

 **LienVietPostBank**  
NGÂN HÀNG BƯU ĐIỆN LIÊN VIỆT

 **LienVietPostBank**  
NGÂN HÀNG BƯU ĐIỆN LIÊN VIỆT

# ANNUAL REPORT 2020





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### HEAD OFFICE:

Thaiholdings Tower, 210 Tran Quang Khai Street, Trang Tien Ward, Hoan Kiem District, Hanoi City.





 **MESSAGE FROM CHAIRMAN  
OF THE BOARD OF DIRECTORS**

**Dear Shareholders, Customers, Partners and all employees of LienVietPostBank.**

The economy in 2020 was severely impacted by the global outbreak of the Covid-19 pandemic. LienVietPostBank was also faced with many difficulties and challenges. However, with the appropriate orientation, the flexible and prompt directions from the Board of Directors, especially the determination, initiative, creativity and solidarity of more than 10,000 employees as well as the companionship, cooperation and trust of millions of Customers and Shareholders during the past time, the Bank had a successful year, completed and excellently reached the business goals.

In 2021, there will be many changes in the economy as well as the financial - banking industry. With the past year success and imprints, the clear and specific orientations and goals, the consensus of our Shareholders, the trust and support from our Customers as well as the determination to firmly “overcome the waves” of all Employees, we will together turn challenges into opportunities, keep LienVietPostBank operating “Safely - Effectively - Sustainably” to realize the strategic vision of “Become the leading retail bank of Vietnam – A bank for everyone”.

On behalf of the Board of Directors, I hereby would like to express my sincere thanks to the central and local governments for creating favorable conditions for LienVietPostBank’s operation; sincerely thank our Shareholders, Customers, Partners and all Employees - who have placed all your trust and always accompany, stand side by side to create the current success of LienVietPostBank.

Sincerely!

*Chairman of the Board of  
Directors  
(Signed)*

**Huynh Ngoc Huy**



# OVERVIEW OF LIEN VIET POST JOINT STOCK COMMERCIAL BANK

## GENERAL INFORMATION

- Transaction name: LIEN VIET POST JOINT STOCK COMMERCIAL BANK
- Certificate of Enterprise Registration No.: 6300048638
- Charter capital: **VND 10,746,389,150,000**
- Address: Floors 1, 3, 4, 5, 6 Thaiholdings Tower, 210 Tran Quang Khai Street, Trang Tien Ward, Hoan Kiem District, Hanoi City, Vietnam
- Telephone: 024 62 668 668
- Fax: 024 62 669 669
- Website: [www.lienvietpostbank.com.vn](http://www.lienvietpostbank.com.vn)
- Stock code: LPB

### BUSINESS LINES

- Key business line: **Banking operation**
- Licensed operations: **Capital mobilization, credit activities, payment and treasury services, other activities (operating under License No. 91/GP-NHNN dated March 28<sup>th</sup>, 2008 of the Governor of the State Bank of Vietnam).**

### VISION

To become the leading Retail Bank of Vietnam – A bank for everyone.

### MISSION

To provide Customers and Society with diversified high quality products and services to bring the highest benefits to LienVietPostBank and Society.

### CORE VALUES

**Discipline:** LienVietPostBank is a collective with united will, disciplined living and working in the principle of Compliance and Obedience. Compliance means respecting the Laws, strictly complying with provisions of the Laws and regulations of the Bank. Obedience means complying with orders by the superiors and the managers. Managers refer to the management in terms of both administration and operation.

**Creativity:** The driving force and decisive factor to develop and improve productivity, service quality, and work efficiency. Creativity must be practiced in a principled manner and always create breakthroughs to drive the Bank to develop continuously and sustainably.

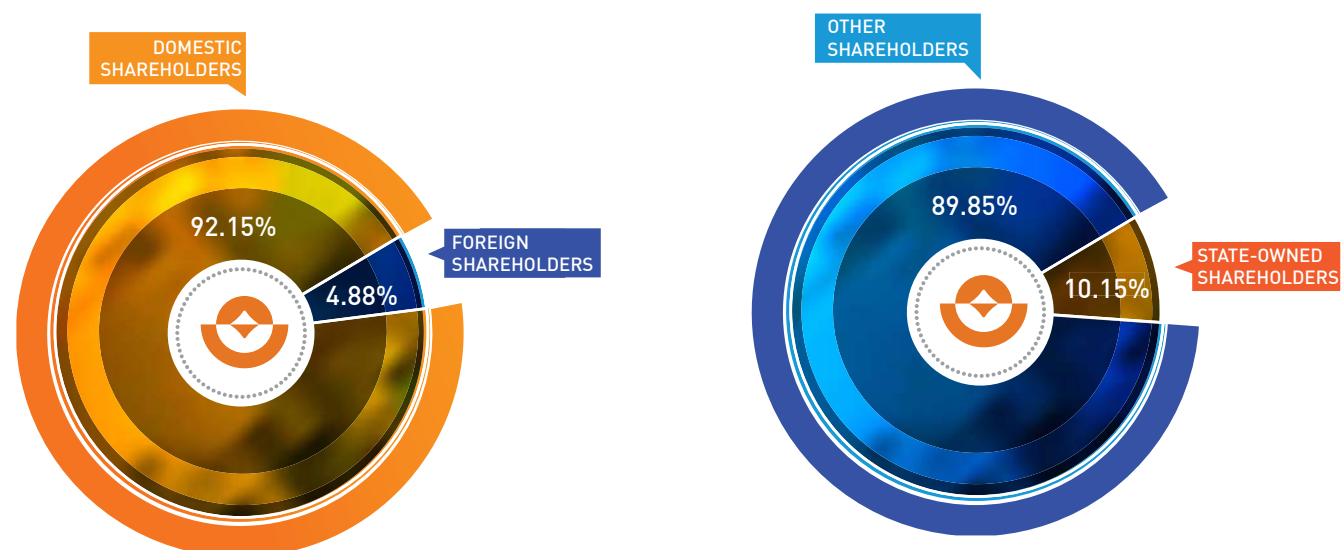
**Humanity:** The value that LienVietPostBank always pays special attention to and aims for with the philosophy of 'All is from and for Humans. Humanity is expressed based on two principles, Norms and Altruism. Norms mean that all members of LienVietPostBank should live and work by following provisions of the Laws and the common social norms. Altruism means that all members of LienVietPostBank should always have compassion and nobility.





# SHAREHOLDER STRUCTURE, OWNERS' EQUITY

## SHAREHOLDER STRUCTURE



## SHARES

Types of shareholder	Number of shareholders	Number of shares	Shareholding proportion (%)
Classified by shareholding proportion			
- Majority shareholders	1	109,085,128	10.15
- Minority shareholders	29,881	965,553,787	89.85
Classified by type			
- Individual shareholders	29,805	839,388,845	78.11
- Institutional shareholders	77	235,250,070	21.89
Classified by nationality			
- Domestic shareholders	29,801	1,022,327,234	95.12
- Foreign shareholders	81	52,311,681	4.88
Classified by State-ownership			
- State-owned shareholders	1	109,085,128	10.15
- Other shareholders	29,881	965,553,787	89.85
Total	29,882	1,074,638,915	100.00

Total number of shares	Type of share	Number of freely transferable shares	Number of transfer restricted shares
1,074,638,915	Common share	943,926,777	130,712,138

## CHANGES OF OWNERS' EQUITY

Unit: million VND

Year	Time of issuance	Capital before issuance	Additional amount	Charter capital after increase	Form of capital increase	Approved by
2008			3,300,000	3,300,000	Establishment	SBV
2009	1	3,300,000	350,000	3,650,000	Public offering	SBV and SSC
2011	2	3,650,000	2,360,000	6,010,000	Transferring from bonds valued at VND 2,000 billion Merging with Vietnam Postal Savings Services Company	SBV and SSC
2012	4	6,010,000	450,000	6,460,000	Private issuance for Vietnam Post	Prime Minister, Ministry of Finance, SBV and SSC
2018	5	6,460,000	1,039,994	7,499,994	Stock dividend in 2016 and issuing new shares to Employees	SBV and SSC
2019	6	7,499,994	1,381,447	8,881,441	Stock dividend in 2017 and issuing new shares to existing shareholders	SBV and SSC
2020	7	8,881,441	1,864,948	10,746,389	Stock dividend in 2018 and issuing shares to increase capital from equity Stock dividend in 2019	SBV and SSC

Total number of shares issued in 2020: **186,494,820** shares

### Phase 1: Stock dividend in 2018 and issuing shares to increase capital from equity

- Number of shares distributed: **88,804,224** shares, of which:
  - Stock dividend in 2018: **82,476,810** shares
  - Number of shares issued to increase share capital from equity: **6,327,414** shares
- Number of shareholders to be distributed: **9,732** shareholders

### Phase 2: Stock dividend in 2019

- Distributed shares: **97,690,596** shares
- Number of shareholders to be distributed: **21,450** shareholders



# KEY MILESTONES LIENVIETPOSTBANK 2008 - 2020

2008



- March 28<sup>th</sup>, 2008: The Governor of the State Bank of Vietnam signed the License for the Bank establishment (License No. 91/GP- NHNN).
- May 01<sup>st</sup>, 2008: The Bank officially opened its operations.

2011



Merged with Vietnam Postal Savings Services Company, renamed the Bank from LienVietBank to LienVietPostBank. Vietnam Post became the majority shareholder.

2016



Signed 5-year exclusive Life Insurance Agency Contract with Dai-ichi Life Vietnam, placing the first milestone for strong development of bancassurance product segment

2017

- Completed branch coverage in all 63/63 provinces and cities nationwide.
- October 5th, 2017: Officially listed LPB shares on UpCOM.

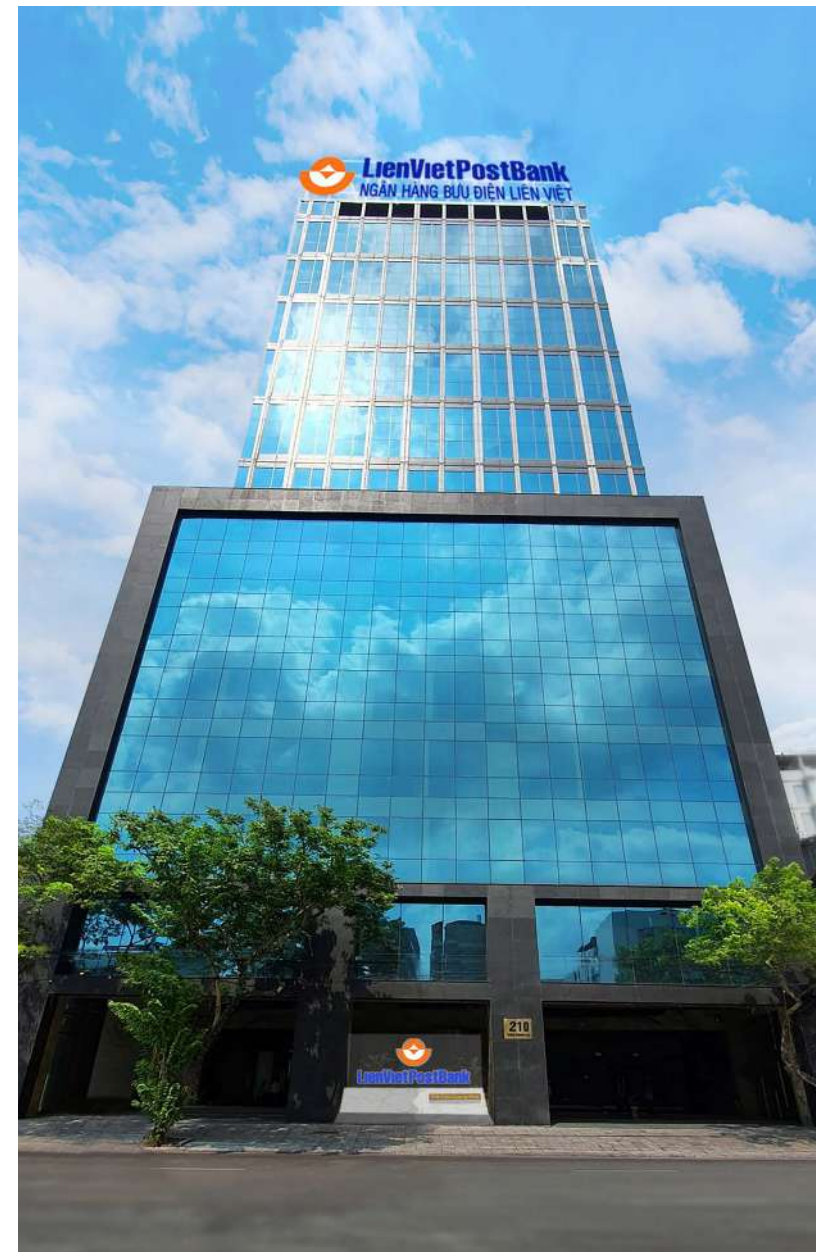
2018

Moody's assigned first-time credit rating to the Bank, raising LienVietPostBank's international reputation (B2 credit rating, with Positive Outlook).

2019

- Completed application of Basel II in accordance with Circular 41 before the deadline, a very important milestone showing that LienVietPostBank meets higher risk management principles.
- Successfully issued 3,100 billion 10-year bonds to reputable investors.

2020



- Moved Head Office to Thaiholdings Tower, 210 Tran Quang Khai Street, Trang Tien Ward, Hoan Kiem District, Hanoi City. This is one of the leading modern office buildings, located in the heart of the capital, very convenient for transactions as well as enhancing the brand identity of LienVietPostBank.
- LienVietPostBank was the first bank having stocks approved to be listed on HOSE in 2020, completed the goal of transferring its LPB shares from UpCom to HOSE according to the plan passed by the 2020 Annual General Shareholder Meeting held in June 2020.
- Being consistent with the retail banking strategy, LienVietPostBank has grown strongly with the retail credit segment.



# 2020 HIGHLIGHTS

## 1 Impressive growth in retail banking

In 2020, LienVietPostBank had strong credit growth. Retail lending structure increased sharply compared to the end of 2019. With VND 36,000 billion of credit growth in 2020, more than two-thirds of which was from the retail segment. This positive signal also reflected the improvement in labor productivity at Transaction Offices.

## 2 Profit reached VND 2,427 billion

This business result exceeded the year target of VND 1,700 billion and set a new record during 13 years of operation. This profit was an extremely impressive figure, especially in the context of the economy being heavily impacted by the Covid-19 pandemic. In the face of the pandemic situation, the Bank offered a preferential interest rate program for affected customers, thereby successfully pushed credit growth, effectively contributing to the profit of the whole year.



## 3 Successfully issued tier 2 bonds valued at VND 2,750 billion to the public

In the last two months of 2020, LienVietPostBank successfully issued tier 2 bonds valued at VND 2,750 billion in a flash, becoming one of the first joint-stock commercial banks successfully issuing capital raising bonds to the public in a large volume. This not only helped to increase the equity scale, but also diversified capital mobilization products to improve the Bank's competitiveness and was a measure of the Bank's reputation and brand position on the market.

## 4 Charter capital reached VND 10,746 billion

In December 2020, LienVietPostBank also completed the increase in charter capital from VND 9,769,483,190,000 to VND 10,746,431,500,000 in the form of stock dividend in 2019. Charter capital has increased 3 times compared to the time of its establishment (VND 3,300 billion in 2008) and at the same time, the Bank also completed the payment of stock dividend to existing shareholders at the rate of 10% immediately after listing the Bank's stocks on HOSE.

## 7 Stock code LPB was successfully transferred to new stock exchange

LienVietPostBank was the first bank having stocks to be listed on HOSE in 2020. The transfer to HOSE with higher listing standards and focusing on larger capital stocks will help empower LienVietPostbank's brand and value to investors, as well as improve the stock liquidity, thereby bring maximum benefits to the Bank's shareholders.

## 8 Headquarters Relocation

After 10 years being located at 109 Tran Hung Dao Street, Cua Nam Ward, Hoan Kiem District, Hanoi, LienVietPostBank moved its head office to Thaiholdings Tower, 210 Tran Quang Khai Street, Trang Tien Ward, Hoan Kiem District, Hanoi.

