategy for 2018 – 2020, during which it made positive movements in key initiatives and business results in 2019: Total assets reached VND167,538 billion. Capital funding increased 16.7% from the previous year, higher than the industry's average (12.5%) in the context where the Bank was gradually adjusting its funding policy by market trends. Credit quality was kept under good control, and NPL ratio dropped to 1.71% yoy from 1.85% as at end 2018, making the Bank one of those having the lowest NPL ratio in the system. Service income remarkably grew; specifically, card income hiked 33% and insurance premium income tripled from 2018, contributing to raise the service income growth rate to 12% being the highest in the last 3 years.

Together with those positive financial results, Eximbank carried out in the year the restructuring strategy project in which different components had been simultaneously deployed across the network to particularize and promote in-depth sales capacity based on business units' size and customer segments. In addition, the Bank also succeeded in implementing the projects for enhancement of risk management capacity such as Circular 41 and Circular 13 projects under the professional consultancy of KPMG.

Turning to 2020, apart from the fundamental advantages inherited from the business performance in 2019, Eximbank will keep up with restructuring activities to transparentize its operations, including: completing the tier-based business model; making staff planning against overall sales model; reducing intermediaries at business units but gradually centralizing operational tasks to Head Office; diversifying products, increasing cross-sales, and optimizing costs; innovating and applying technology to product and service development, etc.

Based on the plans as proposed, the Bank's management and all employees will join hands together to build and bring Eximbank back to its inherent position in the financial market.

On behalf of the Management and staff of Eximbank, I would like to extend our sincerest thanks to valued shareholders, clients, domestic and international partners, especially the State Bank of Vietnam from central to local levels, for your precious accompaniment and assistance to the Bank. We look forward to receiving continued support, sharing and feedbacks from you so that Eximbank can better improve ourselves for further and stronger development in the forthcoming time.

FOR THE MANAGEMENT
Acting CEO



NGUYEN CANH VINH

I. GENERAL INFORMATION ABOUT THE BANK

I.1. General information

Registered name in Vietnamese

Ngân hàng Thương mại Cổ phần Xuất Nhập khẩu Việt Nam

Registered name in English

Vietnam Export Import Commercial Joint Stock Bank (Vietnam Eximbank)

Board Chairman

Cao Xuan Ninh

Acting Chief Executive Officer

Nguyen Canh Vinh

Head Office registered address

Level 8, Suite No. L8-01-11 + 16, VINCOM CENTER

72 Le Thanh Ton, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam

Office address

Level 8, Suite No. L8-01-11 + 16, VINCOM CENTER

72 Le Thanh Ton, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam

Tel: (84.28) 38.210.056 Fax: (84.28) 38.216.913

Website: <http://www.eximbank.com.vn>

Regulator

State Bank of Vietnam

Auditor

KPMG Limited Vietnam

Address: Level 10, Sunwah Tower, 115 Nguyen Hue, District 1, Ho Chi Minh City, Vietnam

Date of first registration

23/07/1992

Date of registration for the 27th amendment

10/09/2018

Authority of first registration

Department of Planning and Investment of Ho Chi Minh City

Business Operation License

11/NH-GP dated 06/04/1992

Tax registration certificate number

0301179079

Stock information

Listed on: Ho Chi Minh City Stock Exchange

Stock name

Vietnam Export Import Commercial Joint Stock Bank (Eximbank)

Stock code: **EIB**

I.2. History and development

I.2.1. Establishment

Being one of the first commercial joint stock banks in the country, Vietnam Export Import Commercial Joint Stock Bank was established on 24 May, 1989 under Decision No. 140/CT by the Chairman of the Council of Ministers with the original name of Vietnam Export Import Bank.

Vietnam Export Import Bank officially came into operation on 17 January, 1990 and received its License of Operation No. 11/NH-GP dated 06 April, 1992 granted by the Governor of the State Bank of Vietnam allowing the Bank to operate for a term of 50 years with the registered charter capital of VND50 billion (equivalent to USD12.5 million at the time of establishment) and the new name of Vietnam Export Import Commercial Joint-Stock Bank (shortly as “Eximbank”).

I.2.2. Business lines

Eximbank’s major business lines include the main areas of short, medium and long-term fund mobilization in form of savings deposits, payment deposits, and certificates of deposit; receipt of funds entrusted for investment; receipt of funds from domestic and foreign credit institutions; short, medium and long term lending; discount of commercial papers and valuable papers; foreign exchange trading; international settlements; investment in securities and valuable papers; services of acquiring and issuing domestic cards, international Visa, MasterCard, and JCB cards; cash services; package financial services for overseas study; financial advisory services; corporate bond purchase; gold bar trading; custodian service; and other banking services.

I.2.3. Operating locations

Eximbank has its head office located at Level 8, Suite No. L8-01-11+16, Vincom Center, 72 Le Thanh Ton, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam. The Bank has one (1) head office, forty four (44) branches, one hundred and sixty three (163) transaction offices and one (1) representative office in Hanoi.

As at 31/12/2019, Eximbank has 207 banking units in 22 provinces and cities nationwide, including Hanoi, Hai Phong, Nghe An, Quang Ninh, Quang Ngai, Quang Nam, Da Nang, Hue, Nha Trang, Lam Dong, Dac Lac, Binh Phuoc, Binh Duong, Dong Nai, Ba Ria - Vung Tau, Ho Chi Minh City, Long An, An Giang, Tien Giang, Can Tho, Bac Lieu and Kien Giang.

I.2.4. Listing

Eximbank obtained the approval from Ho Chi Minh City Stock Exchange to list its shares as from 20 October 2009 under Decision No. 128/QD-SGDHCM.

Stock name: Stock of Vietnam Export Import Commercial Joint Stock Bank

Stock type: Common stock

Par value: VND10,000/stock

Total listed volume: 1,235,522,904 shares

Total listed value: VND12,355,229,040,000 (by par value)

Milestones through years of operation



I.2.5. Milestones through years of operation

1991 - 1992: Assigned by the State Bank of Vietnam and the Ministry of Finance to carry out part of the Swedish non-refundable finance program extended to Vietnamese entities having demands for importing goods from Sweden

1993: Joined the Electronic Clearing System of the State Bank of Vietnam

1995: Joined SWIFT (Society for Worldwide Interbank Financial Telecommunication)

Selected as 1 among 6 Vietnamese banks to participate in the Bank Modernization Project organized by the State Bank of Vietnam and funded by the World Bank

1997: Became a principal member of MasterCard International

1998: Became an official member of Visa International

2003: Launched the online Intra-bank Payment System in the whole network

2005: First bank in Vietnam to issue international Visa debit cards

2007: Signed strategic partnership agreements with 17 domestic and foreign investors, especially the strategic alliance agreement with Sumitomo Mitsui Banking Corporation (SMBC) of Japan

2008: Increased the charter capital to VND7,220 billion

2009: Raised the charter capital to VND8,800 billion and officially had shares listed on Ho Chi Minh City Stock Exchange

2010: Increased the charter capital to VND10,560 billion

2011: Increased the charter capital to VND12,355 billion

Selected by The Banker magazine to its **Top 1,000 World Banks and Top 25 Banks by Asset Growth in 2010**

2012: Presented “**Best Domestic Bank in Vietnam 2012**” by AsiaMoney;

Continued to be ranked in **Top 1,000 World Banks 2012** by The Banker

Officially launched the new set of brand identity

2013: Awarded by The Asian Banker with “**Best Managed Bank in Vietnam 2013**”; by EuroMoney Magazine with “**Best Bank in Vietnam 2013**”; and continued to be ranked in the **Top 1,000 World Banks 2013** by The Banker

One of the first banks to become the issuer of JCB-branded international cards in Vietnam

2014: Selected by The Banker to appear in its **Top 1,000 World Banks in 2014**. Eximbank has been honoured to be ranked in the Top World Banks for many consecutive years; Awarded by EuroMoney with “**Best Bank in Vietnam 2014**”



2015: Awarded “**Best Trade Finance Bank 2015**” by Asian Banker ; and bestowed “**Best Local Cash Management Bank in Vietnam 2015**” by AsiaMoney – Hong Kong as voted by small enterprises with annual turnover of below USD100 million

Eximbank and Infosys entered into an agreement to deploy Infosys Finacle corebanking solution in order to make a breakthrough in exploiting and further developing modern banking products and services

2016: Honorably awarded “**Excellence in International Payments 2016**” by JPMorgan (US)

2017: Mercedes-Benz and FUSO **launched the Daimler Financial Services with Eximbank in Vietnam**

Eximbank introduced Eximbank – JCB Platinum Travel Cash Back international credit card.

Eximbank reserved VND1,000 billion for the 2017 Bank - Enterprise connection program.

Awards:

HSBC 2016 Straight-Through Processing (STP) Excellence Award

BNY Mellon 2016 Straight-Through Processing (STP) Award

J.P.Morgan 2017 Quality Recognition Award for U.S. Dollar Clearing

Wells Fargo 2016 Operational Excellence Award

2018:

06/2018, Eximbank launched Eximbank Visa Platinum cashback card

10/2018, Eximbank introduced Eximbank JCB Young card

11/2018, Eximbank rolled over the online house/apartment insurance system (Merimen)

Awards:

2017 Straight-Through Processing (STP) Award by Bank of New York Mellon

Operational Excellence Award by Wells Fargo

2018 Quality Recognition Award for U.S. Dollar Clearing by J.P.Morgan (US)

Highlights in 2019

★ **01/2019:** Signed agreement with Tranglo to develop the online payment channel for remittance receivers

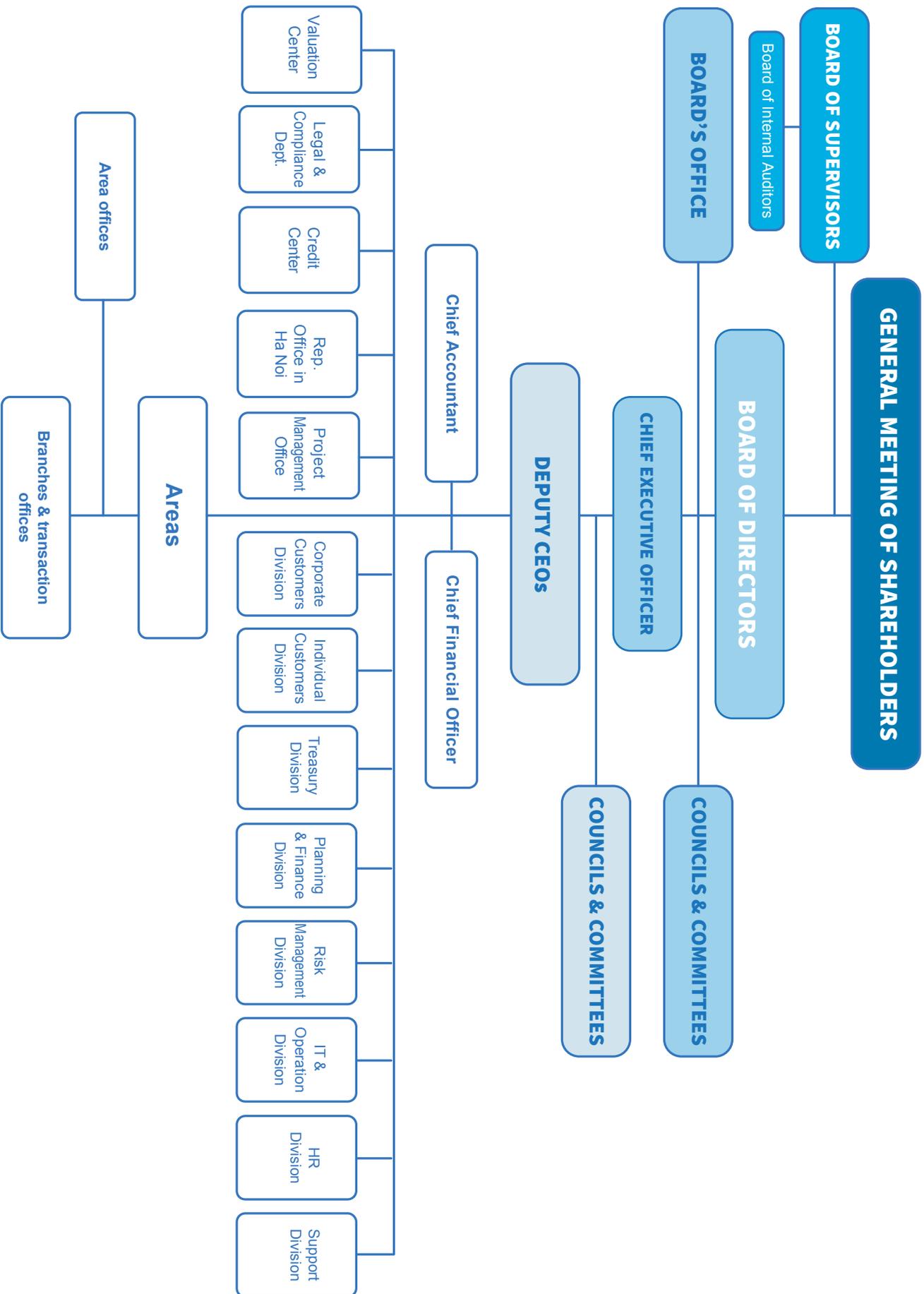
★ **11/2019:**

Eximbank HCMC Branch relocated to the new office at 4B Ton Duc Thang, Ben Nghe Ward, District 1

Signed the Memorandum of Understanding with Doreming Asia Pte. Ltd. with respect to the supply of payroll service through application

★ **12/2019:** Held the 2019 Eximbank Visa Golf Tournament for Eximbank cardholders in Ninh Binh





I.3.2. Management structure

Board of Directors

Mr. Cao Xuan Ninh	Chairman
Mr. Dang Anh Mai	Vice Chairman
Mr. Yasuhiro Saitoh	Vice Chairman
Mr. Le Minh Quoc	Independent member
Mr. Le Van Quyet	Member
Mrs. Luong Thi Cam Tu	Member
Mr. Ngo Thanh Tung	Member
Mr. Hoang Tuan Khai	Member
Mr. Nguyen Quang Thong	Member
Mr. Yutaka Moriwaki	Member

(Mr. Yutaka Moriwaki has been no longer a member of the Board of Directors as from 09 December, 2019)

Board of Supervisors

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

Board of Management

Mr. Nguyen Canh Vinh	Acting Chief Executive Officer
Mr. Tran Tan Loc	Deputy Chief Executive Officer
Mr. Dao Hong Chau	Deputy Chief Executive Officer
Mrs. Dinh Thi Thu Thao	Deputy Chief Executive Officer
Mr. Nguyen Ho Hoang Vu	Deputy Chief Executive Officer
Mr. Nguyen Huong Minh	Deputy Chief Executive Officer
Mrs. Van Thai Bao Nhi	Deputy Chief Executive Officer and HCMC Branch Director

I.3.3. Subsidiary

Eximbank has one subsidiary which is Debt Management and Asset Exploitation One-member Limited Liability Company. As of 31/12/2019, the paid-up charter capital was VND300 billion.

I.4. Development orientations

I.4.1. Development vision

Eximbank will take advantage of market opportunities to maintain sustainable growth, consolidate and expand its customer base, heighten the position and develop Eximbank into a modern joint stock commercial bank at which all shareholders, investors, customers and partners stay assured with their invested capital output and safety; a bank that offers a wide range of high-quality banking and financial products and services; and a brand-name known to the banking and financial industry and making great contributions to the community and society.

VISION To become a quality-leading commercial bank in Vietnam driven by professionalism and integrity.

MISSION

- Satisfy customers' expectations by provision of customer-centric financial services and solutions
- Offer diversified, high-quality and advanced-technology-applied financial solutions and products
- Create a working environment that encourages and rewards competent and highly-motivated employees
- Optimize value for all stakeholders including customers, shareholders, employees and communities through stable growth in business activities

CORE VALUES

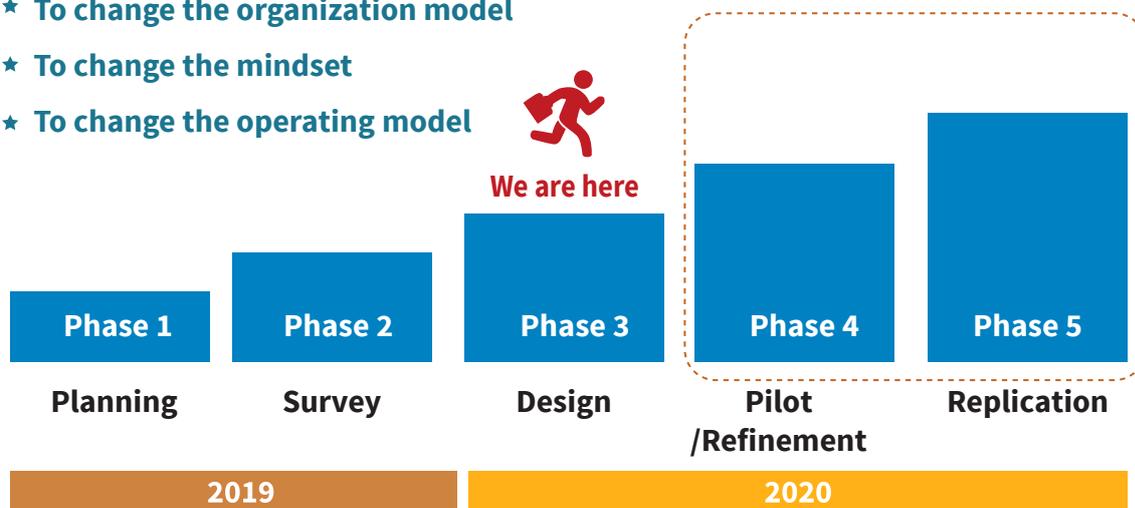
- Customer First and Reliable Services
- Business Ethics and Transparency
- Creativity and Innovation

I.4.2. “New Eximbank” Project

2019 is the second year of the Bank's execution of its mid-term strategy for 2018 – 2020, during which it has made positive movements in key initiatives to achieve the major objectives of (1) sustainable asset growth, (2) net interest margin (NIM) enhancement, (3) higher proportion of fee and service income, and (4) risk management and cost control.

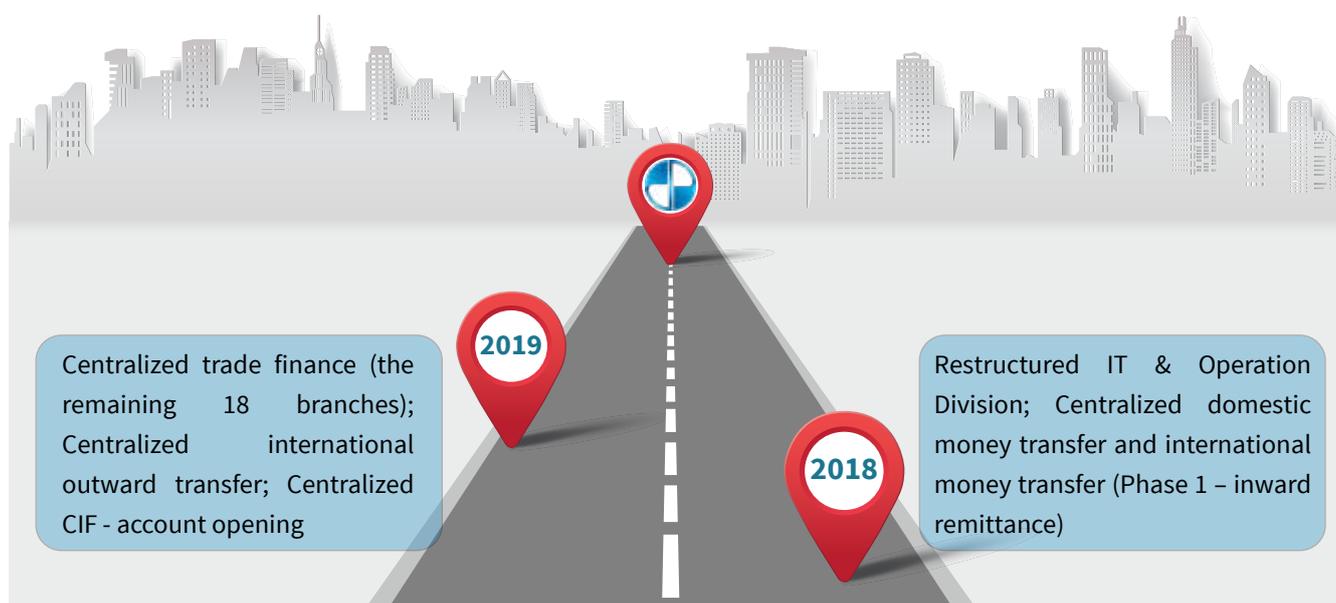
A series of targeted initiatives have been kicked off, including the initiation of the business unit restructuring project since Q1/2019 with the following goals:

- ★ To change the organization model
- ★ To change the mindset
- ★ To change the operating model



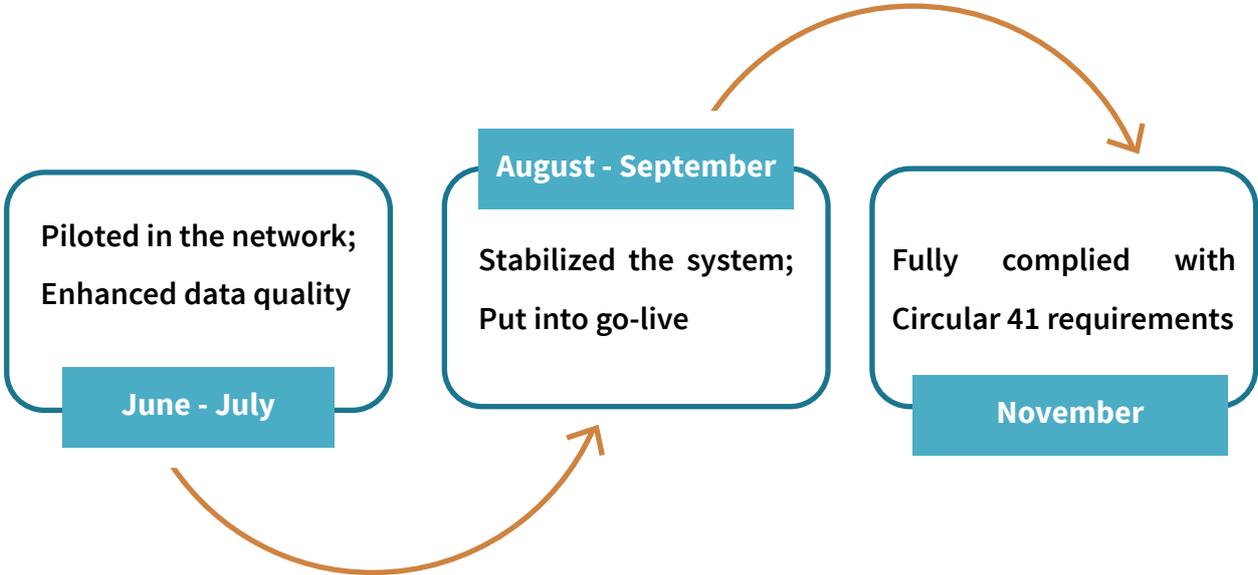
The project has analyzed and suggested the optimal model aligned with the Bank’s strategic orientations which has been thoroughly, constantly and strongly communicated to all employees to make way for important transformation in the future.

In parallel, many sub-projects under the project of operational centralization were completed in the year, which aim at helping the Bank to manage operational risk, improve operational productivity, optimize processes and invest in technologies in the subsequent phase.





The Bank is in absolute compliance with Circular 41 by investing in the technological system to complete the database, make capital calculation as required by the State Bank and prepare management reports as well as the management information system (MIS) for reinforcement of its risk management functionality in terms of capital adequacy.



One of the highlighted initiatives in the year is the “Make Eximbank Great Again” (MEGA) program consisting of 15 workshops and dialogues held for nearly 3,000 officers of all levels, which is communicated to change the mindset and improve the competency.



I.5. Risks

1.5.1. Market risk

Market risk is the risk arising out of market fluctuations that cause negative impacts on Eximbank's income and (or) capital, including:

- (i) Interest rate risk is the contingent loss on the Bank's income and net values when market interest rates fluctuate. Interest rate risk may arise from the difference in the times of interest rate fixation, changes in the relationship among different market interest rates, or changes in the interest rate relationship among different tenors or interest-linked option products.
- (ii) Exchange rate risk is the risk resulted from exchange rate volatilities causing negative impacts on Eximbank's income and capital. Exchange rate risk may arise from such forms as foreign exchange transactions or foreign currency derivative transactions (e.g. future, currency swap and option contracts).
- (iii) Investment price risk is the risk resulted from price volatilities of stocks, bonds and other capital and securities investments, leading to diminution in value of the investments held by the Bank.
- (iv) Commodity price risk is the risk caused by adverse movements of commodity prices in the market with respect to the value of commodity derivative products or products in spot transactions exposed to price risk.

1.5.2. Liquidity risk

Liquidity risk is the risk that leads to the possibility where Eximbank is unable to meet its obligations, and liquidity demand at the time of financial obligation incurrence; or where the Bank is likely to perform the due obligations even if it has to suffer great losses in such performance. Liquidity risk may arise from the gap between the size and tenor of assets and liabilities in different times.

1.5.3. Operational risk

Operational risk is the risk associated with the Bank's operations which is really hard to manage and prevent. Stemming from human factors, deficiencies in operational procedures, weaknesses of the information system and internal control system, or external factors, operational risk is the most complicated one faced by Eximbank for its uncontrollable and diversified nature. To deal with such risk, Eximbank has developed and promulgated internal policies and manuals, and made plan for business continuity against operational mistakes and unexpected incidents.

1.5.4. Credit risk

Credit risks include:

- (a) Credit risk is the risk resulted from customers' failure or inability to perform in whole or part of their repayment obligations as contracted or agreed with the Bank, except for cases stated in point b of this section;
- (b) Counterparty credit risk is the risk resulted from counterparties' failure or inability to perform in whole or part of their payment obligations before or upon the maturity of proprietary, repo and reverse repo transactions, and derivative products hedged against risks, and currency and financial asset trading transactions for the demands of clients and counterparties.

