

Vietnam Prosperity Joint Stock Commercial Bank

Interim separate financial statements

Quarter I of 2020 and for the three-month period ended 31 March 2020



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Vietnam Prosperity Joint Stock Commercial Bank

GENERAL INFORMATION

THE BANK

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

The Bank was established pursuant to Banking License No. 0042/NH-GP dated 12 August 1993 issued by the State Bank of Vietnam (the "SBV") and Business Registration Certificate No. 0100233583 dated 8 September 1993 issued by Hanoi Department of Planning and Investment which was amended for the 41st time on 27 November 2018. The Bank started operation on 12 August 1993 with an operation period of 99 years.

The Bank's principal activities are to provide banking services including mobilizing and receiving short, medium and long-term deposits from organizations and individuals; making short, medium and long-term loans and advances to organizations and individuals; conducting foreign exchange transactions; providing international trade finance services; discounting of commercial papers, bonds and other valuable papers; investing in shares and bonds; providing settlement services; digital wallet; investing in future contract of Government bonds; providing asset management services; granting credit in form of rediscounting negotiable instruments and other valuable papers and other banking services as allowed by the SBV.

Charter capital

As at 31 March 2020, the charter capital of the Bank is VND25,299,680 million (31 December 2019: VND25,299,680 million).

Operational network

The Bank's Head Office is located at No. 89 Lang Ha, Lang Ha Ward, Dong Da District, Hanoi, Vietnam. As at 31 March 2020, the Bank has one (1) Head Office, sixty one (61) branches, one hundred and sixty six (166) transaction offices nationwide and two (2) subsidiaries.

BOARD OF DIRECTORS

The members of the Board of Directors of the Bank during the period and as at the date of the interim separate financial statements are as follows:

<i>Name</i>	<i>Position</i>
Mr. Ngo Chi Dzung	Chairman
Mr. Bui Hai Quan	Vice Chairman
Mr. Lo Bang Giang	Vice Chairman
Mr. Nguyen Van Hao	Independent member
Mr. Nguyen Duc Vinh	Member

INTERIM SEPARATE BALANCE SHEET
as at 31 March 2020

THE BOARD OF SUPERVISION

The members of the Board of Supervision of the Bank during the period and as at the date of the interim separate financial statements are as follows:

<i>Name</i>	<i>Position</i>
Mr. Ngo Phuong Chi	Head of Board of Supervision
Ms. Nguyen Thi Bich Thuy	Full-time member Resigned on 31 January 2020
Ms. Trinh Thi Thanh Hang	Full-time member
Ms. Kim Ly Huyen	Full-time member
Ms. Vu Hong Cao	Full-time member

THE BOARD OF MANAGEMENT

The members of the Board of Management of the Bank during the period and as at the date of the interim separate financial statements are as follows:

<i>Name</i>	<i>Position</i>
Mr. Nguyen Duc Vinh	Chief Executive Officer
Ms. Luu Thi Thao	Deputy Chief Executive Officer
Mr. Nguyen Thanh Binh	Deputy Chief Executive Officer
Mr. Phan Ngoc Hoa	Deputy Chief Executive Officer
Ms. Duong Thi Thu Thuy	Deputy Chief Executive Officer
Mr. Nguyen Thanh Long	Deputy Chief Executive Officer
Mr. Fung Kai Jin	Deputy Chief Executive Officer
Mr. Pham Phu Khoi	Deputy Chief Executive Officer
Mr. Dinh Van Nho	Deputy Chief Executive Officer
Mr. Phung Duy Khuong	Deputy Chief Executive Officer
Mr. Kosaraju Kiran Babu	Deputy Chief Executive Officer Dismissed on 7 February 2020
Mr. Sanjeev Nanavati	Deputy Chief Executive Officer Dismissed on 10 February 2020

LEGAL REPRESENTATIVE

The legal representative of the Bank during the period ended 31 March 2020 and as at the date of the interim separate financial statements is Mr. Ngo Chi Dzung – The Chairman.

Mr. Nguyen Duc Vinh - Chief Executive Officer was authorized by Mr. Ngo Chi Dzung to sign off the accompanying interim separate financial statements for the period ended 31 March 2020 according to Authorization Document No. 09/2012/UQ-CT dated 5 July 2012.

INTERIM SEPARATE BALANCE SHEET
as at 31 March 2020

	Notes	31 March 2020 VND million	31 December 2019 VND million
ASSETS			
Cash, gold and gemstones	5	3,141,583	2,459,321
Balances with the State Bank of Vietnam	6	989,519	3,009,041
Placements with and credit granting to other credit institutions		11,597,380	18,422,054
Placements with other credit institutions	7.1	7,691,776	14,270,987
Credit granting to other credit institutions	7.2	3,905,604	4,151,067
Securities held for trading	8	1,117,714	1,566,592
Securities held for trading		1,122,697	1,571,141
Provision for securities held for trading		(4,983)	(4,549)
Derivatives and other financial assets	9	101,897	4,617
Loans to customers		195,694,642	189,921,070
Loans to customers	10	198,299,016	192,632,283
Provision for loans to customers	11	(2,604,374)	(2,711,213)
Debts purchased	12	3,815,378	4,028,942
Debts purchased		3,848,305	4,061,225
Provision for debts purchased		(32,927)	(32,283)
Investment securities		87,136,937	67,635,034
Available-for-sale securities	13.1	87,410,569	67,786,907
Provision for investment securities	13.2	(273,632)	(151,873)
Long-term investments	14	7,800,631	7,831,460
Investments in subsidiaries		7,667,035	7,667,035
Other long-term investments		238,602	238,602
Provision for long-term investments		(105,006)	(74,177)
Fixed assets		1,440,283	1,506,316
<i>Tangible fixed assets</i>	15.1	1,200,118	1,236,123
Cost		1,994,311	1,989,933
Accumulated depreciation		(794,193)	(753,810)
<i>Intangible fixed assets</i>	15.2	240,165	270,193
Cost		624,835	630,170
Accumulated depreciation		(384,670)	(359,977)
Other assets		20,054,806	20,583,240
Receivables	16.1	14,795,849	14,897,871
Interest and fees receivable	16.2	4,151,358	4,451,996
Other assets	16.3	1,132,810	1,255,945
Provision for other assets	16.4	(25,211)	(22,572)
TOTAL ASSETS		332,890,770	316,967,687


INTERIM SEPARATE BALANCE SHEET (continued)
as at 31 March 2020

	<i>Notes</i>	<i>31 March 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
LIABILITIES			
Amounts due to the Government and the State Bank of Vietnam	17	18,594	19,492
Deposits and borrowings from financial institutions and other credit institutions		46,373,478	32,115,191
Deposits from other credit institutions	18.1	11,793,491	11,259,366
Borrowings from financial institutions and other credit institutions	18.2	34,579,987	20,855,825
Customer deposits	19	212,272,855	210,983,782
Other borrowed and entrusted funds	20	276,318	291,823
Valuable papers issued	21	26,830,148	27,420,246
Other liabilities		8,274,036	8,950,910
Interest and fees payable	22.1	5,992,881	6,560,965
Other liabilities	22.2	2,281,155	2,389,945
TOTAL LIABILITIES		294,045,429	279,781,444
OWNERS' EQUITY			
Charter capital		25,299,680	25,299,680
Share premium		692,720	692,720
Treasury shares		(2,696,030)	(2,696,030)
Reserves		3,622,029	3,622,029
Retained earnings		11,926,942	10,267,844
TOTAL OWNERS' EQUITY	24	38,845,341	37,186,243
TOTAL LIABILITIES AND OWNERS' EQUITY		332,890,770	316,967,687

INTERIM SEPARATE BALANCE SHEET (continued)
as at 31 March 2020

OFF-BALANCE SHEET ITEMS

	31 March 2020	31 December 2019
Notes	VND million	VND million
Credit guarantees	25,000	25,262
Foreign exchange commitments	107,591,721	89,266,015
- Foreign exchange commitments - buy	3,381,957	1,577,709
- Foreign exchange commitments - sell	3,499,920	1,716,899
- Swap contracts	100,709,844	85,971,407
Irrevocable loan commitments	12,382	-
Letters of credit	22,856,879	22,201,501
Other guarantees	16,307,098	16,745,678
Other commitments	122,916,134	115,638,700
37	269,709,214	243,877,156

Prepared by: 

Ms. Nguyen Thi Thu Hang
Chief Accountant

Reviewed by:



Ms. Le Hoang Khanh An
Chief Financial Officer

Approved by:




Mr. Nguyen Duc Vinh
Chief Executive Officer

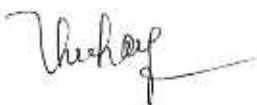

Hanoi, Vietnam

20 -04- 2020

INTERIM SEPARATE INCOME STATEMENT

For Quarter I of 2020 and for the three-month period ended 31 March 2020

	Notes	The three-month period ended 31 March 2020 VND million	The three-month period ended 31 March 2019 VND million
Interest and similar income	25	7,489,378	6,282,097
Interest and similar expenses	26	(4,096,812)	(3,360,882)
Net interest and similar income		3,392,566	2,921,215
Fee and commission income		876,468	608,033
Fee and commission expenses		(169,207)	(134,582)
Net fee and commission income	27	707,261	473,451
Net gain/(loss) from trading of foreign currencies	28	52,221	(14,049)
Net gain/(loss) from securities held for trading	29	218,330	2,526
Net gain/(loss) from investment securities	30	520,690	169,058
Other operating income		359,659	342,868
Other operating expenses		(74,344)	(119,607)
Net gain from other operating activities	31	285,315	223,261
TOTAL OPERATING INCOME		5,176,383	3,775,462
TOTAL OPERATING EXPENSES	32	(1,778,593)	(1,593,136)
Net profit before provision for credit losses		3,397,790	2,182,326
Provision expenses for credit losses	33	(1,323,917)	(1,146,592)
PROFIT BEFORE TAX		2,073,873	1,035,734
Current corporate income tax expense		(414,775)	(207,147)
Corporate income tax expense	23	(414,775)	(207,147)
PROFIT AFTER TAX		1,659,098	828,587

Prepared by: Ms. Nguyen Thi Thu Hang
Chief Accountant

Reviewed by:

Ms. Le Hoang Khanh An
Chief Financial Officer

Approved by:

Mr. Nguyen Duc Vinh
Chief Executive Officer

Hanoi, Vietnam


20 -04- 2020

INTERIM SEPARATE CASH FLOW STATEMENT
For Quarter I of 2020 and for the three-month period ended 31 March 2020

	<i>Notes</i>	<i>The three-month period ended 31 March 2020 VND million</i>	<i>The three-month period ended 31 March 2019 VND million</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		7,770,332	6,383,637
Interest and similar payments		(4,633,204)	(3,071,582)
Net fee and commission receipts		695,609	461,847
Net receipts from dealing in securities trading activities, gold and foreign currencies		913,078	104,303
Other income		32,649	104,637
Recoveries from bad debts previously written-off		249,760	118,624
Payments for employees and other operating activities		(1,719,915)	(1,739,424)
Corporate income tax paid in the period	23	(422,952)	(440,618)
Net cash flows from operating profit before changes in operating assets and liabilities		2,885,357	1,921,424
Changes in operating assets		(16,646,506)	(12,935,092)
Placements with and credit granting to other credit institutions		245,464	(135,171)
Investment securities		(10,136,818)	(3,561,040)
Derivatives and other financial assets		(97,280)	(5,756)
Loans to customers and debts purchased		(5,453,814)	(7,148,878)
Utilization of provision to write off loans to customers, securities and long-term investments		(1,430,360)	(1,335,222)
Other changes in other operating assets		226,302	(749,025)
Changes in operating liabilities		14,881,320	(4,866,007)
Amounts due to the Government and the State Bank of Vietnam		(899)	(3,759,692)
Deposits and borrowings from financial institutions and other credit institutions		14,258,287	(16,443,716)
Customer deposits		1,289,073	17,485,208
Valuable papers issued (except for valuable papers issued for financing activities)		(590,098)	(2,438,160)
Other borrowed and entrusted funds		(15,505)	(4,472)
Derivatives and other financial liabilities		-	(68,444)
Other changes in other operating liabilities		(59,538)	363,269
Net cash flows (used in)/from operating activities		1,120,171	(15,879,675)

INTERIM SEPARATE CASH FLOW STATEMENT (continued)
For Quarter I of 2020 and for the three-month period ended 31 March 2020

	<i>The three-month period ended 31 March 2020</i>	<i>The three-month period ended 31 March 2019</i>
<i>Notes</i>	<i>VND million</i>	<i>VND million</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(5,393)	(13,306)
Proceeds from sale, disposal of fixed assets	7,151	-
Net cash flows from/(used in) investing activities	1,758	(13,306)
Net cash flows in the period	1,121,929	(15,892,981)
Cash and cash equivalents at the beginning of the period	19,739,349	28,120,988
Cash and cash equivalents at the end of the period	20,861,278	12,228,007
34		

Prepared by: 

Ms. Nguyen Thi Thu Hang
Chief Accountant

Hanoi, Vietnam

20-04-2020

Reviewed by:



Ms. Le Hoang Khanh An
Chief Financial Officer

Approved by:



Mr. Nguyen Duc Vinh
Chief Executive Officer

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
as at 31 March and for the three-month period then ended

1. GENERAL INFORMATION

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

The Bank was established pursuant to Banking License No. 0042/NH-GP dated 12 August 1993 issued by the State Bank of Vietnam (the "SBV") and Business Registration Certificate No. 0100233583 dated 8 September 1993 issued by Hanoi Department of Planning and Investment which was amended for the 41st time on 27 November 2018. The Bank started operation on 12 August 1993 with an operation period of 99 years.