## 5 Service revenue increased sharply

In 2020, the Bank continued to focus on restructuring the credit portfolio, increasing the proportion of retail credit, actively diversifying loan products, and improving customer service quality. On the other hand, the strong business segments such as Insurance, Cards, Digital Banking, etc. were focused on promoting, so that service revenue increased by 60% compared to the same period in 2019. Especially, with bancassurance, LienVietPostBank is in the top 10 joint stock commercial banks with the highest insurance sales in the whole market.

## 6 LienVietPostBank is the largest joint stock commercial bank in terms of network

In 2020, with the opening of 17 new transaction offices and upgrading of 01 Postal Transaction Office, the Bank had 556 transaction points in 2020, maintaining its position as one of the largest commercial banks in Vietnam in terms of network covering all districts nationwide. This huge network will help the Bank to be closer to customers.

## 9 Launched LienViet24h, an important digital transformation

On October 15th, 2020, LienViet24h - a comprehensive 3-in-1 digital banking platform (integrated Vi Viet; Internet Banking, Mobile Banking, Card services into a single Application) was officially launched to satisfy all customer needs. This event demonstrated LienVietPostBank's determination in digital transformation, marked an important step in the Bank's development strategy, in which technology and digital banking are one of the main pillars.

## 10 Completed all 3 pillars of Basel II ahead of schedule

LienVietPostBank cooperated with KPMG, a Consulting Unit, to actively implement the Internal Capital Adequacy Assessment Process (ICAAP) and in Quarter IV of 2020, the Bank completed all 3 pillars of Basel II ahead of schedule. This strengthened the faith of investors, shareholders and regulatory authorities, creating a foundation for safe and sustainable development while helping to enhance the Bank's position in the market.



# NETWORK

” In recent years, the network development has always been the Bank’s top priority. Currently, LienVietPostBank is the largest joint stock commercial bank in terms of network with 556 branches/ transaction offices in all 63 provinces/cities nationwide and 613 Postal Transaction Offices reaching to the district and commune level.

This extensive network system also creates favorable conditions for LienVietPostBank to perform well payment of social security through the system of postal transaction points and Branches/Transaction Offices of the Bank, in combination with providing other microfinance products and services, aiming to bring convenient and modern banking products and services to people throughout the country, especially in remote and remote areas.

As of December 31st, 2020, LienVietPostBank has:

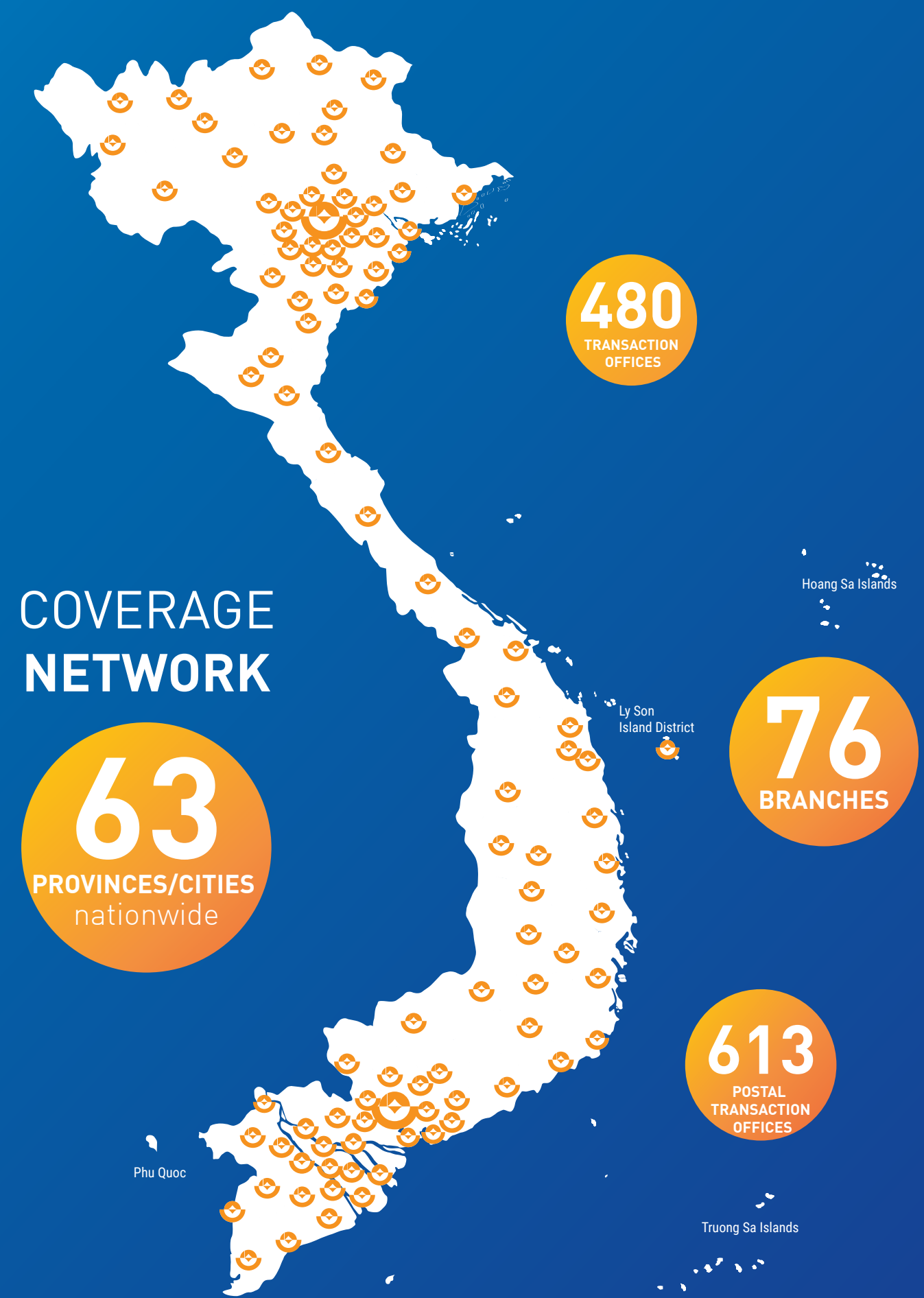
**556** Branches/ Transaction Offices ( 76 Branches, 480 Transaction Offices )

**613** Postal Transaction Offices

**03** Representative Offices  
Central Region - Southern Region - Southwest Region

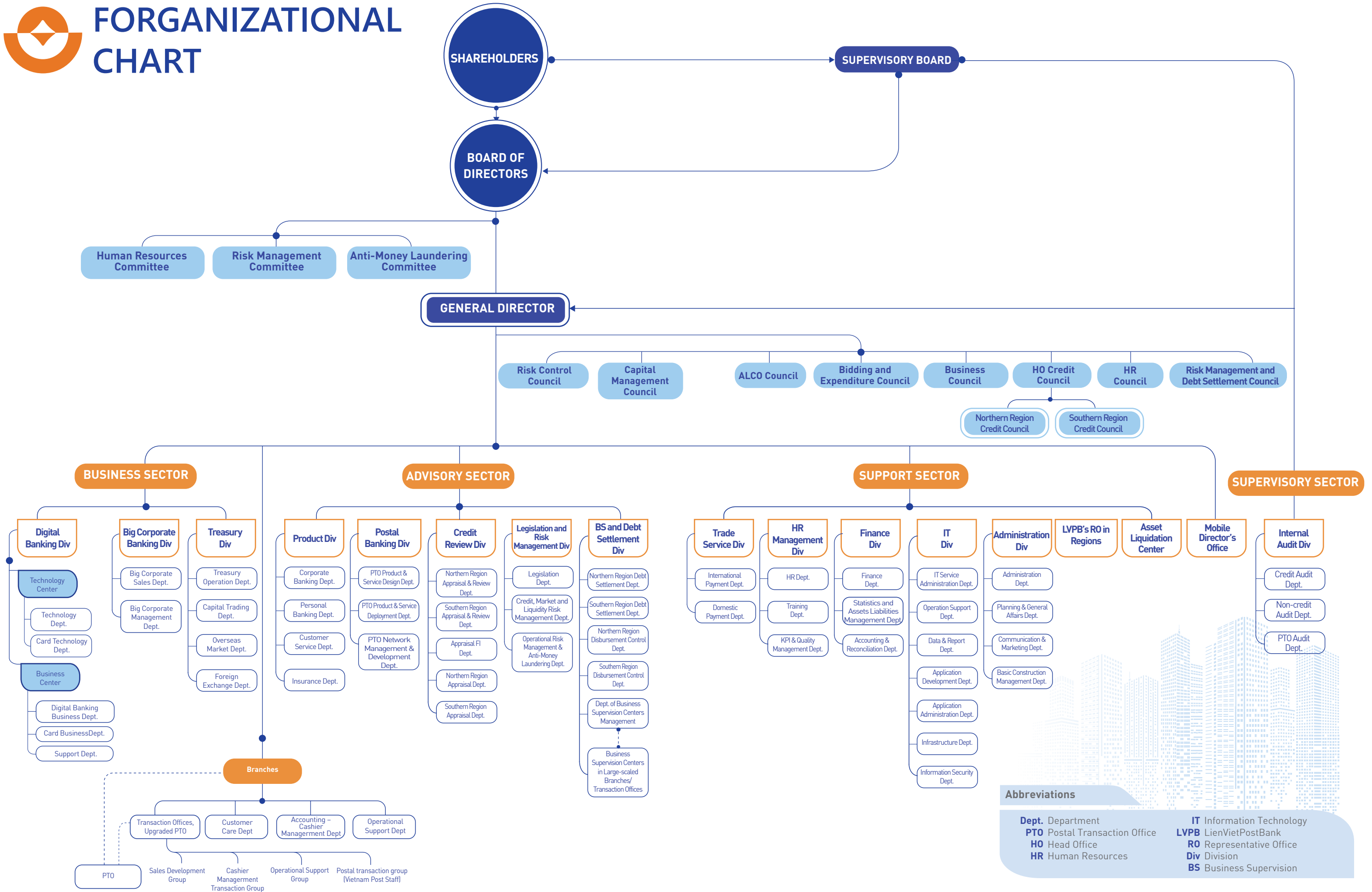
**Number of Branches/Transaction Offices:**

- 📍 **37** Branches, **222** Transaction Offices in Northern Region.
- 📍 **8** Branches, **48** Transaction Offices in Central Region
- 📍 **21** Branches, **138** Transaction Offices in Southeastern Region
- 📍 **10** Branches and **72** Transaction Offices in Southwestern Region





# FORGANIZATIONAL CHART



**Abbreviations**

<b>Dept.</b> Department	<b>IT</b> Information Technology
<b>PTO</b> Postal Transaction Office	<b>LVPB</b> LienVietPostBank
<b>HO</b> Head Office	<b>RO</b> Representative Office
<b>HR</b> Human Resources	<b>Div</b> Division
	<b>BS</b> Business Supervision





# THE BOARD OF DIRECTORS



**MR. HUYNH NGOC HUY**  
Chairman of the Board of Directors



**MR. PHAM DOAN SON**  
Standing Deputy Chairman of the Board of Directors



**MR. NGUYEN DUC CU**  
Deputy Chairman of the Board of Directors  
*Resigned as the BOD Deputy Chairman on June 25th, 2020*



**MR. DUONG CONG TOAN**  
Deputy Chairman of the Board of Directors



**MR. NGUYEN DINH THANG**  
Member of the Board of Directors  
*Resigned as the BOD Member on June 25th, 2020*



**MR. LE HONG PHONG**  
Member of the Board of Directors



**MS. CHU THI LAN HUONG**  
Member of the Board of Directors



**MS. DUONG HOAI LIEN**  
Member of the Board of Directors

## THE SUPERVISORY BOARD



**MR. TRAN THANH TUNG**  
Chief of the Supervisory Board



**MS. NGUYEN THI LAN ANH**  
Member of the Supervisory Board



**MR. PHUNG THE VIET**  
Member of the Supervisory Board





# THE BOARD OF DIRECTORS



▶ **MR. PHAM DOAN SON**  
General Director  
Master of Business Administration (MBA)



▶ **MR. HO NAM TIEN**  
Standing Deputy General Director  
Master of Banking - Finance



▶ **MS. NGUYEN THI GAM**  
Deputy General Director cum Chief Accountant  
Master of Finance and Control



▶ **MR. BUI THAI HA**  
Deputy General Director  
Master of Business Administration



▶ **MS. NGUYEN ANH VAN**  
Deputy General Director  
Master of Banking - Finance



▶ **MR. VU QUOC KHANH**  
Deputy General Director  
Bachelor of Business Administration



▶ **MR. NGUYEN THANH TUNG**  
Deputy General Director  
Master of Economics Banking & Finance



▶ **MR. NGUYEN QUOC THANH**  
Deputy General Director  
Master of Information Technology



▶ **MR. KIM MINH TUAN**  
Deputy General Director  
Master of Banking - Finance



▶ **MR. NGUYEN NGOC NAM**  
Deputy General Director  
Master of Banking - Finance



▶ **MS. LE THI THANH NGA**  
Deputy General Director  
Master of Business Administration



▶ **MS. VU THU HIEN**  
Deputy General Director  
Bachelor of Economics



▶ **MR. NGUYEN QUY CHIEN**  
Deputy General Director  
Bachelor of Laws Banking & Finance



▶ **MR. HOANG VAN PHUC**  
Deputy General Director  
Master of Non-Traditional Security Administration



▶ **MR. LE ANH TUNG**  
Deputy General Director  
Bachelor of Economics





# STRENGTHEN FOUNDATIONS AFFIRM POSITION

” In the face of a new period with many challenges ahead, our goals are to strengthen the foundations, overcome difficulties to keep growing effectively and sustainably and affirm our position in the market.”

*Mr. Pham Doan Son*

*Standing Deputy Chairman of the Board of Directors cum General Director*



## 2020: strengthened the foundations to maintain growth of business activities

**LienVietPostBank’s business picture in 2020 stood out with a series of bright spots in terms of profits, assets, credit, mobilization and service revenue. This result showed the appropriateness of the network expansion, new technology, and risk management capacity enhancement strategies for sustainable development that the Bank has been following for many years.**

After a long time of persistent investment for network expansion, up to now, LienVietPostBank has been able to effectively exploit and maximize our owned strengths to develop banking services with the orientation of retail banking. By the end of December 31st, 2020, the Bank had 556 Branches and Transaction Offices, 613 Postal Transaction Offices covering all 63 provinces and cities across the country, continued to maintain our strength as one of the largest joint stock commercial banks in terms of network in Vietnam.

Regarding credit, 2020 was a year of remarkable retail credit growth, which contributed to a major change in the credit structure. The Bank promoted the creation, development and provision of products and services based on the characteristics of each region, especially those focusing on the customers living in rural areas and/or engaging in agriculture or production and

business in priority fields under the policy of the Government and the SBV, where the retail space is still very large, thereby gradually improved the people life quality, contributed to repelling black credit.

Capital mobilization last year saw an obvious change in capital structure, showed effective and sustainable growth. Thanks to the extensive network, capital mobilized from residential savings always accounted for about 85% of total deposits. In addition, the Bank actively sought low-cost medium and long-term capital from domestic and foreign financial institutions through issuance of bonds and certificates of deposit with low interest rates. Particularly, the successful issuance of tier 2 bonds valued at VND 2,750 billion to the public helped to increase the equity scale, improved capital adequacy ratio, enhanced the competitiveness and reputation of LienVietPostBank in the financial market. To achieve these results, the Bank has continuously improved and diversified the deposit product portfolio on both direct and online channels, being suitable for all customer segments.

The strong growth of service revenue also fundamentally changed the Bank’s income structure, in which the proportion of income from non-credit activities through cross-selling of products such as insurance, international payment, cards, e-banking, etc. increased. In particular, insurance is identified as a key service in the development strategy in the coming time. The bank has transformed the life

insurance agency model from customer introduction to direct selling. Thereby, it improved the employees’ capacities in consulting and selling, which made a great contribution to LienVietPostBank’s service revenue in 2020 with a growth of 40% in insurance sales compared to 2019, and the bank was one of the top 10 banks with the highest insurance sales in the market.

In the past year, along with improving the quality of traditional banking products and services, LienVietPostBank also invested in technology and developed digital banking. In October 2020, LienViet24h integrated with services: Digital banking, card services and Vi Viet was officially launched. Beyond the usual payment features, LienViet24h is also a financial management tool, a payment tool, and a diverse shopping and consumption ecosystem for customers. This was an important step in the digital transformation process of LienVietPostBank.