BUSINESS PERFORMANCE
IN 2019



II. BUSINESS PERFORMANCE IN 2019

II.1. Operational and financial conditions and business results in 2019

Item	Unit	2016	2017	2018	2019	+/- from 2018 (%)
1. Funding						
Total assets	VND billion	128,802	149,370	152,652	167,538	9.8%
Shareholders' equity	VND billion	13,448	14,251	14,884	15,749	5.8%
Of which: Charter capital	VND billion	12,355	12,355	12,355	12,355	0.0%
Consolidated capital adequacy ratio (CAR)	VND billion	17.12	15.98	15.05	13.81	
2. Operating results						
Funds raised from economic entities and individuals	VND billion	102,351	117,540	118,694	139,278	17.3%
Total credit exposure	VND billion	95,511	107,391	109,605	117,989	7.6%
Of which, loans to economic entities and individuals	VND billion	86,891	101,324	104,043	113,255	8.9%
Overdue loans (groups 2-5)	VND billion	2,972	2,746	2,548	2,543	-0.2%
NPLs (groups 3-5)	VND billion	2,560	2,298	1,921	1,933	0.6%
Overdue loans/total	%	3.42	2.71	2.45	2.25	-0.2%
NPLs/total	%	2.95	2.27	1.85	1.71	-0.14%
3. Financial conditions						
Net interest income	VND billion	3,082	2,668	3,207	3,220	0.4%
Net non-interest income	VND billion	585	729	1,019	982	-3.6%
+ Net gains from services	VND billion	300	331	347	383	10.4%
+ Net gains from trading of foreign currencies	VND billion	260	228	269	365	35.7%
+ Net gains/(losses) from sales of investment securities	VND billion	24	62	-116	229	-
+ Gains from capital contribution, share purchase	VND billion	1	108	519	5	-



Item	Unit	2016	2017	2018	2019	+/- from 2018 (%)
Net other income	VND billion	68	431	226	284	25.7%
Total operating income	VND billion	3,735	3,828	4,452	4,486	0.8%
Total operating expenses	VND billion	-2,255	-2,206	-2,901	-2,701	-6.9%
Net operating profit before loan loss reserves	VND billion	1,480	1,622	1,551	1,785	15.1%
Loan loss reserves	VND billion	-1,089	-604	-724	-690	-4.7%
Profit before tax	VND billion	391	1,018	827	1,095	32.4%
Corporate income tax	VND billion	-82	-195	-167	-229	37.1%
Profit after tax	VND billion	309	823	660	866	31.2%
4. Profitability						
Return on Equity (ROE)	%	2.32	5.94	4.53	5.65	
Return on Assets (ROA)	%	0.24	0.59	0.44	0.54	
5. Solvency						
Quick ratio (converted to VND)	%	14.57	14.54	13.86	16.16	
Ratio of short-term funds used for mid- and long-term loans	%	53.23	32.19	33.89	31.23	
6. Dividend payout ratio						
	%/year	0	0	0	0	

Organization and personnel

Hiring

HR

People

Leadership

Management



Board of Management



Mr. Nguyen Canh Vinh - Acting Chief Executive Officer



Mr. Tran Tan Loc
Deputy Chief Executive Officer



Mr. Dao Hong Chau
Deputy Chief Executive Officer



Mrs. Dinh Thi Thu Thao
Deputy Chief Executive Officer



Mr. Nguyen Huong Minh
Deputy Chief Executive Officer



Mr. Nguyen Ho Hoang Vu
Deputy Chief Executive Officer



Mrs. Van Thai Bao Nhi
Deputy Chief Executive Officer
and HCMC Branch Director

II.2.2. Changes in members of the Management

Time	
05/04/2019	Mr. Le Van Quyet - Chief Executive Officer terminated his labor contract
22/05/2019	Mr. Nguyen Canh Vinh - Standing Deputy Chief Executive Officer was appointed as Acting Chief Executive Officer
08/07/2019	Mr. Nguyen Ngoc Ha – Chief Accountant was approved for resignation at his desire
15/08/2019	Mr. Vo Quang Hien - Deputy Chief Executive Officer terminated his secondment at Eximbank

II.2.3. Shareholding ratio by members of the Management

No.	Full name	Position at Eximbank	Ownership of voting shares (%)
1	Nguyen Canh Vinh	Acting Chief Executive Officer	0.0000000
2	Dao Hong Chau	Deputy Chief Executive Officer	0.0057971
3	Tran Tan Loc	Deputy Chief Executive Officer	0.0000000
4	Nguyen Huong Minh	Deputy Chief Executive Officer	0.0000000
5	Van Thai Bao Nhi	Deputy Chief Executive Officer	0.0000009
6	Dinh Thi Thu Thao	Deputy Chief Executive Officer	0.0016554
7	Nguyen Ho Hoang Vu	Deputy Chief Executive Officer	0.0023122

II.3. Investment in the asset management company (Eximbank AMC)

Establishment

The Asset Management One-member Limited Liability Company - Vietnam Export Import Commercial Joint Stock Bank was established under Decision No. 157/2010/EIB/QD-HDQT dated 21 April, 2010 by the Chairman of the Board of Directors; Decision No. 754/QD-NHNN dated 01 April, 2010 of the State Bank of Vietnam and Business registration certification No. 0310280974 dated 24 August, 2010 issued by Ho Chi Minh City Department of Planning and Investment.

Business lines

Receive and manage legacy assets of Vietnam Export Import Commercial Joint Stock Bank (secured and unsecured loans) and loan-related collaterals (i.e. mortgaged or pledged assets; debt set-off assets; assets delivered to the Bank by courts) for handling and recovery of loans in the fastest way.

Proactively sell the collaterals under the discretion of Vietnam Export Import Commercial Joint Stock Bank at market price (collateral selling price may be higher or lower than the arrears' value) by such methods as publicly selling by itself on the market; selling through asset auction service centers; or selling to the State's Debt Trading Company (once established). Restructure arrears by such methods as rescheduling, interest rate relief, additional investment, or conversion of debts into contributed capital. Dispose of the collaterals by renovating, repairing, upgrading the same for sale, lease, business exploitation, capital contribution, joint venture by assets in order to recover the loans. Perform other activities as authorized by Vietnam Export Import Commercial Joint Stock Bank in accordance with law. Buy and sell arrears of other credit institutions, and of asset management companies of other commercial banks as stipulated by law.

Charter capital

Business registration certificate No. 0310280974 was issued by Ho Chi Minh City Department of Planning and Investment on 24 August 2010 with the initially registered charter capital of VND300 billion, which was amended for the 2nd time on 08 September 2011, the 3rd time on 30 March 2012, and the 9th time on 02 April 2014 to VND1,700 billion. In the 10th amendment on 18 August 2017, the legal representative was changed. As at 31 December 2018, the granted charter capital was VND955 billion. In the 11th amendment on 13 June 2019, the legal representative was changed, and in the 12th amendment on 14 August 2019, the charter capital was reduced to VND300 billion.





Success

Solution

Business Strategy
Innovation
Branding
Solution
Marketing
Analysis
Ideas
Success
Management

Summary of the operational and financial conditions

Solution
Marketing
Analysis
Ideas
Success
Management

SOCIAL NETWORK



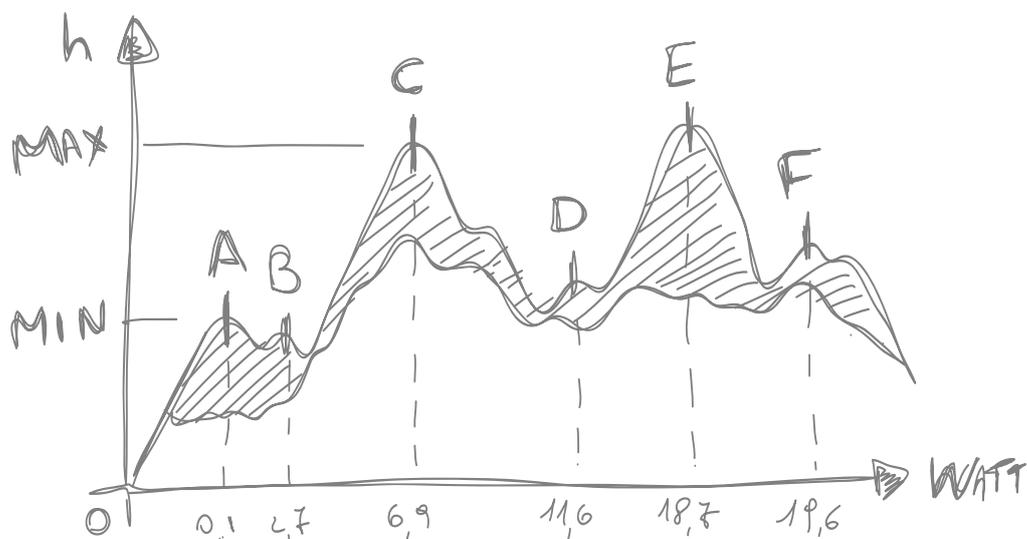
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SUMMARY OF THE OPERATIONAL AND FINANCIAL CONDITIONS AND BUSINESS RESULTS OF EXIMBANK AMC

Some financial ratios

Unit: VND million

No.	Item	Amount as at 31/12/2019
1	Total assets	378,678
2	Bank balances	182,830
3	Other long-term receivables (from Eximbank)	116,612
4	Fixed assets	51,219
5	Costs of basic construction and fixed asset purchase	26,879
6	Capital invested by the owner	300,000
7	Accounting profit before tax	14,785
8	Accounting profit after corporate income tax	11,719



Business results*Unit: VND million*

Item	2018	2019	+/- from 2018	% (+/-)
I. Total income	36,778	39,429	2,651	7.2%
1. Rental revenue	10,789	9,494	(1,295)	-12.0%
2. Financing revenue	23,778	27,563	3,785	15.9%
3. Other income	2,211	2,372	161	7.3%
II. Total expenses	14,441	24,644	10,203	70.7%
1. General and administrative expenses	14,008	24,096	10,088	72.0%
2. Other expenses	433	548	115	26.6%
III. Profit before tax	22,337	14,785	(7,552)	-33.8%

*Figures not yet audited by an independent auditor***II.4. Share quantity and shareholding structure of Eximbank****II.4.1. Number of shares**

As at 31 December, 2019, number of shares	1,235,522,904
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Number of freely transferable shares	1,221,367,097
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Number of shares restricted for transfer according to clause 1 Article 56 – Law on Credit Institutions 2010	14,155,807
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II.4.2. Shareholding structure

STT	Shareholder	Number of shares	Ownership ratio/charter capital (%)
1	Major shareholders (owning 5% stake and more)	185,329,207	15.00
	Shareholders owning less than 5% stake	1,050,193,697	85.00
2	Institutional shareholders	720,587,208	58.32
	- Domestic	351,805,717	28.47
	- Foreign	368,781,491	29.85
	Individual shareholders	514,935,696	41.68
	- Domestic	513,435,382	41.56
	- Foreign	1,500,314	0.12
3	Domestic shareholders	865,241,099	70.03
	Foreign shareholders	370,281,805	29.97
4	State shareholders	6,730,177	0.54
	Other shareholders	1,228,792,727	99.46
	Founding shareholders	0	0
Total		1,235,522,904	100

STT	Major shareholder	Line of business	Address	Number of shares	Ratio to charter capital (%)
1	Sumitomo Mitsui Banking Corporation	Banking	1-2 Marunouchi 1-chome, Chiyado-ku, Tokyo 100-0005 Japan	185,329,207	15.000



II.4.3. Changes in shareholders' equity

In 2019, Eximbank made no change to the shareholders' equity.

II.4.4. Treasury stock transactions

As of 31 December 2019, the number of treasury stocks of Eximbank was 6,090,000. The Bank conducted no treasury stock transactions in the period.

II.4.5. Other securities

Eximbank did not issue any other securities in 2019.

II.5. Report on the impacts relating to environment and society

II.5.1. Compliance with environmental protection law

Eximbank always complies with law and regulations on environmental protection.

II.5.2. Labor-related policies

Staff figures:

Total employees of Eximbank as at 31/12/2019 were 6,341, up 205 (or 3.34%) from the end of 2018. Among which, female employees accounted for 57%; and managerial officers from Deputy Director or higher titles took up 15%.

The Bank's human resources are professionally qualified (81% holding undergraduate degree or higher) and experienced in finance – banking fields (55% having worked at Eximbank for 05 years or more).

Table: Number of employees as at 31/12/2019

Labor type	Number (person)	Pctg. (%)
I. Gender		
Male	2,746	43.3%
Female	3,595	56.7%
II. Education		
Graduate	401	6.3%
Undergraduate	4,736	74.7%
College and vocational high school	599	9.4%
Unskilled	605	9.5%



Talent attraction and treatment policy

Eximbank sufficiently employs all laborer-related regulations in accordance with the prevailing labor and insurance laws.

The Bank considers talent attraction and retention the most concern, so it has created promotion or job transfer opportunities for workers who have been staying with the Bank for a long time if they have such aspiration or passion.

In 2019, Eximbank completed changing to the pay scheme based on position classes (PC) under international standards and applied to the whole network, contributing to strengthen staff connection and attract talents in the labor market.

Laborers are fully entitled to the statutory regimes and policies, in addition with other non-financial benefits such as MSIG accident insurance for executives with coverage of injury, terminal illness or surgery treatment; subsidies to the individuals or their families hit by natural disasters, fire, epidemics, human risks, etc.; and preferential loan policies linked to staff's KPI assessment results.

All workers enter into labor contracts with the Bank in conformity with their competence, qualifications, and experience and in accordance with law.

The working time at Eximbank in normal conditions is 08 hours a day and no more than 44 hours a week as prescribed by law. Such laborers' benefits as annual leaves, Tet and national holidays or unpaid leaves are always ensured in accordance with the Labor Code and/or its amendments and supplementations, and maternity and sick leaves are subject to the Law on Social Insurance.

Recruitment policy and activities

Eximbank pays special attention to improving the human resource quality in parallel with streamlining the mechanism to make it more professional, and keeping the ratio of unqualified candidates after probation below 10%. As a support to the recruitment, Eximbank has successfully launched the online recruitment website with such utilities as online job ads, submission of applications, and candidate information management, etc. as well as easy, convenient and user-friendly interface, that helped to receive thousands of job applications in the year.

Besides, the recruitment activities have been further promoted through the association with professional training organizations and job fairs so as to search and attract high-qualified resources for Eximbank from University of Economics (HCMC), Banking University (HCMC), Banking Academy (Hanoi), National Economics University (Hanoi), HCMC University of Technology (HUTECH), University of Finance – Marketing, An Giang University, Can Tho University, Lac Hong University (Dong Nai), etc. Moreover, the job ads of Eximbank are frequently posted on famous employment websites such as vietnamworks.com.vn, careerbuilder.vn, topcv.vn, timviecnhanh.vn, etc. and popular social network like Facebook and Zalo. On the other hand, the Talent Acquisition Section has also taken advantage of internal communication channels such as S-Office, Eximbank newsletter, Recruitment newsletter and Eximbank Lovers fanpage



on Facebook to get referrals from the Bank’s own employees.

Apart from attracting talents from external sources, Eximbank has paid attention to retain qualified workers and facilitate staff to nominate themselves. Objectivity and fairness is assured through transparent recruitment, testing and assessment processes against criteria on professional knowledge, competence, qualities and conduct upon satisfaction with the following principles:

- Transparency: all operating procedures and policies and regimes for the candidates are clear and obvious
- Professionalism: the recruitment process is quick and convenient for candidates all over the country
- Fairness: all candidates are treated equal during the recruitment from interview to testing

Training policy and activities

Training is of top priority and concern so as to build the resources with good professional skills, high sense of compliance, and customer-centric mindset, and develop consistent operational processes throughout the network.

Eximbank encourages and facilitates staff to take part in operational training and coaching courses to develop their own career. The objectives of staff training and capacity development are included in the KPIs of all units.

In 2019, Eximbank focused on strengthening training on business competence and target-based sales management capacity; inspiring and motivating to change the mindset of the sales forces and managerial officers.

Functional divisions have developed standard training materials by titles, lecturing skills, and prepared respective tests for managerial officers, supervisors, tellers, and customer relationship managers, etc.

Training activities were continuously implemented throughout the year with MEGA programs and specialized training courses on trade finance, insurance and other products.

In 2019, Training Center held 6,852 training courses with total duration of 74,708 hours, specifically:

Level	Manager	Officer
Training course	3,214	3,638

Eximbank has been, is and will be always improving its human resource management to make it become known as a destination for talents.



Laborers' responsibilities towards the community

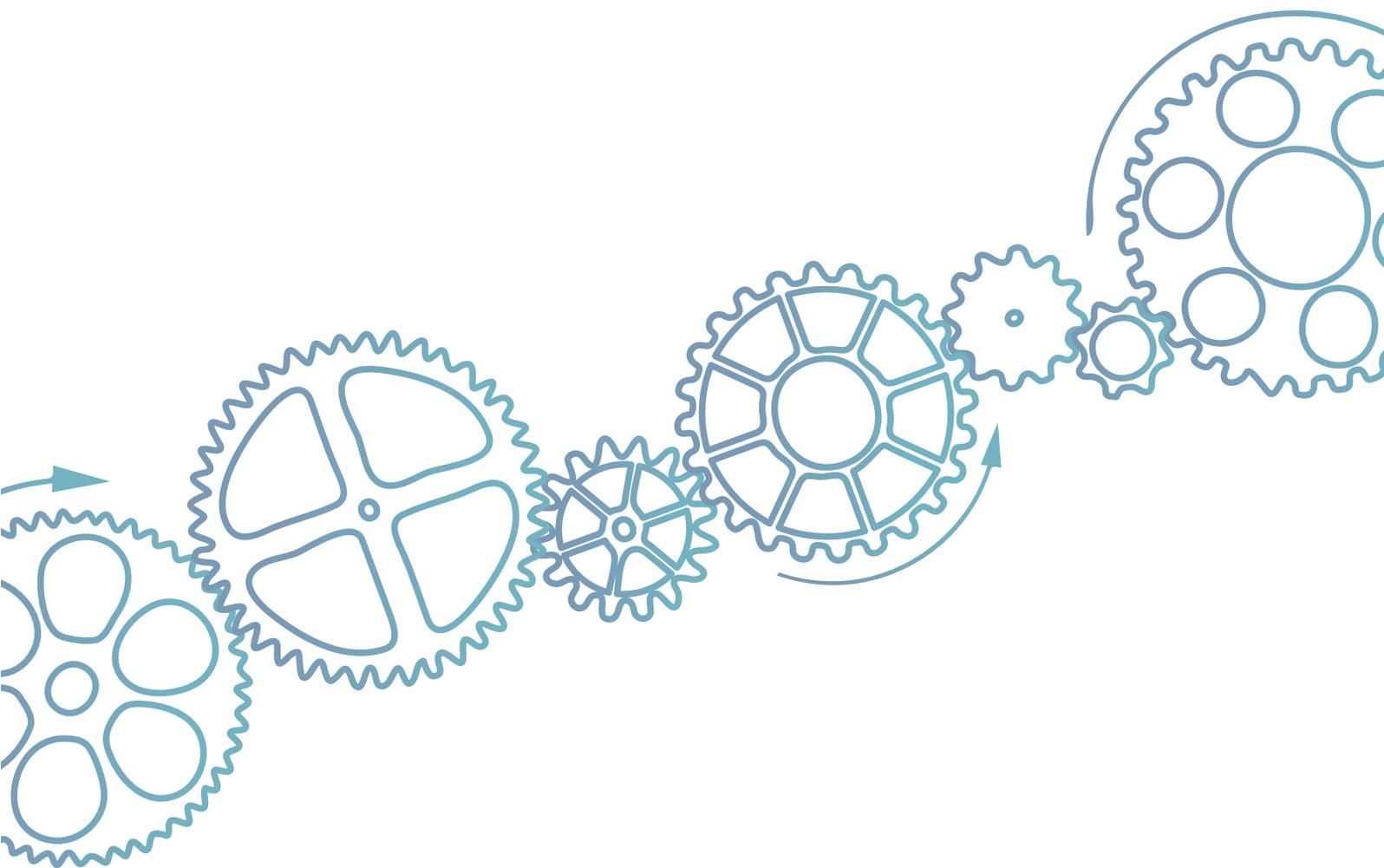
Inheriting the tradition from its establishment to date, in 2019, Eximbank kept on encouraging and creating conditions for employees to participate in and contribute to charitable and social security programs such as blood donation or support to poor or difficult people, etc.

II.5.3. Report on responsibilities towards the local community

In addition to banking operations, activities towards the community and for the community have become part of the culture that the Bank has maintained and strongly developed in many recent years. During 2017 - 2019, Eximbank actively participated in such social security programs as blood donation for the community; support to Can Tho People's Committee to build solidarity homes for poor households; support to the construction of solidarity homes in Long Vinh Commune, Go Cong Tay, Tien Giang; giving of warm clothes to and organization of Tet holidays for children in the highlands; visits to Vietnamese heroic mothers and orphans at Dieu Phap Pagoda; and visits to show appreciation to Vietnamese heroic mothers and martyrs' families in Hoa Binh Province, etc. The Bank's employees are always encouraged to take part in such events as it understands that those troubled lives are in great need of more frequent and greater support and assistance.



III. REPORT AND ASSESSMENT OF THE BOARD OF MANAGEMENT



III.1. Evaluation of business results

Triggered by positive movements in the economy, the Board of Directors and Board of Management of Eximbank have focused on giving close instructions to the network and preserved the business stability.

1. Total assets: VND167,538 billion, increasing 9.8% from 2018 and fulfilling 92.6% of the plan
2. Total funding from economic entities and individuals: VND139,278 billion, growing 17.3% from 2018 and reaching 97.1% of the plan
3. Total credit exposure (including loans outstanding and corporate bonds, except VAMC bonds): VND113,555 billion, surging 9.1% from 2018 and achieving 98.3% of the plan
4. NPL ratio: 1.71%, down 0.14% (2018: 1.85%)
5. Profit before additional provisions for VAMC bonds as required in Circular No. 08/2016/TT-NHNN: VND1,747 billion, increasing 30.3% from the previous year and fulfilling 87.4% of the plan; and after setting up such additional provisions, profit before tax: VND1,095 billion, increasing 32.4% from the previous year and beating the plan by 101.6%

INDIVIDUAL BANKING SERVICES

Capital funding

As of 31/12/2019, individual deposits achieved VND99,895 billion, accounting for 72% of the network's total and bringing about nearly 1,395,551 million individual customers or an increase of 9% year-to-date for the Bank.

To obtain such achievements, Eximbank has timely deployed funding policies to raise the stable funds from individuals, on par with the State Bank's orientations and market trends. Besides, the Bank has also actively launched attractive programs and products, applied new technologies to meet customer needs, enhanced the customer base and won customers' trust in dealing with Eximbank.

Apart from the 10 deposit products accommodating various customer needs, Eximbank has frequently offered promotions and gifts and developed new utilities to better serve clients.

The highlights in product development in the year are shown in the technology-based products which are suitable to customers' taste:

- Online placement, online gift receipt: making deposits on Internet Banking and Mobile Banking for receipt of Got It e-voucher.
- Current account combo: account opening and use of e-banking services in one package
- Flexible Combo and Cool Combo: a package of account opening and use of e-banking services and international cards with fees exempted, including e-banking service charges, issuance and first-year annual fee of international cards.
- Using combo with waiver of online transfer fee: online transfer fee shall be waived for any



Card issuance and acquisition

With an aim of comprehensive growth and taking the lead, Eximbank has enlarged partnership and collaboration with Visa/MasterCard/JCB/UPI card organizations, National Payment Corporation of Vietnam (NAPAS), and such payment intermediaries as VNPAY, Nganluong, OnePay, VED, Zion, and Payoo, etc. while paying attention to strengthening the quality of both existing and new products and services to meet customers' demands.

In the year, Eximbank launched the following new products and services/utilities:

Eximbank Visa Platinum debit card (on 26/04/2019) applicable to high-class customers of Eximbank with such special offers as 0.5% cashback for arisen transactions (excluding cash withdrawals) up to VND1,000,000/month and VND8,000,000/year, discounts and privileges around the world, and special benefits at top golf courses in Vietnam.

SMS confirmation code reduced from 8 to 6 characters; V-TOP cards linked to MOCA wallet on Grab application; and contact and contactless card reading feature authenticated on the new JCB, MasterCard, and Visa applications.

Within the increasingly harsh competition in the business environment, Eximbank has been struggling to step up its business activities for more shares in the market and achieved some positive results in 2019. Accordingly, Eximbank issued 138,911 cards, raising the total cards issued to 2.21 million (up 22% from the previous year) with spend volumes of VND19,705 billion; and acquired more than 4,511 POS's and 260 ATM's in major regions in the country with total payment volumes of VND22,110 billion.

In line with the general growth directions of the network, card service is also a spearhead product of Eximbank not only in 2020 but the following years, significantly contributing to the brand promotion and operating revenues of the Bank

Overseas remittance payment

- Duly following the orientations of the business development strategy, remittance payouts at Eximbank recorded good growth in 2019 and completed in excess of the proposed plan.
- Turning to 2020, Eximbank will continue promoting the service in export labor markets which have made good performance in the recent years, while improving technology and enhancing service quality to meet increasing demands from clients.



Domestic money transfer service

Domestic money transfer in 2019 was reinforced by adding more utilities and speeding up the process. Specifically, in 2019, Eximbank focused on, apart from the domestic interbank money transfer, diversifying the channels for 24/7 Quick transfer service at either transaction counters or via Internet Banking or Mobile Banking in combination with enlarging connections with other 43 banks engaging in the interbank quick transfer network with the limit of up to VND300 million/transaction and 20 transfers/day on online banking channels and unlimited transactions at the counters.

Customers only need to select the destination bank, and input the account number or card number of the beneficiary, the system will display the beneficiary's name for checking before effecting the remittance. With simple operation which can be performed on 24/7 basis in a quick, secured, and convenient manner, money will reach beneficiaries within seconds after the order is placed. Thanks to which, the quick transfer service of Eximbank outperformed the targets of items and volumes (doubled items and 49% increase in volumes compared to 2018), raising the percentage of quick transfer to more than 82% of total interbank transfer items.

Bancassurance service

With an aim of satisfying customers' increasing demands for diversified financial products in the market, Eximbank has promptly built and successfully developed the exclusive bancassurance partnership with Generali life insurance company which was entered into in July 2016.

Taking such impetus, Eximbank has concentrated on investing and developing the insurance distribution channel across the network, major in diversifying products, increasing cross-sales and supplying customers with the most reliable financial services.

Consequently, bancassurance operation, both life and non-life achieved 118% and profit completed 111% of the year's plan. Besides, 100% of the banking units incurred insurance revenues in 2019 vs. 95% only in 2018.

Turning to 2020, bancassurance continues to be regarded a targeted service with outstanding growth in the number of insurance distribution channels. Eximbank aims at offering investment-linked products to affluent customer segment.

Overseas outward remittance service

Due to many subjective and objective causes, the overseas outward remittance service of Exim-bank dealt with great difficulties in 2019 and did not come up with satisfactory results.

Given the existing obstacles and harsh competition from other commercial banks, 2020 is expected to be another challenging year to the Bank. However, based on its customer-centric orientation, the Bank will make continuous efforts in overcoming the challenges, resuming and better improving the service quality to meet customers' needs and expectations.



CORPORATE BANKING SERVICES





Lending

Small and medium enterprise (SME) customers continued to be of the Bank's focus, and were offered such particular credit products as SME product packages and SME standard products, major in specially prioritized economic sectors dealing in export-import.

Compared to 2018, corporate credit growth rate of Eximbank reached 14%, notably short-term loans to SMEs. Corporate loan interest income was much improved accordingly.