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Charter capital

As at 31 March 2020, the charter capital of the Bank is VND25,299,680 million (31 December 2019: VND25,299,680 million).

Operational network

The Bank's Head Office is located at No. 89 Lang Ha, Lang Ha Ward, Dong Da District, Hanoi, Vietnam. As at 31 March 2020, the Bank has one (1) Head Office, sixty one (61) branches, one hundred and sixty six (166) transaction offices nationwide and two (2) subsidiaries.

Subsidiaries

As at 31 March 2020, the Bank has two (2) directly owned subsidiaries as follow:

<i>Subsidiaries</i>	<i>Operating license</i>	<i>Nature of business</i>	<i>Share capital</i>	<i>Ownership</i>
VPBank Asset Management Company Limited ("VPB AMC")	Business Registration Certificate No. 0105837483 issued by Hanoi Department of Planning and Investment which was last amended on 28 December 2016	Asset and liabilities management	VND115 billion	100%
VPBank Finance Company Limited ("VPB FC")	Business Registration Certificate No. 0102180545 issued by Ho Chi Minh City Department of Planning and Investment which was last amended on 17 October 2018	Other finance activities	VND7,328 billion	100%

Employees

As at 31 March 2020, total number of permanent employees of the Bank is 9,543 persons (31 December 2019: 9,436 persons).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

2. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

2.1 Fiscal year

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

The Bank's interim separate period starts on 1 January and ends on 31 March.

2.2 Accounting currency

Currency used in preparing separate financial statements of the Bank is Vietnam dong ("VND") and rounded to the nearest million VND ("VND million").

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM

3.1 Statement of compliance

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

3.2 Accounting standards and system

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

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

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM (continued)

3.2 Accounting standards and system (continued)

The Bank has prepared the interim separate financial statements to reflect operations of the Bank only. It has also prepared the interim consolidated financial statements to reflect operations of the Bank and its subsidiaries in accordance with Vietnamese Accounting Standard No. 25 - *Consolidated financial statements and accounting for investments in subsidiaries*. The users of interim separate financial statements should read these interim separate financial statements together with the interim consolidated financial statements for the three-month ended period 31 March 2020 in order to have adequate information about the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Bank and its subsidiaries.

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

3.3 Assumptions and uses of estimates

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Changes in accounting policies and disclosures

The accounting policies adopted by the Bank in preparation of the interim separate financial statements are consistent with those followed in the preparation of the Bank's annual separate financial statements for the year ended 31 December 2019 and the three-month period ended 31 March 2019, except for the following change in accounting policies:

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

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

Circular 48 provides regulations on method, time and rate of provision made for devaluation of inventories, loss of financial investments, bad receivable debts and warranty for products, goods and construction as well as utilization of those provision.

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

4.2 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, current accounts at the SBV, demand deposits and placements with other credit institutions with an original maturity of three months or less from the transaction date, securities with recovery period or maturity of three months or less from the date of purchase which are convertible into a known amount of cash and do not bear liquidity risk as at the reporting date.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Placements with and credit granting to other credit institutions

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

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

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

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

4.4 Loans to customers

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

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

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

4.5 Loan classification and provision for credit losses applied to placements with and credit granting to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers, entrusted for credit granting by the Bank and other credit risk bearing assets

The classification of placements with and credit granting to other credit institutions, direct and entrusted investments in unlisted corporate bonds, loans to customers and entrustments for credit granting (collectively called "debts") is made in compliance with the quantitative method as prescribed in Article 10 of Circular 02.

The specific provision for debts as at 31 March is made based on the principal balance less discounted value of collateral, then multiplied by provision rates which are determined based on the debt classifications as at 29 February. The specific provision rates for each group are presented as follows:

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Group	Description	Provision rate
1 Current	<p>(a) Current debts are assessed as fully and timely recoverable for both principals and interests; or</p> <p>(b) Debts are overdue for a period of less than 10 days and assessed as fully recoverable for both overdue principals and interests, and fully and timely recoverable for both remaining principals and interests.</p>	0%
2 Special Mention	<p>(a) Debts are overdue for a period of between 10 days and 90 days; or</p> <p>(b) Debts which the repayment terms are restructured for the first time.</p>	5%
3 Sub standard	<p>(a) Debts are overdue for a period of between 91 days and 180 days; or</p> <p>(b) Debts which the repayment terms are extended for the first time; or</p> <p>(c) Debts which interests are exempted or reduced because customers do not have sufficient capability to repay all interests under credit contracts; or</p> <p>(d) Debts under one of the following cases which have not been recovered in less than 30 days from the date of the recovery decision:</p> <ul style="list-style-type: none"> ▪ Debts made in compliance with Clause 1, 3, 4, 5, 6 under Article 126 of Law on Credit Institutions ; or ▪ Debts made in compliance with Clause 1, 2, 3, 4 under Article 127 of Law on Credit Institutions ; or ▪ Debts made in compliance with Clauses 1, 2 and 5 under Article 128 of Law on Credit Institutions. <p>(e) Debts are required to be recovered according to regulatory inspection conclusions.</p>	20%
4 Doubtful	<p>(a) Debts are overdue for a period of between 181 days and 360 days; or</p> <p>(b) Debts which the repayment terms are restructured for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or</p> <p>(c) Debts which the repayment terms are restructured for the second time; or</p> <p>(d) Debts are specified in point (d) of Loan group 3 and overdue for a period of between 30 days and 60 days after decisions of recovery have been issued; or</p> <p>(e) Debts are required to be recovered according to regulatory inspection conclusions but still outstanding with an overdue period up to 60 days since the recovery date as required by regulatory inspection conclusions.</p>	50%

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

For loans to customers in agricultural and rural sector, the Bank is allowed to restructure these loans and keep their debt groups as before restructuring for only one time in accordance with Circular No. 10/2015/TT-NHNN dated 22 July 2015 providing guidance on certain contents of Decree No. 55/2015/ND-CP dated 9 June 2015 by the Government on credit policies for agriculture and rural development.

For loans incurs obligations of repaying principal and/or interest within the period from 23 January 2020 to the next three months from the date of announcement of The Prime Minister about the end of Covid-19 pandemic (including outstanding loans subject to the Government's Decree No. 55/2015/ND-CP dated 9 June 2015 on credit policies for agriculture and rural development) unable to repay principal and/or interest in accordance with loan contracts, loan agreements due to reduction in revenue and income influenced by Covid-19 pandemic, the Bank is allowed to restructure these loans repayments, exempt or reduce interest and fees, and keep their debt groups as before restructuring in accordance with Circular No. 01/2020/TT-NHNN ("Circular 01") dated 13 March 2020 providing guidance for credit institutions and branches of foreign banks to restructure loans repayments, exempt or reduce interest and fees, and keep their debt groups to support customers affected by Covid-19 pandemic.

The basis for determination of value and discounted value for each type of collateral is specified in Circular 02 and Circular 09.

General provision as at 31 March is made at 0.75% of total outstanding debt balances excluding placements with and credit granting to other credit institutions and debts classified as loss (group 5) as at 29 February.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Securities held for trading

4.6.1 Classification and recognition

Securities held for trading include debt securities acquired and held for resale. Securities held for trading are initially recognized at cost.

4.6.2 Measurement

Listed debt securities held for trading are recognized at cost less provision for diminution in value of securities. In which, the price of Government and municipal bonds determined for the purpose of provisioning is the latest transaction price at the Stock Exchange within 10 days up to the balance sheet date. In case of no transaction within 10 days of the balance sheet date, the Bank does not make provision for this investment.

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

Provision for securities held for trading which is mentioned above is reversed when the recoverable amount of securities held for trading increases after making provision as a result of an objective event. Provision is reversed up to the gross value of these securities before provision.

Interest derived from holding securities held for trading are recognized on a cash basis in the separate income statement.

4.6.3 De-recognition

Trading securities are derecognized when the rights to receive cash flows from these securities have been terminated or the Bank has transferred substantially all the risks and rewards of ownership of these securities.

4.7 Available-for-sale securities

Available-for-sale securities include debt and equity securities acquired by the Bank for the investment and available-for-sale purposes, not regularly traded but can be sold when there is a benefit. For equity securities, the Bank is neither the founding shareholder nor the strategic partner, nor has the ability to make certain influence in planning and making decision in the financial and operating policies of the investees under a written agreement to appoint personnel to the Board of Directors/Management.

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

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Available-for-sale securities (continued)

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

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

Provision for diminution in value of securities is made when the carrying value is higher than the market value in compliance with Circular No. 48/2019/TT-BTC issued by the Ministry of Finance on 8th August 2019. In case market prices of securities are not available or cannot be determined reliably, no provision is made. Diminution provision is recognized in the "Net gain from trading investment securities" in the separate income statement.

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

4.8 Held-to-maturity investment securities

Held-to-maturity investment securities are special bonds issued by Vietnam Asset Management Company ("VAMC").

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

During the holding period, the Bank annually calculates and makes provision in accordance with Circular No. 14/2015/TT-NHNN dated 28 August 2015 amending and supplementing some articles of Circular No. 19/2013/TT-NHNN on the purchase, sale and resolution of bad debts of VAMC.

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

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Held-to-maturity investment securities (continued)

In which:

- $X_{(m)}$: minimum provision for special bonds in the m^{th} year;
- X_{m-1} : accumulated specific provision for special bonds in the $m-1^{\text{th}}$ year;
- Y: face value of special bonds;
- n: term of special bonds (years);
- m: number of years from the bond issuance date to the provision date;
- Z_m : accumulated bad debt recoveries at the provision date (m^{th} year).

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

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

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

4.9 Re-purchase and reverse re-purchase contracts

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

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

4.10 Investments in subsidiaries

Investments in subsidiaries controlled by the Bank are recognized at cost in the separate financial statements. Distributions of profit received from accumulated profit of subsidiaries subsequent to the control date are recorded in the separate income statement of the Bank.

Provision for impairment of investments in subsidiaries is made for each impaired investment subject to revision at the end of the financial year. Provision for investments in subsidiaries is made when the investments are impaired due to the losses incurred by subsidiaries. Increase or decrease of provision balance is recognized in "Income from investments in other entities".

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Other long-term investments

Other long-term investments represent investments in other entities in which the Bank holds less than or equal to 11% of voting rights. These investments are initially recorded at cost at the investment date.

For listed securities or unlisted but registered for trading securities on unlisted public companies market (UPCoM), provision for diminution in value is made when their listed/registered price for trading is lower than the carrying value of the securities at the year-end. In which, the listed/registered price is the average reference price in the 30 latest trading days up to the date of financial statements. In case listed securities on UPCoM have no transactions made within 30 latest trading days up to the date of financial statements, VPBank determines provision for diminution in the value of other long-term investment according to the following cases.

In other cases, at the year-end of the Bank, if the other long-term investments are impaired compared to the carrying value, the Bank will make provision for diminution in the value of other long-term investment according to Clause 2, Article 5 of TT48/2019/TT-BTC.

Based on the separate financial statements of the investee at the same time with the Bank's financial statements, provision for diminution in the value of other long-term investment is calculated according to the following formula:

$$\text{Provision for diminution in value of each investment} = \text{Percentage of invested capital (\% of the Bank in the entity at the reporting date)} \times \left[\begin{array}{l} \text{Total invested amount of all parties in the entity at the reporting date} \\ - \text{Owners' equity of the entity at the reporting date} \end{array} \right]$$

In case the investee does not make the separate financial statement at the same time the Bank of provision date, the Bank will not make a provision for diminution in the value of long-term investment.

Provision is reversed when the recoverable amount of the investment increases after the provision is made. Provision is reversed up to the gross value of the investment before the provision is made.

4.12 Fixed assets

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

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

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

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Depreciation and amortization

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

Buildings and architectonic models	5 - 40 years
Transportation	6 years
Machines and equipment	3 - 7 years
Computer software	3 - 5 years
Other fixed assets	3 - 5 years

4.14 Operating lease

Rentals under operating lease are charged in the "Total operating expenses" of the separate income statement on a straight-line basis over the term of the lease.

4.15 Receivables

4.15.1 Receivables classified as credit-risk bearing assets

Receivables classified as credit-risk assets are recognized at cost. Receivables classified as credit-risk assets are classified and provided for provision by the Bank in accordance with the regulations on recognition and use of provision to resolve the credit risk as presented in Note 4.5.

4.15.2 Other receivables

Receivables other than receivables classified as credit-risk assets are recognized at cost.

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

4.15.2 Other receivables (continued)

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

<u>Overdue status</u>	<u>Allowance rate</u>
From over six (6) months to under one (1) year	30%
From one (1) to under two (2) years	50%
From two (2) to under three (3) years	70%
From three (3) years and above	100%

4.16 Prepaid expenses

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Share capital

4.17.1 Ordinary shares

Ordinary shares are classified as owners' equity.

4.17.2 Share premium

Share premium reflects the difference (increase or decrease) between the issuance price and the par value of the shares (including cases of treasury stocks reissuance), as well as direct expenses related to share issuance or treasury share sale.

4.17.3 Treasury shares

When the Bank repurchases its ordinary shares, the total paid amount including directly attributable costs, net off any tax effects, is recognized as a deduction from equity. Repurchase ordinary share is reported as treasury shares.