Risk management has always been paid special attention to by the Bank, promptly supplemented and perfected to manage operations safely and effectively. In 2020, LienVietPostBank was among the few banks that have completed all 3 pillars of Basel II ahead of schedule. This result was achieved thanks to the strong determination of the Board of Directors and the Board of Management in ensuring to meet the regulations of the SBV, towards advanced risk management in accordance with the international standards.

Determining that humans are the key factor for every success





# BUSINESS OPERATION IN 2020

of the Bank, LienVietPostBank has always focused on building a strong, experienced and self-improving employees. Each employee has been encouraged to attend training courses to be led and fostered regularly by a team of professional leaders, experts and senior personnel from the leading financial institutions. Last year, the Bank also implemented many projects, remuneration policy, talent retention and attraction policies, etc. to create a solid management system for the development of LienVietPostBank.

2020 marked a red milestone in the Bank's development when LienVietPostBank was the first bank having stocks to be listed on the Ho Chi Minh City Stock Exchange (HOSE). This event was a major transformation in the Bank's position in the market, affirmed the transparent and effective governance capacity, enhanced the brand and value of LienVietPostBank to investors, and simultaneously enhanced stock liquidity, thereby brought maximum benefits to shareholders.

## 2021: overcome challenges, affirm the position

To maintain and to promote the achievements obtained in the past year, in 2021, the Board of Directors of LienVietPostBank determines the goals: steadfastly retail-oriented development, comprehensive growth, and efficient, stable and sustainable business.

On that basis, the Bank continues to complete the upgrading and opening of new Branches/ Transaction Offices to the remaining districts across the country to deploy retail banking and develop Digital Banking services.

To focus on improving and upgrading the quality of products and services. At the same time, to promote offering the products that focus on the customers in agricultural, rural and remote areas, where the potential space for the retail segment is still very large.

Strongly shift income structure from service revenue, increase the proportion of non-credit revenue. In which, it is determined that the implementation of direct insurance sales at all Branches/ Transaction Offices throughout the system is the key task to improve selling capacity, as well as increase insurance sales.

In addition, the Bank continues to invest in technology, promote digital transformation to keep up with the general trend. To digitize products, services and operation processes to increase convenience and experience for customers, to optimize operational processes and to contribute to improving the Bank's operational efficiency.

To continuously improve the quality of human resources and risk management throughout the system. The Bank has gradually implemented the goal of approaching more complete

risk management standards as Basel III to improve internal risk management capacity, and at the same time to affirm our position as one of the best banks in terms of risk management in Vietnam.

The above business goals are indeed not small challenges in the current economic context; however, LienVietPostBank identifies 2021 as the pivotal year of the acceleration and development phase. Therefore, the Management and all 10,000 employees are determined to overcome difficulties and challenges, seize opportunities to develop and realize the planned goals.

With the strong foundations, the appropriate business strategy by the Board of Directors, the close attention and direction by the Board of Management, and the solidarity and consensus of all employees, LienVietPostBank is ready to conquer the highest peaks, strongly break through to affirm our position and firmly step forward for a further journey in 2021.





# BUSINESS PERFORMANCE IN 2020

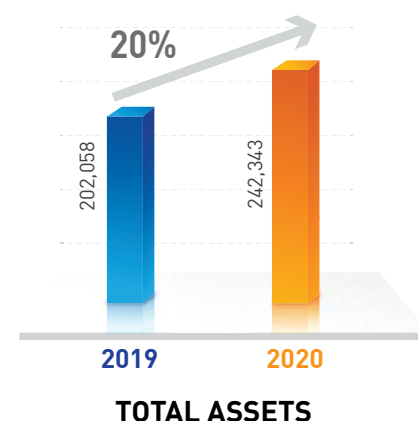
It is witnessed a firm and steady progress in business operation in 2020 thanks to the application of appropriate business solutions in line with the market situation. All business targets of the Bank grew sharply and exceeded the business plan set out for 2020 by the General Shareholder Meeting.



## Total assets increased remarkably, asset quality was improved

Total assets reached VND 242,343 billion, an increase of 20% compared to the end of 2019, completing 115% of the year plan and the bank was one of the largest joint stock commercial banks in terms of total assets in Vietnam.

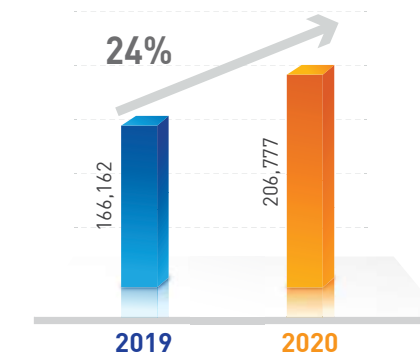
The Bank's asset quality continued to be improved in 2020 as demonstrated by the Bank's finalization of all outstanding VAMC bonds, reducing the bad debt ratio to 1.43% and being classified into the bank group with the lowest bad debt ratio in the system. The increase in total profitable assets pushed the business performance. The asset and capital source structure always ensured adequacy ratios, of which the Capital Adequacy Ratio (CAR) reached 10.81%, a significant increase compared to 2019.



## Mobilized capital has grown steadily and effectively

Mobilization in Market 1 reached VND 206,777 billion, an increase of 24% compared to the end of 2019, completing 123% of the year plan.

Mobilization grew continuously and stably, ensuring funding for credit and investment activities. Besides counter deposit, online mobilization in 2020 also saw big growth, reaching 70% compared to 2019. The proportion of Current Account Savings Accounts [CASA] increased by 28% compared to 2019, reducing mobilization costs and increasing the efficiency of capital use.

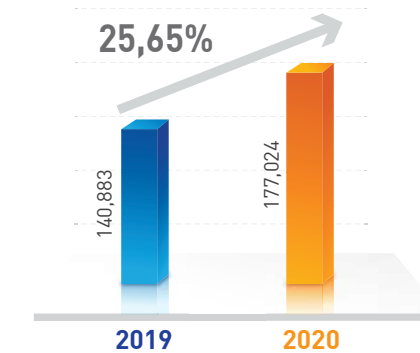


MOBILIZATION IN MARKET 1

## Safe credit growth, focusing on retail banking

Loans to Market 1 reached VND 177,024 billion, completing 113% of the year plan, increasing by 25.65% compared to 2019.

Thanks to applying promotion measures focusing on the retail customer segment, the Bank's retail credit in 2020 witnessed a noticeable growth with a growth rate of nearly 65% of the total credit growth for the whole year.

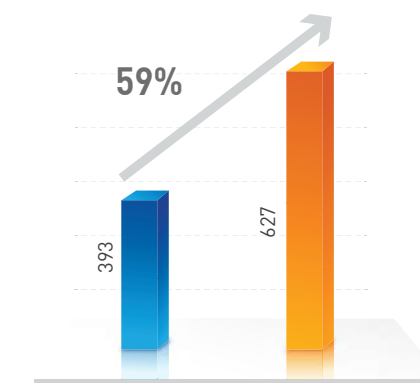


LOANS TO MARKET 1

## Strong growth in service revenue, increasing its proportion in total income

Net service revenue reached VND 627 billion, completing 131% of the year plan and increasing by nearly 60% compared to 2019. As a result, the proportion of non-credit income had a positive shift in the Bank's income structure.

Some key services focused by the Bank such as Card services, Digital Banking and Insurance continued to be the fastest growing services and positively contributed to the Bank's service revenue. Insurance sales in 2020 grew by 40% compared to 2019, which helped the Bank to be classified into the top 10 commercial banks with the highest insurance sales in the market.

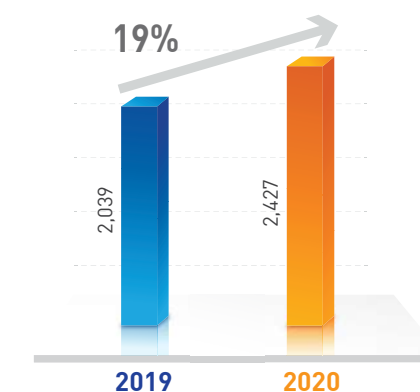


INCOME FROM SERVICES

## Profit set a new record during 13 years of operation

Profit before tax reached VND 2,427 billion, setting a new record during 13 years of operation, completing 143% of the year plan and increasing by 19% compared to 2019.

In the structure of total net operating income, interest income and non-interest income both recorded strong growth, of which net interest income grew by 11% while non-interest income increased by 136%.



PROFITS





# FINANCIAL STATUS

## I. KEY FINANCIAL INDICATORS

Unit: million VND

No.	Items	In 2019	In 2020
<b>1</b>	<b>CAPITAL SCALE</b>		
	Charter capital	8,881,441	10,746,389
	Total assets	202,058,040	242,342,951
	Capital Adequacy Ratio (CAR)	8.35%	10.81%
<b>2</b>	<b>BUSINESS RESULTS</b>		
	<b>Total Deposits</b>	<b>183,982,021</b>	<b>221,746,497</b>
	<b>Total loans</b>	<b>143,283,744</b>	<b>177,440,179</b>
	Profit before tax	2,038,824	2,426,553
	Corporate income tax (CIT)	438,547	564,645
	Profit after tax	1,600,277	1,861,908
<b>3</b>	<b>LIQUIDITY RATIO (%)</b>		
	Liquid reserve ratio (%)	13.29%	14.79%
	Liquidity ratio within 30 days (VND) (%)	85.04%	77.80%
	Liquidity ratio within 30 days (foreign currencies) (%)	-22.22%	-18.32%

## II. SITUATION OF INVESTMENT AND IMPLEMENTATION OF PROJECTS

Unit: Billion VND

No.	Items	In 2020
1	Investment in IT System and Digital Banking	202
2	Buildings and structures, other fixed assets	191



# COMPREHENSIVE HEALTH & PROSPERITY INSURANCE PRODUCT





# BREAKTHROUGH IN THE GROWTH OF RETAIL BANKING IN 2020

## INDIVIDUAL CUSTOMERS SEGMENT

In 2020, LienVietPostBank began to strongly exploit the advantages of its wide network across districts nationwide to deploy retail banking to villages and communes. The individual loan segment marked an incredible growth with the contribution of products that have made LienVietPostBank's mark on the market and were well known to many customers, especially people in rural areas:

- Loan products designed for agricultural and rural areas with diverse industries: coffee, pepper, macadamia, aquaculture, rice farming, animal husbandry, high-tech agriculture, clean agriculture, etc.
- Loan products designed for production and trading of consumer goods.
- Loan products for buying real estate.
- Retirement products.



**VND 107,305 BILLION**  
INCREASED BY VND 15,124  
BILLION (↑ 16.41%)



**VND 76,279 BILLION**  
INCREASED BY  
VND 20,576 BILLION (↑ 36.94%)



**ABOVE  
5,000,000  
CUSTOMERS**  
INCREASED BY  
700,000 CUSTOMERS

## CORPORATE CUSTOMERS SEGMENT

The bank focused on exploiting multi-service customers to increase non-interest income. The network coverage to the district level is a competitive advantage of the Bank in providing products and services to corporate customers.



**VND 99,471 BILLION**  
INCREASED BY VND 26,649  
BILLION (↑ 36.60%)



**VND 100,342 BILLION**  
INCREASED BY VND 15,523  
BILLION (↑ 18.30%)



**22,690 CUSTOMERS**  
INCREASED BY  
2,561 CUSTOMERS

## LIFE INSURANCE

With the goal of promoting retail banking activities to increase service revenue, the Bank synchronously and strongly deployed life insurance products throughout the system at 95 Branches and 461 Transaction Offices nationwide.

With the advantage of a nationwide transaction network, LienVietPostBank reached many customers, especially those living in rural areas and having few opportunities to approach finance, banking and insurance services. With nearly 42,000 insurance policies and the first year premium sales reaching VND 450 billion, LienVietPostBank rose to the top position in Vietnam bancassurance market.



Number of insurance policies reached approximately

**42,000 POLICIES**

**INCREASED BY 9,000 POLICIES  
COMPARED TO 2019**

First year premium (FYP) in 2020 reached

**VND 450 BILLION**

**INCREASED BY 40% COMPARED  
TO 2019**



# DIGITAL BANKING

” In 2020, LienVietPostBank made huge investment in technology infrastructure and launched many new products and services to provide safe and convenient Digital Banking services, while focusing on improving customer experience.



## LIENVIET24H - OMNI-CHANNEL DIGITAL BANKING PLATFORM:

In October 2020, the Bank officially launched LienViet24h, a comprehensive-digital banking application, researched and developed on the Omni-channel banking platform, integrated 3 in 1: Vi Viet, Internet Banking, Mobile Banking and Card services, in order to bring convenient and safe digital banking experiences with advanced technology platform (such as absolute security system – with certificate issued by GlobalSign; multi-factor account authentication: password, SMS), biometrics; online verification process with eKYC solution, etc. This is one of important steps to help LienVietPostBank build a comprehensive financial ecosystem in line with the digital transformation strategy with the aim to become the leading retail bank in Vietnam.

- Account authentication by eKYC solution makes it easy for customers to register, use banking services anytime and anywhere just with a mobile device with Internet connection without access to the bank; it is suitable for bank and unbank segment.
- Linking all accounts and cards makes it easy for users to manage funds to make transactions and uniform experience across all channels.
- Friendly interface, easy to use, support of personalized user experience.
- Towards the development of a comprehensive digital finance ecosystem, with the first step of developing a cashless payment ecosystem and simultaneously providing microfinance-oriented products such as: online savings (with the minimum amount of only VND 100,000), online savings pledged loans, loans against credit card limit, online insurance purchase, etc..

### ACHIEVEMENTS AS OF DECEMBER 31<sup>ST</sup>, 2020

- ▶ **3 million** Customers
- ▶ **51,000** Merchants in 63 provinces/cities
- ▶ **17.8 million** transactions in 2020
- ▶ **VND 16,000 Billion** Sales through Vi Viet/LienViet24h
- ▶ **VND 210,000 billion** Total transaction value

## JCB AND VISA CARDS LAUNCHING

In August 2020, LienVietPostBank cooperated with JCB International Card Organization (Japan) to launch LienVietPostBank JCB International Credit Card. This is a premium card series with many special offers and privileges, helping customers improve the experience of a high-class living.

In December 2020, the Bank cooperated with the world’s most prestigious card organization Visa to launch LienVietPostBank Visa International Credit Cards and Debit Cards. These are premium card series that offer the ultimate experience for Customers. LienVietPostBank Visa International Card holders may experience contactless card payment technology with the most modern and secure EMV chip currently; it takes only about 1 second to make a transaction, committed to bringing absolute security for customers during use.

LienVietPostBank credit cards bring many conveniences to Customers: Eliminate the risks of carrying cash; Buy now, pay later; Interest-exempted short-term spending; convenience in payment; various incentive programs. In addition, the Bank has included the Card’s features and utilities on the LienViet24h application platform, so that Customers can easily manage their Card spending transactions as well as use the Card’s utilities anytime and anywhere without going to the traditional counter.

For the Bank, Credit Card is a multi-utility product line, a channel to attract Customers and bring huge revenue for the Bank. The whole bank branches are gradually considering Credit Card as the main product, accounting for a large proportion of profits of the unit in order to create a premise for business in 2021. Specifically, only since August 2020 when JCB Credit Card was launched, more than 24,000 cards have been issued, 12 times increase in comparison with the number of cards issued in 2019. Outstanding balance and transaction volume doubled compared to that before JCB Credit Card’s launching.





# EFFICIENCY IN TREASURY TRADING ACTIVITIES



During the 13-year journey of establishment and development, LienVietPostBank has been enhancing the Bank's role and position in the Vietnam financial market. In particular, the issuance of Valuable Papers is remarkable with various and diverse products including: Convertible Bonds, Private Placement of Tier II Bonds, Public Offering of Tier II Bonds, Plain Vanilla Bonds and Certificates of Deposit (CDs). The Bank always fully comply with all obligations as committed in Valuable Papers.

## ISSUANCE OF VALUABLE PAPERS IN 2020 OF LIENVIETPOSTBANK



Particularly in 2020, the Bank made a strong breakthrough by successfully issuing Bonds and CDs valued at **VND 17,650 billion**, bringing the total outstanding balance of Valuable Papers issued as of December 31st, 2020 to nearly VND 30,000 billion, with two highlights including Public Offering of Tier II Bonds and Private Placement of Bonds to international investors.