Capital funding

Capital funding was not so convenient in the year, and got even worse at some times due to the interest rate competition with others. The State Bank lowered the ceiling rate of demand and short-term deposits, while funding from institution customers tended to decrease or insignificantly increase. Nonetheless, Eximbank endeavored to offer products and programs to stimulate corporate mobilization, and achieved the growth of 16% in corporate deposits by end of 2019 as compared to the previous year.

International payments

International payments of Eximbank remained stable in 2019 and respective volumes rose 10% from the year before.

Eximbank has relentlessly perfected the International Payments and Trade Finance policies on grounds of diversification, modernization and maximization of customers' benefits. It has also designed particular export-import financing packages for each customer group and central economic region; provided advisory service on overall international payment and trade finance solutions to save costs for customers, reinforce competitiveness, and prevented FX risk as well as risks in international trade.

Services

In 2019, with the intention of payment centralization, Eximbank launched a series of product combos and promotion programs to encourage customers to take most use of its services including domestic or overseas payments, tax payment, guarantees, and payroll, etc. As for domestic payment service, more utilities were added to online channels such as bulk payment to different accounts, or salary payment to more than 5,000 accounts on Internet Banking at the same time, etc. Overseas payments also enjoyed good increase in volumes and fee income.

E-Banking services

Eximbank's e-banking services enable customers to control their accounts, and conduct financial transactions with banks in an easy and convenient manner anytime and anywhere upon saving time and costs. Most of financial transactions with Eximbank can be performed via Internet Banking and Mobile Banking without personally arriving at the Bank's premises nor being restricted in time and geographical distance.

Eximbank is currently offering quality, secured, trustworthy and efficient e-banking services with a wide range of products meeting most demands of both individual and corporate customers. In 2019, it further provided new payment and value-added services to the e-banking channels, specifically:

* **Internet Banking:** more services are added

Utility bills payment:

- Water bills collection: more water supply companies accepted, including Tien Giang Water, Bac Lieu Water, Daklak Water, Hanoi Clean Water No.2, Ben Tre Water, and Binh Thuan Water

- Air ticket payment: Bamboo Airways

- Electricity bills payment: collection of electricity bills in Hanoi via direct connection to payment channels of Eximbank

- Public services: in HCMC area with such partners as District 2 Urban Management Office, District 2 Economic Office, and District 2 Office of Education and Training

* **SMS Banking:** in order to shorten the online transaction time and bring more utilities to customers, from 22/02/2019, Eximbank has reduced the SMS confirmation code from 8 to 6 characters.

- Such improvement applies to all online transactions on both Internet Banking and Mobile Banking of Eximbank.

*** Mobile Banking: used for bills payment:**

- Water bills payment: Tien Giang Water, Bac Lieu Water, Daklak Water, Hanoi Clean Water No. 2, Ben Tre Water, and Binh Thuan Water
- Air ticket payment: Bamboo Airways
- Electricity bills payment: collection of electricity bills in Hanoi via direct connection to payment channels of Eximbank
- Public services: in HCMC area with such partners as District 2 Urban Management Office, District 2 Economic Office, and District 2 Office of Education and Training

• Eximbank has, in collaboration with VNPAY, innovated and developed the Mobile Banking features as follows:

- Integrating Internet Banking to EIB Mobile Banking system:
- + Synchronized list of beneficiaries: customers can use the same beneficiary list on both Internet Banking and Mobile Banking
- + Shared use of the log-in username and password on Internet Banking and Mobile Banking
- Adjusting the retrieval of password on Mobile Banking application: by choosing the function “Forgot your password”, customers are required to provide such information as full name, email address and phone number
- Not allowing partial withdrawal from savings deposits

*** VNPT Pay wallet:**

As from 25/09/2019, Eximbank has offered VNPT Pay e-wallet to its individual customers on Internet Banking and VNPT Pay application with such utilities as:

- Payment of electricity, water and telecommunication bills, etc.
- Payment for goods, services, transportation services, traveling, tuition fee, insurance, etc.
- Payment by QR Code
- Money transfer
- Top-up to e-wallet and money withdrawal from e-wallet to bank account
- Top-up for mobile phones, or purchase of scratch cards

*** MOCA wallet:**

As from 28/08/2019, Eximbank has officially deployed the payment service for its domestic debit cards on the application of MOCA or its strategic partner. Accordingly, customers have to enroll in the online payment service for their Eximbank V-TOP card at the counter, via Internet Banking, Mobile Banking or SMS.

TREASURY ACTIVITIES



Capital trading

Despite the volatile operating environment in the recent years casting more challenges to the business output in general and interbank activities in particular, the flexible strategies and prompt responses to policy changes of the State Bank and the money market, Capital Trading unit has preserved its importance in the assurance of liquidity and profitability for Eximbank, upon continuously renovating and perfecting the capital management and trading operations.

For enhancement in the size of interbank transactions, Eximbank has:

- Reinforced, strengthened and set up new relationship with counterparties both domestically and overseas, helping to raise the capital trading limits and name of the Bank bigger
- Flexibly employed different types and forms of transaction, both optimizing the input funding cost for the network and strengthening the influence of Eximbank on the interbank market

Interbank capital trading volumes in 2019 of Eximbank:

Unit: VND billion

Volumes	2019	2018	+/- against 2018
Volumes	65,248	106,266	-38.6%
Placements/Loans	571,896	322,916	+77.1%

Currency trading

The complicated movements of the world economy in 2019 caused much difficulty to Eximbank's businesses in general and FX trading activities in particular. However, it has kept searching for market opportunities and developing products to optimize the performance. In the year, FX trading volumes reached nearly USD97 billion, up 42.5% from 2018, and net earnings from FX trading achieved VND319.8 billion, up almost 28% from the previous year. Eximbank has promoted FX derivative products to potential corporate customers with volumes doubled from 2018. Besides, the reinforcement of cross-sales, sharp development of remittance service; and new product combos for corporate customers have facilitated the FX trading growth.

Gold trading

International gold prices suffered a fluctuating year of 2019 when the closing price hiked 18.27%. The main cause was the first-time ever interest rate cut by the US Federal Reserve in more than one decade. In addition, the gold market also received support from the monetary easing policy by some central banks. In the domestic market, the price of SJC gold bars increased 16.2% from VND36.58 million/tael to VND42.50 million/tael, the highest in the last 7 years.

Following the market recovery, the gold trading activities of Eximbank sharply surged thanks to the enriched customer base which has been frequently developed and strengthened for many years. Gold trading volumes in 2019 rose 79% from the previous year and Eximbank continued to take up the largest share in the nation's SJC gold bar trading market.

Financial investments

In addition to principal banking operations of deposit-taking, lending, payments, FX trading, or trade finance, etc., financial investment is an important business to optimize the Bank's capital output.

Book value of the investment portfolio:

Unit: VND billion

	31/12/2018	31/12/2019	+/- (%)
1. Bonds	11,510	11,815	2.65%
1.1. Government bonds	10,435	8,165	-21.75%
1.2. Bonds of credit institutions	1,000	3,350	235%
1.3. Corporate bonds	75	300	300%
2. Certificate of deposit	0	400	100%
3. Capital contribution and share purchase	1,263	556	-55.98%

Details:**a. Bond investment:**

- The Government bonds held by Eximbank as of 31/12/2019 amounted VND8,165 billion, which are the liquid assets used for liquidity reserve and satisfaction of the prudent ratios required by the State Bank of Vietnam;
- Eximbank has also invested in such valuable papers as bonds and deposit certificates issued by credit institutions, which are the assets generating stable and safe income for the Bank only after Government bonds.
- Corporate bonds (excluding VAMC bonds): Eximbank insists on its caution in investing in corporate bonds, so the balance thereof is always maintained at moderate level which was VND300 billion as at 31/12/2019.

b. Capital contribution and share purchase:

For optimization of its operating efficiency, Eximbank has made some divestments, making the balance drop from VND1,263 billion to VND556 billion as at end of 2019. The decrease was mostly in the charter capital of the Asset Management Company of Vietnam Export Import Commercial Joint-Stock Bank and funds invested in some companies previously.

III.2. Financial situation

Total assets: VND167,538 billion, up 9.8% from 2018

NPL ratio: 1.71% of total, down 0.14% (2018: 1.85%)

Profit: VND1,747 billion, up 30.3%

(before additional provisions for VAMC bonds as required in Circular No. 08/2016/TT-NHNN)

III.3. Improvements in organization structure, policies, and management**III.3.1. Quality control**

In parallel with promoting products and services, Eximbank has also paid attention to improve and enhance service quality to better serve its clients. Specifically, in 2019, the Bank made preparation for kicking off the project Development and application of the ISO 9001:2015 service quality management system with respect to 13 major operational areas to complete the organization, standardize the processes of product and service supply, and observe the statutory standards and quality commitment with customers.

Once the ISO 9001:2015 standard is successfully employed, the Bank is enabled to improve its management and quality control, strengthen staff productivity, reduce wastes, enhance competitiveness and add values to customers. Moreover, Eximbank has started carrying out the



service level agreement project internally, which is deemed an effective tool to measure the service quality supplied by units within the Bank. Through which, the coordination and commitment among units during the internal service supply can be reinforced, helping to improve the quality and shorten the time of offering products and services to clients, and contributing to strengthen the product and service quality as well as enhance customer satisfaction.

Other than such service quality management tools, the Bank has kept maintaining and tightly controlling other operations for service improvement. First, providing training to tellers on professional knowledge and soft skills in customer communication, in combination with regular tests to help these officers self-evaluate their competence, increase confidence, and prove professionalism in communication. Second, reviewing, updating and assessing the system of regulations, procedures and standards on service quality, and widely and thoroughly communicating the same to all employees from the reception by security guards to the end of transactions for enhanced customer experience.

Eximbank has organized to establish and evaluate the compliance with the standards on operation space by units in the network so as to build a safe, clean and tidy working environment, which facilitates and saves time for employees while working and encourages their initiatives, as well as creates a beautiful image of Eximbank to customers' eyes.

It also plans to hire a leading market survey agency to perform mystery shopper projects to make objective assessment of Eximbank service quality in view of clients. Thanks to which, the results will enable Eximbank to detect and timely adjust its service quality scheme against the practice and bring more benefits to customers.

III.3.2. Risk management

1. Liquidity risk management

In order to prevent and cope with issues relating to liquidity risk, Eximbank has set up a system of adequate and cautious internal regulations and procedures on liquidity risk management on par with the industry's common standards, upon observance with the requirements on solvency management and prudent ratios in operations set out by the State Bank of Vietnam and conformity with its own business characteristics. The stress-test model has been applied to simulate the cases where the Bank might encounter problems of liquidity risk, from which to offer the most optimal treatment options accordingly.

2. Market risk management

i) Management of interest rate risk in the banking book: For timely response to and handling of interest rate risk, Eximbank has researched, built and implemented the interest rate risk management model: maturity gap in asset-liability revaluation (repricing gap method), measurement and assessment of impacts on net interest income (NII), and economic value of equity (EVE) due to interest rate fluctuations. Eximbank will continue studying to build and enhance its internal regulation system including those on interest rate risk management so as to ensure the Bank's safe operations, comply with relevant stipulations of the State Bank of Vietnam and approach international practices and Basel treaties.

ii) Exchange rate risk management: For management of exchange rate risk, Eximbank has promulgated regulations on trading policy and limits, foreign exchange risk measurement and control models in strict compliance with stipulations of the State Bank and Vietnamese law; and employed derivative products for the purpose of preventing possible exchange rate risk. Besides, FX-related financial instruments are daily measured and valued to determine the gains/losses and market risk positions.

(iii) Investment price risk management: To manage investment price risk, Eximbank has applied methods of measuring and assessing the investment portfolio against market price, and set up limits for investment price risk (e.g. bond investment limit, stop loss limit, etc.) in line with SBV regulations and the Bank's objectives and business strategies from time to time. For further reinforcement of its risk management, Eximbank has hired Ernst & Young and KMPG for consultancy and implementation of Circular 41 and Circular 13 in comprehensive and sufficient accommodation of SBV's requirements for risk management in general and market risk and liquidity risk management at Eximbank in particular.

3. Operational risk management

Operational risk is caused by inadequate or erroneous procedures, human factors, system errors or breakdowns or external elements that result in financial losses and non-financial and negative impacts on Eximbank (including legal risk). It does not include reputational risk and strategic risk.

In order to tightly control and prevent risks deriving from human mistakes, Eximbank has been and is reviewing, adjusting and issuing new policies and regulations on operational risk management, code of conduct, and penalties on violations during the operation, etc.; as well as deploying models of centralizing operations to areas and Head Office, such as credit appraisal and approval, valuation of collaterals being properties, machineries and vehicles; settlement of overdue and non-performing loans; and international payments.



In addition, in compliance with the State Bank's requirements in Circular 13/2018/TT-NHNN and in approach of international risk management model under Basel II standards, Eximbank has established the Capital Council, Risk Council and ALCO to assist the Chief Executive Officer in strengthening the senior management's oversight over the internal control system; and entered into the advisory service agreement with KPMG to implement the 3 lines of defence risk model and operational risk management tools such as RCSA (Risk and Control Self Assessment), KRI (Key Risk Indicators), and LDC (Loss Data Collection), etc. Communication about operational risk management across the network has been enhanced, aiming at becoming part of the corporate culture.

4. Credit risk management

Credit operation takes up a major proportion in banking operations, thus credit risk management is always of attention and subject to thorough instruction from the Board of Directors, Board of Management to business units.

The management of such risk consists of its measurement, track and control which has been performed during the credit review, appraisal, approval and management based upon the following principles:

- Comply with provisions of the Law on Credit Institutions, other relevant law stipulations and the Bank's internal regulations;
- Disperse risks and diversify the investment portfolio in credit operations;
- Take initiative in lending activity and be responsible for its own lending decisions; and be open, transparent and consistent in all credit-granting regulations;
- Allocate the decision-making authorities for granting credits to customers in an objective and transparent manner, and gradually centralize the operations to Head Office;
- Conduct inspection and supervision in all stages of the credit-granting process and maintain the same on regular and continuous basis;
- Define individual responsibilities in credit granting and loan management;
- Generate early alerts to prevent risks, and aggressively handle and recover loans that past due;
- Frequently check against credit policies and regulations to re-assess their synchrony and conformity with relevant laws.

In addition, for obedience with SBV regulations in approach of international practices, Eximbank has employed the internal credit ratings system since 2018 for measurement and prompt alerts of credit risk.



Some on-going key projects for the sake of credit risk management since the beginning of 2019:

- Eximbank has completed the system for capital adequacy ratio (CAR) calculation, including assets exposed to credit risk which account for a large proportion in the Bank's risk-weighted assets, as required in Circular 41/2016/TT-NHNN dated 30/12/2016 providing for the prudent ratios applicable to banks and foreign banks' branches (effective as from 01/01/2020);
- Eximbank is developing and perfecting the credit risk management policies and tools at the requirements of Circular 13/2018/TT-NHNN dated 18/05/2018 providing for the internal control system of commercial banks and foreign banks' branches, upon the consultation of KPMG;
- Eximbank is reviewing and evaluating the credit granting process to proceed with the LOS (Loan Origination System) project, in preparation for the application of IT to credit processes, shortening the processing time and refining the steps and required documentation, and archiving customers' credit information for its own database.

III.3.3. Information technology and operation system

After the go-live and steady operation of the new corebanking system, IT & Operation Division has, as instructed by the BoD and BoM to speed up the restructuring and carry out IT and operation major projects, actively and promptly executed many operations in the year, including:

Restructuring of IT & Operation Division:

The 8 functional departments were expanded into 16 ones, 7 operational and 9 IT departments which have separate functions and duties and have quickly got on well with the Division's general activities.

The restructuring has brought about the benefits as below:

- + Operations are centralized to IT & Operation Division so that branches can focus on their professional tasks to promote business development;
- + The tasks of functional departments are professionally re-arranged and not overlapped, by which each of them is specifically responsible for one segment in IT and operations.

Main activities of IT & Operation Division in 2019:

- A series of centralized operation projects were quickly deployed in H2/2019. Namely as:
 - + Centralized international payment (trade finance) project was carried out to other branches in the network. The Trade Operations Department has reviewed and streamlined the operational procedures, worked with ID departments to adjust and upgrade the features of the IT system, organized training within the department and for units in the network, organized and allocated appropriate staff to receive and promptly, effectively handle the applications submitted by branches, guided and responded to branches' inquiries in a systematic way.



- + Phase-1 centralization of domestic and overseas remittance (inward/outward domestic transfer, and credit advice of overseas funds) was completed in 2018, and the 2nd phase (centralization of overseas outward transfer) was also finalized at the end of 2019.
- + The card operation centralization project including such work items as centralized credit advice to merchants, collection of card debts, and recognition of ATM transactions is planned to finalize in Q1/2020.
- + The centralized internal document management project aims at organizing and managing the system of internal documents and professional materials in a more scientific way, and creating conveniences for business units in promptly, adequately, timely and accurately accessing the Bank's professional materials and SBV documents.
- + Besides, some other operational projects are about to kick off in 2020 to timely synchronize with the implementation of the new business model at business units, such as centralized encashment and document post-control. Others will soon be synchronously launched across the network such as the service level agreement (SLA) project and ISO project.
- In parallel with operations, IT projects are being deployed to add utilities to users, support business activities and change to fit with the on-going centralized operation model. Concretely as:
 - + Continuing with the requirements for innovating the corebanking system. Although it has been exploited and stably operating with initial outstanding features as designed such as automatic loan recovery, business units' own balance sheet with separate figures, controlling hubs to give warnings to users when the operation is established, and some improved and perfected features (mass printing of statements, VAT invoices or documents; bulk opening of account combos, etc.);
 - + Targeted projects: studying to deploy the loan origination system (LOS), and MIS-Data warehouse system;
 - + Successfully executing the CAR calculation system as per Circular 41/2016/TT-NHNN;
 - + Carrying out the advisory service with respect to Circular 13/2018/TT-NHNN;
 - + Upgrading the domestic card system as per NAPAS EMV standard;
 - + Upgrading the Internet Banking system;
 - + IT & Operation Division has also deployed different quick-win solutions assisting the business and management at the request of the Management, operational divisions and business units; the system for calculating the return on corporate customers (TOI/CB), the system for tracking sales officers' KPIs, and the mini MIS system, etc.; and the teleconference solution for 207 business units to optimize the costs of meetings and internal communication.

III.3.4. International relations

International relation activity of Eximbank in 2019, on one hand, focused on maintaining and well managing the relationship with its correspondent banks and existing partners, and, on the other hand, took initiative in approaching new ones. Eximbank has extended corresponding and credit relationship with a great deal of banks overseas. International credit ratings agencies and foreign banks assessed Eximbank to be quite creditworthy and were willing to grant or increase trade limits to Eximbank. This is a positive sign to prove the Bank's capacity in developing international relationship which has enabled it to obtain more cooperation, professional support, information and training, etc., thus better meeting customers' needs for international trade. In the year, Eximbank was awarded by top world banks such as JPMorgan, Bank of New York Mellon, Wells Fargo and Citibank for its excellence in international settlement activities. Apart from bilateral discussions and negotiations, Eximbank has also actively participated in top financial and banking conferences and seminars in the world and the region including SIBOS 2019 and other international workshops held by global banks to approach and network with international partners, promote its name to the world banking and financial community, and seek for new business opportunities.

Thanks to the restructuring efforts having been made so far and a widespread correspondent network with more than 700 banks/banks' branches in nearly 71 countries around the world, Eximbank will continue reinforcing its international activities to further affirm and heighten its position and brandname.

III.3.6. Sustainable development report

Taking the motto of customer first and maximizing customers' interests, Eximbank has consolidated from various customer interaction channels into case studies to communicate to tellers at units across the network for their reference and appropriate solutions upon satisfaction with the standards on business ethics and transparency.

In accompaniment with enhanced customer care policies, Eximbank has also worked to complete the interaction and information consistency within the Bank. Specifically, it has launched an emulation program in service quality among units in the network to encourage and motivate them to improve the customer service quality and serve as the basis for annual evaluation and rating. It has also held surveys and worked with reputable corporations and companies domestically and internationally to design and build up a quality management system. In the year, Eximbank carried out a lot of projects relating to service quality, learnt experience from practical situations to ensure consistency and serve clients better.

For the benefit of all stakeholders, the "Vision, Missions and Core Values of Eximbank" have been developed and communicated to all Eximbank employees for their good understanding, mastering and execution.

III.4. Business targets for 2020

- Total assets: VND190,000 billion, up 13% from 2019
- Deposit-taking from economic entities and individuals: VND161,000 billion, up 15% from 2019
- Credit exposure: VND123,775 billion, up 9% from 2019
(including customer loans and corporate bonds)

The credit growth target for 2020 is capped at 9% as informed by SBV. In case the business conditions become favorable, Eximbank will apply for SBV's permission to revise the credit growth limit.

- NPL ratio: below 1.8%
- Profit before tax: VND2,214 billion

III.5. Report on assessment of environmental and social impacts

The banking industry plays a really important role in maintaining the economic growth through its lending activities and determining the investment funds for socio-economic development projects. The reinforcement of environmental and social risk management is essential to help banks reduce risks and preserve the lending funds, targeting sustainable development and strengthening the entities' reputation as well as contributing to mitigate negative impacts on the environment and society and optimize the use of resources.

Aware of such, not only observing the regulations of the State Bank and relevant laws in its lending activities, but Eximbank also pays attention to the environmental protection aspect of the financed projects. Accordingly, it is studying to build a system for environmental and social risk management in credit granting by improving the credit-granting policies, resources and procedures.

ASSESSMENT OF BOARD OF DIRECTORS ON THE BANK'S OPERATIONS



IV.1. Assessment of the Board of Directors on operational aspects of the Bank

Organization structure:

- In 2019, Sumitomo Mitsui Banking Corporation (SMBC) changed its authorized representative at Eximbank, and according to which, Mr. Yutaka Moriwaki would be no longer an authorized representative of SMBC at Eximbank as from 09/12/2019 according to its notice of such change (effective from 09/12/2019). Based on point d clause 1 Article 35 of the Law on Credit Institutions and point d clause 1 Article 47 of Eximbank Charter, Mr. Yutaka Moriwaki is no longer a Board member of Eximbank as from 09/12/2019.
- The labor contract between Eximbank and Mr. Le Van Quyet with respect to the title of Eximbank Chief Executive Officer was extended from 05/4/2018 to 05/4/2019.
- On 22/5/2019, Eximbank issued the following resolutions:
 - + No. 237/2019/EIB/NQ-HDQT approving the resignation of Mr. Le Minh Quoc from the post of Board Chairman as per his Resignation letter dated 14/5/2019;
 - + No. 238/2019/EIB/NQ-HDQT electing Mr. Cao Xuan Ninh as the Board Chairman in place of Mr. Le Minh Quoc.

The Board composition as at 31/12/2019:

No.	Name	Title
1	Cao Xuan Ninh	Board Chairman
2	Yasuhiro Saitoh	Vice Board Chairman
3	Dang Anh Mai	Vice Board Chairman
4	Le Minh Quoc	Independent Board member
5	Le Van Quyet	Board member and Chairman of AMC Members' Council
6	Hoang Tuan Khai	Board member
7	Nguyen Quang Thong	Board member
8	Luong Thi Cam Tu	Board member
9	Ngo Thanh Tung	Board member

- Eximbank has checked, revised, changed the functions and duties and re-arranged the composition of the councils and committees belonging to the BoD in accordance with prevailing regulations. Existing councils/committees comprise HR Committee, Risk Management Committee, Risk Settlement Council, and Committee for Corruption and Crime Prevention.

- During the year, it has also organized and re-allocated the authorities and units to fit with the Bank's affairs; amended, revised and added functions and duties to divisions and departments to strengthen business efficiency and risk management.

Business performance

Despite some difficulties affecting the banking operations in 2019, including the court trials with connection to customers' deposit risks as well as increasing competitiveness in the market, Eximbank has endeavored and obtained certain achievements:

- Total assets: **VND167,538 billion**
- Funding from economic entities and individuals: **VND139,278 billion**
- Total credit exposure: **VND113,555 billion**
- NPL ratio: **1.71%** of total
- Profit before tax: **VND1,095 billion** (after additional provisions for VAMC bonds as required by the State Bank)



IV.2. Assessment of the Board of Directors on the Management's activities

Every year, the CEO/Acting CEO shall, on the basis of the business plan submitted by the Management to the BoD for consideration and approval, organize its implementation in the network. This plan includes aggressive targets allocated to the Management for execution, which may be higher than the plan laid down to the General Meeting of Shareholders for ratification.

The CEO/Acting CEO will organize the allocation of the assigned targets to all units within the Bank, and, together with the Management, give specific tasks to each area, direct and tackle the difficulties as arisen, and help the business units to confidently accept and perform the plan. The Management will also heighten awareness of and allocate detailed targets to certain divisions/departments at Head Office for timely assistance and supervision of business units.

In the past year, the Management well performed the plan handed by the BoD. Although the 2019 business plan had not been ratified by the General Meeting of Shareholders, the results achieved by the Bank were more satisfactory than the previous year, creating the impetus for the Bank's further growth in the upcoming time.

The CEO has frequently directed and reminded the units to fulfill the planned business targets and comply with the prudent ratios according to current regulations. In fact, these ratios are always kept within regulations.

The performance of BoD's resolutions and decisions has been duly organized by the CEO/Acting CEO. As a consequence, the Bank's business activities have always been maintained and developed. Thanks to which, the name and image of Eximbank has been fortified and more widely known, making its customer base grow through years.

IV.3. Plans and orientations of the Board of Directors

In 2020, the BoD directs and instructs the CEO/Acting CEO to keep performing the duties and plans with the priorities as below:

1. In management

- Continue to build the internal legal corridor by reviewing, amending, updating and issuing procedures and regulations for management of liquidity risk, credit risk, market risk, operational risk, and reputational risk.
- Comply and oversee to strengthen risk management to align growth with quality control; reinforce the management capacity, and enhance the network's performance on the basis of taking good advantage of the Bank's strengths.
- Keep employing measures for improvement of financial capability, effective cost management, and income optimization, helping to increase the network's business performance.

- Continue applying technology to innovate the centralized management and approval process to streamline the operating apparatus, mitigate operational risks, and enhance the compliance culture through training and communication.
- Build Eximbank's name and image in an identifiable, familiar, methodological and professional way after restructuring.