4.17.4 Statutory reserves

The Bank appropriates the following statutory reserves in compliance with Law on Credit Institutions No. 47/2010/QH12, Decree No. 93/2017/ND-CP and its Charter as follow:

	<i>Basic for calculation</i>	<i>Maximum balance</i>
Capital supplementary reserve	5% from profit after tax	100% of charter capital
Financial reserve	10% from profit after tax	Not regulated

Other funds are appropriated from profit after tax. Appropriation from profit after tax and utilization of other funds must be approved by the General Meeting of Shareholders. These funds are not regulated by law and are allowed to be fully distributed.

These reserves are created annually based on the separate operating results at year end.

4.18 Recognition of income and expenses

Interest income and expenses are recognized in the interim separate income statement on an accrual basis using the nominal interest rates. The accrued interest of debts which are classified in groups 2 to 5 is not recognized in the separate income statement in compliance with Circular 02. These accrued interest is reversed and monitored off-balance sheet and recognized in the separate income statement upon actual receipt.

Fees and commissions are recognized on an accrual basis.

For accrued interest receivable arising from restructuring loans, exemption or reduction interest and keeping unchange current debts groups (group 1) in accordance with Circular 01, from the restructuring date, instead of recording interest income (accrued interest) are exposed to off balance sheet those interest income (accrued interest) to encourage re-payments; record back to interest income when collected in accordance with laws on financial regime of credit institutions and branches of foreign banks.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Debts trading operation

The accounting treatment for debts purchased are in accordance with Circular No. 09/2015/TT-NHNN issued by the SBV prescribing the purchase and sale of debts by credit institutions and foreign bank branches.

Purchase debts

Debts purchased are initially recorded at purchase price and subsequently presented at cost less provision for credit losses. Price of debts purchased is the settlement amount to be paid by the buyer under the debt purchase contract.

Debts purchased are initially classified in the risk group which is not lower than the risk group of the debts before the purchase. Subsequently, debts purchased are monitored, classified and provided for credit losses similar to normal loans to customers in accordance with Circular 02 and Circular 09.

Sale of debts

Income and expenses from the sale of debts are recognized in accordance with Circular No. 09/2015/TT-NHNN providing guidance on the sale of debts of credit institutions and foreign bank branches.

According to Circular No. 09/2015/TT-NHNN, the difference between the prices of debts purchased or sold and their book value are recorded as follows:

- ▶ For debts recorded in the separate balance sheet:
 - If the sale price is higher than the book value of the debt, the difference shall be recorded as income of the Bank during the period.
 - If the sale price is lower than the book value of the debt, the difference shall be used to offset against the indemnity paid by an individual or guarantor (in case such individual or guarantor is determined to be responsible for the damage and obliged to make indemnity under prevailing regulations), or the compensation paid by the insurer, or use of outstanding provision recognized as expense previously. The remaining balance (if any) shall be recognized as an operating expense of the Bank during the period.
- ▶ For debts written-off and monitored off-balance sheet, the proceeds from sale of debts shall be recognized as other income of the Bank.

Book value of debts purchased or sold is the book value of the principal, interest and related financial obligations (if any) of debts recorded in the balance sheet or off-balance sheet at the date of debts purchased or sold; or the book value at the date of writing-off of debts; or the book value of debts written-off previously at the date of debts purchased or sold.

The selling price is the sum of consideration to be paid by a debt buyer to a debts seller under the debt purchase or sale contract.

4.20 Foreign currency transactions

All transactions are recorded in original currencies. At reporting date, monetary assets and liabilities denominated in foreign currencies are translated into VND using exchange rates ruling at the separate balance sheet date (*Note 46*). Income and expenses in foreign currencies are converted into VND at rates ruling at the transaction dates. Foreign exchange differences arising from the translation of monetary assets and liabilities are recognized and followed in the "Foreign exchange differences" under "Owners' equity" in the separate balance sheet and will be transferred to the separate income statement at the end of the period.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Payables and accruals

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

4.22 Deposits from other credit institutions, customer deposits and valuable papers issued

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

4.23 Corporate income taxes

Current income tax

Current income tax assets and liabilities for the current and prior year are measured at the amount expected to be recovered from or to be paid to the taxation authorities. The tax rates and tax laws are applied and enacted at the separate balance sheet date.

Current income tax is recognized to the interim separate income statement except when it relates to items recognized directly to equity, in this case the current income tax is also directly recognized in equity.

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

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

Deferred tax

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

Deferred tax payable is recognized for all temporary taxable differences.

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

4.24 Fiduciary assets

Assets held in a fiduciary capacity are not recognized in the Bank's financial statements, as they are not assets of the Bank.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.25 Classification for off-balance sheet commitments

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

4.26 Offsetting

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

4.27 Derivatives

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

Currency forward contracts

The currency forward contracts are commitments to settle in cash in pre-determined currency on pre-determined future date based on pre-determined exchange rates. The currency forward contracts are recognized at nominal value at the transaction date and are revalued for the reporting purpose at the exchange rate at the reporting date. Gains or losses are recognized in the "Foreign exchange differences" under "Owners' equity" in the interim separate balance sheet and will be transferred to the interim separate income statement at the end of the period.

Swap contracts

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

The currency swap contracts are revalued periodically. Gain or losses are recognized in the "Foreign exchange differences" under "Owners' equity" in the interim separate balance sheet and will be transferred to the separate income statement at the end of the period.

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

Option contracts

Option contracts are commitments between the buyer and the seller (VPBank), in which, the buyer has a right but not an obligation to purchase or sell a fixed amount of foreign currency at a predetermined exchange rate within a predetermined period. In case the buyer choose to execute their rights, the seller have the obligation to sell or buy a fixed amount of foreign currency at the predetermined exchange rate.

The price of option contracts (option contract fee), which the Bank has received, is allocated on a straight line basis into "Net gain/(loss) from trading of foreign currencies" during the outstanding period of the contract.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.27 Derivatives (continued)

Government bond futures contract

Government bond futures contract (GBFC) are commitments to buy or sell a certain number of underlying assets, namely government bonds or hypothetical bonds, that have similar characteristics as a government bond issued by the State Treasury (or otherwise prescribed by law) at a predetermined price on a predetermined future date.

During the holding period, on daily basis, based on the results of the evaluation of profit/loss position for each bond futures contract code, the Bank recognized in "Income from other activities" or "Expenses from other activities" under separate income statement.

4.28 Employee benefits

4.28.1 Post-employment benefits

Post-employment benefits are paid to retired employees of the Bank by the Social Insurance Agency which belongs to the Ministry of Labor, Invalids and Social Affairs. The Bank is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 17.5% of an employee's gross monthly salary under regulations. Other than that, the Bank has no further obligation relating to post-employment benefits.

4.28.2 Voluntary resignation benefits

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

4.28.3 Unemployment insurance

According to Circular No. 28/2015/TT-BLĐTBXH on guidelines for Article 52 of the Law on Employment and Decree No. 28/2015/ND-CP dated 12 March 2015 of the Government on guidelines for the Law on Employment in term of unemployment insurance, the Bank is required to contribute to the unemployment insurance at the rate of 1% of salary and wage fund of unemployment insurance joiners and deduct 1% of monthly salary and wage of each employee to contribute to the unemployment insurance.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

5. CASH, GOLD AND GEMSTONES

	<i>31 March 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
Cash on hand in VND	1,531,391	1,631,328
Cash on hand in foreign currencies	1,238,309	658,473
Monetary gold	371,883	169,520
	<u>3,141,583</u>	<u>2,459,321</u>

6. BALANCES WITH THE STATE BANK OF VIETNAM

	<i>31 March 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
In VND	911,744	2,777,334
In foreign currencies	77,775	231,707
	<u>989,519</u>	<u>3,009,041</u>

Balances with the SBV include current account and compulsory reserves. As at 31 March 2020, compulsory reserve in VND and current account in foreign currencies bear interest at rate of 1.00% p.a. and 0.00% p.a., respectively (31 December 2019: 0.80% p.a. and 0.05% p.a., respectively).

Under the SBV regulations, the Bank is required to maintain certain cash reserve with the SBV in the form of compulsory reserve. As at 31 March 2020, the required cash reserves of customer deposits in VND and foreign currencies having maturity of less than 12 months are computed at 3.00% and 8.00%, respectively (2018: 3.00% and 8.00%, respectively) and having maturity of over 12 months are computed at 1.00% and 6.00% (2019: 1.00% and 6.00% respectively).

7. PLACEMENTS WITH AND CREDIT GRANTING TO OTHER CREDIT INSTITUTIONS

7.1 Placements with other credit institutions

	<i>31 March 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
Demand deposits	5,903,801	937,487
In VND	265,183	419,989
In foreign currencies	5,638,618	517,498
Term deposits	1,787,975	13,333,500
In VND	1,670,000	12,870,000
In foreign currencies	117,975	463,500
	<u>7,691,776</u>	<u>14,270,987</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

7. PLACEMENTS WITH AND CREDIT GRANTING TO OTHER CREDIT INSTITUTIONS
(continued)

7.2 Credit granting to other credit institutions

	<i>31 March 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
In VND	3,905,604	4,151,087
	<u>3,905,604</u>	<u>4,151,067</u>

Analysis of outstanding term deposits and credit granting to other credit institutions by quality as at the reporting date are as follows:

	<i>31 March 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
Current	5,693,579	17,484,567
Special mention	-	-
Substandard	-	-
Doubtful	-	-
Loss	-	-
	<u>5,693,579</u>	<u>17,484,567</u>

8. SECURITIES HELD FOR TRADING

8.1 Debt securities

	<i>31 March 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
Government and municipal securities	1,122,697	1,571,141
	<u>1,122,697</u>	<u>1,571,141</u>
Provision for securities held for trading	(4,983)	(4,549)
Provision for dilution of securities held for trading	(4,983)	(4,549)
	<u>1,117,714</u>	<u>1,566,592</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

8. **SECURITIES HELD FOR TRADING** (continued)

8.1 **Debt securities** (continued)

Changes in provision for securities held for trading in the year are as follows:

	<i>The three-month period ended 31 March 2020 VND million</i>	<i>The three-month period ended 31 March 2019 VND million</i>
Opening balance	4,549	38,329
Provision (reversed)/charged in the period (Note 29)	434	(23,288)
Closing balance	4,983	15,041

8.2 **Securities held for trading by listing status**

	<i>31 March 2020 VND million</i>	<i>31 December 2019 VND million</i>
Debt securities		
Listed	1,122,697	1,571,141

9. **DERIVATIVES AND OTHER FINANCIAL ASSETS**

	<i>Total contract nominal value (at contractual exchange rate) VND million</i>	<i>Total carrying value (at exchange rate as at reporting date)</i>		<i>Net value VND million</i>
		<i>Assets VND million</i>	<i>Liabilities VND million</i>	
As at 31 March 2020				
Derivative financial instruments	54,229,233	54,411,785	(54,283,826)	127,959
Currency forward contracts	7,881,900	7,890,044	(7,886,803)	3,441
Currency swap contracts	46,347,333	46,521,741	(46,397,223)	124,518
Other derivative financial instruments	5,833,526	2,982,213	(3,008,275)	(26,062)
	60,062,759	57,393,998	(57,292,101)	101,897
As at 31 December 2019				
Derivative financial instruments	47,809,279	47,636,717	(47,616,797)	19,919
Currency forward contracts	8,653,712	8,650,955	(8,542,072)	108,883
Currency swap contracts	39,155,567	38,985,761	(39,074,725)	(88,964)
Other derivative financial instruments	5,833,526	3,230,448	(3,245,750)	(15,302)
	53,642,805	50,867,164	(50,862,547)	4,617

10. LOANS TO CUSTOMERS

	31 March 2020		31 December 2019	
	VND million	%	VND million	%
Loans to domestic economic entities and individuals	186,221,291	93.91	180,826,303	93.87
Discounted bills and valuable papers	212,011	0.11	137,060	0.07
Payments on behalf of customers	27,109	0.01	131	0.00
Loans financed by borrowed and entrusted funds	355,030	0.18	362,045	0.19
Other credit granting to customers	11,483,575	5.79	11,306,744	5.87
	198,299,016	100	192,632,283	100