The most prominent highlight of 2020 was the successful issuance of Public Offering of Tier II Bonds worth **VND 2,750 billion** to nearly 4,500 investors in a very short time. As one of the first joint stock commercial banks to issue public offering of Tier II bonds, LienVietPostBank has promptly taken full advantage of the Bank's retail network in all provinces and all cities across the country to introduce and to sell Bonds.

These include 7-year and 10-year Bonds with floating interest rates. LienVietPostBank is entitled to redeem the Bonds before maturity after 2 years (for 7-year bonds) and after 5 years (for 10-year bonds). The successful issuance helped LienVietPostBank not only increase the Bank's equity scale and improve the capital adequacy ratio (CAR), but also diversify capital mobilization products to enhance the Bank's competitiveness. This also serves as a measure of the Bank's reputation, position and brand in the market.

In December 2020, LienVietPostBank has also completed the Private Placement issuance of 5-year Bonds worth **VND 1,500 billion** to investors related to international corporations. This event once again affirmed the prestige of LienVietPostBank among international investors.

Having advantages compared with deposit mobilization (cheaper costs and longer maturities), Bond Issuance has contributed to (i) reducing the Bank's input costs; (ii) improving operational efficiency; (iii) expanding capital scale; and (iv) diversifying capital mobilization in term of terms and customers segmentation, thereby improving the Bank's prudential ratios in accordance with regulations of the State Bank of Vietnam..

With these achievements, 2020 was a successful year for LienVietPostBank in terms of Valuable Paper issuance, which created momentum for the growth of this activity in 2021.



# RISK MANAGEMENT

” 2020 marked a successful breakthrough in risk management activities of the Bank with the event that LienVietPostBank completed ahead of schedule the implementation of internal assessment of capital adequacy in accordance with Circular No. 13/2018/ TT-NHNN. Thus, as of December 31st, 2020, the Bank completed all three pillars of Basel II standards.

In 2021, the Bank will continue to study and implement the Basel III project to improve the Bank’s risk management capacity. Risk Management will continue to be maintained regularly, continuously, inseparable from business activities and towards the goal of comprehensive management of material risks.

## CREDIT RISK MANAGEMENT (CRM)

LienVietPostBank attached special importance to both credit quality control and effective credit growth. By the end of 2020, the Bank achieved a growth rate of 25.65%; credit portfolio had a positive change in structure: the proportion of retail credit was about 50%; the proportion of outstanding loans to agricultural and rural areas (the outstanding loans to such areas were about VND 60 trillion) increased in line with the Government’s credit orientation as well as the Bank’s business strategy. Although the scale of credit growth was expanded, the bad debt ratio was still well controlled at 1.43%.

To achieve this result, various measures were applied to credit risk management, specifically:

- Appraisal, disbursement control, and credit approval continued to be transformed towards centralization at the Head Office to ensure independence, objectivity, and avoidance of any conflict of interests.
- Improve internal credit rating system, improve customer risk classification capacity, actively support the development of

appropriate credit product policies.

- Invest in and develop a software system for credit creation, approval and management (Loan Origination System - LOS) and other modern apps to help the Bank manage the entire credit granting process effectively and comprehensively.
- Strengthen measures to channel, handle and collect overdue debts and bad debts.
- Regularly monitor credit safety ratios.
- Loan Classification and Provisioning in accordance with regulations of the SBV.

## OPERATIONAL RISK MANAGEMENT (ORM)

Operational risk management made good progress with the synchronous deployment of the main tools: Loss Data Collection (LDC) from ORM software; Risk and Control Self-Assessment (RCSA); Key Risk Indicators (KRIs).

The internal document system has been constantly reviewed and updated for streamlining, avoiding

overlapping conflicts, meeting professional requirements and ensuring compliance with the applicable regulations.

The typical signs of risks and frauds in banking activities such as: document forgery, technology crimes, information security and safety, treasury safety, etc. have been strengthened, early warned and effective prevention plans were developed.

ORM was upgraded with the successful implementation of the Fraudulent Insurance Project to protect the Bank against large losses arising from fraud risks, to improve the Bank’s capacity and reputation. Business management of the whole system was implemented synchronously, which contributed to maintaining the business continuity, especially in the context of the Covid-19 pandemic outbreak; The information technology security assessment project contributed to the improvement of the Bank’s risk management capacity to respond to information technology operational risks, especially when the Bank step-by-step implemented digital transformation.

## MARKET RISK MANAGEMENT, LIQUIDITY RISK MANAGEMENT

System liquidity is guaranteed to be maintained regularly and continuously and capital use efficiency was optimized. The Bank’s liquidity ratios complied with regulations of the SBV.

The control of market risk and liquidity risk was established on the principle of independence between the transaction execution unit and the risk control unit. Inspection, supervision and measurement of risks and building test scenarios were carried out regularly and continuously. As a result, the supervision quality was improved thanks to the application of modern technologies and the flexible and effective use of market risk and liquidity risk management tools (pricing model, interest rate risk sensitivity gap model, liquidity gap, etc.).

The system of market risk and liquidity risk limits was continuously reviewed, adjusted or set up with new limits to ensure compliance with the applicable regulations as well as operational situation and was independently controlled to ensure the compliance and limit risks for the Bank.

## ANTI-MONEYLAUNDERING (AML)

Anti-Money Laundering (AML) was upgraded to approach international standards.



Training and warning programs on AML/CTF (Counter-Terrorism Financing) were attached special importance to and implemented throughout the system to raise awareness and responsibilities of officers and employees to contribute to building a culture of compliance, especially in AML/CTF at the Bank.

The Bank invested in upgrading the AML/CTF system and selected reputable suppliers in the world with the aim to improve the capacity to prevent, detect and promptly inhibit acts of abusing the Bank’s services for money laundering and terrorist financing.

## ORIENTATION OF RISK MANAGEMENT IN 2021

In 2021, risk management will continue to be identified as one of the key tasks in the Bank’s operations with investment and building of new plans and strategies to: improve risk management capacity; modernize risk management; Invest in the development of early warning tools.

To reduce concentration risk, the Bank continues to enhance the development of small loans, loans to agriculture and rural areas, and at the same time develop products and services to increase the proportion of non-credit revenue.

In 2021, the Bank aims to perfect the risk management capacity framework with implementation of Basel III project for the risk management to gradually approach international standards. At the same time, the Bank will also speed up the completion and acceptance of other key projects such as: Upgrading the AML system, information technology security assessment, LOS, IFIS9, etc. to contribute to improvement of management efficiency and capacity of the Bank.

Develop tools to monitor, calculate, measure and give timely warnings to comply with operational safety ratios in accordance with the applicable Laws.



# REPORT AND ASSESSMENT BY THE BOARD OF MANAGEMENT



## MANAGEMENT AND ADMINISTRATION POLICIES

” The Bank is always proactive and flexible in management and administration policies throughout from Head Office to Business Units to implement the best business solutions and to best suit the market situation.

### Take advantage of the network to develop a variety of products and services to suit characteristics of each region

LienVietPostBank's products are diverse and developed based on the characteristics of each locality and always innovated to best suit the needs of customers. Particularly, for many recent years, the agricultural and rural loan products have been offered to most of districts in 63 provinces and cities thanks to the network of transaction points that cover all the district-level administrative units, creating a huge customer volume and bringing sustainable business efficiency to the Bank.

In the process of deploying products and services, the Bank has actively improved and simplified product procedures and processes to shorten transaction time and create the most convenience for customers. The Bank staff also regularly visit customers directly to advise and answer their queries about the products, services and preferential policies, which helped to increase interaction with customers to increase the opportunity to sell products.

### Modernize information technology to meet business activities

Technology applications have been continuously updated and innovated to apply in internal operation processes; new utilities for products have been developed to bring customers the best service experience with the shortest time

of transaction. In 2020, the Bank implemented many projects to improve quality of the information technology system to ensure stable, safe and secure operation, of which typical examples include: IT security vulnerability detection to strengthen strict security control, change to using Data Warehouse management system, LOS phase 1, Basel II, etc.

### Accelerate the digitization process and digital transformation

In 2020, LienVietPostBank accelerated the digital transformation process, focused on technology investment, and digitized services to improve the customers' experience with the application of eKYC technology in opening an account and launching LienViet24h on mobile application. Digital transformation has shown its efficiency, helped the Bank optimize its operations, reduce costs, improve the customers' experience and increase the customer base, expand modern digital banking services and transaction sales through growth of e-banking channel.

### Income restructuring towards expansion of non-credit income proportion

Not staying outside the inevitable trend of banks, LienVietPostBank considers the income restructuring is one of its strategic goals for sustainable development. The Bank has always paid special attention to promoting service activities, diversifying products, and improving service quality. As a result, the Bank's service revenue in 2020 achieved impressive results with an

increase in the proportion of non-credit income, diversification of revenue sources, gradual reduction of dependence on credit and risk minimization in operations.

### Strengthen training, improve the personnel quality

LienVietPostBank has young, dynamic, and qualified employees who are agile in absorbing modern technology, which has contributed to the efficiency of consulting and customer care. Training is always paid attention to with comprehensive training contents from skills to professional knowledge. In the past year, the Bank organized nearly 700 training courses under both E-learning and off-line forms. Thereby, the personnel quality throughout the system is increasingly improved, meeting the work requirements and service quality standards.

### Improve the risk management capacity framework to approach the international practices

The risk management capacity framework was also continuously improved by LienVietPostBank in 2020 with the early completion of all three pillars of Basel II, which helped to strengthen risk management capacity in accordance with the international practices. The risk management system has been modernized with the application of modern technology in operation processes (Machine Learning, Big data, etc.) to improve risk control quality.



# BUSINESS PLAN IN 2021

” Promoting the results achieved in 2020, LienVietPostBank orients its business activities in 2021 to continue to make further progress and break through to achieve the planned goals.

## **Boost retail banking**

On the basis of effectively exploiting the wide network across provinces and cities, the Bank continues to focus on retail development with emphasis on boosting growth of transaction offices. We will keep designing new products both on LienViet24h channel and at the counter with quick procedures; combining credit, insurance, payment, card, etc. with attractive offers into product packages to develop various types of customers.

## **Flexibility in balancing capital sources to increase business efficiency**

Be flexible in mobilization policy in each period through adjustment of interest rate, term, bond issuance, etc. to both effectively use mobilized capital and ensure the balance of input sources at each time as well as meet the safety ratios as prescribed by the SBV.

## **Focus on implementing key services such as Card Services, Digital Banking, Insurance, Payment**

Improve service quality, expand relationships with intermediary partners, perfect and capture trends and consumption habits of customers to develop utilities, diversify choices, and increase the customer experience.

## **Invest in technology, speed up the digital transformation process**

Speed up the implementation of technology projects to support business operations and administration; optimize operational processes and increase labor productivity. Implement digital transformation in a comprehensive way; automate processes; simplify and streamline steps, in which prioritize customer-related activities, improve customer serving quality, maximize customer experience and utilities.

## **Continue to expand the network**

LienVietPostBank is expected to expand more Branches and Transaction Offices to the remaining districts in the provinces/cities to serve as a basis for retail deployment and development of digital banking services.

## **Improve the personnel quality to increase labor productivity**

Regularly organize training courses, create opportunities for the employees to learn for their career development. Manage human resources through KPIs, SLAs and offer

appropriate salary raise roadmap and remuneration policies to attract and retain talents. Since then, the personnel quality is improved and uniformed among Units/Departments/ Divisions, which helps to increase labor productivity of the whole system.

## **Strengthen risk management and early warning of risks**

Apply in-depth analysis techniques to improve the risk warning quality in all activities of the Bank. Strictly control credit quality, limit bad debts to always maintain low bad debt ratio. Strictly implement regulations of the SBV on risk management activities, ensure good safety ratios and aim to meet higher international risk management standards.

# THE BOARD OF DIRECTORS' ASSESSMENT ABOUT THE BANK'S OPERATION







# THE BOARD OF DIRECTORS' ASSESSMENT ABOUT THE BANK'S OPERATION

## ACHIEVEMENTS IN 2020:

In 2020, in the context of complicated progress of the Covid-19 pandemic, negatively affecting all aspects of the economy and society, Vietnam's economic growth still reached an increase of 2.91% - classified into the group of countries with highest GDP growth rate in the world.

To support economic growth, the Banking Industry increased the supply of credit capital to serve businesses and people to restore production and business activities through rescheduling debt repayment for affected customers; exempting, reducing, lowering interest rates and offering new loans with preferential interest rates with 0.5 - 2.5%/year cheaper than before the pandemic, and at the same time, exempting and reducing banking payment service charges for all transacting customers.

LienVietPostBank anticipated the fluctuations and challenges of the business environment, and the Board of Directors promptly directed the Board of Management to flexibly and synchronously apply measures to eliminate difficulties such as speeding up digital transformation process, improving risk management capacity, changing the stock exchange to make banking operations more transparent to attract potential investors, reducing costs, and diversifying revenue sources, etc., to minimize negative impacts on the business situation of the Bank.

In detail:

- LienVietPostBank strictly complied with the regulations of the SBV, strictly managed risk management activities towards advanced management models in accordance with the international standards, ensuring long-term and effective development. The Bank completed ahead of schedule all three pillars of Basel II and finalized all outstanding VAMC bonds in the second quarter of 2020. LienVietPostBank's bad debt ratio by the end of 2020 was 1.43%, lower than this ratio of 1.61% in 2019 due to strict control of credit growth quality.
- During the year, the Board of Directors made efforts to fulfill its commitments to the shareholders when LienVietPostBank completed the increase in charter capital in 2020 to VND 10,746 billion through stock dividends in 2019 and 2018 at the rate nearly 20% and is selecting foreign shareholders who meet financial capacity and management experience based on the plan approved by the General Shareholder Meeting. LienVietPostBank was also the first bank in 2020 successfully transferring stock exchange from UpCom to HOSE, partly contributing to the increase of LPB stock price of 61% compared to 2019; supporting high liquidity, and meeting the expectations of the investors/foreign investment funds holding LPB stocks.

- In terms of business results, the Bank's profit in 2020 exceeded the year plan set out by the General Shareholder Meeting when reaching VND 2,427 billion, the highest volume during 13 years of operation of the Bank. It was special that the Bank has gradually transformed its business model from dependence in traditional credit to diversifying non-credit revenue sources, increasing the proportion of non-interest income. Credit growth structure also changed in the direction of increasing retail activities, diversifying customers with a sharp increase in the proportion of retail loans compared to previous years.
- The Covid-19 pandemic has caused customers' behavior and consumption habits to change at an unprecedented rate towards priority of online forms and non-cash payment activities such as bank cards. On the basis of investment in technology development, diligent preparation for the digital transformation roadmap from previous years, the Bank also took advantage of this opportunity to launch JCB international credit card and LienViet24h to provide customers with a comprehensive 3-in-1 Digital Banking service (integrated Vi Viet; Internet Banking and Card services) with smart utilities to meet all customers' needs on a single application.

## OUTLOOK AND DEVELOPMENT PLAN

In 2021, the world economy is forecasted to grow more positively at 5.2% after negative growth of 4.4% in 2020 (according to the International Monetary Fund - IMF). For the domestic economy, the Government sets a growth target of 6.5% on the basis of operating a flexible monetary policy to support economic development and implementing an expansionary fiscal policy along with controlling the spread of Covid-19, supporting restoration of consumption and increase in trading activities, strengthening institutional reform and improving the business environment.

The main task of the banking industry in 2021 is to open up credit to the economy with a growth rate of about 12% associated with improving credit quality; focus on production field, priority fields; continue to eliminate difficulties for people and businesses negatively affected by natural disasters and the pandemic.

With the pandemic being kept under control, the deposit interest rate forecasted to be maintained at a low rate, and with efforts to improve labor productivity, reduce costs, increase revenue from service fees, etc. LienVietPostBank plans to propose to the General Shareholder Meeting the following business targets: Total assets increases by 16%, Credit

in Market 1 increases by 20% (if allowed by the SBV), Profit before tax increases by 32%, Expected dividend: 10%.

In order to complete and exceed the above business plan, the Board of Directors will direct the Board of Management to continue to implement the following strategic objectives:

- Continue to promote the strength of the wide network, flexibly apply and deploy various policies, programs and product packages to promote growth and develop retail customers, especially in the agriculture and rural area.
- Focus on diversifying income sources, increase the proportion of non-credit revenue through investment in improving technology quality, digitizing products and services and improving operational processes towards convenience and ease for customers, thereby expanding market share in areas of international cards, insurance, collection and payment services, etc.