2. In business activities

- Some provisional key business targets for 2020 according to BoD Resolution 247/2020/EIB/NQ-HĐQT dated 07/05/2020:
 - Total assets: 190,000 billion VND, up 13% from 2019.
 - Funding from economic entities and individuals: 161,000 billion VND, up 15% from 2019
 - NPL ratio: below 1.8%
 - Profit before tax and additional provisions for settlement of VAMC bonds: 2.400 billion VND
- Credit exposure: 123,775 billion VND, up 9% from 2019 (incl. customer loans and corporate bonds). The credit growth plan for 2020 is 9% as allowed by SBV. In case the situation becomes more favorable, Eximbank will ask for SBV's permission to consider heightening the credit growth limit.
- Continue with the priority banking service; develop and launch the business model for large corporate customers; develop more partnership with large corporate customers to establish and finance supply chains, and offer more services for SMEs, individual customers, international payments and FX trading. Also, the policies and products should be properly prepared to fit each customer group.
- Accelerate the settlement of legacy assets, focus on handling the loans sold to VAMC, and target to buy back all loans sold to VAMC by 2020 in line with the restructuring direction of SBV.
- Concentrate on settling bad debts and overdue debts to control the NPL ratio below 2%.
- Invest to upgrade and buy more ATMs for the purpose of network expansion.
- Bring Eximbank to the group of joint stock commercial banks with high return on equity (ROE).

BANK GOVERNANCE





V.1. Board of Directors

V.1.1. Members and structure of the Board of Directors

Cao Xuan Ninh

Board Chairman

Mr. Cao Xuan Ninh was born in 1962 in Vietnam and holds a Bachelor's degree in International Credits and a Master's degree in Business Administration. He used to assume such key positions at Vietcombank as Deputy Manager and then Manager of the International Payment Department and Deputy Director of Vung Tau Branch, Deputy Director of Ho Chi Minh Branch, Director of Tien Giang Branch, and Director of Ky Dong Branch. He used to be Director of Vietnam Finance Company in Hong Kong - VINAFCO; Deputy Chief Representative then Chief Representative of the State Bank - Representative Office in Ho Chi Minh City. On 15 December, 2015, the General Meeting of Shareholders voted to elect him as a member of the Board of Directors of Eximbank. From 01 August, 2017 to 31 May, 2019, the Board of Directors designated him the Chairman of Eximbank AMC Members' Council – a 100% owned subsidiary of Eximbank.

On 22 May, 2019, he was elected by the Board of Directors as the Board Chairman.

Dang Anh Mai

Vice Board Chairman



Mr. Dang Anh Mai was born in 1966 and graduated with a Master's degree from Duke University, USA. He used to hold such positions as senior officer, Deputy Manager then Manager of International Cooperation Department of the State Bank of Vietnam, World Bank specialist in the U.S., Director of International Cooperation Department of the State Bank of Vietnam, Deputy Manager of International Cooperation Department of the State Bank of Vietnam; Assistant to the Board Chairman of Asia Commercial Joint Stock Bank; and Board member of Dai A Bank.

He is currently the Vice Board Chairman of Eximbank, member of DPV Real Estate Development Joint-Stock Company, Board member of KD Investment Joint-Stock Company, and Board member of KD Education Joint-Stock Company.

Yasuhiro Saitoh

Vice Board Chairman



Mr. Yasuhiro Saitoh was born in 1961 with Japanese nationality, and obtained a Bachelor of Science degree in Japan; a Bachelor's degree in Cultural Anthropology with the sub-major in Global Economics in Japan; and a Bachelor of Science degree in Cultural Anthropology in France. He used to be Vice President & Investment Portfolio Manager of Mitsui Bank Ltd.; Assistant Vice President of Global Fixed Income Investment Group, Capital Market Trading Division (Tokyo); Chief Investment Officer (Bonds, Stocks, Commodities and investment in private equity) of Asset Management Division of Sakura Trust Company (New York); Treasurer and Chief Investment Officer of Manufacturers Bank (Los Angeles).

He is currently the Vice Board Chairman of Eximbank and member of Eximbank AMC Members' Council.

Le Minh Quoc

Independent member



Mr. Le Minh Quoc was born in 1951 with Vietnamese and Canadian nationalities, and obtained a Bachelor's degree of Business Administration in Switzerland. He used to be an officer, senior officer, Department Manager, Director, and Senior Vice President of BNP Paribas in Canada; Regional Manager in charge of Trade Finance for Asia, Australia and India of Banque Nationale de Paris in France; Regional Manager in charge of Trade Finance for Asia, Australia and India of BNP Paribas in Singapore; Managing Director of BNP Paribas in Taiwan; General Manager of BNP Paribas Vietnam; Deputy General Manager and Deputy Chief Comptroller of Orient Commercial Joint Stock Bank; Vice Board Chairman of Aulac Corporation, and member of the Board of Supervisors of Phat An Trade and Services Company. On 22 May, 2019, the Board of Directors approved his resignation from the title of Board Chairman.

He is currently the independent Board member of Eximbank.

Le Van Quyet

Member



Mr. Le Van Quyet was born in 1961 in Vietnam and holds a Bachelor's degree in Economics and a Master's degree in Business Administration, and Certificate of Advanced Political Theory. He used to hold various positions at the State Bank of Vietnam in Dong Nai namely as officer, Deputy Manager of Currency Circulation Department, Deputy Manager then Manager of Economic Analysis and Consolidation Department; officer, Deputy Manager of International Settlement Department, Deputy Manager of Credits Department, Manager of General and Appraisal Department, Deputy Director and Director of Vietcombank Dong Nai; and Director of Vietcombank Bien Hoa. From 05 April, 2016 to 05 April, 2019, he was a Board member and Chief Executive Officer of Eximbank. On 01 June, 2019, the Board of Directors appointed him to the Members' Council of Eximbank AMC as its Chairman.

He is currently a Board member of Eximbank and Chairman of Eximbank AMC Members' Council.

Luong Thi Cam Tu

Member



Ms. Luong Thi Cam Tu was born in 1980 in Nha Trang – Khanh Hoa and holds a Bachelor’s degree in Business Management – Van Lang University and a Master’s degree in Business Administration – Griggs University. She used to hold such positions as Deputy Manager of Sales Department, Assistant to Director, then Deputy Director and Director of Sacombank Khanh Hoa Branch; Regional Manager and Chief Representative in Central Vietnam of Mekong Housing Bank (MHB); Deputy Chief Executive Officer and Chief Executive Officer of Nam A Commercial Joint Stock Bank; Vice President of Khanh Hoa Young Entrepreneurs Association; member of the Executive Committee of the Communist Youth Union of Khanh Hoa Province; Board member of Ninh Hoa Sugar Joint Stock Company; and Board member of Thang Loi Tourism Joint Stock Company.

She is currently a Board member of Eximbank.

Hoang Tuan Khai

Member



Mr. Hoang Tuan Khai was born in 1962 in Hanoi. He graduated from Foreign Trade University with Foreign Trade Economics major and studied Economic Management in the Netherlands. He used to be Deputy Director then Director of Vietnam National General Export – Import Joint Stock Company No.1. He is now a Board member of Eximbank and also Vietnam National General Export - Import Joint-Stock Company No. 1, Board Chairman of Prime Development Co., Ltd.; Board Chairman of General Real Estate Joint-Stock Company No. 1, and capital representative of Eximbank and Board member of Vinaconex Investment and Tourism Development Joint Stock Company.

He is currently a Board member of Eximbank.

Nguyen Quang Thong

Member



Mr. Nguyen Quang Thong was born in 1963 in Kien Giang and is a Bachelor of Economics. He used to hold such positions as Director of General Planning and Materials Department of Kien Giang Seafood Export Import Company, Assistant to the General Director of Phu My Hung Joint-Venture Company, Assistant to the General Director of Hiep Phuoc Power Company, member of the Board of Supervisors of Eximbank, Vice Board Chairman of Bao Long Insurance Company, Vice Board Chairman of Vinatexland, and Vice Board Chairman of EXIM Real Estate Joint-Stock Company.

He is currently a Board member of Eximbank.

Ngo Thanh Tung

Member



Mr. Ngo Thanh Tung was born in 1969 in Vietnam. He holds a Bachelor's degree in Law, Certificate of Administration and Leadership, and Master's degree in Law, and is a doctoral researcher in the USA. He used to hold such positions as legal advisor – Managing Director of Hong Duc Lawyers' Office; member of HCMC Bar Association – HCMC Bar Federation; member of the Board of Directors of Grand Imperial Saigon Hotel Co., Ltd. (Park Hyatt Hotel Saigon); Chairman and Senior member of the Executive Council of Vietnam International Law Firm (VILAF – Hong Duc); visiting lecturer of Judicial Academy; foreign consulting member of Washington Bar Association, USA; Corporate Advisory Council of UNICEF Vietnam; member of the Board of Directors of Aulac Corporation; and member of International Association of Defense Counsel (IADC).

He is currently a Board member of Eximbank.

V.1.2. Change of members in the Board of Directors

Based on the notice of change to the authorized representative of SMBC (effective as from 09/12/2019), point d Clause 1 Article 35 of the Law on Credit Institutions and point d Clause 1 Article 47 of Eximbank Charter, Mr. Yutaka Moriwaki has been no longer a Board member of Eximbank as from 09/12/2019.

V.1.3. Share ownership by the Board members

No.	Full name	Position at Eximbank	Number of Board member titles held in other companies by each Board member	No. of shares personally owned as at 31/12/2019	Personal ownership ratio of voting shares (%)	Name of the institutional shareholder for which he/she represents (if any)	No. of shares of the entity for which he/she represents as at 31/12/2019	The entity's ownership ratio of voting shares (%)
1	Cao Xuan Ninh	Board Chairman	N/A	0	0.000	-	-	-
2	Dang Anh Mai	Vice Board Chairman	- Board member of DPV Real Estate Development JSC - Board member Business Investment JSC - Board member of KD Education JSC	50,000	0.0041	-	-	-
3	Yasuhiro Saitoh	Vice Board Chairman	Member of the Members' Council of Eximbank AMC	0	0.000	-	-	-
4	Le Minh Quoc	Independent Board member	N/A	0	0.000	-	-	-
5	Le Van Quyet	Board member	Chairman of the Members' Council of Eximbank AMC	0	0.000	-	-	-
6	Hoang Tuan Khai	Board member	N/A	67,392	0.0055	-	-	-
7	Nguyen Quang Thong	Board member	Vice Board Chairman of Viet Long Securities Investment Fund Management Corporation	152,714	0.0124	-	-	-
8	Luong Thi Cam Tu	Board member	N/A	13,799,399	1.1224	-	-	-
9	Ngo Thanh Tung	Board member	Senior member of the Executive Council of Vietnam International Law Firm (VILAF- Hong Duc)	0	0.000	-	-	-
Total				14,069,505	1.1444			



V.1.4. Operations of the Board of Directors

Councils/Committees under the Board of Directors:

I HR Committee

1. Yasuhiro Saitoh – Vice Board Chairman – Chairman
2. Le Minh Quoc - Independent Board member – Vice Chairman
3. Nguyen Quang Thong – Board member – Member
4. Luong Thi Cam Tu – Board member – Member
5. Ngo Thanh Tung - Board member – Member

II Risk Management Committee

1. Dang Anh Mai – Vice Board Chairman – Chairman
2. Le Minh Quoc – Independent Board member – Vice Chairman
3. Cao Xuan Ninh – Board Chairman – Member
4. Yutaka Moriwaki – Board member – Member
5. Luong Thi Cam Tu – Board member – Member
6. Hoang Tuan Khai - Board member – Member

III Steering Committee for Prevention of Corruption and Crime

1. Cao Xuan Ninh - Board Chairman – Chief
2. Nguyen Quang Thong – Board member – Member
3. Le Van Quyet – Board member – Member

IV Risk Settlement Council

1. Le Van Quyet – Board member – Chairman
2. Yasuhiro Saitoh – Vice Board Chairman – Vice Chairman
3. Le Minh Quoc – Independent Board member – Member





1.1. Operations of the Board of Directors: (assessment of the Board's operations, specifying the number of Board meetings, content and result thereof). The Board members of the VIth term (2015 - 2020) personally attended 24 meetings of the Board of Directors and 485 written polls in 2019. The meetings and written polls of the Board of Directors were conducted in conformity with regulations.

i. Operations of the independent Board member:

Mr. Le Minh Quoc is the independent member of the Board of Directors of the VIth term (2015-2020). He engaged in giving opinions and voting for the issues raised in the meetings or consulted in written polls as provided in the Charter and relevant laws.

ii. Operations of the councils and committees belonging to the Board of Directors: the committees and councils under the Board of Directors in 2019 consisted of:

- Risk Settlement Council: conducted 2 written polls with respect to the establishment of provisions for Q3-Q4/2019.

- Risk Management Committee: held 8 meetings to discuss the implementation of Circular 13 and Circular 41; assess the risks pertaining to violations in the use and management of seals; suggest treatment over claims and evaluate the results of remedy and correction as per recommendations of the Board of Internal Auditors; and assess the media impacts on Eximbank, risk issues relating to text messages for automatic debt reminder, and execution of the recommendations of Risk Management Committee, etc.

- HR Committee: held 14 meetings and 23 written polls in respect of 271 proposals to handle and/or consult the BoD on issues relating to staff recruitment, circulation and appointment within its competence.

- Steering Committee for Corruption and Crime Prevention: held 1 meeting and 4 written polls with respect to the report on corruption and crime prevention of Eximbank in 2018, plan for corruption and crime prevention in 2019, and report on corruption and crime prevention of Eximbank in Q1/2019, H1/2019, Q3/2019 and Q4/2019.

Notes:

1. On 11/9/2019, the BoD issued Resolution No. 474/2019/EIB/NQ-HDQT terminating the operation of the Steering Committee for Korebank Replacement Project, Steering Committee for Eximbank Restructuring and Strategy, and Steering Committee for Support in Handling Inspectorate Recommendations. From early 2019 to 11/09/2019, the operations of such councils and committees were as below:

• Steering Committee for Korebank Replacement Project: held 1 meeting to report the completion status of the project "Korebank Replacement".

• Steering Committee for Eximbank Restructuring and Strategy: held 1 meeting and 1 written poll to discuss and decide the change and acquire new employees.

• Steering Committee for Support in Handling Inspectorate Recommendations: held 1 written poll to consider the plan for correction as per SBV Inspectors' recommendations on the

settlement of the remunerations redundantly paid to members of the BoD and BoS.

2. On 02/10/2019, the BoD issued Resolution No. 514/2019/EIB/NQ-HDQT terminating the operation of the Risk Handling and Overdue Debt Prevention Council and setting up the Risk Settlement Council belonging to itself. From early 2019 to 30/9/2019, Risk Handling and Overdue Debt Prevention Council held 10 meetings and 9 written polls to settle the applications within its authority.

1.2 Board members obtaining training certificates on corporate governance: corporate governance programs participated by the Board members in the year included:

In 2019, the Board members frequently updated information about banking governance and respective regulations in the banking sector through the decrees, circulars and official dispatches of the State Bank, such as credit growth direction in 2019; solutions for credit expansion, increased supplies of credit funds and banking products and services for production and businesses; and risk management in banks.

In addition, the members also attended seminars and talks held by HCMC Stock Exchange such as the seminar on role of corporate secretary in modern management, or the coaching conferences on corporate governance scorecards, annual report and sustainable development.





Board of Supervisors

V.2. Board of Supervisors

Mr. Tran Ngoc Dung

Chief Supervisor



Mr. Tran Ngoc Dung was born in 1966 in Sai Gon. He is a Bachelor of Credits and Finance, Bachelor of Business Administration, and Bachelor of Law. He used to be Deputy Chief of the military base of Wards 8 and 13 of Phu Nhuan District; sales officer of HCMC Food Company; accountant then Supervisor of Eximbank Cho Lon Branch; sales officer of Expo Paint; accountant then Chief Accountant of Thien Loc Co., Ltd.; senior officer of Investment and Planning Department, Deputy Director of Internal Inspection and Control Department, Nha Trang Branch Director, Director of Head Office Credits Department, Nga Bay Branch Director, Risk Management Division Head, and member of the Board of Supervisors of Nam A Bank; and Assistant to the Board Chairman of Nam A Commercial Joint Stock Bank, Eximbank. He was elected by the General Meeting of Shareholders as member of Eximbank Board of Supervisors of the Vth term (2015-2020) and voted by other members to be the Chief Supervisor on 08 August, 2018.

Mr. Dang Huu Tien

Member



Mr. Dang Huu Tien was born in 1962 in Hanoi. He graduated as Master of Business Administration (MBA) from Columbia University, Master of Economics from Vietnam University of Commerce, Bachelor of National Economic Planning, and Bachelor of Foreign Trade Economics. He has much experience in the fields of monetary, credits, accounting and auditing, inspection and control. From 1998 to 2010, he was an executive member of the Board of Supervisors of Eximbank, then Chief Supervisor during the term of 2010-2015.

He is currently a member of the Board of Supervisors of Eximbank in the term of 2015-2020.

Mr. Trinh Bao Quoc

Member



Mr. Trinh Bao Quoc was born in 1971 in Vietnam. He graduated with a Bachelor's degree in Biology and History in the USA, and Master's degree in Business Administration from University of California, Berkeley in USA. He used to be project coordinator of US Vietnam Trade Council; lawyer assistant and interpreter of Baker & McKenzie International Law Firm; Financial & Investment Analysis Department Director – Phu My Hung Central & Development Group (employer of Tan Thuan Export Processing Zone, Hiep Phuoc Power Plant, and Phu My Hung Urban Area); Director of QML Corporate Group; Director cum Chief Representative in Vietnam of Avenue Capital Group; co-founder & investor of Summa Training and Consultancy Joint Stock Company; and General Director of Son Kim Real Estate Joint Stock Company.

He has been elected by the General Meeting of Shareholders as member of Eximbank Board of Supervisors of the VIth term (2015-2020)

Ms. Pham Thi Mai Phuong

Member



Ms. Pham Thi Mai Phuong was born in 1982 in Nha Trang. She graduated with a Bachelor's degree in Accounting, Bachelor's degree in Foreign Trade Economics, Chief Accountant Training Certificate, Sales Director Certificate, and Chief Financial Officer Certificate. She used to be a general accounting officer of Pacific Seafood Export Import Company; general accounting senior officer, corebanking senior officer, Customer Service Center Director, Ben Thanh Transaction Office Manager, senior officer of the Management's Office, Customer Service Center Director and special envoy of the Board of Directors of Nam A Commercial Joint Stock Bank.

She has been elected by the General Meeting of Shareholders as member of Eximbank Board of Supervisors of the VIth term (2015-2020).

Shareholding ratio of members of the Board of Supervisors

Full name	Position currently held at the credit institution	Personal ownership ratio (%)	Personal ownership ratio (%)	No. of shares personally owned as at 31/12/2018	Name of the institutional shareholder for which he/she represents (if any)	The entity's ownership ratio of shares (%)
Tran Ngoc Dung	Chief Supervisor (executive)	0.0002	2,062	-	-	-
Dang Huu Tien	Member (non-executive)	0.0068	84,240	-	-	-
Pham Thi Mai Phuong	Member (executive)	0.00	0	-	-	-
Trinh Bao Quoc	Member (non-executive)	0.00	0	-	-	-

OPERATIONS OF THE BOARD OF SUPERVISORS

1. Oversight of the BoS over the BoD, BoM and shareholders

- The BoS has closely attached to the directions of the State Bank in respect of the operations and business development strategy orientations of the Bank. In supervision of the compliance with the regulations in banking governance and management by the BoD and BoM of Eximbank, the Chief Supervisor and BoS members have fully attended the meetings, regular or ad-hoc, held by the BoD, BoM, and their subsidiary councils/committees. Through such meetings, internal management reports, policies of the BoM as well as the audit/review results given by the BoIA, the BoS has made many recommendations/alerts to the BoD and BoM to make sure that the Bank's operations are observant with law and its Charter.

- In 2019, in order to reinforce the internal supervisory function, the Board of Supervisors held 77 meetings of its own (direct discussion or written poll) to discuss, assign and perform the functions and duties of the BoS, and give directions to the Board of Internal Auditors.

- Supervising the honesty of the financial results by assigning staff to review the interim and annual financial statements (including those audited by the independent auditor), through which to assess all activities of Eximbank and make recommendations to the BoD/BoM on their management and governance so as to duly obey law stipulations and enhance the Bank's performance.
- Supervising the remedy and correction as per the recommendations stated in the conclusions of the State Bank Inspection and Supervision Agency, and those made by the BoS and BoIA.
- Moreover, the BoS also supervised the banking operations against the approved Restructuring project.
- Based on the supervisory results, the BoS has timely recorded the shortcomings during the course of operation, and made suggestions and recommendations to the BoD and BoM on control enhancement measures, amendment/improvement of internal procedures, regulations, etc. to limit and mitigate risks, ensuring compliance with law stipulations and improving operational quality and efficiency.
- The BoS has regularly supervised and timely updated the list of major shareholders and related persons of members of the BoD, BoS and Chief Executive Officer of Eximbank as well as the public disclosure of changes thereto.

2. Coordination in operations between the BoS and BoD, BoM

- The coordination between the BoS and BoD, BoM is always in compliance with law, Eximbank Charter and for the Bank's common interests. The regular meetings of the BoD and its councils/committees, BoM and its councils are attended by the BoS representatives whose recommendations and suggestions are seriously considered and strictly performed by relevant units as directed.
- In addition, the BoS has also coordinated with the BoM and Steering Committee for Handling Inspectorate Recommendations to monitor, urge and remind the units to make correction of the mistakes mentioned in inspectorate conclusions within the specified deadlines, and supervised the settlement of individuals/teams intentionally committing misconducts, or violating law/credit or internal management policies of Eximbank and the State Bank.

3. Internal audit

- The BoS has frequently directed the Internal Audit to perform their operations against the functions and duties set out by the State Bank of Vietnam and Eximbank, and follow the established internal audit plans and report to the State Bank of Vietnam. Specifically, in 2019, the BoS instructed the BoIA to carry out 20 tasks/teams to audit the departments/-sections/centers at Head Office and business units. In each audit, the BoS sent its members

to supervise the activities of the internal audit teams and attend the meetings ratifying the auditing results to evaluate the internal audit quality as well as practical operations of the audited units, from which the BoS made timely recommendations to their respective leaders, the BoM and BoD to timely consolidate and handle the shortcomings and restrictions found. The opinions of the Internal Audit have been acknowledged by the BoD and BoM and caused relevant units to organize the execution.

- In the year, the BoS also instructed the BoIA to include in its annual plan the audit over the results of executing the Plan for restructuring in association with bad debt settlement up to 2020 of Eximbank as per the restructuring plan approved by SBV.

- By auditing/reviewing the units at Head Office, branches and transaction offices, the BoS and BoIA have raised 1,313 recommendations for the audited units to fix/correct/supplement the mistakes so as to restrict risks in their operations; among which 270 recommendations were made to Head Office concerning procedures and regulations for risk mitigation and more stringent operations. Once the auditing results become available, the BoIA keeps closely monitoring and urging the remedies by the audited units, and makes monthly reports to the BoS and BoM for settlement of any delays.

V.3. Transactions, remunerations and benefits of the Board of Directors, Board of Supervisors and Board of Management

V.3.1. Salaries, bonuses, remunerations and benefits

Please refer to the 2019 consolidated financial statements, Note 36 “Significant transactions with related parties”.

V.3.2. Stock transactions of internal shareholders

No.	Performer	Relation with the insider	No. of shares owned at the beginning of the period		No. of shares owned at the end of the period		Reason for increase/decrease (buying, selling, conversion, bonus, etc.)
			# shares	Pctg. over charter capital	# shares	Pctg. over charter capital	
1	Nguyen Huong Minh	Deputy CEO of Eximbank	60,000	0.0048%	0	0	Stock sale

V.3.3. Contracts or transactions with internal shareholders

No.	Name of individual/equity	Relation with the company	Time of making transaction with the company	No. of the resolution/-decision ratified by the AGM/BoD, etc. (specifying the issue date, if any)	No. and ratio of stock ownership after the transaction
1	Cedyna Financial Corporation	SMBC is the major and strategic shareholder of Eximbank, and SMBC and Cedyna Financial Corporation are both subsidiaries of SMFG	From 07/3/2019 to 31/3/2019	Resolution No. 34/2019/EIB/NQ-HDQT dated 22/01/2019	
2	Sumitomo Mitsui Banking Corporation - Singapore Branch	SMBC is the major and strategic shareholder of Eximbank	From 08/7/2019 to 08/8/2020	Resolution No. 360/2019/EIB/NQ-HDQT dated 08/07/2019	
3	SMBC – HCMC Branch	SMBC is the major and strategic shareholder of Eximbank	11/11/2019	Resolution No. 572/2019/EIB/NQ-HDQT dated 28/10/2019	

V.3.4. Execution of the regulations on banking governance

Based on prevailing laws (Law on Enterprises, Law on Credit Institutions, Circular 121/2012/TT-BTC and other relevant documents), Eximbank has issued, and duly and fully performed the regulations on corporate management.

According to the legitimate documents having been enacted and effected, Eximbank will check and report to the General Meeting of Shareholders for consideration and determination of the amendment of the regulations on banking governance.



AWARDS

- ★ Straight Through Processing (STP) Award by Bank of New York Mellon
- ★ Operational Excellence Award by Citibank and Wells Fargo
- ★ Quality Recognition Award for U.S. Dollar Clearing by JPMorgan
- ★ Leadership in Commercial Payment Volume Growth 2019 by Visa international card organization
- ★ Leading Licensee in New Card Product by Japanese JCB card organization
- ★ Leading Licensee in Cardmember Base by Japanese JCB card organization
- ★ Leading Licensee in Total Retail Spending Volume by Japanese JCB card organization
- ★ Vietnam Digital Awards 2019 by Vietnam Digital Media Association
- ★ Also in 2019, Standard & Poor's – the world's leading credit ratings agency affirmed the B+ long-term issuer credit rating with "Stable" outlook of Eximbank.



Charity programs

- 2019 Entrance Exam Support program executed by HCMC Communist Youth Union
- Visit to 20 families with meritorious services to the revolution in Muong Khoi, Hoa Binh
- Gift giving to poor pupils at Truong Thanh Primary School in Hai Duong
- Visit to elderly patients and children acquiring blood cancer at National Institute of Hematology and Blood Transfusion
- Bridge building in Tri Ton District, An Giang
- Visit and gift giving to orphaned and paralyzed children in Bac Ninh
- Gratitude expression to Vietnamese heroic mothers in Nghe An
- Blood donation program in the North



CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019



Vietnam Export Import Commercial Joint Stock Bank

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

**OPERATION LICENCE NO.**

11/NH-GP

6 April 1992

The Establishment and Operation Licence was issued by the State Bank of Vietnam and is valid for 50 years from the licence date.

BUSINESS REGISTRATION CERTIFICATE NO.

0301179079

23 July 1992

The Business Registration Certificate has been amended several times, the most recent of which is by Business Registration Certificate No. 0301179079 dated 10 September 2018. The initial Business Registration Certificate and its updates were issued by the Department of Planning and Investment of Ho Chi Minh City.