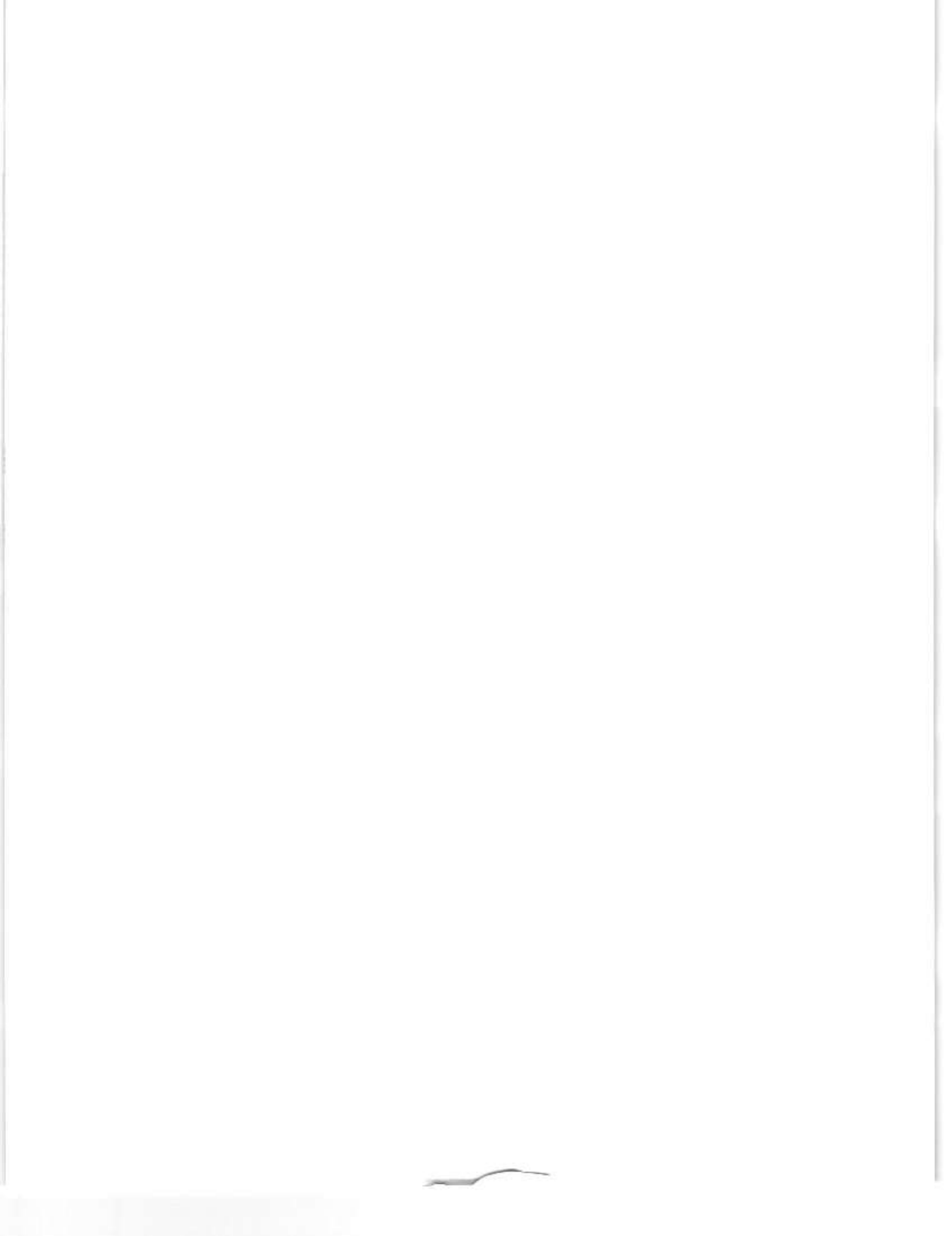
10.1 Analysis of loan portfolio by quality

Analysis of loan portfolio by quality as at the reporting date are as follows:

	31 March 2020	31 December 2019
	VND million	VND million
Current	185,843,385	181,748,403
Special mention	7,198,159	5,704,904
Substandard	2,209,071	1,862,514
Doubtful	1,469,068	1,279,053
Loss	1,579,333	2,037,409
	198,299,016	192,632,283

10.2 Analysis of loan portfolio by original maturity

	31 March 2020	31 December 2019
	VND million	VND million
Short term	79,144,200	75,425,941
Medium term	61,115,223	60,144,584
Long term	58,039,593	57,061,758
	198,299,016	192,632,283



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

10. LOANS TO CUSTOMERS (continued)

10.3 Analysis of loan portfolio by ownership and type of customers

	31 March 2020		31 December 2019	
	VND million	%	VND million	%
State-owned companies	1,911,592	0.96	1,922,461	1.00
One-member limited liability companies with 100% State ownership	238,690	0.12	412,867	0.21
Two or more member limited liability companies with over 50% State ownership or being controlled by the State	8,856	0.00	27,830	0.01
Other limited liability companies	42,552,166	21.46	41,273,951	21.43
Joint stock companies with over 50% State ownership or being controlled by the State	290,787	0.15	269,930	0.14
Other joint-stock companies	62,131,316	31.33	57,870,189	30.04
Private enterprises	421,303	0.21	440,954	0.23
Foreign invested enterprises	300,906	0.15	114,211	0.06
Co-operatives and unions of co-operative	59,898	0.03	60,566	0.03
Household business and individuals	90,356,983	45.57	90,228,665	46.84
Operation administration entity, the Party, unions and associations	25,743	0.01	9,808	0.01
Others	776	0.00	851	0.00
	198,299,016	100	192,632,283	100

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

10. LOANS TO CUSTOMERS (continued)

10.4 Analysis of loan portfolio by sectors

	31 March 2020		31 December 2019	
	VND million	%	VND million	%
Agricultural, forestry and aquaculture	1,190,086	0.60	1,224,901	0.64
Mining	774,023	0.39	872,775	0.45
Processing, manufacturing	13,437,775	6.78	12,299,785	6.39
Electricity, petroleum and steam	2,530,947	1.28	2,500,209	1.30
Water supply and waste treatment	200,851	0.10	204,229	0.11
Construction	23,509,367	11.86	21,607,181	11.22
Wholesale and retail trade, repair of motor vehicles, motor cycles and personal goods	31,930,605	16.10	29,559,991	15.35
Transportation and logistics	6,590,380	3.32	7,286,253	3.78
Hospitality and restaurants	9,833,332	4.96	8,809,042	5.09
Information and media	357,268	0.18	345,026	0.18
Finance, banking and insurance services	5,833,259	2.94	5,749,920	2.98
Real estates	20,859,556	10.52	20,535,962	10.66
Scientific research and technology	577,381	0.29	565,941	0.29
Administrative activities and support services	1,371,349	0.69	1,476,380	0.77
Activities of the Communist Party, political - social organizations, state management, security and defense	5,755	0.00	6,433	0.00
Education and vocational training	320,184	0.16	237,645	0.12
Healthcare and community development	61,518	0.03	61,958	0.03
Recreational, cultural, sporting activities	288,296	0.15	293,082	0.15
Other services	457,565	0.23	423,702	0.22
Households services, production of material products and services used by households	50,069,082	25.25	50,249,599	26.09
Individual borrowing for accommodation purpose and obtain land use rights	28,097,286	14.17	27,319,010	14.18
Activities of other foreign organizations and offices	3,151	0.00	3,259	0.00
	198,299,016	100	192,632,283	100

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

11. PROVISION FOR CREDIT LOSSES OF LOANS TO CUSTOMERS

Provision for credit losses of loans to customers at year end is as follows:

	<i>31 March 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
General provision	1,447,038	1,445,090
Specific provision	1,157,336	1,266,123
	<u>2,604,374</u>	<u>2,711,213</u>

Changes in provision for credit losses for the period ended 31 March 2020 are as follows:

	<i>General provision</i>	<i>Specific provision</i>	<i>Total</i>
	<i>VND million</i>	<i>VND million</i>	<i>VND million</i>
Opening balance	1,445,090	1,266,123	2,711,213
Provision charged in the period (Note 33)	1,948	1,321,573	1,323,521
Utilization of provision to write-off bad debts	-	(1,430,360)	(1,430,360)
Closing balance	<u>1,447,038</u>	<u>1,157,336</u>	<u>2,604,374</u>

Changes in provision for credit losses for the period ended 31 March 2019 are as follows:

	<i>General provision</i>	<i>Specific provision</i>	<i>Total</i>
	<i>VND million</i>	<i>VND million</i>	<i>VND million</i>
Opening balance	1,170,317	1,245,411	2,415,728
Provision charged in the period (Note 33)	93,913	772,523	866,436
Change in provision due to re-purchase loans from VAMC bonds	-	221,818	221,818
Utilization of provision to write-off bad debts	-	(799,914)	(799,914)
Closing balance	<u>1,264,230</u>	<u>1,439,838</u>	<u>2,704,068</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

12. DEBTS PURCHASED

	<i>31 March 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
Debt purchased in VND	3,848,305	4,061,225
Provision for debt purchased	(32,927)	(32,283)
	<u>3,815,378</u>	<u>4,028,942</u>

Details of outstanding principal and interest of debts purchased are as follows:

	<i>31 March 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
Principal	3,849,765	3,957,789
Interest and difference between price of debts purchased and outstanding of debts purchased	(1,460)	103,436
	<u>3,848,305</u>	<u>4,061,225</u>

Analysis by quality of debts purchased at reporting date is as below:

	<i>31 March 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
Current	3,824,540	4,037,924
Special mention	6,717	23,145
Substandard	16,913	89
Doubtful	70	10
Loss	65	57
	<u>3,848,305</u>	<u>4,061,225</u>

Changes in provision for debt purchased for the three-month period are as follows:

	<i>The three-month</i> <i>period ended 31</i> <i>March 2020</i> <i>VND million</i>	<i>The three-month</i> <i>period ended 31</i> <i>March 2019</i> <i>VND million</i>
Opening balance	32,283	-
Provision charged in the period (Note 33)	644	18,401
Closing balance	<u>32,927</u>	<u>18,401</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

13. INVESTMENT SECURITIES

13.1 Available-for-sale securities

	31 March 2020 VND million	31 December 2019 VND million
Debt securities	87,395,212	67,771,550
Treasury bills	9,038,400	-
Government and municipal securities	24,739,675	28,659,332
Debt securities issued by other domestic credit institutions	24,570,694	24,889,488
<i>In which: Debt securities guaranteed by the Government</i>	<i>3,726,641</i>	<i>4,284,703</i>
Debt securities issued by domestic economic entities	29,046,443	14,222,730
Equity securities	15,357	15,357
Equity securities issued by local economic entities	15,357	15,357
	87,410,569	67,786,907
Provision for available-for-sale securities	(273,632)	(151,873)
General provision	(234,641)	(125,008)
Diminution provision	(38,991)	(26,865)
	87,136,937	67,635,034

Face value of bonds pledged for capital mobilization contracts as at 31 March 2020 amounted to 9,925,000 million (31 December 2019: 9,610,000 million).

Face value of bonds sold under agreement to repurchase as at 31 March 2020 amounted to VND5,940,000 million (31 December 2019: VND800,000 million).

Analysis of available-for-sale securities by listing status at reporting date is as follows:

	31 March 2020 VND million	31 December 2019 VND million
Listed bills	9,038,400	-
Listed bonds	28,466,316	32,944,035
Unlisted bonds (Note 13.3)	37,768,791	23,043,344
Other unlisted debt securities	12,123,705	11,784,171
Listed equity securities	15,357	15,357
	87,410,569	67,786,907

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

13. INVESTMENT SECURITIES (continued)

13.2 Provision for investment securities

Movement of provision for investment securities during the three-month period ended 31 March 2020 is as follows:

	<i>Available-for- sale securities</i> VND million	<i>Held-to- maturity securities</i> VND million	<i>Total</i> VND million
Opening balance	151,873	-	151,873
Provision charged/(reversed) in the period	121,759	-	121,759
<i>In which:</i>			
<i>Other securities (Note 30)</i>	121,759	-	121,759
Closing balance	273,632	-	273,632

Movement of provision for investment securities during the three-month period ended 31 March 2019 is as follows:

	<i>Available-for- sale securities</i> VND million	<i>Held-to- maturity securities</i> VND million	<i>Total</i> VND million
Opening balance	265,319	790,355	1,055,674
Provision charged/(reversed) in the period	(16,827)	261,485	244,658
<i>In which:</i>			
<i>Special bonds (Note 33)</i>	-	261,485	261,485
<i>Other securities (Note 30)</i>	(16,827)	-	(16,827)
Provision used to write-off bad debts	-	(535,306)	(535,306)
Closing balance	248,492	516,534	765,026

13.3 Analysis of investment securities available for sale by quality

Analysis by quality of investment securities available for sale classified as credit risk bearing assets at the end of the period is as follows:

	<i>31 March 2020</i> VND million	<i>31 December 2019</i> VND million
Current	37,766,791	23,043,344
Special mention	-	-
Substandard	-	-
Doubtful	-	-
Loss	-	-
	37,766,791	23,043,344

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

14. LONG-TERM INVESTMENTS

14.1 Investments in subsidiaries

	<i>% owned</i>	<i>31 March 2020 VND million</i>	<i>31 December 2019 VND million</i>
VPBank Asset Management Company Limited	100	115,000	115,000
VPBank Finance Company Limited	100	7,552,035	7,552,035
		7,667,035	7,667,035

14.2 Other long-term investments

	<i>31 March 2020</i>		<i>31 December 2019</i>	
	<i>Cost VND million</i>	<i>% owned</i>	<i>Cost VND million</i>	<i>% owned</i>
Investments in economic entities				
ITRACO Transportation Joint Stock Company	21	0.64	21	0.64
Dong Xuan Joint Stock Company	5,000	10.00	5,000	10.00
Banking Training and Consultancy Joint Stock Company	371	5.29	371	5.29
Vietnam Credit Information Joint Stock Company	3,934	3.28	3,934	3.28
OPES Insurance Joint Stock Company	44,000	11.00	44,000	11.00
Sai Gon Port Joint Stock Company	185,276	7.44	185,276	7.44
	238,602		238,602	
Provision for other long-term investments	(105,006)		(74,177)	
	133,596		164,425	

14.3 Provision for other long-term investments

Changes in provision for long-term investments in the period are as follows:

	<i>The three-month period ended 31 March 2020 VND million</i>	<i>The three-month period ended 31 March 2019 VND million</i>
Opening balance	74,177	36,948
Provision charged in the period (Note 32)	30,829	18,664
Closing balance	105,006	55,612