- Consolidate and improve financial capacity, ensure business safety through increasing the owners' equity, improving operational safety ratios to better meet the regulations of the SBV.

- Comprehensive digital transformation of banking operations from business, operation, and risk management based on investment in modernizing information technology infrastructure, prioritizing qualified personnel in technology and digital banking to create a superior competitive advantage on the digital platform.



# PEOPLE AND CULTURE OF LIENVIETPOSTBANK

## WORKING ENVIRONMENT, HR AND TRAINING POLICIES

### HR ACTIVITIES

- In 2020, the Bank recruited more than 2,000 new employees for units across 63 provinces and cities. The recruitment of additional personnel to meet the needs of network expansion and business development, which increased the total number of employees of the Bank to nearly 10,000 and made LienVietPostBank become one of the top 10 banks with a large number of employees in Vietnam.
- Following the policy of prioritizing development of internal personnel, the Bank always creates favorable conditions for the employees to be trained and develop their personal capabilities; especially, the talented and well-performed persons were prioritized for internal appointment or assigned to take on important tasks. In 2020, the Bank appointed more than 500 new employees to hold managerial positions throughout the system.
- The assignment and performance evaluation of individual targets (KPIs) have been regularly studied and perfected to apply to all to improve labor productivity and contribute to business efficiency of business units as well as of the Bank as a whole.
- The Bank always strictly and fully complied with the regulations and policies applied to employees in accordance with the Labor Code, regarding: social security, health insurance, unemployment insurance, etc., annual health check for employees. In addition, the Bank also offered additional welfares for employees such as: Health accident insurance, tourism combined with professional activities, collective kitchen, etc., which contributed to the employees' faith and attachment to the Bank.



### TRAINING



- Training for the development of human resources continued to be a priority for business units and sales staff. In 2020, there were total of 114 training courses with 534 classes for 66,161 trainees, an increase of 63% in the number of trainees compared to 2019, of which online training courses accounted for 94% of the total number due to the complicated situation of the Covid pandemic.
- Training on professional skills and life insurance selling skills has been given special attention to. In 2020, there were 19 training courses with 305 classes for 6,738 trainees, contributing to the increase in life insurance sales and improvement of the current service income structure of the Bank.
- Continued to implement and promote Internal Training at the business units to maximize advantages of the Bank's existing resources. In 2020, there were 9,520 internal training courses throughout the system. The business units actively organized training courses based on the specific needs of each unit.





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Updated documents



PRIORITY

To develop internal personnel

- In addition to promoting regular organization of training programs, the Bank continued to pay attention to training and development of key personnel to improve executive capacity for managerial positions and proactively build available human resources for the appointed positions, and strictly implement the Bank's priority policy on developing internal personnel.
- E-learning system continued to be upgraded to ensure the training courses on products and services to be organized quickly and synchronously throughout the system to save the Bank's resources and expenses.
- Continued to speed up the building and development of internal Lecturers at the Head Office and business units to support and promote the Bank's training activities as well as develop the cross-training and spread-training among business units.

## ORIENTATION OF HR ACTIVITIES AND TRAINING IN 2021

- Continue to promote the detection and exploration of potential employees for all positions and titles as well as build and organize training programs for key personnel to cover managerial positions so that LienVietPostBank may keep its initiative and availability of human resources to serve development requirements from time to time.
- Study the policies related to employees in accordance with the actual market situation to attract and select qualified resources as well as retain talented and well-performed employees.
- Continue to improve the mechanism of assignment and performance evaluation of individual targets (KPIs) for all positions at a business unit, then develop and apply them to units of the Head Office; Study, develop and apply a general quality management system for the Bank, especially for the sales department of business units and the Head Office.
- Combine various training forms and management methods to improve the training quality and effectiveness; Study and apply incentive, reward and sanction mechanisms to promote internal learning culture throughout the system
- Thoroughly apply digital technology in operation of HR-related professional processes to improve labor productivity and increase the HR efficiency.



## CONSISTENT WITH THE POLICY OF "SOCIETY CONNECTED WITH BUSINESS"

Together with the effective business operation, in the past year, LienVietPostBank continued to consistently and continuously implement the policy of "Society Connected with Business", creating great impressions:

- 1. Education:** The Bank spent about 50% of total welfare fund to build schools, purchase educational equipment, contribute to educational promotion funds, etc. such as building Nguyen An Ninh Primary School located at An Ninh commune, Tien Hai District, Thai Binh Province; building Nguyen Luong Bang Secondary School located at Thanh Mien Town, Thanh Mien District, Hai Duong Province; building Hieu Trung B Primary School located at Hieu Trung Commune, Tieu Can District, Tra Vinh Province. Up to now, the Bank has contributed to finance construction of more than 140 schools and educational institutions at all levels. In 2020, the Bank continued to cooperate with the management committees of 07 educational promotion funds (founded and sponsored by the Bank) and the local governments to organize a series of events to honor and reward academic achievements of students, teachers, etc. in the provinces: Bac Ninh, Phu Tho, Thanh Hoa, Nam Dinh, Ninh Binh, Ha Tinh, Hanoi.
- 2. Health:** The Bank spent more than VND 30 billion to sponsor some hospitals and Health Departments on the front lines conquering the pandemic such as Bach Mai Hospital, National Hospital for Tropical Diseases, 115 Emergency Center, Border Guards, etc. to support the prevention and fight against the Covid-19 pandemic.
- 3. Contribution to the Fund for the Poor:** LienVietPostBank contributed more than VND 3 billion to the Program "Joining hands for the Poor" organized by the Vietnamese Fatherland Front Committee to build houses and provide means of livelihood for the poor.
- 4. Support to overcome disaster consequences:** LienVietPostBank directly supported essential gifts for people in the Central Region who suffered heavy damages caused by floods and storms, helping the people in flooded areas have a stable life again soon.
- 5. Cultural works:** Funding the construction of Community Cultural Hall in Khe Nu Village, Nguyen Khe Commune, Dong Anh District, Hanoi.
- 6. Support for local development:** Projects of lake dredging and embankment, construction of a walk path surrounding Ao Dau, Yen Lac Town, Yen Lac District, Vinh Phuc Province.



LienVietPostBank funded construction of Hieu Trung B Primary School



LienVietPostBank gave donations to people affected by floods and storms in the Central Region



Luong The Vinh Educational Promotion Fund, Nam Dinh Province





# LIENVIETPOSTBANK'S CULTURE

” Demonstrated by steadfastness through difficulties and always keeping moving forward, the strengths of LienVietPostBank come from the consensus of the Management and all employees.

Strength of the collective is promoted thanks to LienVietPostBank having built the corporate culture with its owned and unmistakable identity. The culture imbued with humanity, compassion, and discipline has been built and nurtured by the tireless wisdom and creativity of the Management and all employees. This is considered as a valuable asset and the pride of LienVietPostBank-ers.



## FAMILY DAY

Family Day has been a typical cultural beauty of LienVietPostBank from the early days of establishment until now. It is an event that everyone who leaves will remember, and everyone who comes will feel warm, because this is really a special and beautiful festival day. All members of LienVietPostBank family and their beloved ones gather together, share successes, joys and challenges over the past year, spreading the spirit of solidarity, love and loyalty with the Bank to live and dedicate together with the belief of victory, creating a prosperous future with LienVietPostBank.

## COLLECTIVE KITCHEN

With the motto that the health of employees is the strength of the Bank, LienVietPostBank has really paid special attention to ensure quality of lunch meals for everyone by building a safe and professional collective kitchen while strictly controlling food quality and origin.

The collective kitchen has received the attention and enthusiastic response from the employees, becoming a unique feature of LienVietPostBank in connecting the spirit of solidarity as well as helping to motivate and encourage employees to become fond of the Bank.



## EXTRACURRICULAR ACTIVITIES

In order to help the employees have comfortable moments after stressful working hours, the Bank has also paid attention to the spiritual life and health training of employees through extracurricular activities, and organization of clubs suitable for majority of employees such as: Male football club maintains its activities on a weekly basis with the large participation of staff and youth union members of the Bank. Qigong club with exercises to increase physical endurance to have good health for working. Badminton club was started in 2014 and has been maintained until now.

## COMMUNITY ACTIVITIES

In 2020, LienVietPostBank also constantly promoted its community activities, firmly stepping on the journey of spreading love. Blood donation is an annual activity of the Bank's Trade Union. With the spirit of "Every drop of blood given away- A life will stay", over the years, hundreds of employees have participated in blood donation and shared their kindness to the community. In addition, during the two Covid-19 outbreaks, the units have implemented many activities to jointly repel Covid-19, including the free mask distribution program. The units have distributed nearly 4,000 masks, and hundreds of free gifts to employees, customers, and people in difficult circumstances, etc.







## **Lien Viet Post Joint Stock Commercial Bank**

Financial Statements for the year ended  
31 December 2020



**Lien Viet Post Joint Stock Commercial Bank  
Bank Information**

**Banking Operation  
Licence No.**

91/GP-NHNN

28 March 2008

The Banking Operation Licence was granted by the State Bank of Vietnam and is valid for 99 years from the issuance date.

The Company's Enterprise Registration Certificate No. 6300048638 issued by the Department of Planning and Investment of Hanoi has been amended several times, the most recent of which is the 19<sup>th</sup> amendment dated 21 January 2021.

**Board of Directors**

Mr. Huynh Ngoc Huy	Chairman
Mr. Pham Doan Son	Standing Vice Chairman
Mr. Nguyen Duc Cu	Vice Chairman <i>(dismissed on 25/6/2020)</i>
Mr. Duong Cong Toan	Vice Chairman
Ms. Chu Thi Lan Huong	Member
Mr. Le Hong Phong	Member
Mr. Nguyen Dinh Thang	Member <i>(dismissed on 25/6/2020)</i>
Ms. Duong Hoai Lien	Independent Member

**Board of Management**

Mr. Pham Doan Son	Chief Executive Officer
Mr. Ho Nam Tien	Standing Deputy Executive Officer <i>(appointed on 16/7/2020)</i>
Mr. Bui Thai Ha	Deputy Executive Officer
Ms. Nguyen Thi Gam	Deputy Executive Officer
Ms. Nguyen Anh Van	Deputy Executive Officer
Mr. Vu Quoc Khanh	Deputy Executive Officer
Mr. Nguyen Thanh Tung	Deputy Executive Officer
Mr. Nguyen Quoc Thanh	Deputy Executive Officer
Mr. Kim Minh Tuan	Deputy Executive Officer
Mr. Nguyen Ngoc Nam	Deputy Executive Officer
Ms. Le Thi Thanh Nga	Deputy Executive Officer
Ms. Vu Thu Hien	Deputy Executive Officer
Mr. Nguyen Quy Chien	Deputy Executive Officer
Mr. Hoang Van Phuc	Deputy Executive Officer
Mr. Le Anh Tung	Deputy Executive Officer

**Registered office**

1<sup>st</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup> Floors, Thai Holdings Building  
210 Tran Quang Khai Street, Hoan Kiem District  
Hanoi, Vietnam

**Auditor**

KPMG Limited  
Vietnam



**Lien Viet Post Joint Stock Commercial Bank  
Statement of the Board of Management**

The Board of Management of Lien Viet Post Joint Stock Commercial Bank (“the Bank”) presents this statement and the accompanying financial statements of the Bank for the year ended 31 December 2020.

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

- (a) the financial statements set out on pages 5 to 80 give a true and fair view of the financial position of the Bank as at 31 December 2020, and of its results of operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Bank will not be able to pay its debts as and when they fall due.

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

On behalf of the Board of Management



The stamp is circular and red, containing the text: "M.S.D.N: 6300048636-C.T.C.P", "NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN Bưu ĐIỆN LIÊN VIỆT", and "Q. HOÀN KIẾM - TP. HÀ NỘI". A blue ink signature is written across the stamp.

Pham Doan Son  
Chief Executive Officer

Hanoi, 26 March 2021



**KPMG Limited**

46<sup>th</sup> Floor, Keangnam Landmark 72  
E6 Pham Hung Road, Me Tri Ward, South Tu Liem, Hanoi, Vietnam  
+84 (24) 3946 1600 | kpmg.com.vn

**INDEPENDENT AUDITOR'S REPORT****To the Shareholders****Lien Viet Post Joint Stock Commercial Bank**

We have audited the accompanying financial statements of Lien Viet Post Joint Stock Commercial Bank ("the Bank"), which comprise the balance sheet as at 31 December 2020, the related statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank's Board of Management on 26 March 2021, as set out on pages 5 to 80.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

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

KPMG Limited, a Vietnamese one member limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.



### Auditor's Opinion

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

### KPMG Limited

Vietnam

Audit Report No.: 20-02-00032-21-1



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Wang Toon Kim  
Practicing Auditor Registration  
Certificate No. 0557-2018-007-1  
*Deputy General Director*

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Pham Thi Thuy Linh  
Practicing Auditor Registration  
Certificate No. 3065-2019-007-1

Hanoi, 26 March 2021

	Note	31/12/2020 VND million	31/12/2019 VND million
<b>A ASSETS</b>			
<b>I Cash</b>	<b>4</b>	<b>3,499,270</b>	<b>1,213,646</b>
<b>II Balances with the State Bank of Vietnam ("SBV")</b>	<b>5</b>	<b>6,758,980</b>	<b>6,621,943</b>
<b>III Deposits with and loans to other credit institutions ("CIs")</b>	<b>6</b>	<b>13,959,435</b>	<b>11,663,649</b>
1 Deposits with other credit institutions		13,543,185	9,262,526
2 Loans to other credit institutions		416,250	2,401,123
<b>IV Securities held for trading</b>	<b>7</b>	<b>279,000</b>	<b>-</b>
1 Securities held for trading		279,000	-
<b>V Derivatives and other financial assets</b>	<b>8</b>	<b>218,101</b>	<b>87,900</b>
<b>VI Loans to customers</b>		<b>174,356,335</b>	<b>138,802,033</b>
1 Loans to customers	9	176,621,536	140,522,626
2 Allowance for loans to customers	10	(2,265,201)	(1,720,593)
<b>VIII Investment securities</b>		<b>33,360,012</b>	<b>34,796,118</b>
1 Available-for-sale securities	11(a)	33,374,328	34,782,319
2 Held-to-maturity securities	11(b)	-	359,343
3 Allowance for investment securities	11(d)	(14,316)	(345,544)
<b>IX Long-term investments</b>		<b>315,931</b>	<b>324,731</b>
4 Other long-term investments	12	315,931	324,731
<b>X Fixed assets</b>		<b>1,620,975</b>	<b>1,503,478</b>
1 Tangible fixed assets	13	1,147,320	1,034,898
a Cost		2,408,825	2,129,044
b Accumulated depreciation		(1,261,505)	(1,094,146)
3 Intangible fixed assets	14	473,655	468,580
a Cost		625,215	594,032
b Accumulated amortisation		(151,560)	(125,452)
<b>XII Other assets</b>	<b>15</b>	<b>7,974,912</b>	<b>7,044,542</b>
1 Receivables		836,730	2,113,871
2 Accrued interest and fee receivables		6,046,092	4,287,030
3 Other assets		1,095,221	643,641
<i>In which: Goodwill</i>	16	34,342	103,785
4 Allowance for other assets		(3,131)	-
<b>TOTAL ASSETS</b>		<b>242,342,951</b>	<b>202,058,040</b>

The accompanying notes are an integral part of these financial statements



	Note	31/12/2020 VND million	31/12/2019 VND million
<b>B</b>			
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
<b>I</b>			
<b>Amounts due to the Government and the SBV</b>	<b>17</b>	<b>224,189</b>	<b>287,008</b>
<b>II</b>			
<b>Deposits and borrowings from other CIs</b>	<b>18</b>	<b>14,745,116</b>	<b>17,533,192</b>
1		12,018,250	12,947,426
2		2,726,866	4,585,766
<b>III</b>			
<b>Deposits from customers</b>	<b>19</b>	<b>174,525,987</b>	<b>136,847,259</b>
<b>V</b>			
<b>Other borrowed and entrusted funds</b>	<b>20</b>	<b>-</b>	<b>1,158,625</b>
<b>VI</b>			
<b>Valuable papers issued</b>	<b>21</b>	<b>32,251,205</b>	<b>28,155,937</b>
<b>VII</b>			
<b>Other liabilities</b>	<b>22</b>	<b>6,364,728</b>	<b>5,496,219</b>
1		5,086,061	4,575,779
3		1,278,667	920,440
<b>TOTAL LIABILITIES</b>		<b>228,111,225</b>	<b>189,478,240</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>VIII</b>			
<b>Equity and reserves</b>	<b>23</b>	<b>14,231,726</b>	<b>12,579,800</b>
1		10,746,446	8,944,772
a		10,746,389	8,881,441
c		57	63,331
2		1,752,673	1,473,387
5		1,732,607	2,161,641
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>14,231,726</b>	<b>12,579,800</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>242,342,951</b>	<b>202,058,040</b>