BOARD OF DIRECTORS

Mr. Cao Xuan Ninh	Chairman (from 22 May 2019)
Mr. Le Minh Quoc	Chairman (until 22 May 2019)
Mr. Dang Anh Mai	Vice Chairman
Mr. Yasuhiro Saitoh	Vice Chairman
Mr. Nguyen Quang Thong	Vice Chairman (from 28 February 2020)
Mr. Le Minh Quoc	Independent member (from 22 May 2019)
Mr. Nguyen Quang Thong	Member (until 28 February 2020)
Mr. Hoang Tuan Khai	Member
Mr. Ngo Thanh Tung	Member
Mr. Cao Xuan Ninh	Member (until 22 May 2019)
Mr. Le Van Quyet	Member
Mr. Yutaka Moriwaki	Member (until 9 December 2019)
Ms. Luong Thi Cam Tu	Member

BOARD OF SUPERVISORS

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

BOARD OF MANAGEMENT

Mr. Nguyen Canh Vinh	Acting Chief Executive Officer (from 22 May 2019)
Mr. Le Van Quyet	Chief Executive Officer (until 5 April 2019)
Mr. Nguyen Canh Vinh	Standing Executive Vice President (until 22 May 2019)
Mr. Tran Tan Loc	Vice President
Mr. Dao Hong Chau	Vice President
Ms. Dinh Thi Thu Thao	Vice President
Ms. Van Thai Bao Nhi	Vice President
Mr. Nguyen Ho Hoang Vu	Vice President cum Chief Financial Officer
Mr. Nguyen Huong Minh	Vice President
Mr. Vo Quang Hien	Vice President (until 15 August 2019)

REGISTERED OFFICE

8th Floor, Office No. L8-01-11+16 Vincom Center
No. 72 Le Thanh Ton Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam

AUDITOR

KPMG Limited
Vietnam

The Board of Management of Vietnam Export Import Commercial Joint Stock Bank (“the Bank”) presents this statement and the accompanying consolidated financial statements of the Bank and its subsidiary (collectively referred to as “the Group”) for the year ended 31 December 2019.

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

(a) the consolidated financial statements set out on pages 6 to 96 give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of the consolidated results of operations and the consolidated cash flows of the Group for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting; and

(b) at the date of this statement, there are no reasons for the Bank’s Board of Management to believe that the Group will not be able to pay its debts as and when they fall due.

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

On behalf of the board of management



Nguyen Canh Vinh
Chief Executive Officer

Ho Chi Minh City, 30 March 2020

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS VIETNAM EXPORT IMPORT COMMERCIAL JOINT STOCK BANK

We have audited the accompanying consolidated financial statements of Vietnam Export Import Commercial Joint Stock Bank ("the Bank") and its subsidiary (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at 31 December 2019, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank's Board of Management on 30 March 2020, as set out on pages 6 to 96.

THE BOARD OF MANAGEMENT'S RESPONSIBILITY

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these 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 of material misstatement.

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

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

AUDITOR'S CONCLUSION

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Vietnam Export Import Commercial Joint Stock Bank and its subsidiary as at 31 December 2019 and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to Note 3(h) and Note 8(i) which describe that the Bank has classified and made allowance for credit losses on loans to a group of customers with principal outstanding of VND746,000 million being secured by shares of another bank in accordance with Official Letter No. 942/NHNN-TTGSNH issued by the State Bank of Vietnam on 1 December 2016.

KPMG Limited's Branch in Ho Chi Minh City
Vietnam

Audit Report No.: 19-01-00307-20-2



Auvinh Phor

Practicing Auditor Registration
Certificate No. 2252-2018-007-1
Deputy General Director

Ho Chi Minh City, 30 March 2020

Tran Thi Le Hang
Practicing Auditor Registration
Certificate No. N.3782-2017-007-1

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2019

	Note	31/12/2019 VND million	31/12/2018 VND million
A ASSETS			
I Cash on hand, gold	4	2,630,283	2,356,198
II Balances with the State Bank of Vietnam	5	5,737,641	6,412,125
II Deposits with and loans to other credit institutions	6	25,857,597	19,050,864
1 Deposits with other credit institutions		25,857,588	18,750,212
2 Loans to other credit institutions		9	300,652
V Derivatives and other financial assets	7	207,803	-
VI Loans to customers		112,181,970	102,971,210
1 Loans to customers	8	113,254,792	104,042,577
3 Allowance for loans to customers	9	(1,072,822)	(1,071,367)
VIII Investment securities	10	14,540,461	14,901,977
1 Available-for-sale securities		8,866,350	10,410,322
2 Held-to-maturity securities		8,017,640	6,762,998
3 Allowance for investment securities		(2,343,529)	(2,271,343)
IX Capital contribution, long-term investments	11	-	13,720
4 Other long-term investments		-	110,566
5 Allowance for diminution in the value of long-term investments		-	(96,846)
X Fixed assets		3,444,021	3,558,890
1 Tangible fixed assets	12	804,140	870,161
a Cost		2,075,948	2,138,433
b Accumulated depreciation		(1,271,808)	(1,268,272)
3 Intangible fixed assets	13	2,639,881	2,688,729
a Cost		2,823,946	2,832,911
b Accumulated amortisation		(184,065)	(144,182)
XII Other assets	14	2,938,542	3,387,079
1 Receivables		1,353,548	1,367,550
2 Accrued interest and fees receivable		1,195,201	1,188,031
4 Other assets		812,772	1,139,136
5 Allowance for losses on Other assets		(422,979)	(307,638)
TOTAL ASSETS		167,538,318	152,652,063

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2019 (CONTINUED)

B LIABILITIES AND EQUITY	Note	31/12/2019 VND million	31/12/2018 VND million
LIABILITIES			
I Borrowings from the State Bank of Vietnam	15	41,479	49,327
II Deposits and borrowings from other credit institutions	16	8,643,183	16,011,064
1 Deposits from other credit institutions		8,063,808	10,571,394
2 Borrowings from other credit institutions		579,375	5,439,670
III Deposits from customers	17	139,278,464	118,693,869
IV Derivatives and other financial liabilities	7	-	59,258
VI Valuable papers issued		-	-
VII Other liabilities	18	3,825,879	2,955,011
1 Accrued interest and fees payable		3,039,261	2,190,807
3 Other liabilities		786,618	675,414
4 Provision for other liabilities		-	88,790
TOTAL LIABILITIES		151,789,005	137,768,529
EQUITY			
VIII Owners' equity	20	15,749,313	14,883,534
1 Capital		12,448,674	12,448,674
a Charter capital		12,355,229	12,355,229
b Capital for construction, purchases of fixed assets		15,396	15,396
c Share premium		156,322	156,322
d Treasury shares		(78,273)	(78,273)
2 Reserves		1,815,129	1,685,786
5 Retained profits		1,485,510	749,074
TOTAL EQUITY		15,749,313	14,883,534
TOTAL LIABILITIES AND EQUITY		167,538,318	152,652,063
OFF-BALANCE SHEET ITEMS			
1 Credit guarantees	34	192	2
2 Foreign exchange commitments	34	134,488,678	94,070,917
In which:			
• Commitments on purchase of foreign currencies		2,297,294	3,377,444
• Commitments on sales of foreign currencies		1,344,152	345,075
• Commitments on currency swap transactions		130,847,232	90,348,398
4 Letters of credit commitments	34	3,796,463	3,588,324
5 Other guarantees	34	5,355,747	3,081,148
6 Other commitments	34	168,903	169,231

30 March 2020

Prepared by



Nguyen Minh Thanh
General Accountant

Reviewed by



Truong Ho Thai Chau
F/O Chief Accountant

Bank's Representative



Nguyen Canh Vinh
Acting Chief Executive Officer

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 VND million	2018 VND million
1 Interest and similar income	21	11,305,756	9,933,493
2 Interest and similar expenses	21	(8,085,390)	(6,726,598)
I Net interest income	21	3,220,366	3,206,895
3 Fees and commission income	22	811,551	683,591
4 Fees and commission expenses	22	(428,015)	(336,933)
II Net fees and commission income	22	383,536	346,658
III Net gain from trading of foreign currencies	23	364,541	269,073
V Net gain/(loss) from sales of investment securities	24	229,058	(116,033)
5 Other income	25	646,791	326,970
6 Other expenses	25	(362,663)	(101,400)
VI Net other income	25	284,128	225,570
VII Gain from capital contribution, share purchase	26	4,659	519,415
VIII Operating expenses	27	(2,700,748)	(2,900,904)
IX Operating profit before allowance expenses for credit losses		1,785,540	1,550,674
X Allowance expenses for credit losses	28	(690,291)	(723,546)
XI Profit before tax		1,095,249	827,128
7 Corporate income tax expense – current	29	(229,117)	(166,538)
XII Total corporate income tax expense	29	(229,117)	(166,538)
XIII Profit after tax		866,132	660,590
XV Basic earnings per share (VND/share)	30	704	537

30 March 2020

Prepared by



Nguyen Minh Thanh
General Accountant

Reviewed by



Truong Ho Thai Chau
F/O Chief Accountant

Bank's Representative




Nguyen Canh Vinh
Acting Chief Executive Officer

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019 (DIRECT METHOD)

CASH FLOWS FROM OPERATING ACTIVITIES	2019 VND million	2018 VND million
01 Interest and similar income received	11,286,226	9,756,860
02 Interest and similar expenses paid	(7,236,936)	(6,688,930)
03 Net fees and commission income received	383,536	346,658
04 Net receipts from foreign currencies, gold and securities trading activities	683,519	278,592
05 other income	912	15,261
06 Recovery from bad debts previously written-off	194,159	203,125
07 Salaries and operating expenses paid	(2,478,165)	(2,370,447)
08 Corporate income tax paid	(171,931)	(341,547)
Cash flows from operating activities before changes in operating assets and liabilities	2,661,320	1,199,572
Changes in operating assets		
10 (Increase)/decrease in investment securities excluding special bonds issued by VAMC	(653,362)	2,001,824
11 (Increase)/decrease in derivatives and other financial assets	(207,803)	30,274
12 Increase in loans to customers and special bonds issued by VAMC	(8,158,500)	(2,214,067)
13 Utilisation of allowances for credit losses	(645,323)	(76,696)
14 Increase in other operating assets	(110,411)	(104,522)
Changes in operating liabilities		
15 Decrease in borrowings from the State Bank of Vietnam	(7,848)	(6,390)
16 (Decrease)/increase in deposits and borrowings from other credit institutions	(7,367,881)	4,754,634
17 Increase in deposits from customers	20,584,595	1,154,173
18 Decrease in valuable papers issued	-	(3,000,000)
20 Increase/(decrease) in derivatives and other financial liabilities	(59,258)	59,258
21 Increase/(decrease) in other operating liabilities	65,189	(444,862)
22 Utilisations of reserves	(353)	(53)
I NET CASH FLOWS FROM OPERATING ACTIVITIES	6,100,365	3,353,145
CASH FLOWS FROM INVESTING ACTIVITIES		
01 Payments for purchases of fixed assets	(140,971)	(181,232)
02 Proceeds from disposals of fixed assets	442,281	104,229
08 Proceeds from investments in other entities	-	1,736,285
09 Receipts of dividends and profit distributions from investments, capital contribution	4,659	1,679
II NET CASH FLOWS FROM INVESTING ACTIVITIES	305,969	1,660,961
CASH FLOWS FROM FINANCING ACTIVITIES		
04 Dividends paid	-	(10)
III NET CASH FLOWS FROM FINANCING ACTIVITIES	-	(10)
IV NET CASH FLOWS DURING THE YEAR	6,406,334	5,014,096
V CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	27,819,187	22,805,091
VII CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 31)	34,225,521	27,819,187

30 March 2020

Prepared by



Nguyen Minh Thanh
General Accountant

Reviewed by



Truong Ho Thai Chau
F/O Chief Accountant

Bank's Representative



Nguyen Canh Vinh
Acting Chief Executive Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

1. REPORTING ENTITY

(a) Establishment and principal activities

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

The Bank was established under Establishment and Operation Licence No. 11/NH-GP issued by the State Bank of Vietnam (“SBV”) on 6 April 1992 and Business Registration Certificate No. 0301179079 issued by the Department of Planning and Investment of Ho Chi Minh City on 23 July 1992. The Establishment and Operation Licence is valid for 50 years from the licence date.

The Bank’s principal activities include mobilising and receiving short, medium and long-term deposits from various organisations and individuals; providing short, medium and long-term loans to various organisations and individuals based on the Bank’s nature of business and capacity of capital resources; conducting foreign exchange transactions; providing international trade finance services; discounting commercial papers, bonds and other valuable papers; providing settlement services and other banking services as allowed by the State Bank of Vietnam.

The consolidated financial statements for the year ended 31 December 2019 comprise the financial statements of the Bank and its subsidiary (collectively referred to as “the Group”).

(b) Charter capital

As at 31 December 2019 and 31 December 2018, the Bank’s charter capital was VND12,355,229 million. The Bank had 1,235,522,904 ordinary shares in issuance, with a par value of VND10,000 per share. The Bank’s shares are listed on the Ho Chi Minh City Stock Exchange.

(c) Location and operation network

The Bank’s Head Office is located at the 8th Floor, Office No. L8-01-11+16 Vincom Center, No. 72 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam. As at 31 December 2019 and 31 December 2018, the Bank had one (1) Head office, forty four (44) branches, one hundred and sixty three (163) transaction offices and one (1) representative office in Hanoi.

(d) Group structure

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

Entity name	Operation Licence	Nature of business	Percentage of equity owned and voting rights	
			31/12/2019	31/12/2018
Eximbank Asset Management Company	No. 031028097 dated 24 August 2010	Asset management	100%	100%

The subsidiary was incorporated in Vietnam.

(e) Number of employees

As at 31 December 2019, the Group has 6,341 employees (31/12/2018: 6,136 employees).

2. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Annual accounting period

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

(d) Accounting and presentation currency

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

(e) Form of accounting records applied

The Group uses accounting software to record its transactions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation**(i) Subsidiary**

Subsidiary is entity controlled by the Group. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where the accounting policies of subsidiary are different from those adopted by the Bank, adjustments have been made where necessary to ensure the consistency of accounting policies adopted for consolidated financial statements.

(ii) Transactions eliminated on consolidation

Intra-group transactions and balances and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

(b) Foreign currency transactions

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

Income and expenses in foreign currencies are translated into VND at the average of the buying and selling exchange rates at the time of occurrence of transactions

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

(c) Cash and cash equivalents

For cash flows presentation purpose, cash and cash equivalents include cash on hand, gold, balances with the State Bank of Vietnam, deposits with and loans to other credit institutions with original term to maturity of not exceeding three months and securities with original term to maturity within three months from the purchase dates.

(d) Deposits with and loans to other credit institutions

Deposits with other credit institutions (excluding demand deposits) are deposits with other credit institutions with original term to maturity of not exceeding 3 months.

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

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

Credit risk classification of deposits with and loans to other credit institutions and allowance thereof is made in accordance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 ("Circular 02") issued by the SBV and Circular No. 09/2014/TT-NHNN dated 18 March 2014 ("Circular 09") issued by the SBV amending and supplementing certain articles of Circular 02. Accordingly, the Group made specific allowance for credit losses on deposits with and loans to other credit institutions in accordance with the accounting policy as described in Note 3(h).

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

(e) Derivative financial instruments***Currency forward contracts and currency swap contracts***

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

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

(f) Sell - buy back and buy - sell back securities contracts

Securities sold and committed to repurchase at a certain time in the future are not derecognised from the consolidated financial statements. Receipts under this agreement are recognised as a liability on the consolidated balance sheet and differences between the selling price and the repurchase price will be amortised on a straight-line basis to the consolidated statement of income during the term of the contract.

Securities purchased and committed to resell at a certain time in the future are not recognised in the consolidated financial statements. Payments under this agreement are recognised as loans to customers on the consolidated balance sheet and differences between the purchase price and the reselling price will be amortised on a straight-line basis to the consolidated statement of income during the term of the contract.

(g) Loans to customers

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

Short-term loans are those with repayment term equal or less than one year from the loan disbursement date; medium-term loans are those with repayment term from one year to five years from the loan disbursement date and long-term loans are those with repayment term of more than five years from the loan disbursement date.

Loans to customers are derecognised when the contractual rights to receive cash flows from the loans expire, or when the Group transfers substantially all risks and rewards of ownership associated with the loans to other parties.

Loans sold to Vietnam Asset Management Company (“VAMC”) are derecognised from the consolidated balance sheet in accordance with the guidance in Official Letter No. 8499/NHNN-TCKT dated 14 November 2013 (“Official Letter 8499”) issued by the SBV and Official Letter No. 925/NHNN-TCKT dated 19 February 2014 (“Official Letter 925”) issued by the SBV.

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

(h) Debt classification, level and method of making allowance for credit losses**(i) Debt classification**

Except for special cases as described in Note 8(i), representing loans to a group of customers secured by shares of another bank, which were classified in Group 3 in accordance with Official Letter No. 942/NHNN-TTGSNH issued by the SBV dated 1 December 2016, debt classification for deposits with and loans to other credit institutions (except for demand deposits), unlisted corporate bonds, loans to customers (together referred to as “debts”) and debts sold but awaiting settlement is made in accordance with the quantitative method as stipulated in Article 10 of Circular 02.

(ii) Specific allowance for credit losses

In accordance with the requirements of Circular 02 and Circular 09, specific allowance for credit losses is calculated based on the allowance rates corresponding with the debt classification and the outstanding principals of debts at the last working date of each quarter (except for Quarter 4, specific allowance is calculated based on the allowance rates corresponding with the debt classification and the outstanding principals of debts at the last working day of November) less the allowed value of collaterals. As at 31 December 2019, the Group made specific allowance based on the allowance rate corresponding with the debt classification of the outstanding principals of debts as at 30 November 2019 (31 December 2018: based on the allowance rate corresponding with the debt classification of the outstanding principals of debts as at 30 November 2018).

As at 31 December 2019, if the Group made allowance for the loans disclosed in Note 8(i) in accordance with Circular 02 and Circular 09, allowance expenses for credit losses for the year ended 31 December 2019 would have increased by VND175,761 million (2018: VND97,636 million) and profit after tax of the Group for the year ended 31 December 2019 would have decreased by VND140,609 million (2018: VND78,109 million).

Specific allowance rates applied to each group of debts are as follows:

Group		Overdue status	Allowance rate
1	Current debts	(a) Current debts being assessed as fully and timely recoverable, both principal and interest; or (b) Debts being overdue for less than 10 days and being assessed as fully recoverable, both overdue principal and interest, and fully and timely recoverable, both remaining principal and interest.	0%
2	Special mentioned debts	(a) Debts being overdue between 10 days and 90 days; or (b) Debts having rescheduled terms of repayment for the first time.	5%

Group		Overdue status	Allowance rate
3	Sub-standard debts	(a) Debts being overdue between 91 days and 180 days; or (b) Debts having extended terms of repayment for the first time; or (c) Debts having exempt or reduced interest because customers are not able to pay the interest according to the credit contract; or (d) Debts falling within one of the following cases not yet collected within 30 days since the issuance date of recovery decision: - Debts having violated regulations specified in Points 1, 3, 4, 5, 6 of Article 126 of Laws on Credit Institutions; or - Debts having violated regulations specified in Points 1, 2, 3, 4 of Article 127 of Laws on Credit Institutions; or - Debts having violated regulations specified in Points 1, 2, 5 of Article 128 of Laws on Credit Institutions. (e) Debts in the collection process under inspection conclusions	20%
4	Doubtful debts	(a) Debts being overdue between 181 days and 360 days; or (b) Debts having rescheduled terms of repayment for the first time and being overdue less than 90 days according to the first rescheduled terms of repayment; or (c) Debts having rescheduled terms of repayment for the second time; or (d) Debts specified in point (d) of Sub-standard debts not yet collected between 30 days and 60 days since the issuance date of recovery decision; or (e) Debts in the collection process under inspection conclusions but being overdue up to 60 days according to recovery term.	50%
5	Loss debts	(a) Debts being overdue more than 360 days; or (b) Debts having rescheduled terms of repayment for the first time and being overdue more than 90 days according to the first rescheduled terms of repayment; or (c) Debts having rescheduled terms of repayment for the second time and being overdue according to the second reschedule terms of repayment; or (d) Debts having rescheduled terms of repayment for the third time or more, regardless of whether the debts are overdue or not; or (e) Debts specified in point (d) of Sub-standard debts not yet collected over 60 days since the issuance date of recovery decision; or (f) Debts in the collection process under inspection conclusions but being overdue of more than 60 days according to recovery term; or (g) Debts to credit institutions being announced under special control status by the SBV, or to foreign bank branches of which capital and assets are blockaded.	100%

For off-balance sheet commitments, the Group classifies debts based on the number of overdue days from the date that the Group performs committed obligations:

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

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

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

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

According to Official Letter No. 5482/NHNN-TTGSNH dated 30 July 2014 issued by the SBV providing implementation guidance of Circular 02 and Circular 09, the Group is not required to use the debt groups provided by the CIC for classifying debts with rescheduled repayment terms as stipulated in Circular 02 if they are not overdue according to the rescheduled payment terms.

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

+ Assets with value of VND50 billion and above which are secured over debts to related parties or other parties under Article 127 of Law on Credit Institutions and collateral assets with value of VND200 billion and above must be valued by a licensed asset valuation organisation; and

+ Other than the above, collateral assets are valued in accordance with the Group's internal policies and processes.

Maximum allowed ratio of collateral assets are determined as follows:

Type of collateral assets	Maximum allowed ratio
(a) Customers deposits in VND	100%
(b) Gold billets, except for the types of gold specified in item (i) below; customers deposits in foreign currencies	95%
(c) Government bonds, negotiable instruments, valuable papers issued by credit institutions, savings deposit certificates, certificates of deposit, bills and notes issued by other credit institution or foreign bank branches: - With a remaining term of below 1 year - With a remaining term of between 1 year to 5 years - With a remaining term of over 5 years	95% 85% 80%
(d) Securities issued by other credit institutions and listed on a stock exchange	70%
(e) Securities issued by other enterprises and listed on a stock exchange	65%
(f) Unlisted securities and valuable papers, except for securities listed in (c), issued by other credit institutions registered for listing on a stock exchange; Unlisted securities and valuable papers, except for securities listed in (c), issued by other credit institutions not registered for listing on a stock exchange	50% 30%
(g) Unlisted securities and valuable papers issued by enterprises registered for listing on a stock exchange; Unlisted securities and valuable papers issued by enterprises not registered for listing on a stock exchange	30% 10%
(h) Real estates	50%
(i) Gold billets without quoted price, other types of gold and other collateral assets	30%

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

(iii) General allowance for credit losses

In accordance with Circular 02, a general allowance for credit losses is made at 0.75% of the outstanding principals of debts at the last working date of each quarter (except for Quarter 4, a general allowance is made at 0.75% of the outstanding principals of debts at the last working date of November), excluding deposits with and loans to other credit institutions and debts being classified as Loss debts. As at 31 December 2019, the Group made general allowance of 0.75% for credit losses on the above balances as at 30 November 2019 (31 December 2018: a general allowance was provided at 0.75% of the above balances as at 30 November 2018).

(iv) Writing-off bad debts

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

Debts written-off against allowance are recorded as off-balance sheet items for monitoring and collection. Recovery from debts previously written-off, including proceeds from sales of collaterals, are recognised in the consolidated statement of income upon receipt.

(v) Provision for off-balance sheet commitments

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

(i) Investment securities

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

(i) Available-for-sale securities*Classification*

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

Recognition

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

Measurement

Unlisted available-for-sale corporate bonds are stated at cost less allowance for credit losses. Credit risk classification and allowance for credit losses on unlisted corporate bonds are made in accordance with the requirements of Circular 02 and Circular 09 as described in Note 3(h).

Other available-for-sale securities are stated at cost, which includes purchase price plus any directly attributable transaction costs such as brokerage fees, transaction fees, information fees and bank charges (if any). Subsequently, these securities are recognised at the lower of book value and market value and allowance for diminution in the value of securities if any is recognised in the consolidated statement of income.

For listed available-for-sale securities, the market price is the closing price of securities quoted by the Ho Chi Minh City Stock Exchange and the Hanoi Stock Exchange at the end of the accounting period.

For unlisted available-for-sale equity securities that have been registered for trading on UPCoM, the market price is the closing price at the end of the accounting period.

For unlisted available-for-sale equity securities that have been registered for trading on the OTC market, the market price is the average of transaction prices at the end of the accounting period quoted by three securities companies of which charter capital is above VND300 billion.

Other securities whose market prices cannot be determined reliably are stated at cost.

Premiums and discounts arising from purchases of available-for-sale debt securities are amortised to the consolidated statement of income using the straight line method over the period from the acquisition date to the maturity date, in cases such available-for-sale securities are sold before their maturity dates, the unamortised premiums and discounts are fully recognised in the consolidated statement of income at the transaction date.

Post-acquisition interest income of available-for-sale debt securities is recognised in the consolidated statement of income on an accrual basis. Interest income from available-for-sale debt securities which is attributable to the period before acquisition date is deducted from the carrying amount of available-for-sale debt securities.

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

Derecognition

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

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

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

Recognition

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

Measurement

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

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

Premiums and discounts arising from purchases of held-to-maturity securities are amortised to the consolidated statement of income using the straight line method over the period from the acquisition date to the maturity date.

Post-acquisition interest income from held-to-maturity securities is recognised in the consolidated statement of income on an accrual basis. Interest income from held-to-maturity securities which is attributable to the period before acquisition date is deducted from the carrying amount of held-to-maturity securities.

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

Derecognition

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

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

Classification

Special bonds issued by VAMC are valuable papers issued by VAMC in exchange for bad debts acquired from the Group and are classified as held-to-maturity investment securities.

Recognition

The Group accounts for bad debts sold in exchange for special bonds in accordance with the guidance of Official letter No. 8499/NHNN-TCKT issued by the SBV dated 14 November 2013 ("Official letter 8499") and Official letter No. 925/NHNN-TCKT issued by the SBV dated 19 February 2014 ("Official letter 925"). These special bonds are initially measured at par value at transaction date and subsequently measured at par value less allowance for losses.

Measurement

In exchange for each bad debt sold to VAMC, the Group receives a corresponding special bond issued by VAMC. Par value of the special bond is equal to the principal of bad debt sold after deducting specific allowance which was made but not yet utilised.

After the bad debts were sold, the Group writes down their book value and derecognises interest receivables from off-balance sheet account. At the same time, the Group recognises special bonds issued by VAMC as held-to-maturity securities issued by local economic entities.

For special bonds issued by VAMC, specific allowance is calculated and provided in accordance with the guidance of Circular No. 19/2013/TT-NHNN dated 6 September 2013 ("Circular 19") issued by the SBV regulating the purchase, sale and handling of bad debts of VAMC and Circular No. 14/2015/TT-NHNN dated 28 August 2015 ("Circular 14"), Circular No. 08/2016/TT-NHNN dated 16 June 2016 ("Circular 08") and Circular No. 09/2018/TT-NHNN dated 14 August 2018 issued by the SBV amending and supplementing certain articles of Circular 19. Accordingly, the minimum specific allowance required to make annually during the term of the special bonds is the positive difference between 20% of the par value of special bonds of five years term and recovery from the underlying debts. For special bonds of which terms have been extended from five years to ten years in accordance with relevant regulations issued by the State authorities, the Group makes allowance for positive differences between 10% of the par value of such special bonds and recovery from the underlying debts. Annually, within 5 consecutive working days before due date of the special bonds, the Group is required to make adequate specific allowance as mentioned above. Allowance for special bonds is recognised in the consolidated statement of income.