Vietnam Prosperity Joint Stock Commercial Bank

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

15. FIXED ASSETS

15.1 Tangible fixed assets

Movements of tangible fixed assets in the year are as follows:

	Buildings and architectonic models VND million	Machines and equipment VND million	Motor vehicles VND million	Office equipment VND million	Other VND million	Total VND million
Cost						
Opening balance	971,856	705,157	117,639	126,895	68,386	1,989,933
Purchases in the period	-	1,349	2,420	137	-	3,906
Other increase/(decrease)	-	1,104	-	515	39	1,658
Disposal	(683)	-	(439)	(64)	-	(1,186)
Closing balance	971,173	707,610	119,620	127,483	68,425	1,994,311
Accumulated depreciation						
Opening balance	51,209	476,332	85,535	88,099	52,635	753,810
Charge for the period	6,176	23,882	3,085	5,746	2,456	41,345
Disposal	(479)	-	(439)	(44)	-	(962)
Closing balance	56,906	500,214	88,181	93,801	55,091	794,193
Net book value						
As at beginning date	920,647	228,825	32,104	38,796	15,751	1,236,123
As at closing date	914,267	207,396	31,439	33,682	13,334	1,200,118

Cost of fully-depreciated tangible fixed assets which are still in active use as at 31 March 2020 is VND495,784 million (31 December 2019: VND474,149 million).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

15. FIXED ASSETS (continued)

15.2 Intangible fixed assets

Movements of intangible fixed assets in the period are as follows:

	<i>Indefinite land use rights VND million</i>	<i>Computer software VND million</i>	<i>Total VND million</i>
Cost			
Opening balance	69,147	561,023	630,170
Purchases in the period	-	1,487	1,487
Other increase/(decrease)	-	(2,802)	(2,802)
Disposal	(4,020)	-	(4,020)
Closing balance	65,127	559,708	624,835
Accumulated amortization			
Opening balance	868	359,109	359,977
Charge for the period	-	24,693	24,693
Closing balance	868	383,802	384,670
Net book value			
At the beginning date	68,279	201,914	270,193
At the closing date	64,259	175,906	240,165

Cost of fully-depreciated intangible fixed assets which are still in active use as at 31 March 2020 is VND172,723 million (31 December 2019: VND168,118 million).

16. OTHER ASSETS

16.1 Receivables

	<i>31 March 2020 VND million</i>	<i>31 December 2019 VND million</i>
Internal receivables	168,663	138,208
External receivables	14,578,716	14,725,788
- <i>Receivables related to usance letters of credit</i>	13,069,323	13,260,870
- <i>Deposits and receivable for Government Bond futures contract</i>	5,324	20,323
- <i>Deposits for economic contracts</i>	666,984	667,065
- <i>Credit risk bearing assets</i>	-	33,000
- <i>Receivables in settlement operation</i>	352,511	326,812
- <i>Advances to suppliers</i>	184,622	128,291
- <i>Other external receivables</i>	299,952	289,427
Purchase of fixed assets	45,007	32,347
Construction in progress	3,463	1,528
	14,795,849	14,897,871

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

16. OTHER ASSETS (continued)

16.1 Receivables (continued)

Analysis of other assets classified as credit-risk assets by quality at the end of the period is as follows:

	<i>31 March 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
Current	-	33,000
Special mention	-	-
Substandard	-	-
Doubtful	-	-
Loss	-	-
	<u>-</u>	<u>33,000</u>

16.2 Accrued interest and fee receivables

	<i>31 March 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
Interest receivables from deposits	6,719	14,617
Interest receivables from investment securities	2,171,103	1,982,170
Interest receivables from credit activities	1,680,255	1,796,557
Interest receivable from debt trading	8,491	354,179
Interest receivables from derivative instruments	161,640	193,043
Other fee receivables	123,150	111,430
	<u>4,151,358</u>	<u>4,451,996</u>

16.3 Other assets

	<i>31 March 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
Materials	12,231	8,863
Prepaid expenses	625,498	752,111
Assets in substitution for obligation performance of securers who has transferred the ownership to the Bank in compliance with the SBV's prevailing regulations	494,339	494,762
- <i>In which: Real estates</i>	494,339	494,762
Other assets	742	209
	<u>1,132,810</u>	<u>1,255,945</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

16. OTHER ASSETS (continued)

16.4 Provision for other assets

Provision for other assets include provision for impairment of other receivables and credit risk bearing assets. Change of provision for other assets in the period are as follows:

	<i>The three-month period ended 31 March 2020 VND million</i>	<i>The three-month period ended 31 March 2019 VND million</i>
Opening balance	22,572	20,826
Provision charged in the period	2,639	16,499
<i>In which:</i>		
<i>Charge/(reversed) of provision for other credit risk bearing assets (Note 33)</i>	<i>(248)</i>	<i>270</i>
<i>Charge of provision for doubtful debts (Note 32)</i>	<i>2,887</i>	<i>16,229</i>
Closing balance	25,211	37,325

Details of provision for other assets are as follows:

	<i>31 March 2020 VND million</i>	<i>31 December 2019 VND million</i>
Provision for credit risks bearing assets	-	248
- <i>General provision</i>	-	248
Provision for doubtful debts	25,211	22,324
	25,211	22,572

For the three-month period ended 31 March 2020 and 31 March 2019, the Bank have nil amount of uncollectible debts written off.

17. AMOUNTS DUE TO THE GOVERNMENT AND THE STATE BANK OF VIETNAM

	<i>31 March 2020 VND million</i>	<i>31 December 2019 VND million</i>
Borrowings from the State Bank of Vietnam		
Other borrowings	18,594	19,492

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

18. DEPOSITS AND BORROWINGS FROM FINANCIAL INSTITUTIONS AND OTHER CREDIT INSTITUTIONS

18.1 Deposits from other credit institutions

	<i>31 March 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
Demand deposits	413,094	238,491
In VND	408,359	235,987
In foreign currencies	4,735	2,504
Term deposits	11,380,397	11,020,875
In VND	9,481,000	10,905,000
In foreign currencies	1,899,397	115,875
	11,793,491	11,259,366

18.2 Borrowings from financial institutions and other credit institutions

	<i>31 March 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
Payables arising from usance letters of credit	13,182,696	13,392,568
Borrowings from financial institutions and other credit institutions	21,397,291	7,463,257
In VND	12,612,102	4,822,604
In foreign currencies (i)	8,785,189	2,640,653
	34,579,987	20,855,825

(i) Include USD208 million equivalent VND4,909,235 million borrowed from International Financial Company IFC (31 December 2019: USD51 million equivalent VND1,184,648 million)

Analysis of borrowings from financial institutions and other credit institutions by original maturity:

	<i>31 March 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
Up to 6 months	12,542,908	4,805,644
From over 6 months to 12 months	1,156,155	-
From over 12 months to 5 years	7,604,622	2,815,711
Over 5 years	93,606	41,902
	21,397,291	7,463,257

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

19. CUSTOMER DEPOSITS

	31 March 2020 VND million	31 December 2019 VND million
Demand deposits	25,251,648	27,685,085
- In VND	24,020,497	25,894,828
- In foreign currencies	1,231,151	1,790,257
Term deposits	185,935,579	182,603,690
- In VND	183,501,244	180,093,351
- In foreign currencies	2,434,335	2,510,339
Deposits for specific purposes	484,197	21,406
- In VND	6,880	16,932
- In foreign currencies	477,317	4,474
Margin deposits	601,431	673,601
- In VND	561,557	617,204
- In foreign currencies	39,874	56,397
	212,272,855	210,983,782

Analysis of customer deposits by type of customers and by type of entities is as follows:

CUSTOMER DEPOSITS

	31 March 2020 VND million	%	31 December 2019 VND million	%
State-owned companies	2,917,364	1.37	2,663,269	1.26
One-member limited liability companies with 100% State ownership	1,035,824	0.49	1,219,309	0.58
Two or more member limited liability companies with over 50% State ownership or controlled by the State	541,956	0.26	586,735	0.28
Other limited liability companies	25,962,092	12.23	28,895,684	13.70
Joint stock companies with over 50% State ownership or controlled by the State	3,185,507	1.50	3,485,615	1.65
Other joint-stock companies	36,093,524	17.00	36,258,456	16.71
Partnership companies	3,829	0.00	3,567	0.00
Private enterprises	63,974	0.03	49,893	0.02
Foreign invested enterprises	439,593	0.21	674,667	0.32
Co-operatives and unions of co-operative	14,909	0.01	15,492	0.01
Household business and individuals	138,891,118	65.43	134,882,868	63.93
Operation administration entity, the Party, unions and associations	3,043,994	1.43	3,167,201	1.50
Others	79,171	0.04	81,046	0.04
	212,272,855	100	210,983,782	100

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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20. OTHER BORROWED AND ENTRUSTED FUNDS

	<i>31 March 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
Borrowed and entrusted funds in VND from Official Development Assistance (ODA)	276,318	291,823

21. VALUABLE PAPERS ISSUED

Valuable papers issued by original term are as follows:

	<i>31 March 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
Under 12 months	9,637	58,242
From 12 months up to 5 years	25,152,245	26,267,573
From 5 years and above	1,668,266	1,094,431
	26,830,148	27,420,246

Types of valuable papers issued are as follows:

	<i>31 March 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
Certificates of deposit to retail customers	855,623	1,331,089
Certificates of deposit to institutions	1,306,800	1,353,800
Bonds (*)	24,867,725	24,735,557
	26,830,148	27,420,246

(*) Including bonds with the amount of VND261,960 million eligible to be the Bank's own capital (31 December 2019: VND261,960 million).

(*) Including USD300 million equivalent VND7,078,500 million (31 December 2019: USD300 million equivalent VND6,952,900 million) International Bond in term 36 months, issued date in 17 July 2019.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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22. OTHER LIABILITIES

22.1 Interest and fees payable

	31 March 2020 VND million	31 December 2019 VND million
Interest payables for customer term deposits	1,696,954	1,438,645
Interest payables for customer saving deposits	2,773,289	3,679,661
Interest payables for valuable papers issued	1,110,775	1,081,122
Interest payables for borrowings from financial institutions and other credit institutions	268,518	186,772
Interest payables for other borrowed and entrusted funds	273	-
Interest payables for derivative financial instruments	142,198	173,955
Fee payables	874	810
	5,992,881	6,560,965

22.2 Other liabilities

	31 March 2020 VND million	31 December 2019 VND million
Internal payables	458,187	499,262
Payables to employees	458,187	499,262
External payables	1,822,968	1,890,683
Unearned income	95,638	79,451
Transfer payment awaiting settlement	295,992	178,979
Taxes payable to the State Budget (Note 23)	459,330	486,850
Payables in settlement operation	532,566	726,799
Payables to suppliers	48,000	19,448
Other liabilities	391,442	399,156
	2,281,155	2,389,945

23. TAXES AND OTHER OBLIGATIONS TO THE STATE BUDGET

	Opening balance VND million	Movements in the period		Closing balance VND million
		Payables VND million	Paid VND million	
Value added tax	22,238	33,939	(42,027)	14,150
Corporate income tax	422,297	414,775	(422,952)	414,120
Other taxes	42,315	134,811	(146,066)	31,060
	486,850	583,525	(611,045)	459,330

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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23. TAXES AND OTHER OBLIGATIONS TO THE STATE BUDGET (continued)

23.1 Current corporate income tax

The Bank has the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits according to Circular No. 78/2014/TT-BTC which became effective from 2 August 2014.

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

Current corporate income tax payables are determined based on taxable income of the period. Taxable income differs from the one reported in the separate income statement since taxable income excludes incomes which are taxable or expenses which are deducted in prior years due to the differences between the Bank's accounting policies and the tax regulations, and also excludes non-taxable income and non-deductible expenses. The current corporate income tax payable of the Bank is calculated based on the statutory tax rates applicable at the period.

Provision for current income tax expense is estimated as follows:

	<i>The three-month period ended 31 March 2020 VND million</i>	<i>The three-month period ended 31 March 2019 VND million</i>
Profit before tax	2,073,873	1,035,734
<i>Add/(Minus)</i>		
- Non-taxable income	-	-
- Non-deductible expenses	-	-
Estimated taxable income	2,073,873	1,035,734
Income tax expense using prevailing tax rate	414,775	207,147
Income tax expense for the period	414,775	207,147
Income tax payable at the beginning of the period	422,297	440,527
Income tax paid in the period	(422,952)	(440,618)
Current income tax payable at the end of the period	414,120	207,056

23.2 Deferred income tax

No deferred tax was recognized at the separate balance sheet date since there was no material temporary difference between the carrying value and the tax base of assets and liabilities in the interim separate financial statements.

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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24. OWNERS' EQUITY AND RESERVES

24.1 Statement of changes in equity

	Charter capital VND million	Share premium VND million	Capital supplementa- -ry reserve VND million	Financial reserve VND million	Investment and development fun VND million	Retained earnings VND million	Treasury share VND million	Total VND million
At 1 January 2019	25,299,680	1,289,001	203,000	1,497,303	1,201,774	3,526,701	(2,491,721)	30,525,738
Net profit for the year	-	-	-	-	-	7,461,095	-	7,461,095
Appropriation to reserves	-	-	232,984	465,968	21,000	(719,952)	-	-
Repurchasing shares as treasury shares (i)	-	-	-	-	-	-	(1,109,703)	(1,109,703)
Fee for repurchasing shares	-	-	-	-	-	-	(887)	(887)
Issuing shares from treasury shares to employees under ESOP (ii)	-	(596,281)	-	-	-	-	906,281	310,000
At 31 December 2019	25,299,680	692,720	435,984	1,963,271	1,222,774	10,267,844	(2,696,030)	37,186,243
Net profit for the period	-	-	-	-	-	1,659,098	-	1,659,098
As at 31 March 2020	25,299,680	692,720	435,984	1,963,271	1,222,774	11,926,942	(2,696,030)	38,845,341

(i) The Bank had repurchased 50 million shares to fund treasury shares from retained earnings under the Resolution of the Board of Directors No. 756/2019/NQ-HDQT dated 4th September 2019.