	Note	31/12/2020 VND million	31/12/2019 VND million	
<b>OFF-BALANCE SHEET ITEMS</b>				
<b>I CONTINGENT LIABILITIES</b>				
1	Loan guarantees	39	67,222	4,196
2	Foreign exchange commitments	39	39,605,786	27,900,350
	<i>Foreign currency purchase commitments</i>		906,652	213,131
	<i>Foreign currency sale commitments</i>		450,832	97,243
	<i>Swap commitments</i>		38,248,302	27,589,976
4	Letters of credit	39	429,900	754,684
5	Other guarantees	39	1,327,012	2,036,352
6	Other commitments	39	2,181,277	96,082

26 March 2021

Prepared by:



Tran Hoai Thu  
Head of Finance Department

Reviewed by:



Nguyen Thi Gam  
Chief Accountant

Approved by:



Pham Doan Son  
Chief Executive Officer



No.	Items	Note	2020 VND million	2019 VND million
1	Interest and similar income	24	17,869,155	16,259,848
2	Interest and similar expenses	25	(11,148,984)	(10,198,972)
<b>I</b>	<b>Net interest income</b>		<b>6,720,171</b>	<b>6,060,876</b>
3	Fee and commission income		859,823	592,483
4	Fee and commission expenses		(233,022)	(199,072)
<b>II</b>	<b>Net fee and commission income</b>	<b>26</b>	<b>626,801</b>	<b>393,411</b>
<b>III</b>	<b>Net gain from trading of foreign currencies</b>	<b>27</b>	<b>62,043</b>	<b>63,982</b>
<b>IV</b>	<b>Net gain from securities held for trading</b>	<b>28</b>	<b>33,650</b>	<b>4,070</b>
<b>V</b>	<b>Net gain/(loss) from investment securities</b>	<b>29</b>	<b>137,734</b>	<b>(53,806)</b>
5	Other income		257,088	90,911
6	Other expenses		(66,676)	(53,124)
<b>VI</b>	<b>Net other income</b>	<b>30</b>	<b>190,412</b>	<b>37,787</b>
<b>VII</b>	<b>Income from equity investments and purchase of shares</b>		<b>275</b>	<b>275</b>
<b>VIII</b>	<b>Operating expenses</b>	<b>31</b>	<b>(4,645,147)</b>	<b>(4,032,180)</b>
<b>IX</b>	<b>Net operating profit before allowance and provision expenses</b>		<b>3,125,939</b>	<b>2,474,415</b>
<b>X</b>	<b>Allowance and provision expenses</b>	<b>32</b>	<b>(699,386)</b>	<b>(435,591)</b>
<b>XI</b>	<b>Profit before tax</b>		<b>2,426,553</b>	<b>2,038,824</b>
7	Income tax expense - current	33	(564,645)	(438,547)
<b>XII</b>	<b>Income tax expense</b>	<b>33</b>	<b>(564,645)</b>	<b>(438,547)</b>
<b>XIII</b>	<b>Net profit after tax</b>		<b>1,861,908</b>	<b>1,600,277</b>
<b>XV</b>	<b>Basic earnings per share</b>	<b>34</b>	<b>1,537</b>	<b>Restated 1,306</b>

26 March 2021

Prepared by:



Tran Hoai Thu  
Head of Finance Department

Reviewed by:



Nguyen Thi Gam  
Chief Accountant

Approved by:




Pham Doan Son  
Chief Executive Officer

	2020 VND million	2019 VND million	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	Interest and similar income received	16,110,093	15,778,719
02	Interest and similar expenses paid	(10,638,702)	(9,690,152)
03	Net fee and commission income received	626,801	393,411
04	Net receipts from/payments for trading activities foreign currencies and securities	134,208	87,934
05	Other income/(expenses) paid	63,806	(12,859)
06	Receipts from recovery of bad debts previously written off	135,023	54,267
07	Payments for operating and salary expenses	(4,195,419)	(3,715,765)
08	Income tax paid during the year	(462,127)	(402,203)
	<b>Net cash flows from operating activities before changes in operating assets and liabilities</b>	<b>1,773,683</b>	<b>2,493,352</b>
<b>Changes in operating assets</b>			
09	Decrease/(increase) in deposits with and loans to other CIs	1,984,873	(1,496,489)
10	Decrease in investment securities	1,488,334	1,213,921
11	Increase in derivatives and other financial assets	(130,201)	(22,353)
12	Increase in loans to customers	(36,098,910)	(21,329,202)
13	Decrease in allowance for impairment of assets	(384,635)	(620,473)
14	Decrease in other operating assets	622,982	161,791
<b>Changes in operating liabilities</b>			
15	Decrease in amounts due to the Government and the SBV	(62,819)	(7,058,038)
16	(Decrease)/increase in deposits and borrowings from other credit institutions	(2,788,076)	1,092,236
17	Increase in deposits from customers	37,678,728	11,899,184
18	Increase in valuable papers issued	4,095,268	18,036,173
19	Decrease in other borrowed and entrusted funds	(1,158,625)	(2,875)
21	Increase in other operating liabilities	184,993	236,976
22	Utilisations of reserves	(194,694)	(210,193)
<b>I</b>	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>7,010,901</b>	<b>4,394,010</b>

The accompanying notes are an integral part of these financial statements



	2020 VND million	2019 VND million	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
01	Payments for purchases of fixed assets	(317,095)	(434,401)
02	Proceeds from disposals of fixed assets	439	4,098
03	Payments for disposals of fixed assets	-	-
08	Collections on investments in other entities	8,800	-
09	Dividends and profit received from long-term equity investments	275	275
<b>II</b>	<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(307,581)</b>	<b>(430,028)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
01	Increase in capital from shares issuance	-	1,006,472
<b>III</b>	<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>1,006,472</b>
<b>IV</b>	<b>NET CASH FLOWS DURING THE YEAR</b>	<b>6,703,320</b>	<b>4,970,454</b>
<b>V</b>	<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>17,098,115</b>	<b>12,127,661</b>
<b>VII</b>	<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Note 35)</b>	<b>23,801,435</b>	<b>17,098,115</b>

26 March 2021

Prepared by:



Tran Hoai Thu  
Head of Finance Department

Reviewed by:



Nguyen Thi Gam  
Chief Accountant

Approved by:



Pham Doan Son  
Chief Executive Officer



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

## 1. Reporting entity

Lien Viet Post Joint Stock Commercial Bank (hereinafter referred to as “the Bank”) is a commercial joint stock bank incorporated and registered in the Socialist Republic of Vietnam.

### (a) Establishment and operation

Lien Viet Post Joint Stock Commercial Bank (“the Bank”) was formerly known as Lien Viet Joint Stock Commercial Bank, which had been established in accordance with Bank Operation License No. 91/GP-NHNN dated 28 March 2008 by the Governor of the State Bank of Vietnam (“SBV”). The license is valid for 99 years from the issuance date. The Company’s Enterprise Registration Certificate No. 6300048638 issued by the Department of Planning and Investment of Hanoi has been amended for the 19<sup>th</sup> time on 21 January 2021.

In accordance with Official Letter No. 244/TTg-DMDN dated 21 February 2011, the Vietnamese Prime Minister approved the capital contribution of Vietnam Post Corporation (“Vietnam Post”) in Lien Viet Joint Stock Commercial Bank by the value of Vietnam Postal Savings Service Company (“VPSC”) and cash. As at 1 July 2011, Vietnam Post completed the transfer of assets and liabilities of VPSC to Lien Viet Joint Stock Commercial Bank. Under Decision No. 1633/QĐ-NHNN dated 22 July 2011 by the State Bank of Vietnam, Lien Viet Joint Stock Commercial Bank was approved to change its name to Lien Viet Post Joint Stock Commercial Bank.

The Bank’s main activities are mobilising and receiving short, medium and long-term deposits from organisations and individuals; granting credit to organisations and individuals up to the nature and capability of the Bank’s capital resources; conducting foreign exchange transactions, trade finance services, discounting of commercial papers, bonds and other valuable papers, and providing other banking services permitted by the State Bank of Vietnam.

### (b) Charter capital

As at 31 December 2020, the Bank’s share capital was VND10,746,389 million (31/12/2019: VND8,881,441 million). The par value per share is VND10,000.

### (c) Location and operation network

The Bank’s Head Office is located at 210 Tran Quang Khai, Hoan Kiem District, Hanoi. As at 31 December 2020, the Bank had one (1) Head Office, three (3) representative offices, seventy-six (76) branches, four hundred and eighty (480) transaction offices, six hundred and thirteen (613) post transaction offices nationwide (31/12/2019: the Bank had one (1) Head Office, three (3) representation offices, seventy six (76) branches, four hundred and sixty two (462) transaction offices, six hundred and eighty five (685) post transaction offices nationwide).

### (d) Number of employees

As at 31 December 2020, the Bank had 9,946 employees (31/12/2019: 9,184 employees).



## 2. Basis of preparation

### (a) Statement of compliance

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

### (b) Basis of measurement

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

### (c) Annual accounting period

The Bank's annual accounting period is from 1 January to 31 December.

### (d) Accounting and presentation currency

The Bank's accounting currency is Vietnam Dong ("VND") which is also the currency used for financial statement presentation purpose, rounded to the nearest million ("VND million"). Regarding basic earnings per share, the Bank presented this item in VND as described in Note 34.

## 3. Summary of significant accounting policies

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

### (a) Foreign currencies

All transactions are recorded in their original currencies. Monetary items denominated in currencies other than VND are translated into VND at average exchange rate for spot selling and buying of the Bank at the end of the last working day of the accounting period ("the spot exchange rate") if the difference between this rate and the weighted average buying and selling rate of the last working day of the accounting period is less than 1% (refer to Note 51 for details of foreign exchange rates as at 31 December 2020 and 31 December 2019). If the difference between the spot exchange rate at the end of the last working day of the accounting period and the weighted average buying and selling rate of the last working day of the accounting period is 1% or more, the Bank shall use the weighted average buying and selling rate of the last working day of the accounting period. Non-monetary items denominated in currencies other than VND are translated into VND at the rates of exchange ruling at the transaction dates.

Income and expense transactions incurred in currencies other than VND are translated into VND using the exchange rates ruling at the transaction dates. Exchange differences arising from revaluation of assets and liabilities denominated in currencies other than VND at monthly reporting dates are recorded in "Foreign exchange differences" account in the equity and recognised to the statement of income at the end of the annual accounting period.

**(b) Accounting estimates**

The preparation of the financial statements in accordance with the Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to Credit institutions (“CIs”) stipulated by the SBV and the relevant statutory requirements applicable to financial reporting requires the Board of Management to make estimates and assumptions that affect the amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the annual accounting period. Although these accounting estimates are based on the Board of Management’s best knowledge, actual results could differ from those estimates.

**(c) Cash and cash equivalents**

Cash and cash equivalents include cash, demand deposits, term deposits with original terms of less than 3 months, and short-term investments with recovery or maturity less than 3 months from date of purchase that are highly liquid, readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

**(d) Deposits with and loans to other Credit institutions**

Deposits with other CIs, except for current deposits, are deposits with other CIs with original terms not exceeding 3 months.

Loans to other CIs are loans with original terms to maturity of not exceeding 12 months.

Current deposits at other CIs are stated at cost. Term deposits with and loans to other CIs are stated at the amount of the outstanding principal less any specific allowance for Credit risks.

Classification of term deposits with and loans to other CIs and allowance for Credit risks thereof is made in accordance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 of the SBV on classification of assets, level and method of allowance making, and use of allowance against Credit risks in banking activities of CIs and foreign banks’ branches (“Circular 02”) and Circular No. 09/2014/TT-NHNN dated 18 March 2014 of the SBV on amending and supplementing a number of articles of Circular 02 (“Circular 09”). Accordingly, the Bank made specific allowance for term deposits with and loans to other CIs in accordance with the methods described in Note 3(i).

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

**(e) Securities held for trading**

**(i) Classification**

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

**(ii) Recognition**

The Bank recognises securities held for trading at the date that it becomes a party under contracts with respect to these securities (trade date accounting).

**(iii) Measurement**

Securities held for trading are stated at cost less allowance for diminution in the value of securities held for trading.

As at 31 December 2020, securities held for trading represent overseas open-ended fund certificates. Allowance for diminution is the difference between original cost and net asset value (NAV) of investment which is computed on capital contribution rate in case the net asset value is less than original cost. Increases or decreases of the allowance balance are recorded in the statement of income during the year.



**(iv) De-recognition**

The Bank derecognises securities held for trading when the contractual rights to the cash flows from these securities expired or when the significant risks and rewards of ownership of these securities have been transferred.

**(a) Investment securities**

**(i) Classification**

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

*Available-for-sale investment securities*

Available-for-sale investment securities, include debt and equity securities which are not investments in subsidiaries, associates or joint ventures (jointly controlled entities) that are held by the Bank for investment purpose and that are ready for sale. These securities are not frequently traded but can be sold at any time once they are profitable, and the Bank is neither founding shareholder/strategic partner nor capable of controlling, to some extent, the process of initiating and approving financial and operational policies of the investee by a written agreement on delegating personnel to take part in the Board of Directors/Members' Council/Board of Management.

*Held-to-maturity investment securities*

Held-to-maturity investment securities are debt securities that are purchased by the Bank for the purpose of gaining interest and the Bank has intention and ability to hold the securities until maturity. Held-to-maturity securities have fixed payments and fixed maturities. In case the securities are sold before maturity, the remaining portfolio will be reclassified to trading or available-for-sale securities.

**(ii) Recognition**

The Bank recognises investment securities on the date when it becomes a party to the contractual provision of these securities (trade date accounting).

**(iii) Measurement**

**Equity securities**

Available-for-sale equity securities are initially recorded at cost including purchase cost plus other directly attributable costs such as brokerage fees, transaction fees, information fees and bank charges (if any). They are subsequently recognised at the lower of book value and market value with the impairment loss recognised in the statement of income.

For listed equity securities, the actual market price of securities is the closing bid price at the latest trading date prior to the end of the accounting period. If the listed securities are not traded in 30 days before making allowances or the listed securities are cancelled or suspended from trading on the date of making allowances, allowances for each investment in equity securities are determined as those for other investments specified in Note 3(g)(ii).

For securities which have been registered for trading in the market of unlisted public companies and state-owned enterprises equitized through public offering ("UpCom"), the actual market price is the average price within the last 30 transaction days prior to the end of the accounting period announced by the Stock Exchange. If the listed securities of a joint-stock company in the Upcom are not traded in 30 days prior to the end of the accounting period, allowances for each investment in equity securities are determined as those for other investments specified in Note 3(g)(ii).

For unlisted, unregistered equity securities, allowances for each investment in equity securities held for trading are determined as those for other investments specified in Note 3(g)(ii).

If there is no information that is reliably determined to make allowances for investments in accordance with Note 3(g)(ii), the Bank shall not make allowances for such investments.

### **Debt securities**

Debt securities are initially stated at cost including transaction costs and other directly attributable costs. They are subsequently recognised at amortised cost (affected by premium/discount amortisation) less allowance for risks. Premium and discounts arising from purchases of debt securities are amortised to the statement of income on a straight-line basis over the period from acquisition date to maturity date.

Listed available-for-sale debt securities are measured at cost less allowance for diminution in value which is determined by reference to the closing bid price at the latest trading date to the end of the accounting period.

Held-to-maturity debt securities and available-for-sale debt securities of unlisted enterprises are recognised at cost less allowance for Credit risks. Debt classification and allowance for these bonds are made in accordance with the policies applicable to loans and advances to customers as described in Note 3(i).