In accordance with Clause 15, Article 1, Circular 08, annually, the Group reviews the excess between the Bank's actual annual pre-tax results and the budgeted annual pre-tax results as reported to the SBV in the application documents to extend the term of special bonds issued by VAMC from 5 years to 10 years ("extended VAMC special bonds"). If the Bank's actual annual pre-tax results is greater than the budgeted annual pre-tax results reported to the SBV, the Bank will use the excess to make additional allowance for extended VAMC special bonds within that year such that the allowance for special bonds after additional allowance being made is equal to the amount of allowance for special bonds if being calculated according to the original terms (see Note 10(ii)).

The Group is not required to make general allowance for these special bonds.

(j) Other long-term investments

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

Allowance for diminution in value of long-term investments is made when the value of such investments is impaired. Allowance for diminution in value is equal to the total actual capital contributed by owners of the invested enterprise subtracted (-) the owner's equity of the investee multiplied (x) by the actual Group's percentage of charter capital of the investee at the time of making allowance. The allowance is reversed if there is a subsequent increase in the recoverable amount after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance

had been recognised.

(k) Other assets

(i) Foreclosed assets of which ownership being transferred and awaiting settlement

Foreclosed assets of which ownership being transferred and awaiting settlement are foreclosed assets of which the ownership was transferred to the Group. Foreclosed assets of which ownership have not been transferred to the Group, are recorded as off-balance sheet items.

(ii) Construction in progress

Construction in progress represents the costs of construction which have not been fully completed. No depreciation is provided for construction in progress during the period of construction.

(iii) Other assets

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

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

For Other assets which are overdue, the Group makes allowance for losses based on the overdue status as follows:

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

Allowance for losses on Other assets provided for expected losses of undue debts is determined by the Group after giving consideration to the recovery of these debts.

(l) Tangible fixed assets

(i) Cost

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

(ii) Depreciation

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

+ buildings and structures	25 - 50 years
+ machinery and equipment	5 - 10 years
+ office equipment	3 - 10 years
+ motor vehicles	3 - 10 years
+ other fixed assets	5 - 10 years

(m) Intangible fixed assets*(i) Land use rights*

Land use rights comprise freehold land use rights acquired in a legitimate transfer. Freehold land use rights are stated at cost and are not amortised. Initial cost of a land use right comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use right.

(ii) Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software costs are amortised on a straight-line basis over a period ranging from 5 to 10 years.

(n) Provisions

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

(o) Deposits and borrowings from other credit institutions

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

(p) Deposits from customers

Deposits from customers are stated at cost.

(q) Valuable papers issued

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

(r) Other payables

Other payables are stated at cost.

(s) Severance allowance and unemployment insurance

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

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

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

(t) Capital*(i) Charter capital*

Ordinary shares are recognised at issuance price less incremental costs directly attributable to the issue of shares. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(ii) Share premium

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

(iii) Treasury shares

When the Bank repurchases its ordinary shares (“treasury shares”), the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. These shares are classified as treasury shares and presented as a deduction from equity.

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

(u) Reserves*(i) Statutory reserves***The Bank**

According to Decree No. 93/2018/ND-CP promulgating financial regimes for credit institutions (“Decree 93”), the Bank is required to make the following statutory reserves before distribution of profits:

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

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

Số dư tối đa

Eximbank Asset Management Company – the subsidiary

100% vốn điều lệ

According to Circular No. 27/2002/TT-BTC dated 22 March 2002 issued by the Ministry of Finance, the appropriations of statutory reserves by the subsidiary are made in accordance with the requirements applicable to the Bank as described above.

(ii) Bonus and welfare fund

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

(iii) Other reserves

Other reserves comprise investment and development fund and other reserves appropriated from the Group's profit after tax in accordance with the shareholders' resolution. These reserves are not required by laws, fully distributable and classified as part of equity.

(ii) Bonus and welfare fund

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

(iii) Other reserves

Other reserves comprise investment and development fund and other reserves appropriated from the Group's profit after tax in accordance with the shareholders' resolution. These reserves are not required by laws, fully distributable and classified as part of equity

(v) Off-balance sheet items

Commitments and contingent liabilities

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

(w) Interest income

Interest income is recognised in the consolidated statement of income on the accrual basis, except for interest income from debts classified in Group 2 to Group 5 as described in Note 3(h) and debts classified as Current debts as a result of implementation of special rulings of the State authorities being recognised upon receipt. When debts classified in Group 2 to Group 5 as described in Note 3(h) or classified as Current debt as a result of implementation of special rulings of the State authorities, the accrued interest receivable is derecognised from the consolidated balance sheet and recognised in the off-balance sheet. Interest income from these debts is recognised in the consolidated statement of income upon receipt.

This change in accounting policy has been applied prospectively and did not have any impact on the Group's profit after tax for the year ended 31 December 2019.

(x) Interest expense

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

(y) Fees and commission income

Fees and commission income include the income from the settlement services, guarantee services, treasury services and other services. Fees and commission income are recognised in the consolidated statement of income on an accrual basis.

(z) Fees and commission expenses

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

(aa) Dividend income

Dividend is recognised in the consolidated statement of income when the Group's right to receive dividend is established.

Share dividend and bonus shares received are not recognised as income and only the increase in number of shares is reflected. Dividends which are attributable to the period before acquisition date are deducted from the carrying amount of investments.

(bb) Revenue from sales of assets

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

(cc) Operating lease payments

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

(dd) Taxation

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

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

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

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

(ee) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Bank (after deducting the appropriation to bonus and welfare fund for the accounting period) by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

(ff) Related parties

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

(gg) Segment reporting

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

(hh) Classification of financial instruments

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

(i) Financial assets*Financial assets at fair value through profit or loss*

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

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

Held-to-maturity investments

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

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

Loans and receivables

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

- that the Group intends to sell immediately or in the near term, which are classified as held for trading and those that the Group, on initial recognition, designates as at fair value through profit or loss;

- that the Group, upon initial recognition, designates as available-for-sale; or
- for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

Available-for-sale financial assets

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

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

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

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

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

Financial liabilities carried at amortised cost

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

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

(iii) Nil balances

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

4. CASH ON HAND, GOLD

	31/12/2019 VND million	31/12/2018 VND million
Cash in VND	1,062,584	1,029,108
Cash in foreign currencies	1,349,042	1,174,398
Gold	218,657	152,692
	2,630,283	2,356,198

5. BALANCES WITH THE STATE BANK OF VIETNAM

Balances with the State Bank of Vietnam comprise compulsory reserve for liquidity and current account at the SBV.

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

Deposits in scope

Preceding month's average deposit balances of:

- Customers:

- + Deposits in foreign currencies with term of less than 12 months
- + Deposits in foreign currencies with term of 12 months and above
- + Deposits in VND with term of less than 12 months
- + Deposits in VND with term of 12 months and above

- Overseas credit institutions:

- + Deposits in foreign currencies

	CRR rates	
	31/12/2019	31/12/2018
	8%	8%
	6%	6%
	3%	3%
	1%	1%
	1%	1%
	31/12/2019	31/12/2018
	VND million	VND million
Current account and compulsory reserve		
- In VND	5,249,196	5,898,408
- In USD	488,445	513,717

6. DEPOSITS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

Deposits with other credit institutions

	31/12/2019 VND million	31/12/2018 VND million
Demand deposits		
- In VND	460,767	306,943
- In foreign currencies	7,661,196	2,877,837
Term deposits		
- In VND	16,021,370	10,930,239
- In foreign currencies	1,714,255	4,635,193
	25,857,588	18,750,212

Loans to other credit institutions

- In VND	9	300,652
<i>In which: buy - sell back securities contracts</i>	-	100,585
	25,857,597	19,050,864

Term deposits and loans to other credit institutions categorised by debt group were as follows:

	31/12/2019 VND million	31/12/2018 VND million
Group 1 - Current debts	17,735,634	15,866,084

7. DERIVATIVES AND OTHER FINANCIAL ASSETS

As at 31 December 2019

	Total contract value (at foreign exchange rate at the contract date) VND million	Total carrying value (at foreign exchange rate at 31 December 2019)	
		Assets VND million	Liabilities VND million
Currency derivatives			
- Currency forward contracts	22,690,628	116,064	-
- Currency swap contracts	61,867,696	91,739	-
	84,558,324	207,803	-

As at 31 December 2018

	Total contract value (at foreign exchange rate at the contract date) VND million	Total carrying value (at foreign exchange rate at 31 December 2018)	
		Assets VND million	Liabilities VND million
Currency derivatives			
- Currency forward contracts	12,096,741	22,829	-
- Currency swap contracts	45,333,233	-	(82,087)
	57,429,974	22,829	(82,087)

The carrying amount of derivative financial instruments was presented on a net basis on the Group's consolidated balance sheets as at 31 December 2019 and 31 December 2018.

8. LOANS TO CUSTOMERS

	31/12/2019 VND million	31/12/2018 VND million
Loans to domestic economic entities and individuals	112,936,915	103,723,796
Discounted negotiable instruments and valuable papers	315,846	318,781
Payment on behalf to customers	2,031	-
	<hr/>	<hr/>
	113,254,792	104,042,577

Loan portfolio by debt group is as follows:

	31/12/2019 VND million	31/12/2018 VND million
Group 1 - Current debts	110,711,628	101,494,865
Group 2 - Special mentioned debts	609,993	626,702
Group 3 - Sub-standard debts (i)	973,397	848,445
Group 4 - Doubtful debts	144,790	118,178
Group 5 - Loss debts	814,984	954,387
	<hr/>	<hr/>
	113,254,792	104,042,577

(i) Included in the balance of Group 3 – Sub-standard debts as at 31 December 2019 was VND746,000 million (31/12/2018: VND746,000 million) outstanding principal of loans to seven (07) customers which are secured by shares of another bank and associated allowance amounting to VND43,285 million (31/12/2018: VND21,787 million) which were restructured and classified in accordance with the guidance of Official Letter No. 942/NHNN-TTGSNH issued by the SBV dated 1 December 2016 until the SBV approves the post-merger restructuring plan of the aforementioned bank (“Post-merger restructuring plan”) and handling of related debts. On 22 May 2017, the SBV approved the Post-merger restructuring plan as mentioned above. At the issuance date of these consolidated financial statements, the Bank has not received any further guidance from the SBV on debt classification and the level and method of making allowances for losses on these loans

In 2016, the Group sued all seven (07) customers for recovery of debts. Up to the issuance date of these consolidated financial statements, the Court has issued the first verdict for the cases related to five (05) of the seven customers with outstanding loan principals of VND500,000 million, details as follows:

- The Court issued the first verdict for the cases related to three customers (03), accordingly these customers must repay VND417,749 million represented loan principals and interest to the Bank. In case these customers are unable to repay the debts in full or partially when due, the Bank has the right to request enforcement agency to enforce the sales of related collaterals for recovery of debts.
- The Court issued the first verdict for the cases related to two other customers (02), accordingly these customers must repay VND294,196 million represented loan principals and interest to the Bank. In case these customers are unable to repay the debts in full or partially, the Bank has the right to request enforcement agency to enforce the sales of related collaterals for recovery of debts. One (01) customer has filed an appeal to the Court on the amount of interest payable associated with the loan. In addition, the Bank has filed an appeal to the Court on interest receivable from the other customer. At the issuance date of these consolidated financial statements, the appeal letters are waiting for the competent authorities to resolve in accordance with laws.

For the other two customers (02) with outstanding loan principals of VND246,000 million, the Bank is waiting for the Court to complete legal proceedings to bring the case for trial.

As at 31 December 2019, if the Group made allowance for the aforementioned loans in accordance with Circular 02 and Circular 09, the allowance for credit losses for the year ended 31 December 2019 would have increased by VND175,761 million (2018: VND97,636 million) and profit after tax of the Group for the year ended 31 December 2019 would have decreased by VND140,609 million (2018: VND78,109 million).

Loan portfolio by term is as follows:

	31/12/2019 VND million	31/12/2018 VND million
Short-term loans	56,278,754	45,507,726
Medium-term loans	8,458,249	9,070,565
Long-term loans	48,517,789	49,464,286
	113,254,792	104,042,577

Loan portfolio by customer industry is as follows:

	31/12/2019 VND million	31/12/2018 VND million
Individuals and community services	42,403,898	43,278,061
Trading	30,494,494	23,201,062
Manufacturing and processing	14,180,403	12,851,828
Construction	5,687,635	4,547,471
Asset trading activities and consultancy services	4,998,948	4,728,136
Electricity, gas and water producing and distribution	4,182,043	3,560,262
Agriculture, forestry and aquaculture	3,507,882	3,098,023
Transportation, warehousing and communication	2,909,913	3,377,228
Restaurants and hotels	1,612,444	1,686,072
Financial services	1,279,578	1,041,756
Mining exploration	571,118	438,856
International organisations and parties	549,110	1,293,868
Education and training	290,991	453,267
Science and technology	258,548	224,515
Healthcare and social relief activities	257,501	192,739
Sport and cultural activities	70,286	69,433
	113,254,792	104,042,577

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

	31/12/2019 VND million	31/12/2018 VND million
Individuals	58,562,590	56,443,615
Limited liability companies	34,571,904	28,666,430
Joint stock companies	11,977,901	10,118,534
State-owned enterprises	6,902,056	7,135,782
100% foreign owned companies	751,868	519,344
Co-operatives	121,580	131,228
Private companies	99,420	805,431
Others	267,473	222,213
	113,254,792	104,042,577

9. ALLOWANCE FOR LOANS AND ADVANCES TO CUSTOMERS

	31/12/2019 VND million	31/12/2018 VND million
Allowance for loans and advances to customers comprises:		
General allowance (i)	802,156	764,325
Specific allowance (ii)	270,666	307,042
	1,072,822	1,071,367

(i) Movements in general allowance for credit losses on loans and advances to customers during the year were as follows:

	2019 VND million	2018 VND million
Opening balance	764,325	749,877
Allowance made during the year (Note 28)	37,831	14,448
	802,156	764,325

(ii) Movements in specific allowance for credit losses on loans and advances to customers during the year were as follows:

	2019 VND million	2018 VND million
Opening balance	307,042	306,151
Allowance (reversed)/made during the year (Note 28)	(36,833)	74,207
Allowance utilised during the year	-	(73,316)
Specific allowance arisen from cancellation of special bonds issued by VAMC	457	-
	270,666	307,042

10. INVESTMENT SECURITIES

	31/12/2019 VND million	31/12/2018 VND million
Available-for-sale securities		
<i>Debt securities</i>		
- Government bonds	6,056,959	10,234,382
- Bonds issued by other local credit institutions	2,350,000	-
- Bonds issued by local economic entities	225,368	-
<i>Equity securities</i>		
- Shares issued by local economic entities	234,023	175,940
	8,866,350	10,410,322
<i>Allowance for diminution in the value of available-for-sale investment securities (i)</i>		
- General allowance	(751)	-
- Allowance for diminution in the value of available-for-sale securities	(163,464)	(135,248)
	(164,215)	(135,248)
	8,702,135	10,275,074
Held-to-maturity securities (excluding special bonds issued by VAMC)		
<i>Debt securities</i>		
- Government bonds	2,108,512	200,612
- Bonds issued by other local credit institutions – unlisted	1,400,000	1,000,000
- Bonds issued by local economic entities – unlisted	75,000	75,000
	3,583,512	1,275,612
Special bonds issued by VAMC (ii)		
- Special bonds at par value	4,434,128	5,487,386
- Allowance for special bonds	(2,179,314)	(2,136,095)
	2,254,814	3,351,291
	14,540,461	14,901,977

(i) Movements in the allowance for available-for-sale investment securities during the year were as follows:

	2019 VND million	2018 VND million
Opening balance	135,248	-
Allowance for diminution in the value of available-for-sale investment securities made during the year (Note 24)	2,489	125,552
General allowance made during the year (Note 28)	751	-
Reclassification from allowance for diminution in the value of long-term investments (Note 11(i))	96,846	9,696
Allowance reversed during the year (Note 24)	(71,119)	-
	<hr/>	<hr/>
Closing balance	164,215	135,248

(ii) These are special bonds issued by VAMC in exchange for bad debts acquired from the Group with the total outstanding principal of VND4,712,856 million (31/12/2018: VND5,786,114 million). Up to the date of selling bad debts to VAMC, the Group has made specific allowance for these debts amounting to VND278,728 million (31/12/2018: VND298,728 million).

Movements in allowance for special bonds issued by VAMC during the year were as follows:

	2019 VND million	2018 VND million
Opening balance	2,136,095	1,504,584
Allowance made during the year (Note 28) (*)	842,945	760,305
Allowance reversed during the year (Note 28)	(154,403)	(125,414)
Allowance utilised during the year through disposals of special bonds issued by VAMC	(645,323)	(3,380)
	<hr/>	<hr/>
Closing balance	2,179,314	2,136,095

* Allowance for special bonds issued by VAMC during the year included VND652,172 million (2018: VND514,062 million) additional allowance made as a result of the excess between the Bank's 2019 annual pre-tax results and the budgeted 2019 pre-tax results as reported to the SBV under application documents to extend the terms special bonds issued by VAMC from 5 years to 10 years (the Bank's actual annual pre-tax results is higher than the budgeted annual pre-tax results reported to the SBV) (Note 3(i)(iii)).

11. CAPITAL CONTRIBUTION, LONG-TERM INVESTMENTS

	31/12/2019 VND million	31/12/2018 VND million
Investments in shares of other local credit institutions		
+ Listed	-	-
Investments in shares of local economic entities		
+ Listed	-	-
+ Unlisted	-	110,566
	<hr/>	<hr/>
	-	110,566
Allowance for diminution in the value of long-term investments (i)	-	(96,846)
	<hr/>	<hr/>
	-	13,720

Movements of other long-term investments during the year were as follows:

	2019 VND million	2018 VND million
Opening balance	110,566	1,480,063
Disposals	-	(1,214,861)
Reclassification to available-for-sale investment securities	(110,566)	(154,636)
	<hr/>	<hr/>
Closing balance	-	110,566

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

	2019 VND million	2018 VND million
Opening balance	96,846	102,854
Allowance made during the year	-	3,688
Reclassification to allowance for available-for-sale investment securities (Note 10(i))	(96,846)	(9,696)
Closing balance	-	96,846

12. TANGIBLE FIXED ASSETS

2019

	Building and structures VND million	Machinery equipment VND million	Motor vehicles VND million	Office equipment VND million	Other fixed assets VND million	Total VND million
Cost						
Opening balance	483,692	742,287	253,781	46,457	612,216	2,138,433
Additions	191	240	-	534	318	1,283
Transfers from construction in progress	16,595	23,142	3,293	219	12,767	56,016
Reclassifications	-	528	115	(643)	-	-
Disposals	(499)	(664)	(7,418)	(33)	(111,170)	(119,784)
Closing balance	499,979	765,533	249,771	46,534	514,131	2,075,948
Accumulated depreciation						
Opening balance	64,861	493,191	185,867	39,562	484,791	1,268,272
Charge for the year	12,860	53,036	13,872	2,344	37,407	119,519
Reclassifications	-	467	113	(580)	-	-
Disposals	(50)	(664)	(7,388)	(33)	(107,848)	(115,983)
Closing balance	77,671	546,030	192,464	41,293	414,350	1,271,808
Net book value						
Opening balance	418,831	249,096	67,914	6,895	127,425	870,161
Closing balance	422,308	219,503	57,307	5,241	99,781	804,140

2018

Cost						
Opening balance	440,632	665,290	216,210	46,332	591,559	1,960,023
Additions	-	67,371	22,858	-	-	90,229
Transfers from construction in progress	43,060	22,894	21,549	1,436	20,657	109,596
Disposals	-	(13,268)	(6,836)	(1,311)	-	(21,415)
Closing balance	483,692	742,287	253,781	46,457	612,216	2,138,433
Accumulated depreciation						
Opening balance	52,448	458,670	178,791	38,395	446,549	1,174,853
Charge for the year	12,413	47,789	13,912	2,478	38,242	114,834
Disposals	-	(13,268)	(6,836)	(1,311)	-	(21,415)
Closing balance	64,861	493,191	185,867	39,562	484,791	1,268,272
Net book value						
Opening balance	388,184	206,620	37,419	7,937	145,010	785,170
Closing balance	418,831	249,096	67,914	6,895	127,425	870,161

As at 31 December 2019, included in tangible fixed assets were assets costing VND645,011 million which were fully depreciated but which are still in use (31/12/2018: VND686,637 million).

13. INTANGIBLE FIXED ASSETS

2019

	Land use rights VND million	Software VND million	Total VND million
Cost			
Opening balance	2,381,088	451,823	2,832,911
Transfers from construction in progress	-	17,648	17,648
Disposals	(26,613)	-	(26,613)
Closing balance	2,354,475	469,471	2,823,946
Accumulated amortisation			
Opening balance	-	144,182	144,182
Charge for the year	-	39,883	39,883
Closing balance	-	184,065	184,065
Net book value			
Opening balance	2,381,088	307,641	2,688,729
Closing balance	2,354,475	285,406	2,639,881
Cost			
Opening balance	2,381,088	169,936	2,551,024
Transfers from construction in progress	-	281,887	281,887
Closing balance	2,381,088	451,823	2,832,911
Accumulated amortisation			
Opening balance	-	122,000	122,000
Charge for the year	-	22,182	22,182
Closing balance	-	144,182	144,182
Net book value			
Opening balance	2,381,088	47,936	2,429,024
Closing balance	2,381,088	307,641	2,688,729

As at 31 December 2019, included in intangible fixed assets were assets costing VND99,184 million which were fully depreciated but which are still in use (31/12/2018: VND75,916 million),

14. OTHER ASSETS

	31/12/2019 VND million	31/12/2018 VND million
Constructions in progress (i)		
+ Advances for purchases of fixed assets	153,848	187,909
+ Construction in progress	259,567	261,354
+ Advances for purchases of other assets	20,053	-

	31/12/2019 VND million
Receivables	
+ Advances to individuals (ii)	380,699
+ Receivables from card settlements	274,245
+ Deposits for house rentals and other operating leases	45,213
+ Receivables from transfer of shares (iii)	39,130
+ Receivables from interest subsidy program	38,451
+ Receivables from individuals (iv)	34,840
+ Advances for operating activities	33,178
+ Corporate income tax paid in foreign countries awaiting finalisation	12,219
+ Deductible value added tax	11,559
+ Over-paid corporate income tax (Note 19)	6,343
+ Dividend receivable	5,865
+ Principal and interest receivable from government bonds which were due	-
+ Other receivables	38,338
	920,080
Accrued interest and fees receivable	1,195,201
Other assets	
+ Foreclosed assets of which ownership have been transferred and awaiting settlement	725,362
+ Prepaid expenses	46,158
+ Materials and tools	14,885
+ Settlements among credit institutions	26,367
	812,772
Allowance for losses on Other assets (v)	(422,979)
	2,938,542

(i) Movements in construction in progress during the year were as follows:

	2019 VND million
Opening balance	449,263
Additions	85,544
Transfers to tangible fixed assets	(56,016)
Transfers to intangible fixed assets	(17,648)
Transfers to Other assets	(7,317)
Decrease in foreclosed assets from a customer	(18,345)
Written off	(2,013)
	433,468

(ii) Included in advances to individuals were:

- VND360,401 million advances to an individual who was involved in the claim as described in Note 40(i). The advance is made in accordance with the Decision of the appellate judgment issued by the People's Court of Ho Chi Minh City on 19 April 2019, whereby the Group is obliged to repay both principal and associated interest of the deposits subject to the claim to this individual. The civil liability of the former Deputy Director of Ho Chi Minh City Branch ("Former Deputy Director") in relation to compensations to the Bank will be decided when he is in custody. At the issuance date of these consolidated financial statements, the Group made full allowance for advances to this individual. Refer to Note 40(i) for more information on this claim.

- VND20,298 million advances to two individuals who were involved in the case "Irresponsibility causing damages to the property of the State, agencies, organisations and enterprises" as described in Note 40(i). The advances which represented the outstanding principal and associated interest of deposits made by these individuals were made in accordance with the Decision of the first verdict dated 23 November 2018 issued by the People's Court of Ho Chi Minh City. The former Deputy Director's civil liability in relation to compensations to the Bank will be decided when he is in custody. At the issuance date of these consolidated financial statements, the Bank made full allowance for the advances to these two individuals. Refer to Note 40(i) for more information on this case.

(iii) This amount represented the receivables from transfers of shares of a company in which the Group invested. This receivable was due in July 2019. As at 31 December 2019, the Group has assessed the recoverability of this receivable and its associated interest and accordingly, no allowance has been made for these receivables.

(iv) This amount represented the receivable from a former employee of Do Luong Transaction Office – Vinh Branch who was involved in the claim as described in Note 40(ii). At the issuance date of these consolidated financial statements, the Bank made allowance for this receivable amounting to VND27,839 million (31/12/2018: VND27,839 million) based on its assessment of the recoverability of assets seized from this former employee and from individuals whom were involved in the claim as mentioned in Note 40(ii).