(ii) The Bank issues 31 million shares under the Employee Stock Ownership Plan (ESOP) for VPBank's employees, with par value of VND10,000 per share under the Resolution of the Board of Directors No. 1101/2019/NQ-HDQT dated 17 December 2019 and Official Letter No. 7643/UBCK-QLCB dated 23 December 2019 of the State Securities Commission.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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24. OWNERS' EQUITY AND RESERVES (continued)

24.2 Equity

	31 March 2020		31 December 2019	
	Number	Face value	Number	Face value
	Shares	VND million	Shares	VND million
Number of registered shares	2,529,967,966	25,299,680	2,529,967,966	25,299,680
Number of shares issued	2,529,967,966	25,299,680	2,529,967,966	25,299,680
- Ordinary shares	2,529,967,966	25,299,680	2,529,967,966	25,299,680
Number of repurchased shares as treasury shares	(92,219,600)	(922,196)	(92,219,600)	(922,196)
- Ordinary shares	(92,219,600)	(922,196)	(92,219,600)	(922,196)
Number of shares in circulation	2,437,748,366	24,377,484	2,437,748,366	24,377,484
- Ordinary shares	2,437,748,366	24,377,484	2,437,748,366	24,377,484

The face value of each share of the Bank is VND10,000.

25. INTEREST AND SIMILAR INCOME

	The three-month period ended 31 March 2020	The three-month period ended 31 March 2019
	VND million	VND million
Interest income from deposits	53,998	99,036
Interest income from loans to customers	5,852,594	5,081,228
Interest income from securities held for trading and investment securities	1,318,837	917,201
- Interest income from securities held-for-trading	6,200	136,137
- Interest income from investment securities	1,312,637	781,064
Income from guarantee activities	52,745	52,127
Interest income from debts purchased	112,216	54,118
Other income from credit activities	98,988	78,387
	7,489,378	6,282,097

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

26. INTEREST AND SIMILAR EXPENSES

	<i>The three-month period ended 31 March 2020 VND million</i>	<i>The three-month period ended 31 March 2019 VND million</i>
Interest expenses for deposits	3,316,821	2,675,038
Interest expenses for borrowings	268,876	220,126
Interest expenses for valuable papers issued	472,121	443,190
Other expenses for credit activities	38,994	22,528
	4,096,812	3,360,882

27. NET FEE AND COMMISSION INCOME

	<i>The three-month period ended 31 March 2020 VND million</i>	<i>The three-month period ended 31 March 2019 VND million</i>
Fee and commission income	876,468	608,033
Settlement and treasury services	249,694	156,121
Advisory activities	69,617	73,073
Insurance agency activities	166,834	128,540
Other income	390,323	250,299
Fee and commission expenses	(169,207)	(134,582)
Settlement and treasury services	(58,638)	(55,753)
Advisory activities	-	(900)
Brokerage fees	(377)	(411)
Other expenses	(110,192)	(77,518)
	707,261	473,451

28. NET LOSS FROM TRADING OF FOREIGN CURRENCIES

	<i>The three-month period ended 31 March 2020 VND million</i>	<i>The three-month period ended 31 March 2019 VND million</i>
Income from trading of foreign currencies	895,375	135,725
Income from spot trading of foreign currencies	380,124	40,629
Income from gold trading	41,162	1,314
Income from trading of derivatives	474,089	93,782
Expenses for trading of foreign currencies	(843,154)	(149,774)
Expenses for spot trading of foreign currencies	(81,934)	(9,722)
Expenses for gold trading	(30,929)	(2,137)
Expenses for trading of derivatives	(730,291)	(137,915)
	52,221	(14,049)

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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29. NET GAIN/(LOSS) FROM SECURITIES HELD FOR TRADING

	<i>The three-month period ended 31 March 2020 VND million</i>	<i>The three-month period ended 31 March 2019 VND million</i>
Income from trading of securities held for trading	225,951	92,186
Expenses for trading of securities held for trading	(7,187)	(112,948)
Provision reversed/(charged) for securities held for trading (Note 8.1)	(434)	23,288
	218,330	2,526

30. NET GAIN FROM INVESTMENT SECURITIES

	<i>The three-month period ended 31 March 2020 VND million</i>	<i>The three-month period ended 31 March 2019 VND million</i>
Income from trading of investment securities	699,203	157,172
Expenses for trading of investment securities	(56,754)	(4,941)
Provision reversed/(charged) for investment securities (Note 13.2)	(121,759)	16,827
	520,690	169,058

31. NET GAIN FROM OTHER OPERATING ACTIVITIES

	<i>The three-month period ended 31 March 2020 VND million</i>	<i>The three-month period ended 31 March 2019 VND million</i>
Other operating income	359,659	342,868
Income from other derivatives	91,009	138,470
Bad debt recoveries	249,760	118,624
Income from disposal of fixed assets	2,906	-
Income from disposal of other assets	470	4,021
Income from debt purchase activities	6,505	70,887
Income from contracts penalty receivables	2	8,961
Support received and other income	9,007	1,905
Other operating expenses	(74,344)	(119,607)
Expenses for other derivatives	(72,385)	(115,328)
Expenses from disposal of other assets	(150)	(3,695)
Other expenses	(1,809)	(586)
	285,315	223,261

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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32. OPERATING EXPENSES

	<i>The three-month period ended 31 March 2020 VND million</i>	<i>The three-month period ended 31 March 2019 VND million</i>
Tax, duties and fees	231	449
Personnel expenses	1,057,131	852,975
<i>In which:</i>		
Salary and allowances	983,824	767,660
Expenses related to salary	45,457	55,447
Subsidy	11,012	12,858
Other allowances	16,838	17,010
Fixed asset expenses	258,774	262,074
<i>In which:</i>		
Depreciation and amortization of fixed assets	66,038	59,952
Administrative expenses	128,201	159,930
<i>In which:</i>		
Expenses on per diem	1,612	3,121
Other provision expenses	33,716	34,893
- Charge/(Reversal) of provision for other long-term investments (Note 14.3)	30,829	18,664
- Charge of provision for doubtful debts (Note 16.4)	2,887	16,229
Insurance fee for customer deposits	49,921	40,611
Other operating expenses	250,619	242,204
	1,778,593	1,593,136

33. PROVISION EXPENSE FOR CREDIT LOSSES

	<i>The three-month period ended 31 March 2020 VND million</i>	<i>The three-month period ended 31 March 2019 VND million</i>
Provision expense for loans to customers (Note 11)	1,323,521	866,436
Provision expense for debt purchase (Note 12)	644	18,401
Provision expense/(reversal) for VAMC bonds (Note 13.2)	-	261,485
Provision expense/(reversal) for other assets (Note 16.4)	(248)	270
	1,323,917	1,146,592

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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34. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the separate cash flow statement comprise the following amounts on the separate balance sheet:

	<i>31 March 2020</i> <i>VND million</i>	<i>31 March 2019</i> <i>VND million</i>
Cash and cash equivalents on hand	3,141,583	2,503,797
Balances with the SBV	989,519	3,070,207
Demand accounts at other credit institutions	5,903,801	1,608,003
Placements with other credit institutions with original term of three months or less	1,787,975	5,046,000
Treasury bills with original maturity of not more than 3 months	9,038,400	-
	20,861,278	12,228,007

35. EMPLOYEES' REMUNERATIONS

	<i>The three-month period ended 31 March 2020</i> <i>VND million</i>	<i>The three-month period ended 31 March 2019</i> <i>VND million</i>
I. Total average number of employees (persons) (only official employees)	9,490	11,206
II. Employees' remuneration (VND million)		
1. Total salary fund	960,225	739,789
2. Other remuneration	34,611	40,749
3. Total remuneration (1+2)	994,836	780,518
4. Average monthly salary	33.73	22.01
5. Average monthly remuneration	34.95	23.22

36. COLLATERAL AND MORTGAGES

36.1 Assets, valuable papers taken for mortgage, pledge and discount, rediscount

Details of customers' collateral and mortgages at the Bank as at the end of the period are as follows:

	<i>Book value</i>	
	<i>31 March 2020</i> <i>VND million</i>	<i>31 December 2019</i> <i>VND million</i>
Real estates	281,704,139	257,378,298
Mobile assets	47,625,565	46,043,599
Valuable papers	141,938,776	136,670,840
Others	223,691,849	213,704,886
	694,960,329	653,797,623

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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36. COLLATERAL AND MORTGAGES (continued)

36.1 Assets, valuable papers taken for mortgage, pledge and discount, rediscount (continued)

Assets, valuable papers pledged, pledged and discounted taken from other credit institutions as at the end of the period are as follows:

	<i>Book value</i>	
	<i>31 March 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
Valuable papers	979,728	979,728

36.2 Assets, valuable papers for mortgage, pledge and discount, rediscount

Details of assets, valuable papers for mortgage, pledge and discount, rediscount as at the end of the period are as follows:

	<i>31 March 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
Valuable papers pledged or mortgaged (Note 13.1)	9,925,000	9,610,000
Valuable papers sold under agreements to repurchase (Note 13.1)	5,940,000	800,000
	15,865,000	10,410,000

37. CONTINGENT LIABILITIES AND COMMITMENTS

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

	<i>31 March 2020</i>	<i>31 December 2019</i>
	<i>VND million</i>	<i>VND million</i>
Credit guarantees	25,000	25,262
Foreign exchange commitments	107,591,721	89,266,015
- Foreign exchange commitments - buy	3,381,957	1,577,709
- Foreign exchange commitments - sell	3,499,920	1,716,899
- Swap contracts	100,709,844	85,971,407
Irrevocable loan commitments	12,382	-
Letters of credit	22,856,879	22,201,501
Other guarantees	16,307,098	16,745,678
- Payment guarantees	3,130,433	2,767,994
- Contract performance guarantees	5,034,845	4,662,306
- Tender guarantees	648,535	672,064
- Other guarantees	7,493,286	8,643,314
Other commitments	122,916,134	115,638,700
	269,709,214	243,877,156
Minus: Margin deposits (Note 19)	(601,431)	(873,601)
Contingent liabilities and commitments	269,107,783	243,203,555

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38. RELATED PARTY TRANSACTIONS

Related party transactions include all transactions undertaken with other parties to which the Bank is related. A party is considered to be related if the party has ability to control or to influence other parties in making decision of financial policies and operational activities. A party is related to the Bank if:

- (a) Directly, or indirectly through one or more intermediaries, the party:
 - ▶ Controls, or is controlled by, or is under common control with the Bank (including parents and subsidiaries);
 - ▶ Has an interest (owning 5% or more of the charter capital or voting share capital) in the Bank that gives it significant influence over the Bank;
 - ▶ Has joint control over the Bank.
- (b) The party is a joint venture in which the Bank is a venture or an associate (owning over 11% of the charter capital or voting share capital, but is not a subsidiary of the Bank);
- (c) The party is a member of the key management personnel of the Bank;
- (d) The party is a close member of the family of any individual referred to in (a) or (c); or
- (e) The party is a company that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such company resides with, directly or indirectly, any individual referred to in (c) or (d).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

38. RELATED PARTY TRANSACTIONS (continued)

Significant transactions of the Bank with its related parties in the period are as follows:

<i>Related parties</i>	<i>Transactions</i>	<i>Amount</i>	
		<i>The three-month period ended 31 March 2020</i>	<i>The three-month period ended 31 March 2019</i>
		<i>VND million</i>	<i>VND million</i>
<i>VPB FC - A Subsidiary</i>	Increase term deposits at VPBank	51,120,123	25,390,000
	Withdraw term deposits from VPBank	(51,551,363)	(24,940,000)
	Receive term deposits from VPBank	-	1,300,000
	Pay term deposits of VPBank	(1,500,000)	(2,000,000)
	Sell debts to VPBank	(212,920)	1,951,485
	Interest income from deposits	20,997	33,188
	Income from advisory services of VPBank	16,027	22,145
	Interest expenses for deposits received	(7,535)	(5,664)
	Income from derivatives contracts	41,473	85,180
	Expenses for derivative contracts	(20,244)	(64,754)
	Income from settlement services	421	573
	Income from settlement services on behalf of VPB FC	2,074	2,602
<i>VPB AMC - A Subsidiary</i>	Increase term deposits at VPBank	30,000	40,000
	Withdraw term deposit from VPBank	(100,000)	(85,000)
	Expenses for entrusted services	(71,239)	(55,859)
	Expenses for deposits received	(272)	(353)
<i>The Board of Management, Board of Supervision and Board of Directors</i>	Remuneration expenses	(42,697)	(36,973)
	Interest expenses for deposits of management	(642)	(489)

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38. RELATED PARTY TRANSACTIONS (continued)

Receivables and payables with related parties as at 31 March 2020 and 31 December 2019 are as follows:

<i>Related parties</i>	<i>Transactions</i>	<i>Receivables/Payables</i>	
		<i>31 March 2020</i>	<i>31 December 2019</i>
		<i>VND million</i>	<i>VND million</i>
<i>VPB FC - A</i>	Demand deposits at VPBank	152,842	119,495
<i>Subsidiary</i>	Debts sold to VPBank	3,848,305	4,061,225
	Term deposits at VPBank	718,760	1,150,000
	Term deposits of the Bank at VPB FC	-	1,500,000
	Receivables from advisory activities	16,027	5,352
	Receivables from derivatives contracts	28,020	34,029
	Payables for derivatives contracts	23,550	33,613
	Accrued interest receivables from deposits	-	2,231
	Accrued interest payables for deposits	642	544
<i>VPB AMC - A</i>	Demand deposits at the Bank	8,452	9,975
<i>Subsidiary</i>	Term deposits at the Bank	-	70,000
	Accrued interest payables for deposits	-	169
	Payables for fiduciary contracts	17,900	21,889
The Board of Management, Board of Supervision and Board of Directors	Deposits at the Bank	56,779	82,306

Besides, the Bank do not have any other significant transactions, receivables and payables with its related parties as 31 March 2020 and the period then ended.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

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

Concentration of assets, liabilities and off balance sheet items of counterparties of the Bank by geographical regions as at 31 March 2020 are as follows:

	<i>Domestic</i> <i>VND million</i>	<i>Foreign</i> <i>VND million</i>	<i>Total</i> <i>VND million</i>
Loans to customers, debts purchased and credit granting to other credit institutions	206,052,925	-	206,052,925
Total fund mobilization	271,681,555	14,089,838	285,771,393
Credit commitments and other guarantees	39,201,359	-	39,201,359
Derivative instruments	83,070	18,827	101,897
Securities held for trading and investment securities	88,533,266	-	88,533,266

40. FINANCIAL RISK MANAGEMENT POLICIES

The Bank has exposure to the following risks from financial instruments:

- ▶ credit risk;
- ▶ liquidity risk; and
- ▶ market risk.