The remaining unlisted debt securities (excluding unlisted held-to-maturity debt securities and available-for-sale investment securities of unlisted enterprises) are stated at cost less allowance for diminution in value of securities which is determined by referencing to the market value. In cases where market value of securities is not available or cannot be determined reliably, such securities are stated at cost.

Post-acquisition interest income of available-for-sale debt securities and held-to maturity investment securities is recognised in the statement of income on an accrual basis. The accumulated interest income before the acquisition date is recognised as a decrease in cost upon receipt.

The allowance for diminution in value of investment securities mentioned above is reversed if their price or their recoverable value subsequently increases after the allowance was recognised. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

#### **(iv) De-recognition**

The Bank derecognises available-for-sale investment securities and held-to-maturity investment securities when the contractual rights to the cash flows from these securities have expired or when the significant risks and rewards of ownership of these securities have been transferred.

#### **(v) Special bonds issued by Vietnam Asset Management Company ("VAMC")**

Special bonds issued by VAMC are term valuable papers issued by VAMC for purchasing bad debts of the Bank.

The Bank accounts for bad debt sold in exchange for special bonds issued by VAMC in accordance with guidance in Official Letter No. 8499/NHNN-TCKT issued by the SBV on 14 November 2013 ("Official Letter 8499") and Official Letter No. 925/NHNN-TCKT issued by the SBV on 19 February 2014 ("Official Letter 925"). These special bonds are classified as held-to-maturity securities, initially measured at par value at transaction date and subsequently measured at par value less allowance for losses.

Periodically, the Bank shall determine and make allowance for special bonds issued by VAMC to purchase bad debts of Credit institutions in accordance with the regulations stipulated in Decree No. 53/2013/ND-CP ("Decree 53") dated 18 May 2013 of the Government, Circular No. 19/2013/TT-NHNN dated 6 September 2013 ("Circular 19") issued by the SBV on the purchase, sale and settlement of bad debts of VAMC, Circular



No. 14/2015/TT-NHNN dated 28 August 2015 ("Circular 14") and Circular No. 08/2016/TT-NHNN dated 16 June 2016 ("Circular 08") issued by the SBV on amendments and supplement to some articles of Circular 19. Accordingly, special bonds have a term of 5 years or more and the minimum specific allowance required to be provided each year is the positive difference between the (Par value of the special bonds divided by the term of the bonds multiplied with the number of accumulated years from the issuance date) less (The accumulated total debt collecting amount of the relevant bad debts as of the provision date and the accumulated specific allowance made as of the preceeding provision date of the bonds) (within a period of 12 months from the most recent provision date). On an annual basis within 05 working days prior to the corresponding date of the maturity date of special bonds, allowance for special bonds is recorded in the statement of income.

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

## **(g) Other long-term investments**

### **(i) Other long-term investments**

Other long-term investments represent the investments into other entities under investment contracts or the investments in shares which are unlisted on the securities market in which the Bank holds less than 11% of the voting right and the Bank is not the founding shareholder or a strategic partner and does not have control or significant influence on the financial and operating policies of these entities. The long-term investments are initially stated at cost, and subsequently stated at cost less allowance for diminution in value of investments.

### **(ii) Allowance for diminution in value of long-term investments**

The allowance for diminution in value of long-term investments is made in the case that the economic entity in which the Bank invested in suffers loss, except for cases where losses have been anticipated in the initial business plans. Allowance for diminution in value is determined as the total actual contributed capital of parties to the investee company less (-) the actual owner's equity multiplied (x) by the Bank's ownership percentage in the investee. For an investment in listed securities or securities whose market price can be determined reliably, allowance is made based on the market price of the securities.

Other long-term investments are derecognised when the rights to receive cash flows from those investments have expired or the Bank has transferred substantially all the risks and rewards of ownership of those investments.

## **(h) Loans to customers**

Loans to customers are stated at the amount of the principal outstanding at the end of the accounting period.

Short-term loans are those with a repayment date within 1 year from the loan disbursement date. Medium-term loans are those with a repayment date between 1 to 5 years from the loan disbursement date. Long-term loans are those with a repayment date of more than 5 years from the loan disbursement date.

The Bank derecognises loans when the contractual rights to the cash flows from these securities expire or when the significant risks and rewards of ownership of these securities have been transferred.

For the loans sold to VAMC, the Bank shall remove them from the balance sheet in accordance with the guidance in Official Letter 8499 and Official Letter 925.

Debt classification and allowance for Credit losses are made in accordance with Circular 02 and Circular 09 as described in Note 3(i).

**(i) Debt classification and the allowance rate and method of making allowance for Credit risks**

**(i) Debt classification**

Classification of term deposits with and loans to other Credit institutions, purchases and entrustment to purchase of unlisted corporate bonds, loans to customers, and entrusted extension of Credit (collectively referred to as “debts”), debts already sold but payments not yet collected, is implemented using the method based on the quantitative element as stipulated in Article 10 of Circular 02.

**(ii) Specific allowance for Credit risks**

Allowance for Credit risks comprises specific allowance for Credit risk and general allowance for Credit risk.

Specific allowance for Credit risks is made for estimated loss arising from specific debts, and calculated based on the net Credit risk exposure of debts using the following allowance rates specified for each debt group:

Debt group		Overdue status	Rate of allowance
1	Current	(a) Current debts that being assessed as fully and timely recoverable, both principals and interests; or (b) Debts which are overdue for a period of less than 10 days and being assessed as fully recoverable, both overdue principals and interests, and fully and timely recoverable, both remaining principals and interests.	0%
2	Special mentioned	(a) Debts which are overdue for a period of between 10 days and 90 days; or (b) Debts which are restructured repayment term for the first time.	5%
3	Substandard	(a) Debts which are overdue for a period of between 91 days and 180 days; or (b) Debts which are extended repayment term for the first time; or (c) Debts which are exempted or reduced interests because customers are not sufficient capability to pay all interests under Credit contracts; or (d) Debts in one of the following circumstances which remain unrecovered during a period of 30 days after the date of the recovery decision: <ul style="list-style-type: none"> <li>• Debts in breach of clauses 1, 3, 4, 5 or 6 of Article 126 of the Law on Credit Institutions;</li> <li>• Debts in breach of clauses 1, 2, 3 or 4 of Article 127 of the Law on Credit Institutions;</li> <li>• Debts in breach of clauses 1, 2 or 5 of Article 128 of the Law on Credit Institutions; or</li> </ul> (e) Debts which are recovered under inspection conclusions.	20%
4	Doubtful	(a) Debts which are overdue for a period of between 181 days and 360 days; or (b) Debts which are restructured repayment term for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or (c) Debts which are restructured repayment term for the second time; or (d) Debts which are specified in point (d) of loan Group 3 have not been recoverable for a period of between 30 days and 60 days after decisions on recovery have been issued; or (e) Debts which must be recovered under inspection conclusions but fail to be repaid although recovery term was overdue from 60 days.	50%



Debt group		Overdue status	Rate of allowance
5	Loss	(a) Debts which are overdue for a period of more than 360 days; or (b) Debts which are restructured repayment term for the first time but still overdue for a period of 90 days or more than under that first restructured repayment term; or (c) Debts which are restructured repayment term for the second time but still overdue under that second restructured repayment term; or (d) Debts which are restructured repayment term for the third time or later, whether debts are overdue or not; or (e) Debts which are specified in point (d) of loan Group 3 have not been recoverable for a period of more than 60 days after decisions on recovery have been issued; or (f) Debts which must be recovered under inspection conclusions but fail to be repaid although recovery term was overdue for more than 60 days; or (g) Debts of customers being Credit institutions which are announced by the SBV to place in special control status, or foreign banks' branches of which capital and assets are blockaded.	100%

Bad debts are debts within Groups 3, 4 and 5.

Customers' debts shall be classified to the higher risk debt group between the debt group classified in accordance with Article 10 of Circular 02 and the debt group provided by Credit Information Centre of the State Bank of Vietnam ("CIC") at the debt classification time.

In cases where a customer has more than one debt with the Bank and if any of these debts is transferred to a higher risk debt group, other debts of such customer shall be classified to higher risk debt groups corresponding to their risk levels.

Payments made in replacement of off-balance sheet commitments are classified based on the number of overdue days, starting from the date when the Bank performs its obligation under the commitments:

- Group 3 - Substandard debts: overdue for less than 30 days;
- Group 4 - Doubtful debts: overdue for between 30 days and less than 90 days;
- Group 5 - Loss debts: overdue for 90 days or more.

Net Credit risk exposure of debts are calculated based on the debt principal less the discounted value of collateral assets using the rates stipulated in Circular 02.

Since 13 March 2020, the Bank has prospectively adopted Circular No. 01/2020/TT-NHNN ("Circular 01") issued by SBV, providing regulations on restructuring of loan repayment periods, exemption/reduction of interest/fees and keeping loan groups unchanged to assist customers affected by the Covid-19 pandemic. Accordingly, for customers who incur obligations of loan principal repayments and/or interest payments during the period from 23 January 2020 to the succeeding day of the date after three months from the Government's announcement of the termination of Covid-19 pandemic and these customers are unable to repay loan principles or to pay interest upon maturity of the signed loan contracts or agreements due to decreases in revenue and income caused by effect of the Covid-19 pandemic, the Bank is allowed to reschedule these loans and their loan groups are kept unchanged from those classified at the most recent date prior to 23 January 2020.

The discounted values of collateral assets are determined in accordance with Circular 02, details as follows:

- Those collaterals that are valued at VND50 billion or more in respect of the debts that are related persons of the Bank and other persons under Article 127 of the Law on Credit Institutions; and those collaterals that are valued at VND200 billion or more, shall be valued by professional valuers.

- For other cases, collaterals are valued in accordance with the Bank's internal regulations and procedures. The maximum discount rates for collateral assets are determined as follows:

Types of collateral assets	Maximum discount rates
(a) Deposits from customers in VND	100%
(b) Gold bars, except for gold bars as described in item (i) deposits from customers in foreign currencies	95%
(c) Government bonds, negotiable instruments, valuable papers issued by the Bank; saving cards, deposit certificates, treasury notes, treasury bills issued by other Credit institutions, foreign banks' branches:	
. With the remaining term of less than 1 year	95%
. With the remaining term of between 1 year and 5 years	85%
. With the remaining term of more than 5 years	80%
(d) Securities issued by other Credit institutions and listed on the Stock Exchange	70%
(e) Securities issued by other enterprises and listed on the Stock Exchange	65%
(f) Securities unlisted on the Stock Exchange, valuable papers, except securities and valuable papers specified in Point c of this clause, and issued by Credit institutions which have registered securities listing on the Stock Exchange	50%
Securities unlisted on the Stock Exchange, valuable papers, except securities and valuable papers specified in Point c of this clause, and issued by Credit institutions which have not registered securities listing on the Stock Exchange	30%
(g) Securities unlisted on the Stock Exchange, valuable papers issued by enterprises which have registered securities listing on the Stock Exchange	30%
Securities unlisted on the Stock Exchange, valuable papers issued by enterprises which have not registered securities listing on the Stock Exchange	10%
(h) Real estate	50%
(i) Gold bars without listed prices and other gold and other collateral assets	30%

Discounted value of collateral assets which failed to satisfy the conditions stipulated at Article 12, Clause 3 of Circular 02 is considered as nil.

The Bank performs classification of loans in accordance with Circular 02 and Circular 09 of the State Bank of Vietnam and in accordance with the Bank's policy on loan classification and provision of Credit risk allowance. Loan classification is made at the last working day of the quarter. Credit risk allowance as at 31 December 2020 was provided based on the results of classification of total outstanding loans as at 31 December 2020.

General allowance is made for Credit losses which are yet to be identified during the debt classification. Accordingly, the Bank is required to make and maintain a general allowance of 0.75% of total outstanding debt balance of which are classified into Groups 1 to 4.

### (iii) Treatment of bad debts

Allowance are recorded in the statement of income as an expense and shall be used to write off any Credit losses incurred. The Bank writes off bad debts if they are classified into Group 5 or if the borrowers are dissolved, bankrupted (in case of legal entities); or are deceased or missing (in case of individuals).



**(iv) Provision for off-balance sheet commitments**

According to Circular 02 and Circular 09, the classification of off-balance sheet commitments is conducted solely for risk management, Credit quality supervision of Credit granting activities. No provision is made for off-balance sheet commitments, except where the Bank has been required to make payment under the guarantee contract, in which case the payment on behalf is classified and allowance is made for in accordance with policy in Note 3(i).

**(j) Derivative financial instruments**

**Forward and swap currency contracts**

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

The positions of forward currency contracts are revalued at the spot exchange rate at the end of each day. Unrealised gains/losses at the monthly reporting date are recognised in "Foreign exchange differences" in equity and are transferred to the statement of income at the end of the accounting period.

**(j) Tangible fixed assets**

**(i) Cost**

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

**(ii) Depreciation**

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

▪ Buildings	6 - 50 years
▪ Machines and equipment	3 - 7 years
▪ Means of transportation - Transmission	10 years
▪ Other tangible fixed assets	3 - 5 years

Loss or gain resulting from sales and disposals of tangible fixed assets is the difference between proceeds from sales or disposals of assets and their net book values together with their disposal expenses and is recognised in the statement of income.

**(l) Intangible fixed assets**

Intangible assets comprise land use rights and computer software which are stated at cost less accumulated amortisation.

The initial cost of a land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Indefinite land use rights are not amortised. Definite land use rights are amortised over land use periods.

Software cost is amortised on a straight-line basis over 8 years.

Loss or gain resulting from sales and disposals of intangible fixed assets is the difference between proceeds from sales or disposals of assets and their net book values together with disposal expense and is recognised in the statement of income.

#### (m) Prepayments

Prepayments comprise capitalised office refurbishment expense, prepaid expenses for office rental and other prepaid expenses.

Capitalised office refurbishment expense is amortised in the statement of income on a straight-line basis over the period of 3 years. Office rental expense represents the amount which has been prepaid to lease the office. Prepaid expense for office rental is amortised in the statement of income on a straight-line basis over the lease period.

Other long-term prepayments include repair, maintenance cost for assets, tools and supplies issued for consumption and are considered to bring future economic benefits to the Bank. These expenses are capitalised as prepayments and are recognized in the statement of income, on a straight-line basis over the period of more than one year and not exceeding three years in accordance with prevailing accounting regulations.

#### (n) Other assets

Other assets, except receivables from Credit activities, are stated at cost less allowance for on-balance sheet assets.

Other assets are subject to review for impairment based on overdue periods of receivables or estimated loss arising from undue receivables of which the indebted economic organisations fall bankrupt or are undergoing dissolution procedures; debtors are missing, have fled, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have deceased. Allowance expense is recorded in operating expense during the year.

For the overdue assets, the Bank applies the allowance rates by overdue period as follows:

Overdue status	Rate of allowance
▪ From 6 months to below 1 year	30%
▪ From 1 year to below 2 years	50%
▪ From 2 years to below 3 years	70%
▪ From 3 years and above	100%

#### **Expenses awaiting amortisation**

Expenses awaiting amortisation in respect of brokerage commission fees represent commission paid to the system of post offices directly related to the enhancement of loans to customers. These expenses are amortised according to the term of each loan to customers on a straight-line basis over a period ranging from below 1 year to 35 years.

Other expenses awaiting amortisation represent the value of tools and instruments awaiting amortisation and prepaid interest on term deposits from customers. Tools and instruments include assets held for use by the Bank in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulations. Cost of tools and instruments are amortised on a straight-line basis over 2 years. Expenses awaiting amortisation of prepaid interest on term deposits from customers are recognised at cost and amortised on a straight-line basis over a period ranging from below 1 year to 10 years.



**(o) Goodwill**

Goodwill represents the excess of the cost of business combination over the Bank's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of combined business operation at the date of combination. Goodwill is recognised as an intangible asset and amortised on a straight-line basis over a period of not exceeding 10 years.

**(p) Other provisions**

A provision other than the provisions described in Notes 3(d), 3(e), 3(f), 3(g), 3(h), 3(i) and 3(n) is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**(q) Amounts due to the Government and the SBV**

Amounts due to the Government and the SBV are stated at cost.

**(r) Deposits and borrowings from other CIs**

Deposits and borrowings from other CIs are stated at cost.

**(t) Deposits from customers**

Deposits from customers are stated at cost.