Other assets with credit risk categorised by debt group were as follows:

	31/12/2019 VND million	31/12/2018 VND million
Group 1 - Current debts	1,681,548	1,716,712
Group 5 - Loss debts	429,979	314,060
	<hr/> 2,111,527	<hr/> 2,030,772

(v) Movements in allowance for losses on Other assets during the year were as follows:

	2019 VND million	2018 VND million
Opening balance	307,638	6,031
Additions (Note 27)	26,551	302,667
Transfer from provision for other liabilities	88,790	-
Allowance utilised during the year	-	(1,060)
Closing balance	<hr/> 422,979	<hr/> 307,638

15. BORROWINGS FROM THE STATE BANK OF VIETNAM

	31/12/2019 VND million	31/12/2018 VND million
Borrowings from the SBV in VND	41,479	49,327

16. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

	2019 VND million	2018 VND million
Demand deposits		
+ In VND	90,436	107,443
+ In foreign currencies	395	13,683
Term deposits		
+ In VND	4,099,750	4,048,368
+ In foreign currencies	3,873,227	6,401,900
	<hr/> 8,063,808	<hr/> 10,571,394
Borrowings		
+ In VND	-	150,000
+ In foreign currencies	579,375	5,289,670
	<hr/> 579,375	<hr/> 5,439,670
	<hr/> 8,643,183	<hr/> 16,011,064

17. DEPOSITS FROM CUSTOMERS

	31/12/2019 VND million	31/12/2018 VND million
Demand deposits		
+ In VND	15,674,291	14,101,756
+ In foreign currencies	2,670,983	3,265,228
Term deposits		
+ In VND	29,588,381	22,946,618
+ In foreign currencies	445,838	438,657
Saving deposits		
+ In VND	87,522,874	74,256,449
+ In foreign currencies	2,652,235	3,058,860
Special-purpose deposits		
+ In VND	142,870	110,898
+ In foreign currencies	38,207	27,215
Margin deposits		
+ In VND	520,278	427,223
+ In foreign currencies	22,507	60,965
	139,278,464	118,693,869

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

	31/12/2019 VND million	31/12/2018 VND million
Individuals	99,900,618	85,560,166
Limited liability companies	14,332,392	13,798,665
Joint stock companies	11,361,525	8,866,532
State-owned enterprises	7,516,063	4,517,976
100% foreign owned companies	4,332,653	3,977,884
Private companies	61,344	102,249
Others	1,773,869	1,870,397
	139,278,464	118,693,869

18. OTHER LIABILITIES

	31/12/2019 VND million	31/12/2018 VND million
Accrued interest and fees payable	3,039,261	2,190,807
Internal payables		
+ Payables to employees	44,285	7,071
+ Other internal payables	662	1,246
External payables		
+ Card settlement payables		
+ Payables relating to letters of credit	262,830	217,448
+ Remittance payables	176,633	125,460
+ Taxes payable (Note 19)	128,275	20,508
+ Payables relating to core banking system	32,463	28,639
+ Payables to the SBV relating to interest subsidy program	31,992	86,136
+ Dividend payables	29,826	29,826
+ Other payables	2,455	2,455
Bonus and welfare fund (i)	48,549	116,045
	28,648	40,580
	786,618	675,414

Provision for other liabilities

+ Interest payable to a customer - 88,790

3,825,879	2,955,011
------------------	------------------

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

	2019 VND million	2018 VND million
Opening balance	40,580	27,437
Appropriation from profit after tax	-	57,000
Utilisation during the year	(11,932)	(19,494)
Other movements	-	(24,363)
Closing balance	28,648	40,580

19. OBLIGATIONS TO THE STATE TREASURY

2019	Opening balance				Closing balance		
	Overpaid VND million	Payable VND million	Incurred VND million	Net off VND million	Paid VND million	Overpaid VND million	Payable VND million
Corporate income tax	(65,284)	1,874	229,117	-	(171,931)	(6,343)	119
Value added tax	-	10,245	100,248	(380)	(94,897)	-	15,216
Personal income tax	-	16,520	92,080	-	(91,472)	-	17,128
Foreign contractor tax	-	-	14,930	-	(14,930)	-	-
Other taxes	-	-	7,228	-	(7,228)	-	-
	(65,284)	28,639	443,603	(380)	(380,458)	(6,343)	32,463

2018	Opening balance				Closing balance		
		Payable VND million	Incurred VND million	Net off VND million	Paid VND million	Overpaid VND million	Payable VND million
Corporate income tax		111,599	166,538	-	(341,547)	(65,284)	1,874
Value added tax		10,284	74,869	(287)	(74,621)	-	10,245
Personal income tax		8,233	77,436	-	(69,149)	-	16,520
Foreign contractor tax		-	14,320	-	(14,320)	-	-
Other taxes		-	5,822	-	(5,822)	-	-
		130,116	338,985	(287)	(505,459)	(65,284)	28,639

20. OWNERS' EQUITY

	Charter capital VND million	Capital for construction, purchases of fixed assets VND million	Share premium VND million	Treasury shares VND	Reserve to supplement charter capital VND million	Financial reserve VND million	Investment and development fund VND million	Retained profits VND million	Total VND million
Balance at 1 January 2018	12,355,229	15,396	156,322	(78,273)	542,922	1,043,761	326	215,498	14,251,181
Net profit for the year	-	-	-	-	-	-	-	660,590	660,590
Appropriation to statutory reserves	-	-	-	-	32,838	65,676	-	(98,514)	-
Utilisation of funds	-	-	-	-	-	(53)	-	-	(53)
Appropriation to bonus and welfare fund	-	-	-	-	-	-	-	(57,000)	(57,000)
Other movements	-	-	-	-	-	316	-	28,500	28,816
Balance at 1 January 2019	12,355,229	15,396	156,322	(78,273)	575,760	1,109,700	326	749,074	14,883,534
Net profit for the year	-	-	-	-	-	-	-	866,132	866,132
Appropriation to statutory reserves	-	-	-	-	43,232	86,464	-	(129,696)	-
Utilisation of funds	-	-	-	-	-	(353)	-	-	(353)
Balance at 31 December 2019	12,355,229	15,396	156,322	(78,273)	618,992	1,195,811	326	1,485,510	15,749,313

(b) Charter capital	31/12/2019		31/12/2018	
	Number of shares	Par value VND million	Number of shares	Par value VND million
Authorised charter capital	1,235,522,904	12,355,229	1,235,522,904	12,355,229
Issued share capital				
Ordinary shares	1,235,522,904	12,355,229	1,235,522,904	12,355,229
Treasury shares				
Ordinary shares	(6,090,000)	(60,900)	(6,090,000)	(60,900)
Shares in circulation				
Ordinary shares	1,229,432,904	12,294,329	1,229,432,904	12,294,329

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of shareholders of the Bank. Shareholders are entitled to receive dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Bank's residual assets. In respect of shares bought back by the Bank, all rights are suspended until those shares are re-issued.

21. NET INTEREST AND SIMILAR INCOME

	2019 VND million	2018 VND million
Interest and related income from		
+ Loans to customers and other credit institutions	10,048,336	8,896,666
+ Deposits with other credit institutions	477,300	358,779
+ Investment securities	657,427	584,934
+ Guarantee services	108,228	92,143
+ Other income from credit activities	14,465	971
	11,305,756	9,933,493
Interest and related expenses on		
+ Deposits from customers and other credit institutions	(7,963,686)	(6,565,776)
+ Borrowings from the SBV and other credit institutions	(116,267)	(140,513)
+ Valuable papers issued	-	(9,802)
+ Other expenses on credit activities	(5,437)	(10,507)
	(8,085,390)	(6,726,598)
Net interest income	3,220,366	3,206,895

22. NET FEES AND COMMISSION INCOME

	2019 VND million	2018 VND million
Fees and commission income from		
+ Settlement services	650,845	559,547
+ Treasury services	39,710	40,312
+ Other services	120,996	83,732
	811,551	683,591
Fees and commission expenses on		
+ Settlement and treasury services	(287,269)	(250,965)
+ Postage and telecommunications	(56,941)	(46,612)
+ Cash handling	(9,381)	(9,061)
+ Agency commission	(7,458)	(11,553)
+ Other services	(66,966)	(18,742)
	(428,015)	(336,933)
Net fees and commission income	383,536	346,658

23. NET GAIN FROM TRADING OF FOREIGN CURRENCIES

	2019 VND million	2018 VND million
Gains from trading of foreign currencies		
+ Currency spot contracts	2,543,255	2,176,003
+ Other derivatives contracts	982,975	342,532
+ Gold trading	161,611	79,112
	3,687,841	2,597,647

Losses from trading of foreign currencies

- + Currency spot contracts
- + Other derivatives contracts
- + Gold trading

2019
VND million

(2,382,066)
(824,398)
(116,836)

2018
VND million

(1,750,802)
(515,454)
(62,318)

(3,323,300)

(2,328,574)

Net gain from trading of foreign currencies

364,541

269,073

24. NET GAIN/(LOSS) FROM SALES OF INVESTMENT SECURITIES

- Gains from trading of investment securities
- Losses from trading of investment securities
- Allowance made for credit losses on investment securities (Note 10(i))
- Reversal of allowance for credit losses on investment securities (Note 10(i))

2019
VND million

170,849
(10,421)
(2,489)
71,119

2018
VND million

18,148
(8,629)
(125,552)
-

229,058

(116,033)

Net gain/(loss) from sales of investment securities

25. NET OTHER INCOME

Other income

- + Recovery from bad debts previously written-off
- + Proceeds from disposals of land use rights and other fixed assets
- Land use rights
- Other fixed assets
- Foreclosed assets and other assets
- + Other income

2019
VND million

194,159
442,281
21,900
4,721
415,660
10,351

2018
VND million

203,125
104,229
-
1,338
102,891
19,616

646,791

326,970

Other expenses

- + Net book value of disposed land use rights and other fixed assets
- Land use rights
- Other fixed assets
- Foreclosed assets and other assets
- + Other expenses

(353,224)

(97,045)

(26,613)

-

(3,801)

-

(322,810)

(97,045)

(9,439)

(4,355)

(362,663)

(101,400)

Net other income

284,128

225,570

26. GAIN FROM CAPITAL CONTRIBUTION, SHARE PURCHASE

Dividends/profit distributions from:

- + Available-for-sale equity securities
- + Capital contribution, long-term investments
- Gains from disposals of long-term investments
- Allowance made for diminution in the value of long-term investments (Note 11)

2019
VND million

4,659
4,033
626
-
-

2018
VND million

1,679
1,159
520
521,424
(3,688)

4,659

519,415

Gain from capital contribution, share purchase

27. OPERATING EXPENSES

1. Personnel expenses:

In which:

- + Salary and allowances
- + Salary related contributions
- + Meal allowances
- + Other allowances
- + Healthcare
- + Uniform and labour protection instruments
- + Others

2019
VND million

1,655,878
1,432,111
91,158
70,566
15,882
11,320
2,048
32,793
467,504

2018
VND million

1,507,232
1,270,497
85,803
68,511
36,627
9,562
12,349
23,883
458,873

2. Asset expenditure

In which:

- + Rental
- + Depreciation of fixed assets
- + Repair and maintenance
- + Tools and supplies
- + Insurance fee

221,126
159,402
70,042
14,154
2,780

212,132
137,016
80,882
25,902
2,941

	2019 VND million	2018 VND million
3. Insurance for customer deposits	130,558	122,678
4. Meeting and conference expenses	119,382	87,184
6. Utilities expenses	56,141	54,501
5. Document and advertisement expenses	52,668	56,095
7. Materials and printing expenses	37,607	38,895
8. Other provision expenses (*)	26,551	391,457
9. Travelling expenses	22,645	26,150
10. Professional fees	13,986	16,781
11. Other taxes and charges, fees	13,490	8,875
12. Postage and telecommunication expenses	9,540	9,904
13. Documents and newspapers	5,618	5,942
14. Training expenses	2,288	3,497
15. Inspection and examination expenses	933	2,177
16. Others	85,959	110,663
	2,700,748	2,900,904

Other provision expenses included additional interest payable to a customer in accordance with the decision of the appellate judgment dated 19 April 2019 (Note 14(ii)) and Note 40(i)) (2018: allowance for losses amounting to VND302,667 million (Note 14(v)) and VND88,790 million interest payable to a customer in accordance with the Court's first verdict dated 23 November 2018 (Note 40(i)).

28. ALLOWANCE EXPENSES FOR CREDIT LOSSES

	2019 VND million	2018 VND million
General allowance made for credit losses on loans to customers (Note 9(i))	37,831	14,448
Specific allowance (reversed)/made for credit losses on loans to customers (Note 9(ii))	(36,833)	74,207
General allowance made for credit losses on held-to-maturity securities (Note 10(i))	751	-
Allowance made for special bonds (Note 10(ii))	842,945	760,305
Reversal of allowance for special bonds (Note 10(ii))	(154,403)	(125,414)
	690,291	723,546

29. CORPORATE INCOME TAX

(a) Recognised in the consolidated statement of income

	2019 VND million	2018 VND million
Current tax expense	218,612	166,523
Under provision in prior years	10,505	15
	229,117	166,538

(b) Reconciliation of effective tax rate

Profit before tax	1,095,249	827,128
<i>Adjustments for:</i>		
+ Tax exempt income (dividend)	(4,033)	(1,159)
+ Non-deductible expenses	3,336	10,475
+ Allowance for investment securities	(1,492)	(3,827)
Taxable income	1,093,060	832,617
Corporate income tax expense for the year	218,612	166,523
Under provision in prior years	10,505	15
Corporate income tax expense	229,117	166,538

(c) Applicable tax rates

The corporate income tax rate applicable to the Bank and Eximbank Asset Management Company is 20%.

The corporate income tax computation is subject to the review and approval of tax authorities.

30. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2019 was based on profit attributable to ordinary shareholders of the Bank amounting to VND866,132 million (2018: VND660,590 million) and weighted average number of ordinary shares of 1,229,432,904 (2018: 1,229,432,904), calculated as follows:

(i) Net profit attributable to ordinary shareholders

	2019 VND million	2018 VND million
Net profit attributable to ordinary shareholders	866,132	660,590

At the date of this report, the Group has not received the official decision of the General Meeting of Shareholders on the appropriation to bonus and welfare funds from profit of 2018. If the Group makes appropriation to bonus and welfare funds, net profit attributable to ordinary shareholders and basic earnings per share will decrease.

(ii) Weighted average number of ordinary shares	2019 Shares	2018 Shares
Weighted average number of ordinary shares during the year	1,229,432,904	1,229,432,904

(iii) Basic earnings per share	2019	2018
Basic earnings per share (VND/share)	704	537

(b) Diluted earnings per share

As at 31 December 2019 and 2018, the Bank did not have any dilutive potential ordinary shares. Accordingly, the requirement for presentation of diluted earnings per share is not applicable.

31. CASH AND CASH EQUIVALENTS

	31/12/2019 VND million	31/12/2018 VND million
Cash on hand, gold	2,630,283	2,356,198
Balances with the SBV	5,737,641	6,412,125
Deposits with other credit institutions with original term to maturity of not exceeding three months	25,857,588	18,750,212
Loans to other credit institutions with original term to maturity of not exceeding three months	9	300,652
	34,225,521	27,819,187

32. EMPLOYEES' BENEFITS

	2019 VND million	2018 VND million
Total average number of employees during the year	6,201	6,046
Employees' income		
1. Salary	1,432,111	1,270,497
2. Bonus	11,043	11,452
3. Other income	70,566	68,511
	1,513,720	1,350,460
4. Total income (4=1+2+3)		
Average monthly salary/employee	19	18
Average monthly income/employee	20	19

33. TYPE AND VALUE OF COLLATERALS RECEIVED FROM CUSTOMERS AND OTHER CREDIT INSTITUTIONS

(a) Type and value of collaterals received from customers

	31/12/2019 VND million	31/12/2018 VND million
Real estates	180,767,119	153,448,596
Machineries and equipment	13,421,632	13,531,737
Shares and valuable papers	11,763,395	8,650,480
Inventories	60,282	228,743
Other assets	15,413,432	29,354,511
	221,425,860	205,214,067

Except for low-value collaterals being valued by the Bank's branches, the valuation of other types of collaterals is performed by the Asset Valuation Center of the Bank.

(b) Type and value of collaterals received from other credit institutions

	31/12/2019 VND million	31/12/2018 VND million
Valuable papers	-	100,585

34. CONTINGENT LIABILITIES AND COMMITMENTS

	31/12/2019			31/12/2018		
	Contractual amount – gross VND million	Margin deposits VND million	Contractual amount – net VND million	Contractual amount – gross VND million	Margin deposits VND million	Contractual amount – net VND million
Credit guarantees	192	-	192	2	-	2
Foreign exchange commitments	134,488,678	-	134,488,678	94,070,917	-	94,070,917
<i>In which:</i>						
+ Commitments on purchase of foreign currencies	2,297,294	-	2,297,294	3,377,444	-	3,377,444
+ Commitments on sales of foreign currencies	1,344,152	-	1,344,152	345,075	-	345,075
+ Commitments on currency swap transactions	130,847,232	-	130,847,232	90,348,398	-	90,348,398
Letters of credit commitments	3,926,618	(130,155)	3,796,463	3,710,711	(122,387)	3,588,324
Other guarantees	5,595,009	(239,262)	5,355,747	3,258,222	(177,074)	3,081,148
Other commitments	168,903	-	168,903	169,231	-	169,231

35. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

At the year-end and during the year, there were the following significant balances and transactions with related parties:

Balances at the year-end	31/12/2019	31/12/2018
	VND million	VND million
Major shareholders		
	Receivables/(payables)	
Deposits from major shareholders	(122,793)	(1,135,995)
Borrowings from major shareholders	(463,500)	(638,550)
Other related parties (*)		
Deposits from other related parties	(186,629)	(75,873)
Interest payable to other related parties	(2,015)	(1,404)
Loans to other related parties	1,532	1,885
Interest receivable from other related parties	5	5
Transactions during the year		
	2019	2018
	VND million	VND million
	Income/(expense)	
Major shareholders		
Interest income	669	981
Interest expense	24,046	34,921
Other related parties (*)		
Interest income	101	124
Interest expense	14,565	4,535
Remuneration to members of the Board of Directors (**)	1,868	21,437
Advances to members of the Board of Directors	11,189	-
Remuneration to members of the Board of Supervisors (**)	-	14,500
Advances to members of the Board of Supervisors	2,667	-
Salaries and allowances of the Board of Management's members	38,568	33,680

(*) Other related parties represented key management personnel who are members of the Board of Directors, the Board of Management, Board of Supervisors, and close family members of these individuals and entities of which these individuals directly or indirectly hold significant voting rights or through which these individuals obtain significant influence over the Bank.

(**) Remunerations to members of the Board of Directors and Board of Supervisors recognised in 2019 include remuneration of 2018 payable to members of the Board of Directors and Board of Supervisors amounting to VND1,868 million (2018: remuneration of 2017 paid to members of the Board of Directors and Board of Supervisors amounting to VND8,335 million and VND6,500 million, respectively) which were approved by the shareholders at the Annual General Meeting.

36. CONCENTRATION OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET COMMITMENTS BY GEOGRAPHICAL AREA

As at 31 December 2019

	Loans to customers – gross VND million	Deposits from customers VND million	Valuable papers issued VND million	Contingent liabilities and credit commitments – gross VND million	Investment securities – gross VND million	Capital contribution, long-term investments – gross VND million	Deposits with and loans to other credit institutions – gross VND million	Deposits and borrowings from other credit institutions VND million
Domestic	113,254,792	137,642,435	-	9,521,819	16,883,990	-	20,373,174	8,063,808
Overseas	-	1,636,029	-	168,903	-	-	5,484,423	579,375
	113,254,792	139,278,464	-	9,690,722	16,883,990	-	25,857,597	8,643,183

As at 31 December 2018

	Loans to customers – gross VND million	Deposits from customers VND million	Valuable papers issued VND million	Contingent liabilities and credit commitments – gross VND million	Investment securities – gross VND million	Capital contribution, long-term investments – gross VND million	Deposits with and loans to other credit institutions – gross VND million	Deposits and borrowings from other credit institutions VND million
Domestic	104,042,577	116,182,554	-	6,960,771	17,173,320	110,566	1,690,797	4,825,270
Overseas	-	2,511,315	-	177,395	-	-	17,360,067	11,185,794
	104,042,577	118,693,869	-	7,138,166	17,173,320	110,566	19,050,864	16,011,064

37. FINANCIAL RISK MANAGEMENT

(a) Financial risk management

(i) Overview

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

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

(ii) Risk management framework

Risk management structure

Risk management structure of the Group includes Board of Directors, Risk Management Committee, Board of Management, Heads of business units and departments responsible for risk management at the Head Office of the Bank.

Board of Directors

The Board of Directors approves risk management policy and monitors the implementation of risk prevention measures of the Group.

Risk Management Committee

Risk Management Committee consults the Board of Directors in the promulgation of procedures and policies under authority of the Board of Directors relating to risk management in the Group's activities.

Risk Management Committee analyses and provides warnings on the safety level of the Group against potential risks that may affect the Group's operations and preventive measures in the short-term as well as long-term.

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

Board of Supervisors

The Board of Supervisors has the responsibility to monitor the overall risk management process within the Group.

Internal Audit

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

Risk measurement and reporting systems

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

Monitoring and controlling risks are primarily carried out based on limits established by the Group in compliance with the SBV's regulations on safety. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group are willing to accept.

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

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

Risk mitigation

The Group actively uses collaterals to reduce its exposure to credit risk.

Risk concentration

Risk concentrations arise when a number of customers of the Group are engaged in similar business activities, or activities in the same geographic area, or have similar economic features that would affect the group of customers' payment obligations or payment receipt rights when due under changes in economic, political or other conditions.

These above concentrations indicate the level of sensitivity of the Group's performance to the developments of a particular industry or geographic area.

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

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is related to all financial products: all the items recognised in the consolidated balance sheet such as deposits, loans, overdrafts, bonds, and other assets; all items are recognised in off-balance sheet such as derivative instruments, letters of credit and guarantees.

Credit risk management

The Group creates the credit function structure based on control and balance system. Business units are separated completely from the credit approval unit. The Group has established credit risk management and control system, as follows:

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

Collaterals

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

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

Commitments and guarantees

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

Credit risk concentration

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

Not considering collaterals, the Group's maximum exposure to credit risk at the reporting date is as follows:

	31/12/2019 VND million	31/12/2018 VND million
Loans and receivables		
Balances with the State Bank of Vietnam	5,737,641	6,412,125
Deposits with and loans to other credit institutions (i)	25,857,597	19,050,864
Loans to customers – gross (ii)	113,254,792	104,042,577
Receivables - gross	916,326	577,383
Interest and fees receivable	1,195,201	1,188,031
	<hr/> 146,961,557	<hr/> 131,270,980
Investment securities – gross (iii)		
Available-for-sale debt securities	8,632,327	10,234,382
Held-to-maturity securities	8,017,640	6,762,998
	<hr/> 16,649,967	<hr/> 16,997,380
Credit commitments – gross		
Letters of credit commitments	3,926,618	3,710,711
Other guarantees	5,595,201	3,258,224
Other commitments	168,903	169,231
	<hr/> 9,690,722	<hr/> 7,138,166
	<hr/> 173,302,246	<hr/> 155,406,526

(i) Deposits with and loans to other credit institutions

Deposits with and loans to other credit institutions of the Group which are neither past due nor impaired are mainly held with well-known financial institutions. The Board of Management does not foresee any significant credit risk from these deposits and loans and does not expect that these financial institutions may default and cause losses to the Group.

(ii) Loans to customers

Loans to customers that are neither past due nor impaired are mostly from customers with good payment records with the Group.

(iii) Investment securities

The Group limits its exposure to credit risk by investing only in government bonds, bonds issued by credit institutions, bonds issued by listed entities or entities with shares traded in UPCOM. The Board of Management does not expect any significant financial losses that may arise from investment securities.

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

As at 31 December 2019	From 10 to 90 days VND million	From 91 to 180 days VND million	Overdue From 181 to 360 days VND million	Over 360 days VND million	Total VND million
Loans and receivables					
Loans to customers – gross	269,452	22,608	33,416	410,464	735,940
Other assets – gross	-	39,130	-	-	39,130
	<hr/> 269,452	<hr/> 61,738	<hr/> 33,416	<hr/> 410,464	<hr/> 775,070
As at 31 December 2018					
Loans and receivables					
Loans to customers – gross	309,364	40,349	35,003	487,158	871,874
Other assets – gross	80,000	-	-	-	80,000
	<hr/> 389,364	<hr/> 40,349	<hr/> 35,003	<hr/> 487,158	<hr/> 951,874

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

As at 31 December 2019	Overdue				Not past due	Total
	From 10 to 90 days VND million	From 91 to 180 days VND million	From 181 to 360 days VND million	Over 360 days VND million	VND million	VND million
Loans and receivables						
Loans to customers – gross	340,541	950,789	111,374	404,520	-	1,807,224
Other assets – gross	-	380,699	-	6,052	43,228	429,979
	340,541	1,331,488	111,374	410,572	43,228	2,237,203

As at 31 December 2018	Overdue				Not past due	Total
	From 10 to 90 days VND million	From 91 to 180 days VND million	From 181 to 360 days VND million	Over 360 days VND million	VND million	VND million
Loans and receivables						
Loans to customers – gross	317,338	808,096	83,176	467,228	-	1,675,837
Other assets – gross	-	-	-	6,031	308,029	314,060
	317,338	808,096	83,176	473,259	308,029	1,989,897

Refer to Note 33 for types and values of collaterals received from customers. The Group has not determined fair values of the collaterals for overdue and impaired financial assets for disclosure in these consolidated financial statements because there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the SBV and relevant statutory requirements applicable to financial statements. The fair values of these collaterals may differ from their carrying amounts.