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

Risk management framework

The Board of Directors ("BOD") has overall responsibility for the establishment and oversight of risk management framework and is ultimately responsible for the quality and effectiveness of the Bank's risk management. To facilitate this oversight function, the Bank's BOD has established an Assets and Liabilities Committee ("ALCO") and a Risk Committee ("RCO") which are responsible for developing and monitoring key risk management policies for specific areas authorized by the BOD and periodically reporting to the BOD on their activities. These committees include both voting and non-voting members.

The Bank's risk management framework is established to form key principles in managing and controlling significant risks arising from the Bank's activities. Based on this, specific policies and regulations for each type of risk are established to assist the Bank in analyzing and determining appropriate risk limits, controlling and monitoring measures and ensuring adherence to the limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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40. FINANCIAL RISK MANAGEMENT POLICIES (continued)

40.1 Credit risk

The Bank is subject to credit risk through its loans to customers, placements with and loans to other banks and investments in corporate bonds and in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees. Credit risk arises when a customer, obligor or partner fails to perform or improperly performs or does not fulfill their obligations under the commitments and agreements entered into with the Bank. The Bank's primary exposure to credit risk arises through its loans and advances to corporates and retail customers and investments in corporate bonds. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the separate balance sheet. In addition, the Bank is exposed to off balance sheet credit risk through guarantees commitments, letters of credit and derivatives issued.

Credit risk management

Credit risk is the one that exerts the largest impact on the Bank's income and capital. The Bank has established a credit risk appetite on the basis of managing credit activities in a prudent manner and pre-determined credit limits including the credit concentration risk limits and adhering to the Bank's risk tolerance. In principle, the Bank identifies and manages credit risk in all activities and products with potential credit risk and ensures that the Bank provides new products only when sufficient regulations and procedures related to new products or operation in new markets in order to identify, measure, evaluate, monitor and control critical exposure risks are in place. To keep credit risks under control, the Bank's policy is to engage in transactions with reliable partners, and request its partners to take guarantee measures as and when required.

The credit risk management system is operating based on the principles of independence and centralization. Accordingly, the development of risk management policies, determination of risk limits and risk monitoring, risk reporting and risk control are implemented independently and centrally at the Risk Management Division. The reports from the Risk Management Division are a basis for RCO to issue key credit decisions.

The Bank measures credit risks, makes allowances and complies with safe ratios for loan and advances to customers and to other credit institutions in accordance with relevant regulations of the SBV.

The Bank's overall approach to credit risk is a risk-based approach. Accordingly, credit approval or credit valuation decisions as well as the behavioral methods in monitoring and classifying credits and controlling credit risks are being designed following the risk levels of customers. To this end, key activities being implemented by the Bank include the followings:

- ▶ Focusing on completion of data infrastructure used for developing credit rating and risk classification systems in accordance with international standards;
- ▶ Developing and completing the credit rating system and the scorecard system;
- ▶ Gathering and reviewing credit policies/documents of the whole system to reassess the integrity and responsiveness to the requirements specified in the policies of Risk Management Framework;
- ▶ Completing the credit quality monitoring mechanism for the entire life cycle of a loan;
- ▶ Developing an early credit risk warning system; and
- ▶ Developing a debt recovery and restructuring system.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

40. FINANCIAL RISK MANAGEMENT POLICIES (continued)

40.1 Credit risk (continued)

The maximum exposure to credit risk before collateral held or other credit enhancements

The maximum exposures to credit risk relating to asset groups, which are equivalent to their carrying values in the separate balance sheet, are listed below:

	<i>Not past due</i> <i>VND million</i>	<i>Past due but not impaired</i> <i>VND million</i>	<i>Past due and individually impaired</i> <i>VND million</i>	<i>Total</i> <i>VND million</i>
Placements with and credit granting to other credit institutions	11,597,380	-	-	11,597,380
- Placements with other credit institutions	7,691,776	-	-	7,691,776
- Credit granting to other credit institutions	3,905,604	-	-	3,905,604
Securities held for trading	1,122,697	-	-	1,122,697
Loans to customers and debts purchased	189,667,925	3,827,875	8,651,521	202,147,321
Investment securities	87,410,569	-	-	87,410,569
- Available-for-sale securities	87,410,569	-	-	87,410,569
Other assets	20,036,433	-	43,584	20,080,017
Total	309,835,004	3,827,875	8,695,105	322,357,984

The above table presents the worst scenario in which the Bank will incur the maximum credit exposures as at 31 March 2020, without taking into account of any collateral held or their credit enhancement.

The Bank's financial assets which are past due are classified in compliance with the quantitative method as prescribed in Circular No. 02/2013/TT-NHNN and Circular No. 48/2019/TT-BTC.

The financial assets are past due but not impaired due to the Bank is currently holding the sufficient collateral assets to cover for credit losses in accordance with the current regulations of the SBV.

The Bank is currently holding collateral in the form of real estates, mobile assets, valuable papers and other types for the above collateral. However, it has not been able to determine the fair value of such assets due to the inadequacy of specific guidance from the SBV and other authorities nor necessary market information.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

40. FINANCIAL RISK MANAGEMENT POLICIES (continued)

40.2 Market risk

Market risk is risk of losses due to unexpected and adverse changes in market price factors (including interest rates, exchange rates, equity prices, commodity price, etc.) that will affect the Bank's income and capital.

Market risk management

Market risk management is implemented by the Market and FI Risk Department under the Risk Management Division. The Market and FI Risk Department is responsible for developing of market risk management policies and processes, designing measurement instruments, proposing independent market risks limits to high level of management for approval and monitoring market risks limit on daily/monthly basis according to the Bank's regulations.

Market risk management policies were revised to introduce a new risk management model. Market risk management functions have been segregated amongst different units and committees, using three lines of defense model. Market Risk Sub-committee (MACO) under Risk Committee (RCO) was established to propose and analyze in-depth market risk, liquidity risk and counterparty risk issues. Also, internal document which requires segregation between Trading Book and Banking Book has been issued in accordance with the SBV's regulation and Basel II standards, ensuring to manage the model by risk appetite. Strategy of each Unit of Financial Markets Division is also issued in the year. Accordingly, business strategy, hedging strategy and analysis of potential risks have been clearly regulated for each portfolio. Valuation methodology is also established in accordance with IFRS, which enables the Bank to determine fair value of financial instruments appropriately.

The regulation that specifies and approves VPBank's transaction limits with financial institution was amended and issued by the Risk Committee (RCO), which provides specific limits for market risk and counterparty risk involved transactions, ensuring that all risk factors are taken into account in the granting limits process.

All types of market risk of the Bank (include currency risk, interest rate risk, price risk, option risk, volatility risk, credit spread risk and market liquidity risk) are subject to in-depth analysis, identification and quantification with internal limits system. Risk monitoring and controlling that includes regular (normally daily) risk reporting process and escalations process in case of any violations.

The system of limits relating to market risks is established based on 2 methods: top-down method which is based on the Bank's risk appetite, the SBV's regulations and agreements with strategic partners and bottom-up method which is based on specific needs of operation units and risk-profit analysis.

The Bank conducts calculations of market risk capital charge in accordance to Basel II requirements monthly.

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40. FINANCIAL RISK MANAGEMENT POLICIES (continued)

40.2 Market risks (continued)

(a) Interest rate risk (continued)

The below table shows an analysis of the interest re-pricing period of assets and liabilities of the Bank as at 31 March 2020:

	Overdue VND million	Non-interest bearing VND million	Interest re-pricing period					Total VND million
			Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 6 months VND million	From 6 to 12 months VND million	From 1 to 5 years VND million	
Assets								
Cash, gold and gemstones	-	3,141,583	-	-	-	-	-	3,141,583
Balances with the State Bank of Vietnam	-	-	989,519	-	-	-	-	989,519
Placements with and credit granting to other credit institutions - gross	-	8,468,832	1,876,473	583,285	640,333	28,457	-	11,597,380
Securities held for trading - gross	-	1,122,897	-	-	-	-	-	1,122,897
Derivatives and other financial assets	-	(1,476,400)	34,328	(432,130)	691,426	1,284,673	-	101,897
Loan to customers and debts purchased - gross	2,887,411	13,896,812	25,570,790	5,213,927	7,533,681	6,967,822	1,874,106	202,147,321
Investment securities - gross	-	15,357	9,613,297	2,857,286	6,394,048	17,021,095	16,665,613	87,410,569
Long-term investments - gross	-	7,905,637	-	-	-	-	-	7,905,637
Fixed assets	-	1,440,283	-	-	-	-	-	1,440,283
Other assets - gross	43,584	20,036,433	-	-	-	-	-	20,080,017
Total assets	2,930,995	46,436,105	62,325,464	8,222,368	15,259,488	25,302,047	18,539,719	335,936,903
Liabilities								
Amounts due to the Government and the SBV	-	-	2,211	12,106	2,022	2,253	-	18,594
Deposits and borrowings from financial institutions and other credit institutions	-	-	15,085,646	20,231,888	7,109,991	3,945,953	-	46,373,478
Customer deposits	-	-	52,604,493	38,908,777	78,018,354	21,267,805	1,393	212,272,855
Other borrowed and entrusted funds	-	-	138,159	-	-	-	-	276,318
Valuable papers issued	-	-	425,247	3,531,831	73,704	806,797	1,000,000	26,830,148
Other liabilities	-	8,274,036	-	-	-	-	-	8,274,036
Total liabilities	-	8,274,036	62,822,763	85,204,071	26,022,808	32,464,602	1,001,393	294,045,429
Interest sensitivity gap (balance sheet)	2,930,995	38,162,069	(78,664,961)	(497,299)	(10,763,320)	(7,162,555)	17,538,326	41,891,474
Interest sensitivity gap (off-balance sheet)	-	-	314,662	263,084	(235,808)	(341,939)	-	-
Interest sensitivity gap (on, off-balance sheet)	2,930,995	38,162,069	(78,664,961)	(182,637)	(10,999,128)	(7,504,494)	17,538,326	41,891,474

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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40. FINANCIAL RISK MANAGEMENT POLICIES (continued)

40.2 Market risk (continued)

(b) Currency risk

Currency risk (commonly referred to as exchange-rate risk) is the risk of losses due to negative changes in the fair value of positions measured in local currency due to exchange rate fluctuations. Foreign currency positions as well as positions in gold and other precious metals bear exchange rate risk. Exchange rate risk arises in case the portfolio or specific position contains spot or future cash flows denominated or indexed to currency other than local currency. Exchange rate risk originates both in Trading Book and Banking Book. Exchange rate risk directly affects the balance sheet and income statement since assets, liabilities and earnings in foreign currency need to be converted into the reference currency.

Currency risk management

Exchange rate risk is managed by the means of limits on open FX position in every currency as well as total open FX position. The Bank's management has set limits on position for each currency in accordance with the Bank's business strategy and the SBV's regulations. VND is the major currency of transactions within the Bank; USD is transacted by loans, deposits and derivatives; other currencies are very tiny proportion of the Bank's assets and liabilities. Open currency positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

Exchange rates of major currencies as at the reporting date are presented in *Note 45*.