(c) Market risks

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

(i) Interest rate risk

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

Analysis of assets and liabilities based on actual interest rate repricing term

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

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

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

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

As at 31 December 2019	Overdue VND million	Non interest bearing VND million	Less than 1 month VND million	From 1 to 3 months VND million	Over 3 to 6 months VND million	Over 6 to 12 months VND million	Over 1 to 5 years VND million	Over 5 years VND million	Total VND million
Assets									
Cash on hand, gold	-	2,630,283	-	-	-	-	-	-	2,630,283
Balances with the SBV	-	-	5,737,641	-	-	-	-	-	5,737,641
Deposits with and loans to other credit institutions	-	-	25,419,587	438,010	-	-	-	-	25,857,597
Derivatives and other financial assets	-	207,803	-	-	-	-	-	-	207,803
Loans to customers – gross (*)	2,543,164	-	58,843,267	32,198,278	7,499,050	2,341,353	1,887,584	7,942,096	113,254,792
Investment securities – gross	-	4,668,152	675,538	2,653,620	803,668	1,514,000	5,336,115	1,232,897	16,883,990
Fixed assets	-	3,444,021	-	-	-	-	-	-	3,444,021
Other assets – gross	425,881	2,935,640	-	-	-	-	-	-	3,361,521
Total assets (1)	2,969,045	13,885,899	90,676,033	35,289,908	8,302,718	3,855,353	7,223,699	9,174,993	171,377,648
Liabilities									
Borrowings from the SBV	-	-	-	23,664	15,182	2,633	-	-	41,479
Deposits and borrowings from other credit institutions	-	-	6,994,058	1,649,125	-	-	-	-	8,643,183
Deposits from customers	-	-	41,154,851	25,555,817	29,955,305	32,625,438	9,986,857	196	139,278,464
Other liabilities	-	3,825,879	-	-	-	-	-	-	3,825,879
Total liabilities (2)	-	3,825,879	48,148,909	27,228,606	29,970,487	32,628,071	9,986,857	196	151,789,005
Interest sensitivity gap of balance sheet items [(3)=(1)-(2)]	2,969,045	10,060,020	42,527,124	8,061,302	(21,667,769)	(28,772,718)	(2,763,158)	9,174,797	19,588,643
Interest sensitivity gap of off-balance sheet items (4)	-	-	-	-	-	-	-	-	-
Total interest sensitivity gap of on and off balance sheet item [(5)=(3)+(4)]	2,969,045	10,060,020	42,527,124	8,061,302	(21,667,769)	(28,772,718)	(2,763,158)	9,174,797	19,588,643

(*) These amounts were calculated on customer balance basis instead of loan drawdown basis,

As at 31 December 2018	Overdue VND million	Non interest bearing VND million	Less than 1 month VND million	From 1 to 3 months VND million	Over 3 to 6 months VND million	Over 6 to 12 months VND million	Over 1 to 5 years VND million	Over 5 years VND million	Total VND million
Assets									
Cash on hand, gold	-	2,356,198	-	-	-	-	-	-	2,356,198
Balances with the SBV	-	-	6,412,125	-	-	-	-	-	6,412,125
Deposits with and loans to other credit institutions	-	-	16,756,762	2,294,102	-	-	-	-	19,050,864
Loans to customers – gross (*)	2,547,711	-	56,830,771	13,777,578	12,948,973	6,384,738	3,320,296	8,232,510	104,042,577
Investment securities – gross	-	5,663,326	50,017	652,139	2,102,801	2,261,242	6,386,457	57,338	17,173,320
Capital contribution, long-term investments – gross	-	110,566	-	-	-	-	-	-	110,566
Fixed assets	-	3,558,890	-	-	-	-	-	-	3,558,890
Other assets – gross	314,060	3,380,657	-	-	-	-	-	-	3,694,717
Total assets (1)	2,861,771	15,069,637	80,049,675	16,723,819	15,051,774	8,645,980	9,706,753	8,289,848	156,399,257
Liabilities									
Borrowings from the SBV	-	-	3,423	24,384	15,182	6,338	-	-	49,327
Deposits and borrowings from other credit institutions	-	-	7,095,818	6,470,180	2,445,066	-	-	-	16,011,064
Deposits from customers	-	-	36,420,920	29,190,609	23,883,292	16,162,844	13,035,923	281	118,693,869
Derivatives and other financial liabilities	-	59,258	-	-	-	-	-	-	59,258
Other liabilities	-	2,955,011	-	-	-	-	-	-	2,955,011
Total liabilities (2)	-	3,014,269	43,520,161	35,685,173	26,343,540	16,169,182	13,035,923	281	137,768,529
Interest sensitivity gap of balance sheet items [(3)-(2)]	2,861,771	12,055,368	36,529,514	(18,961,354)	(11,291,766)	(7,523,202)	(3,329,170)	8,289,567	18,630,728
Interest sensitivity gap of off-balance sheet items (4)	-	-	-	-	-	-	-	-	-
Total interest sensitivity gap of on and off balance sheet item [(5)=(3)+(4)]	2,861,771	12,055,368	36,529,514	(18,961,354)	(11,291,766)	(7,523,202)	(3,329,170)	8,289,567	18,630,728

The following table shows the average effective interest rates of interest bearing financial instruments by terms and type of currencies:

As at 31 December 2019

Assets	Overdue	Less than 1 month	From 1 to 3 months	Over 3 to 6 months	Over 6 to 12 months	Over 1 to 5 years	Over 5 years
Balances with the SBV							
+ VND	-	0,80%	-	-	-	-	-
+ Foreign currencies	-	0,05%	-	-	-	-	-
Deposits with and loans to other credit institutions							
+ VND	-	3,26%	4,47%	-	-	-	-
+ Foreign currencies	-	1,82%	-	-	-	-	-
Loans to customers							
+ VND	11,32%	10,62%	8,73%	9,96%	10,47%	10,60%	10,77%
+ Foreign currencies	5,61%	4,22%	3,95%	4,13%	4,23%	-	-
Investment securities							
+ VND	-	6,00%	5,30%	7,20%	6,56%	6,43%	4,78%
Liabilities							
Borrowings from the SBV							
+ VND	-	-	3,50%	3,50%	3,50%	-	-
Deposits and borrowings from other credit institutions							
+ VND	-	3,15%	4,13%	-	-	-	-
+ Foreign currencies	-	2,15%	2,05%	-	-	-	-
Deposits from customers							
+ VND	-	6,08%	7,33%	7,44%	7,43%	8,24%	5,00%
+ Foreign currencies	-	0,09%	0,04%	0,03%	0,08%	-	-

As at 31 December 2018

Assets	Overdue	Less than 1 month	From 1 to 3 months	Over 3 to 6 months	Over 6 to 12 months	Over 1 to 5 years	Over 5 years
Balances with the SBV							
+ VND	-	0,60%	-	-	-	-	-
+ Foreign currencies	-	0,03%	-	-	-	-	-
Deposits with and loans to other credit institutions							
+ VND	-	4,9%	5,59%	-	-	-	-
+ Foreign currencies	-	2,7%	2,80%	-	-	-	-
Loans to customers							
+ VND	11,13%	9,49%	8,88%	9,80%	10,01%	9,56%	10,23%
+ Foreign currencies	5,74%	3,81%	3,44%	4,84%	4,12%	4,01%	-
Investment securities							
+ VND	-	5,70%	6,67%	5,78%	6,21%	5,82%	6,10%
Liabilities							
Borrowings from the SBV							
+ VND	-	3,50%	3,50%	3,50%	3,50%	-	-
Deposits and borrowings from other credit institutions							
+ VND	-	5,18%	4,51%	-	-	-	-
+ Foreign currencies	-	2,83%	2,95%	-	-	-	-
Deposits from customers							
+ VND	-	5,79%	6,35%	7,17%	7,57%	8,03%	6,58%
+ Foreign currencies	-	0,07%	0,05%	0,05%	0,02%	-	-

Interest rate sensitivity analysis

The Group did not perform sensitivity analysis for interest rates as at 31 December 2019 and 31 December 2018 due to lack of input data and information.

(ii) Currency risk

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

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

The followings are the significant exchange rates applied by the Group at the end of the annual accounting period:

	Exchange rate as at	
	31/12/2019	31/12/2018
USD/VND	23,175	23,220
EUR/VND	25,975	26,567
XAU/VND (one tenth of a tael)	4,250,000	3,642,000
GBP/VND	30,392	29,450
CHF/VND	23,925	23,595
CAD/VND	17,752	17,036
AUD/VND	16,223	16,359
SGD/VND	17,189	16,995
NZD/VND	15,614	15,580
HKD/VND	2,976	2,964
NOK/VND	2,695	2,668
THB/VND	776	717
JPY/VND	213	208

As at 31 December 2019

	VND VND million	USD VND million	Gold VND million	EUR VND million	Other currencies VND million	Total VND million
Assets						
Cash on hand, gold	1,062,584	741,582	218,657	155,105	452,355	2,630,283
Balances with the SBV	5,249,196	488,445	-	-	-	5,737,641
Deposits with and loans to other credit institutions	16,482,146	7,229,494	-	86,926	2,059,031	25,857,597
Derivatives and other financial assets	13,983,705	(13,700,190)	-	-	(75,712)	207,803
Loans to customers – gross	102,676,425	10,510,083	18,756	49,528	-	113,254,792
Investment securities – gross	16,883,990	-	-	-	-	16,883,990
Fixed assets	3,444,021	-	-	-	-	3,444,021
Other assets – gross	3,336,798	24,404	72	247	-	3,361,521
Total assets (1)	163,118,865	5,293,818	237,485	291,806	2,435,674	171,377,648
Liabilities and owners' equity						
Borrowings from the SBV	41,479	-	-	-	-	41,479
Deposits and borrowings from other credit institutions	4,190,186	2,978,316	-	33	1,474,648	8,643,183
Deposits from customers	133,448,694	4,997,485	-	238,095	594,190	139,278,464
Other liabilities	3,528,779	216,930	-	1,746	78,424	3,825,879
Owners' equity	15,749,313	-	-	-	-	15,749,313
Total liabilities and owners' equity (2)	156,958,451	8,192,731	-	239,874	2,147,262	167,538,318
FX position on-balance sheet [(3)=(1)-(2)]	6,160,414	(2,898,913)	237,485	51,932	288,412	3,839,330
FX position off-balance sheet (4)	(953,831)	1,426,658	(65,875)	(85,198)	(322,443)	(689)
FX position on and off-balance sheet [(5)=(3)+(4)]	5,206,583	(1,472,255)	171,610	(33,266)	(34,031)	3,838,641

As at 31 December 2018

	VND VND million	USD VND million	Gold VND million	EUR VND million	Other currencies VND million	Total VND million
Assets						
Cash on hand, gold	1,029,108	624,517	152,692	129,738	420,143	2,356,198
Balances with the SBV	5,898,408	513,717	-	-	-	6,412,125
Deposits with and loans to other credit institutions	11,537,834	6,531,385	-	616,020	365,625	19,050,864
Loans to customers – gross	94,277,470	9,727,397	29,380	8,330	-	104,042,577
Investment securities – gross	17,173,320	-	-	-	-	17,173,320
Capital contribution, long-term investments – gross	110,566	-	-	-	-	110,566
Fixed assets	3,558,890	-	-	-	-	3,558,890
Other assets – gross	3,634,572	59,832	77	236	-	3,694,717
Total assets (1)	137,220,168	17,456,848	182,149	754,324	785,768	156,399,257
Liabilities and owners' equity						
Borrowings from the SBV	49,327	-	-	-	-	49,327
Deposits and borrowings from other credit institutions	4,305,811	11,279,960	-	425,106	187	16,011,064
Deposits from customers	111,842,943	5,963,665	-	317,482	569,779	118,693,869
Derivatives and other financial liabilities	(4,377,720)	4,368,515	-	-	68,463	59,258
Other liabilities	2,704,465	244,134	-	3,698	2,714	2,955,011
Owners' equity	14,883,534	-	-	-	-	14,883,534
Total liabilities and owners' equity (2)	129,408,360	21,856,274	-	746,286	641,143	152,652,063
FX position on-balance sheet [(3)=(1)-(2)]	7,811,808	(4,399,426)	182,149	8,038	144,625	3,747,194
FX position off-balance sheet (4)	(3,024,354)	3,202,262	(18,939)	(8,767)	(142,187)	8,015
FX position on and off-balance sheet [(5)=(3)+(4)]	4,787,454	(1,197,164)	163,210	(729)	2,438	3,755,209

Below is the analysis of impact to net profit of the Group after consideration of current foreign exchange rate and the fluctuations in the past as well as market expectation at the end of accounting period.

	Effect to profit after tax Increase/(decrease) VND million
As at 31 December 2019	
USD (weakening by 1%)	11,778
EUR (weakening by 2%)	532
XAU (strengthening by 17%)	23,339
As at 31 December 2018	
USD (strengthening by 2%)	(19,155)
EUR (weakening by 2%)	12
XAU (strengthening by 1%)	1,306

(iii) Equity price risk

Equity price risk is the risk that the market value of securities decreases due to changes in price of individual securities. Equity price risk derives from available-for-sale equity securities of the Group.

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

As at 31 December 2019 and 31 December 2018, the impact of equity price risk of the Group is insignificant because the Group holds insignificant available-for-sale equity securities at the end of accounting period.

(d) Liquidity risk

Liquidity risk is the risk that the Group has difficulties in performing obligations for financial liabilities at the maturity dates. To reduce the liquidity risk, the Group mobilises funds from various sources beside the basic capital resources of the Group and the Group should have flexible liquid asset management policies, monitor the future cash flows and daily liquidity. The Group also evaluates the expected cash flows and availability of current collateral assets in case of mobilising more capital.

Liquidity risk is also limited by holding a large amount of cash balance and cash equivalents under demand deposits with other credit institutions, balances with the SBV and term deposits with other credit institutions and valuable papers. Safety ratios that take into account risk factor are also used to manage liquidity risk.

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

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

- Balances with the SBV are classified as demand deposits, in which compulsory reserve is included. The balance of compulsory reserve depends on elements and term of deposits from customers of the Group.

- The maturity of deposits with and loans to other credit institutions, derivatives and other financial assets and loans to customers are determined based on the contractual maturity date. The actual maturity date can be changed as the loan contracts are extended.

- The maturity of investment securities is based on the maturity date of each securities.

- The maturity of capital contribution, long-term investments is categorised as over 5 years because these investments do not have exact maturity date and the Group has intention to hold them for long-term.

- The maturity of fixed assets is determined by the remaining useful lives of assets.

- The maturity of deposits and borrowings from other credit institutions and deposits from customers is determined based on the characteristic of each item or the maturity date specified in the contracts. Demand deposits from other credit institutions and customers are performed at requests of customers and categorised as call deposits. The maturity period of borrowings and term deposits are determined based on contractual maturity date. In reality, the actual maturities of those liabilities may be longer than the original contractual terms due to rollover.

Below is the analysis of assets and liabilities of the Group classified into maturity groups based on their remaining terms ie from the reporting date to the maturity date. In reality, the maturity date of assets and liabilities might be different from the contractual ones, depending on the appendices to be signed.

As at 31 December 2019

	Overdue		Current					
	Overdue over 3 months VND million	Overdue up to 3 months VND million	Up to 1 month VND million	Over 1 to 3 months VND million	Current Over 3 to 12 months VND million	Over 1 to 5 years VND million	Over 5 years VND million	Total VND million
Assets								
Cash on hand, gold	-	-	2,630,283	-	-	-	-	2,630,283
Balances with the SBV	-	-	5,737,641	-	-	-	-	5,737,641
Deposits with and loans to other credit institutions	-	-	25,419,587	438,010	-	-	-	25,857,597
Derivatives and other financial assets	-	-	207,803	-	-	-	-	207,803
Loans to customers – gross	1,933,171	609,993	6,243,840	22,011,002	28,157,469	12,417,973	41,881,344	113,254,792
Investment securities – gross	-	-	909,561	2,653,620	2,317,668	8,801,212	2,201,929	16,883,990
Fixed assets	-	-	5	352	20,868	183,902	3,238,894	3,444,021
Other assets – gross	425,881	-	1,647,991	6,287	283,895	997,467	-	3,361,521
Total assets (1)	2,359,052	609,993	42,796,711	25,109,271	30,779,900	22,400,554	47,322,167	171,377,648
Liabilities								
Borrowings from the SBV	-	-	-	23,664	17,815	-	-	41,479
Deposits and borrowings from other credit institutions	-	-	6,994,058	1,649,125	-	-	-	8,643,183
Deposits from customers	-	-	41,154,851	25,555,817	62,580,743	9,986,857	196	139,278,464
Other liabilities	-	-	3,513,026	53,364	134,272	125,217	-	3,825,879
Total liabilities (2)	-	-	51,661,935	27,281,970	62,732,830	10,112,074	196	151,789,005
Net liquidity gap [(3)=(1)-(2)]	2,359,052	609,993	(8,865,224)	(2,172,699)	(31,952,930)	12,288,480	47,321,971	19,588,643

As at 31 December 2018

	Overdue				Current			Total VND million
	Overdue over 3 months VND million	Overdue up to 3 months VND million	Up to 1 month VND million	Over 1 to 3 months VND million	Current Over 3 to 12 months VND million	Over 1 to 5 years VND million	Over 5 years VND million	
Assets								
Cash on hand, gold	-	-	2,356,198	-	-	-	-	2,356,198
Balances with the SBV	-	-	6,412,125	-	-	-	-	6,412,125
Deposits with and loans to other credit institutions	-	-	16,556,762	2,494,102	-	-	-	19,050,864
Loans to customers – gross	1,921,009	626,702	7,965,227	16,117,635	21,547,993	13,136,764	42,727,247	104,042,577
Investment securities – gross	-	-	225,957	652,139	3,364,043	9,115,914	3,815,267	17,173,320
Capital contribution, long-term investments – gross	-	-	-	-	-	-	110,566	110,566
Fixed assets	-	-	11	481	5,406	189,884	3,363,108	3,558,890
Other assets – gross	314,060	-	1,561,886	99,067	370,762	1,348,942	-	3,694,717
Total assets (1)	2,235,069	626,702	35,078,166	19,363,424	25,288,204	23,791,504	50,016,188	156,399,257
Liabilities								
Borrowings from the SBV	-	-	3,422	24,384	21,521	-	-	49,327
Deposits and borrowings from other credit institutions	-	-	7,095,818	6,470,180	2,445,066	-	-	16,011,064
Deposits from customers	-	-	36,420,920	29,190,609	40,046,136	13,035,923	281	118,693,869
Derivatives and other financial liabilities	-	-	59,258	-	-	-	-	59,258
Other liabilities	-	-	2,559,993	53,652	215,906	125,460	-	2,955,011
Total liabilities (2)	-	-	46,139,411	35,738,825	42,728,629	13,161,383	281	137,768,529
Net liquidity gap [(3)=(1)-(2)]	2,235,069	626,702	(11,061,245)	(16,375,401)	(17,440,425)	10,630,121	50,015,907	18,630,728

(*) These amounts are calculated on the basis of customer balances instead of loan drawdown basis,

(d) Fair value versus carrying amount

Fair value is the amount for which is appropriately determined in accordance with market value that would be received to sell an asset or paid to transfer a liability at the measurement date.

The fair values of financial assets and financial liabilities, together with the carrying amounts shown in the consolidated balance sheet at the end of the accounting period, are as follows

	31/12/2019		31/12/2018	
	Carrying amount VND million	Fair value VND million	Carrying amount VND million	Fair value VND million
<i>Categorised as financial assets at fair value through profit or loss:</i>				
Derivatives and other financial assets	207,803	(*)	-	(*)
<i>Categorised as held-to-maturity investments:</i>				
- Government bonds/treasury bills without quoted prices	2,108,512	(*)	200,612	(*)
- Other held-to-maturity securities	3,729,814	(*)	4,426,291	(*)
<i>Categorised as loans and receivables:</i>				
- Cash on hand, gold	2,630,283	2,630,283	2,356,198	2,356,198
- Balances with the SBV	5,737,641	5,737,641	6,412,125	6,412,125
- Deposits with and loans to other credit institutions	25,857,597	(*)	19,050,864	(*)
- Loans to customers	112,181,970	(*)	102,971,210	(*)
- Receivables	493,347	(*)	535,103	(*)
- Interest and fees receivable	1,195,201	(*)	1,188,031	(*)
<i>Categorised as available-for-sale financial assets:</i>				
- Government bonds with quoted prices	906,086	921,495	1,376,756	1,377,239
- Shares with quoted prices	20,158	21,651	40,692	40,692
- Shares without quoted prices	50,401	(*)	-	(*)
- Government bonds without quoted prices	5,150,873	(*)	8,857,626	(*)
- Bonds issued by domestic institutions without quoted prices	2,574,617	(*)	-	(*)
<i>Categorised as financial liabilities at fair value through profit or loss:</i>				
- Derivatives and other financial liabilities	-	(*)	(59,258)	(*)
<i>Categorised as financial liabilities carried at amortised cost:</i>				
- Borrowings from the SBV	(41,479)	(*)	(49,327)	(*)
- Deposits and borrowings from other credit institutions	(8,643,183)	(*)	(16,011,064)	(*)
- Deposits from customers	(139,278,464)	(*)	(118,693,869)	(*)
- Interest and fees payable	(3,039,261)	(*)	(2,190,807)	(*)
- Other liabilities	(725,507)	(*)	(606,194)	(*)

The Group has not determined fair values of these financial instruments for disclosure in the consolidated financial statements because there is no quoted price in the market for these financial instruments, and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the SBV and relevant statutory requirements applicable to financial reporting. The fair values of these financial instruments may differ from their carrying amounts.

38. SEGMENT REPORTING

(a) Primary segment reporting

Information on primary segment reporting by geographical areas of the Group is presented as following:

	Year ended 31/12/2019				
	The Northern VND million	The Central VND million	The Southern VND million	Eliminations VND million	Total VND million
I. Income					
1. Interest income					
<i>Interest income from external customers</i>	1,288,725	1,472,991	8,544,040	-	11,305,756
<i>Interest income from internal transactions</i>	1,883,875	705,060	15,470,648	(18,059,583)	-
2. Fees and commission income	78,916	43,535	689,100	-	811,551
3. Income from other activities	65,896	20,854	1,158,299	-	1,245,049
II. Expenses					
1. Interest expense					
<i>Interest expense from external customers</i>	(1,543,670)	(587,512)	(5,954,208)	-	(8,085,390)
<i>Interest expense from internal transactions</i>	(1,157,240)	(1,214,611)	(15,687,732)	18,059,583	-
2. Depreciation expense	(20,970)	(14,167)	(124,265)	-	(159,402)
3. Operating expenses	(368,752)	(217,839)	(2,745,433)	-	(3,332,024)
Operating profit before allowance expenses	226,780	208,311	1,350,449	-	1,785,540
Allowance expenses	(243,688)	(28,041)	(418,562)	-	(690,291)
Segment profit before corporate income tax	(16,908)	180,270	931,887	-	1,095,249
	As at 31 December 2019				
	The Northern VND million	The Central VND million	The Southern VND million	Eliminations VND million	Total VND million
Assets					
Cash on hand, gold	506,563	311,194	1,812,526	-	2,630,283
Fixed assets	21,268	5,493	3,417,260	-	3,444,021
Other assets	26,819,326	15,914,303	129,789,618	(11,059,233)	161,464,014
Liabilities					
External payables	(26,565,547)	(10,148,481)	(111,249,098)	-	(147,963,126)
Internal payables	(12)	(19)	(44,254)	-	(44,285)
Other liabilities	(798,506)	(5,902,220)	(8,140,101)	11,059,233	(3,781,594)
	Year ended 31/12/2018				
	The Northern VND million	The Central VND million	The Southern VND million	Eliminations VND million	Total VND million
I. Income					
1. Interest income					
<i>Interest income from external customers</i>	1,317,693	1,163,945	7,451,855	-	9,933,493
<i>Interest income from internal transactions</i>	1,313,926	595,479	13,314,385	(15,223,790)	-
2. Fees and commission income	70,924	32,683	579,984	-	683,591
3. Income from other activities	53,827	17,083	1,044,548	-	1,115,458

Year ended 31/12/2018

	The Northern VND million	The Central VND million	The Southern VND million	Eliminations VND million	Total VND million
II. Expenses					
1. Interest expense					
<i>Interest expense from external customers</i>	(1,099,087)	(500,730)	(5,126,781)	-	(6,726,598)
<i>Interest expense from internal transactions</i>	(1,121,111)	(984,277)	(13,118,402)	15,223,790	-
2. Depreciation expense	(19,237)	(12,032)	(105,747)	-	(137,016)
3. Operating expenses	(384,208)	(199,115)	(2,734,931)	-	(3,318,254)
Operating profit before allowance expenses	132,727	113,036	1,304,911	-	1,550,674
Allowance expenses	(293,693)	(18,920)	(410,933)	-	(723,546)
Segment (loss)/profit before corporate income tax	(160,966)	94,116	893,978	-	827,128

As at 31 December 2018

	The Northern VND million	The Central VND million	The Southern VND million	Eliminations VND million	Total VND million
Assets					
Cash on hand, gold	461,718	287,915	1,606,565	-	2,356,198
Fixed assets	26,597	7,602	3,524,691	-	3,558,890
Other assets	20,858,059	13,426,471	119,184,307	(6,731,862)	146,736,975
Liabilities					
External payables	(21,028,094)	(8,632,337)	(105,826,476)	732,647	(134,754,260)
Internal payables	(86)	(34)	(8,197)	-	(8,317)
Other liabilities	(479,162)	(4,995,501)	(2,574,011)	5,042,722	(3,005,952)

(b) Secondary segment reporting

The Group primarily operates in one business segment which is commercial banking.

39. COMMITMENTS

(a) Capital expenditure commitments

At the end of the annual accounting period, the Group had the following outstanding capital expenditure commitments approved but not provided for in the consolidated balance sheet:

	31/12/2019 VND million	31/12/2018 VND million
Approved and contracted	27,900	67,995

(b) Lease commitments

At the end of the annual accounting period, the future minimum lease payments under non-cancellable operating leases were as follows:

	31/12/2019 VND million	31/12/2018 VND million
Within one year	240,858	157,914
Over one year to five years	321,177	213,466
More than five years	110,128	18,348
	672,163	389,728

40. MAJOR CLAIMS

The Group had two major claims including:

(i) The claim from one (01) customer whose saving deposits at Ho Chi Minh City Branch of the Bank being misappropriated amounting to VND245,000 million as notified by this customer. On 28 June 2018, the Investigation Police Agency of the Ministry of Public Security (“C44B”) issued the following decisions:

- + Decision No. 01/C44B-P5 on separation of “Irresponsibility causing damage to the assets of the State, agencies, organisations and enterprises” case from “Fraudulent appropriation of assets” case;
- + Decision No. 02/C44B-P on suspension of “Fraudulent appropriation of assets” case; and
- + Decision No. 02/C44B5-P5 on suspension of the investigation against the former Deputy Manager of Ho Chi Minh City Branch of the Bank.

For “Irresponsibility causing damage to the property of the State, agencies, organisations and enterprises” case, C44B issued the Investigation Conclusion and transferred the case documents in conjunction with the Conclusion to the Supreme People’s Procuracy in order to propose the prosecution of the defendants involved.

On 23 November 2018, the People’s Court of Ho Chi Minh City issued the first verdict, whereby the Bank is responsible for repaying both principal and interest of the deposits from this customer amounting to VND393,732 million. The customer withdrew a partial principal and interest amounting to VND59,882 million on 21 June 2017 and accordingly the Bank has to repay the remaining amount of VND333,850 million including VND245,060 million of principal and VND88,790 million of interest to this customer. Also according to the first verdict, the civil liability of the former Deputy Manager of Ho Chi Minh City Branch will be decided when he is in custody. On 7 December 2018, the Bank filed an appeal against the first verdict regarding the civil liability of the Bank toward the customers. On 19 April 2019, the People’s Court of Ho Chi Minh City issued an appellate judgment and accordingly did not accept the Bank’s appeal that the customer being held responsible partially for the aforementioned misappropriated amount and, at the same time, agreed with the customer’s appeal that the Bank has to repay any unsettled interest at the interest rate applied to ordinary customers in accordance with interest rate notices issued by the Bank plus an interest penalty on late settlement of deposits. Accordingly, the unpaid interest and late payment interest payable to this customer is VND115,409 million. On 23 April 2019, the Bank fully paid all unsettled interest.

At the issuance date of these consolidated financial statements, the Group made full provision for the principal and associated interest from deposits of this customer (see Note 14(ii)).

(ii) The claim from six (06) customers whose saving deposits at Do Luong Transaction Office – Vinh Branch of the Bank being misappropriated amounting to VND50 billion as notified by these customers and in this case there was suspicion of defrauding acts of an ex-employee of Do Luong Transaction Office of Vinh Branch of the Bank. On 16 July 2018, the People’s Court of Nghe An Province issued first verdict No. 86/2019/HS-ST on this claim. Accordingly, the ex-employee of Do Luong Transaction Office – Vinh Branch has to repay VND41,259 million to the Bank and the Bank has to repay the saving deposits to the six customers who were involved in this claim at the same amount of VND41,259 million. At the same time, the Bank has the right to collect VND6,950 million from two (02) of the six (06) customers, VND13,500 million from three (03) other individuals who were involved in this claim and to dispose assets of the ex-employee of Do Luong Transaction Office – Vinh Branch for debt recovery including a land use right at Vinh City, Nghe An Province and VND3 million in her savings account at the Bank.

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

41. POST BALANCE SHEET EVENTS

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the Group’s consolidated financial statements.

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