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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40. FINANCIAL RISK MANAGEMENT POLICIES (continued)

40.2 Market risks (continued)

(b) Currency risk (continued)

The following table presents assets and liabilities in foreign currencies translated into VND as at 31 March 2020:

	EUR equivalent		USD equivalent		Gold equivalent		Other currencies equivalent		Total VND million
	VND million	VND million	VND million	VND million	VND million	VND million	VND million		
Assets									
Cash, gold and gemstones	241,368	616,766	371,884	380,175	1,610,193				
Balances with the State Bank of Vietnam	-	77,775	-	-	77,775				
Placements with and credit granting to other credit institutions - gross	24,056	5,621,659	-	110,877	5,756,592				
Derivatives and other financial assets	(52,077)	11,961,391	-	97,135	12,006,449				
Loan to customers and debts purchased - gross	3,106	4,560,233	-	-	4,563,339				
Other assets - gross	22,255	8,249,486	-	17,622	8,289,363				
Total assets	238,708	31,087,310	371,884	605,809	32,303,711				
Liabilities									
Deposits and borrowings from the Government and the SBV, financial institutions and other credit institutions	22,359	18,606,864	-	17,176	18,646,399				
Customer deposits	175,212	3,635,531	-	371,934	4,182,677				
Valuable papers issued	-	7,042,120	-	-	7,042,120				
Other liabilities	9,546	518,505	-	32,317	560,368				
Total liabilities	207,117	29,803,020	-	421,427	30,431,564				
FX position on balance sheet	31,591	1,284,290	371,884	184,382	1,872,147				
FX position off-balance sheet	(29,033)	(80,964)	-	(7,966)	(117,963)				
Net on, off-balance sheet FX position	2,558	1,203,326	371,884	176,416	1,754,184				

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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40. FINANCIAL RISK MANAGEMENT POLICIES (continued)

40.2 Market risk (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Bank will not be able to meet its financial obligations as they fall due, or, the risk that the Bank might have to face unacceptable material losses in order to meet those obligations. Liquidity risk may lead to negative effect on the Bank's profit, reputation, equity, even causes the Bank's bankruptcy.

Liquidity risk management

The Bank manages the liquidity of the entire Bank on each of the main types of currency (VND, USD) on the mechanism, process of regulating, monitoring and managing liquidity as specified in the policies and regulations, process of liquidity management. Accordingly, liquidity risk management of the Bank is implemented through the strengthened cooperation between three divisions: Finance, Risk Management and Financial Market. In particular, the Finance Market Division plays the leading role in management of short-term liquidity and the Finance Division plays the leading role in management of long-term liquidity in accordance with the Bank's risk appetite, risk criteria, risk strategy and liquidity management strategy which are established by the Risk Management Division.

The Bank maintains a specific portfolio and volume of high-liquidation assets, which may include but not limited to cash, gold, interbank deposits, Government bonds and other high-liquidation assets in order to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation. The Bank will establish specific liquidity gap and follow strictly on each period based on Assets and Liabilities structure.

The Bank understands the interrelation of credit risk and market risk and how they may have impacts on the Bank's liquidity. The Bank also realizes that liquidity risks come from two sides of its balance sheet. Therefore, the Bank's approach to managing liquidity is to constantly focus on diversification of investment and credit activities and increases of accessibility to capital markets by various fund raising tools and products.

The Bank adopts both of the common approaches to managing liquidity, namely Stock Approach and Flow Approach. Accordingly, the Bank monitors on a daily basis the compliance with adequate liquidity ratios and forecasts movements of cash flows which may have impact on the Bank's liquidity position in the future to ensure compliance at any time with all regulations of the SBV as well as its internal regulations.

Liquidity risk limits are established based on results of the Bank's liquidity forecast in normal and stressed market conditions. Regular liquidity stress testing is conducted under a variety of scenarios covering adverse conditions. At the same time, the Bank also issues specific regulations on a Liquidity Contingency Plan ("LCP") which clearly specifies the roles and responsibilities of each unit and individual and a coordination process for implementation when there appear signs of a possible stressed liquidity event.

The following table provides an analysis of the assets and liabilities of the Bank into relevant maturity groupings based on the remaining period from the separate balance sheet date to repayment date.

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40. FINANCIAL RISK MANAGEMENT POLICIES (continued)

40.2 Market risk (continued)

(c) Liquidity risk (continued)

The table below presents the analysis of remaining maturity of assets and liabilities of the Bank as at 31 March 2020:

	Overdue			Current				Total VND million
	Above 3 months VND million	Within 3 months VND million	Up to 1 months VND million	From 1 to 3 months VND million	From 3 to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million	
Assets								
Cash, gold and gemstones	-	-	3,141,583	-	-	-	-	3,141,583
Balances with the State Bank of Vietnam	-	-	989,519	-	-	-	-	989,519
Placements with and credit granting to other credit institutions - gross	-	-	8,468,832	1,876,473	1,223,618	28,457	-	11,597,380
Securities held for trading - gross	-	-	1,122,697	-	-	-	-	1,122,697
Derivatives and other financial assets	-	-	96,601	34,328	(6,148)	(22,884)	-	101,897
Loan to customers and debts purchased - gross	2,453,194	434,217	23,506,864	23,903,624	54,655,371	60,824,064	36,369,987	202,147,321
Investment securities - gross	-	-	1,236,954	14,404,599	10,844,031	43,658,223	17,266,762	87,410,569
Long-term investments - gross	-	-	-	-	-	-	7,905,637	7,905,637
Fixed assets	-	-	-	-	-	-	1,440,283	1,440,283
Other assets - gross	43,584	-	9,582,624	4,488,900	5,954,909	-	-	20,080,017
Total assets	2,496,778	434,217	48,145,674	44,717,924	72,671,781	104,487,860	62,982,669	335,936,903
Liabilities								
Amounts due to the Government and the SBV	-	-	2,211	12,108	4,275	-	-	18,594
Deposits and borrowings from financial institutions and other credit institutions	-	-	14,904,990	14,416,350	10,859,667	6,183,978	8,493	46,373,478
Customer deposits	-	-	62,604,493	38,908,777	99,286,158	11,472,034	1,393	212,272,855
Other borrowed and entrusted funds	-	-	639	28,813	74,425	162,259	10,182	276,318
Valuable papers issued	-	-	25,246	31,831	880,501	24,892,570	1,000,000	26,830,148
Other liabilities	-	-	8,274,036	-	-	-	-	8,274,036
Total liabilities	-	-	85,811,615	53,397,879	111,105,026	42,710,841	1,020,068	294,045,429
Net liquidity gap	2,496,778	434,217	(37,665,941)	(8,679,955)	(38,433,245)	61,777,019	61,962,601	41,891,474

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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40. FINANCIAL RISK MANAGEMENT POLICIES (continued)

40.2 Market risk (continued)

(d) Other market price risk

Other than the assets and liabilities presented above, the Bank are not exposed to other market price risks with risk levels accounting for 5% of the Bank's net income or with value of relating assets/liabilities accounting for 5% of the Bank's total assets.

41. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

The Circular 210 only regulates the presentation of financial statements and disclosures financial instruments, therefore, the below definitions of financial assets, financial liabilities and other relating definitions are applied solely for the preparation of this Note. The Bank's assets and liabilities are still recognized and recorded in accordance with Vietnamese Accounting Standards, Accounting System for Credit Institutions, regulations of the State Bank of Vietnam and statutory requirements relevant to preparation and presentation of the separate financial statements.

Financial assets

Under Circular 210, financial assets of the Bank include balance with the SBV and placement with other credit institutions, loans to customers and credit granting to other institutions, investment security, other receivables and currency derivative contracts.

Financial assets within the scope of Circular 210, for disclosures in the notes to the separate financial statements, are classified into either of the followings:

► *Financial asset at fair value through profit or loss*

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

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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41. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Financial assets (continued)

▶ *Held to maturity investments*

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

- a) Those that the entity upon initial recognition designates as at fair value through profit or loss;
- b) Those that the entity designates as available for sale;
- c) Those meet the definition of loans and receivables.

▶ *Loans and receivables:*

Loans and receivables are non-derivative with fixed payments or can be recognized and are not quoted on the market, unless:

- a) Those that the Bank intends to sell immediately or in the near future are classified as assets held for trading purposes, and others that at the same time of initial recognition that the entity classified at fair value according to result of income statement;
- b) Those that the Bank classifies as available-for-sale at the time of initial recognition; or
- c) Those that the holders may not recover most of the initial investment cost, not due to the impairment of the credit quality and are classified as available-for-sale.

▶ *Available-for-sale financial assets*

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

- a) Loans and receivables;
- b) Held-to-maturity investments;
- c) Financial assets at fair value through profit or loss.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended

41. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Financial liabilities

According to Circular 210 financial liabilities of the Bank includes deposits and borrowings from other institutions, valuable papers issued and other financial liabilities.

Financial liabilities within the scope of Circular 210, for disclosures in the notes to the separate financial statements, are classified into either of the followings:

► *Financial liability at fair value through profit or loss:*

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

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

► *Financial liabilities at amortized cost:*

Financial liabilities that are not classified as at fair value through profit or loss are classified as at amortized cost.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the separate balance sheet if and only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

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41. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The carrying value and fair value of financial assets and liabilities as at 31 March 2020 are presented as follows:

	Carrying value						Fair value VND million
	Financial assets at fair value through profit and loss VND million	Held-to- maturity VND million	Loans and receivables VND million	Available-for- sale VND million	Other assets and liabilities recorded at amortized cost VND million	Total VND million	
Cash, gold and gemstones	-	-	3,141,583	-	-	3,141,583	3,141,583
Balances with the State Bank of Vietnam	-	-	989,519	-	-	989,519	(*)
Placements with and credit granting to other credit institutions - gross	-	-	11,597,380	-	-	11,597,380	(*)
Securities held for trading - gross	1,122,697	-	-	-	-	1,122,697	(*)
Derivatives and other financial assets	101,897	-	-	-	-	101,897	(*)
Loan to customers and debts purchased - gross	-	-	202,147,321	-	-	202,147,321	(*)
Available-for-sale securities - gross	-	-	-	87,410,569	-	87,410,569	(*)
Long-term investments - gross	-	-	-	238,602	-	238,602	(*)
Other assets - gross	161,640	-	16,336,525	2,171,103	-	18,671,268	(*)
	1,386,234	-	234,214,328	89,820,274	-	325,420,836	
Amounts due to the Government and the SBV	-	-	-	-	18,594	18,594	(*)
Deposits and borrowings from financial institutions and other credit institutions	-	-	-	-	46,373,478	46,373,478	(*)
Customer deposits	-	-	-	-	212,272,855	212,272,855	(*)
Other borrowed and entrusted funds	-	-	-	-	276,318	276,318	(*)
Valuable papers issued	-	-	-	-	26,830,148	26,830,148	(*)
Other liabilities	142,196	-	-	-	7,112,956	7,255,154	(*)
	142,196	-	-	-	292,884,349	293,026,547	

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

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42. SEGMENT INFORMATION

A segment is a component determined separately by the Bank which is engaged in providing related products or services (business segment) or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments.

42.1 The primary segment information by business segment

The Bank has one business segment – the banking operation, which principal activities, products and services are as follows:

- ▶ Mobilizing deposits;
- ▶ Providing credit;
- ▶ Wire transfer, settlement services; and
- ▶ Other banking operations.

The Bank's management identifies that there is only one business segment and hence, risks and returns are only in this one business segment. Therefore, the presentation of business segment information is not required.

42.2 The supplementary segment information by geographical area

The Bank's principal activities are mainly taking place within Vietnam. Therefore, the Bank's risks and returns are not impacted by the Bank's operations that are taken place in different locations. Therefore, the Bank's management identifies that the Bank has only one geographical segment. Accordingly, the presentation of geographical segment information is not required.

43. CHANGE IN NET PROFIT BEFORE TAX FOR THE PERIOD

The separate profit before tax for Quarter I of 2020 of the Bank increased by VND1,038,139 million compared to the separate profit before tax for Quarter I of 2019, equivalent to 100.23% due to the following reasons:

THUYẾT MINH VỀ BIẾN ĐỘNG LỢI NHUẬN

	<i>Profit before tax VND million</i>
Profit increase due to increase in interest and similar income	471,351
Profit increase due to increase in net fee and commission income	233,810
Profit increase due to increase in net gain from trading of foreign currencies	66,270
Profit increase due to increase in net gain from securities held for trading	215,804
Profit increase due to increase in net gain from investment securities	351,632
Profit increase due to increase in net gain from other operating activities	62,054
Profit decrease due to increase in operating expenses	(185,457)
Profit decrease due to increase in provision for credit losses	(177,325)
	<u>1,038,139</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 March 2020 and for the three-month period then ended


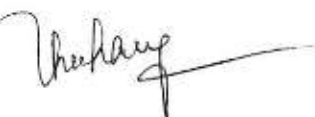
44. EVENTS AFTER THE SEPARATE BALANCE SHEET DATE

There have been no significant events occurring after the separate balance sheet date which require adjustments and disclosures to be made in the separate financial statements.

45. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VND AT THE REPORTING DATE

	31 March 2020	31 December 2019
	VND	VND
AUD	14,635	16,232
CAD	16,630	17,749
CHF	24,491	23,908
CNY	3,321	3,312
DKK	3,160	3,160
EUR	26,039	25,804
GBP	29,052	30,396
JPY	222	213
NZD	17,249	17,249
SEK	3,078	3,078
SGD	16,558	17,192
THB	640	640
USD	23,595	23,175
XAU (*)	477,000	418,950

(*) This is exchange rate for 0.01 tael of gold

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Reviewed by:



Ms. Le Hoang Khanh An
Chief Financial Officer

Approved by:




Mr. Nguyen Duc Vinh
Chief Executive Officer

Hanoi, Vietnam

20 -04- 2020