**(t) Entrustments and entrusted funds**

Entrusted funds received by the Bank include:

- Entrusted funds received by the Bank that suffer no risk: are the funds received in which the entrusting party suffers all risks and damages arising from entrusting activities. The funds received from the entrusting party but not yet disbursed are recorded as other liabilities in the balance sheet. After the entrusted funds are disbursed, the Bank recognises them as off-balance sheet items in accordance with Circular No. 30/2014/TT-NHNN dated 6 November 2014 of the SBV.
- Entrusted funds received by the Bank that suffer risks: are donations, entrusted investments, entrusted loans to be used for predetermined purposes. The Bank is responsible for repayment of such funds when they are due. The Bank recognises the funds received as donation or entrusted investment, and recognises the investments and loans in balance sheet of the Bank.

**(u) Valuable papers issued**

Valuable papers issued are recorded at cost. Costs of valuable papers issued include amounts received from issuance minus direct expenses of issuance.

**(v) Other payables**

Other payables are stated at cost.

**(w) Share capital**

**(i) Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognised as a deduction from share premium in equity.

**(ii) Share premium**

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

## (x) Reserves

According to Decree No. 93/2017/ND-CP dated 7 August 2017 issued by the Government of Vietnam providing regulations on the financial regime applicable to Credit institutions (“Decree 93”), the Bank is required to make the following allocations before distribution of profits:

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

The financial reserve is used to cover losses incurred during the normal course of business. The financial reserve and the reserve to supplement share capital are non-distributable and classified as equity.

Other equity funds are allocated from profit after tax. The allocation from profit after tax and the utilisation of other equity funds are approved in the General Meeting of Shareholders. These funds are not required by law and are fully distributable.

## (y) Bonus and welfare fund

Bonus and welfare fund is allocated from profit after tax in accordance with the resolution of the annual General Meeting of Shareholders and is used primarily to make payments to the Bank’s employees. Bonus and welfare funds are recognised as liabilities.

## (z) Revenue

### (i) Interest income

Interest income is recognised in the statement of income on an accrual basis, except for interest on loans classified in Group 2 to Group 5 as described in Note 3(i) and debts kept unchanged in Group 1 as a result of adoption of Circular 01. When loans are classified in Group 2 to Group 5 as defined in Note 3(i) or kept unchanged in Group 1 as a result of adoption of Circular 01, interest receivable will be derecognised and recorded as off-balance sheet items. Interest on these loans are recognised in the statement of income upon receipt.

### (ii) Fee and commission income

Fee and commission income is recognised in the statement of income when services are rendered.

### (iii) Income from investing activities

Income from sale of securities is recognised in the statement of income upon receipt of the order matching notice from Vietnam Securities Depository (listed securities) and completion of the assets transfer agreement (unlisted securities) and is determined based on the differences between selling price and weighted average cost of securities sold.

Dividend income in cash and profit received from investment activities and capital contribution are recorded into the statement of income when the Bank’s right to receive dividends and profit has been established.

Dividends received in the form of shares of joint stock companies are not recognised as an increase in investment and such dividend income is not recognised in the statement of income. When share dividends are received, the Bank only recognises an increase in the number of shares.

## (aa) Interest expenses

Interest expenses are recognised in the statement of income on an accrual basis.



#### **(bb) Fee and commission expenses**

Fee and commission expenses are recognised in the statement of income when these expenses are incurred.

#### **(cc) Taxation**

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

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

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

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

The determination of the tax currently payable and deferred tax is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

#### **(dd) Earnings per share**

The Bank presents basic earnings per share for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to the ordinary shareholders (after deducting any amounts appropriated to bonus and welfare fund for the accounting year) of the Bank by the weighted average number of ordinary shares outstanding during the year. At the reporting date and for the year then ended, the Bank did not have any potential ordinary shares. Therefore, the requirement for disclosure of diluted earnings per share is not applicable.

#### **(ee) Operating lease payments**

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

#### **(ff) Related parties**

The parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making decisions on financial and operating policies. A party is considered as a related party with the Bank if:

- (i) The party is a party that is controlled, jointly controlled or significantly influenced by, or of which, significant voting power in such Bank resides with, directly or indirectly, any individual referred to in point (iv) or (v).
- (ii) Directly or indirectly through one or more intermediaries, the party:
  - has capability to control the Bank or is controlled by the Bank (including the parent company and subsidiaries);
  - has contributed capital to the Bank, which accordingly, gives it significant influence over the Bank; and
  - has joint control over the Bank.

- (iii) The party is a joint venture or associate in which the Bank is a joint venture or associate;
- (iv) The party is a close member of the Board of Directors, Board of Supervisors and Board of Management of the Bank; and
- (v) The party is a close member of the family of any individual referred to in point (ii) or (iv);

#### **(gg) Segment reporting**

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

#### **(hh) Commitments and contingent liabilities**

At any point of time, the Bank has outstanding Credit commitments. These commitments are approved and unutilised loans and overdraft facilities. The Bank also provides financial guarantees and letters of Credit to guarantee the performance of customers to third parties. These transactions are recorded in the financial statements when performed or when related expenses are incurred or received. Many of the outstanding commitments and contingent liabilities will expire without incurring any part or all of an advance. Therefore, commitments and contingent liabilities do not necessarily reflect the cash-flows expected in the future.

#### **(ii) Nil balances**

Items or balances required by Circular No. 49/2014/TT-NHNN dated 31 December 2014 ("Circular 49") of the SBV's Governor on amending and supplementing a number of articles of financial reporting system of Credit institutions accompanying Decision No. 16/2007/QD-NHNN dated 18 April 2007 and Decision No. 479/2004/QD-NHNN dated 29 April 2004 of the SBV's Governor and the accompanying chart of accounts of Credit institutions that are not shown in these financial statements indicate nil balances.

#### **(jj) Financial instruments**

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

##### **(i) Financial assets**

*Financial assets at fair value through profit or loss:*

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

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



*Held-to-maturity investments:*

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

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

*Loans and receivables*

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

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

*Available-for-sale financial assets*

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

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

**(ii) Financial liabilities**

*Financial liabilities at fair value through profit or loss*

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

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

*Financial liabilities carried at amortised cost*

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

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

#### 4. Cash on hand

	31/12/2020 VND million	31/12/2019 VND million
Cash on hand in VND	3,080,986	1,076,651
Cash on hand in foreign currencies	418,284	136,995
	3,499,270	1,213,646

#### 5. Balances with the State Bank of Vietnam

	31/12/2020 VND million	31/12/2019 VND million
Balance of current account at the SBV		
<i>In VND</i>	6,219,368	6,274,247
<i>In foreign currencies</i>	539,612	347,696
	6,758,980	6,621,943

These consist of a compulsory reserve requirement ("CRR") for liquidity and a current account.

Under the SBV's regulations relating to the compulsory reserve, banks are permitted to maintain a floating balance for the compulsory reserve requirement ("CRR"). The monthly average balance of the reserve must not be less than corresponding CRR rates multiplied with preceding month's average balances of deposits.

The CRR rates at the year-end were as follows:

	CRR rate	
	31/12/2020	31/12/2019
Preceding month's average balances of:		
Deposits in USD with term of less than 12 months	8%	8%
Deposits in USD with term of and more than 12 months	6%	6%
Deposits in VND with term of less than 12 months	3%	3%
Deposits in VND with term of and more than 12 months	1%	1%

Annual interest rates at the year-end were as follows:

	31/12/2020	31/12/2019
Deposits in USD within the CRR	0.00%	0.00%
Deposits in USD beyond the CRR	0.05%	0.05%
Deposits in VND within the CRR	0.50%	0.80%
Deposits in VND beyond the CRR	0.00%	0.00%



## 6. Deposits with and loans to other Credit institutions

	31/12/2020 VND million	31/12/2019 VND million
<b>Demand deposits</b>		
Demand deposits in VND	1,025,173	797,503
Demand deposits in foreign currencies	507,057	445,283
<b>Term deposits</b>		
Term deposits in VND	8,941,955	5,748,835
Term deposits in foreign currencies	3,069,000	2,270,905
	13,543,185	9,262,526
<b>Borrowings from other Credit institutions</b>		
Borrowings in VND	300,000	1,312,015
Borrowings in foreign currencies	116,250	1,089,108
Allowance for loans to other CIs (i)	-	-
	416,250	2,401,123
	13,959,435	11,663,649

Balances with and loans to other CIs by groups were as follows:

	31/12/2020 VND million	31/12/2019 VND million
Group 1 - Current debts	12,427,205	10,420,863

(i) Movements in allowance for loans to other CIs are as follows:

	2020 VND million	2019 VND million
Opening balance	-	4,634
Allowance reversed during the year (Note 32)	-	(4,634)
Closing balance	-	-

Annual interest rates at the end of the year were as follows:

	31/12/2020	31/12/2019
Term deposits in VND	0.1% - 2.9%	1.35% - 4.80%
Term deposits in foreign currencies	0.15% - 0.6%	1.95% - 2.55%
Loans in VND	2.9% - 5.5%	4.50% - 7.70%
Loans in foreign currencies	0.8%	2.65% - 3.60%

## 7. Securities held for trading

	31/12/2020 VND million	31/12/2019 VND million
<b>Other securities held for trading</b>		
Other securities held for trading issued by foreign economic entities	279,000	-

Listing status of securities held for trading was as follows:

	31/12/2020 VND million	31/12/2019 VND million
<b>Other securities held for trading</b>		
Unlisted	279,000	-

## 8. Derivatives and other financial assets/(liabilities)

Details of financial derivatives at the end of the year were as follows:

	31/12/2020		31/12/2019	
	Total contract nominal value	Total carrying value	Total contract nominal value	Total carrying value
	VND million	Assets/ (liabilities) VND million	VND million	Assets/ (liabilities) VND million
<b>Derivative financial instruments</b>				
Foreign exchange forward contracts	3,694,946	14,922	3,628,843	22,235
Foreign exchange swap contracts	36,464,219	203,179	26,860,187	65,665
	40,159,165	218,101	30,489,030	87,900

## 9. Loans to customers

	31/12/2020 VND million	31/12/2019 VND million
Loans to local economic entities and individuals	176,215,025	140,200,102
Loans on discounting negotiable instruments and valuable papers	48,237	42,025
Loans financed by sponsored and trusted funds	358,274	280,499
	176,621,536	140,522,626

Loan portfolio by loan group was as follows:

	31/12/2020 VND million	31/12/2019 VND million
Group 1 - Current debts	172,777,892	136,969,744
Group 2 - Special mentioned debts	1,316,295	1,522,545
Group 3 - Substandard debts	404,729	279,874
Group 4 - Doubtful debts	356,353	324,179
Group 5 - Loss debts	1,766,267	1,426,284
	176,621,536	140,522,626

Loan portfolio by term was as follows:

	31/12/2020 VND million	31/12/2019 VND million
Short term loans	56,199,575	43,149,269
Medium term loans	81,581,195	65,687,710
Long term loans	38,840,766	31,685,647
	176,621,536	140,522,626

Loan portfolio by type of customers and economic entities was as follows:

	31/12/2020		31/12/2019	
	VND million	%	VND million	%
<b>Loans to economic entities</b>				
State-owned enterprises	1,802	0.00%	216,607	0.15%
One-member limited 100%-state-owned enterprises	1,136,496	0.64%	1,448,345	1.03%
Other limited companies	21,520,892	12.18%	19,969,052	14.21%
Joint stock companies in which the State's holding percentage is more than 50%	5,140,630	2.91%	5,346,583	3.80%
Other joint stock companies	72,359,864	40.97%	57,671,288	41.04%
Partnerships	131	0.00%	236	0.00%
Private companies	9,103	0.01%	4,721	0.01%
Foreign invested enterprises	-	-	11,690	0.02%
Cooperatives, cooperative unions	122,131	0.07%	117,975	0.08%
Administrative units, parties, unions and associations	51,357	0.03%	33,266	0.02%
<b>Loans to individuals</b>				
Individuals	76,279,130	43.19%	55,702,863	39.64%
	176,621,536	100.00%	140,522,626	100.00%



Loan portfolio by industry sectors was as follows:

	31/12/2020		31/12/2019	
	VND million	%	VND million	%
Agriculture, forestry and aquaculture	9,208,730	5.21%	5,995,308	4.27%
Mining	396,457	0.22%	745,865	0.53%
Manufacturing and processing	13,874,231	7.86%	7,790,904	5.54%
Electricity, gas, hot water, steam and air-conditioning	4,893,446	2.77%	5,165,018	3.68%
Water supplying and garbage and sewage treatment and management	574,280	0.31%	267,189	0.19%
Construction	24,320,610	13.77%	25,363,537	18.05%
Wholesale and retail trade; repair of motor vehicles, motor cycles	26,919,983	15.24%	13,473,176	9.59%
Transport, warehouse	3,550,012	2.01%	3,755,422	2.67%
Hospitality services	5,813,304	3.29%	9,119,107	6.49%
Information and communications	1,210,334	0.69%	1,221,256	0.87%
Finance, banking and insurance	1,778,824	1.01%	2,288,103	1.63%
Real estate trading	3,495,247	1.98%	7,986,088	5.68%
Science and technology	9,924,506	5.62%	1,214,729	0.86%
Administrative activities and supporting service	4,743,932	2.69%	4,695,967	3.34%
The Communist Party, socio-political unions, state management, security and national defence, compulsory social insurance	2,801,154	1.59%	2,622,957	1.87%
Education and training	5,166,342	2.93%	1,265,225	0.90%
Health care and social work	585,854	0.33%	418,186	0.30%
Art, playing and recreation	9,292,412	5.26%	8,362,743	5.95%
Other service activities	418,841	0.24%	198,485	0.14%
Households services	47,653,037	26.98%	38,573,361	27.45%
	176,621,536	100.00%	140,522,626	100.00%

Year-end annual interest rates were as follows:

	31/12/2020	31/12/2019
Loans in VND	4.8% - 17.00%	7.50% - 14.00%
Loans in foreign currencies	2.80% - 7.50%	3.00% - 9.30%

## 10. Allowance for loans to customers

Allowance for loans to customers include:

	31/12/2020 VND million	31/12/2019 VND million
General allowance (i)	1,312,305	1,042,293
Specific allowance (ii)	952,896	678,300
	2,265,201	1,720,593

(i) Movements in general allowance for loans to customers were as follows:

	2020 VND million	2019 VND million
Opening balance	1,042,293	865,775
General allowance made during the year (Note 32)	270,012	176,518
Closing balance	1,312,305	1,042,293

(ii) Movements in specific allowance for loans to customers were as follows:

	2020 VND million	2019 VND million
Opening balance	678,300	617,187
Specific allowance made during the year (Note 32)	320,033	74,008
Allowance utilised during the year	(45,437)	(12,895)
Closing balance	952,896	678,300

## 11. Investment securities

### (a) Available-for-sale investment securities

	31/12/2020 VND million	31/12/2019 VND million
<b>Debt securities</b>		
▪ Bonds issued by the Government (i)	23,508,650	20,157,900
▪ Bonds issued by other local Credit institutions (ii)	9,031,953	13,833,311
<i>In which: Bonds guaranteed by the Government</i>	2,655,927	3,105,959
▪ Bonds issued by local economic entities (iii)	402,612	359,995
<b>Equity securities</b>		
▪ Equity securities issued by other local Credit institutions	431,113	431,113
	33,374,328	34,782,319
<b>Allowance for available-for-sale investment securities</b>		
▪ General allowance for available-for-sale debt securities	(3,052)	(900)
▪ Specific allowance for available-for-sale debt securities	-	(56,827)
▪ Allowance for diminution in value of available-for-sale debt securities	(11,264)	(11,335)
▪ Allowance for diminution in value of available-for-sale equity securities	-	(101,300)
	(14,316)	(170,362)
	33,360,012	34,611,957

(i) These represent bonds issued by the State Treasury, Hai Phong People's Committee denominated in VND. These bonds have terms ranging from 5 to 20 years and earn annual interest rates from 2.30% to 9.10% (31/12/2019: 2.9% to 10.8% per annum). Interest is payable annually.

(ii) These represent bonds issued by other local Credit institutions denominated in VND. Such bonds have terms ranging from 1 to 15 years and earn annual interest rates from 4.3% to 10.8% (31/12/2019: 5.5% to 11.5%). Interest is payable bi-annually or annually.

(iii) These represent bonds issued by local economic entities, denominated in VND. These bonds have terms ranging from 1 year and 10 year, and earn annual interest rates ranging from 9% to 9.35% (31/12/2019: from 9.35% to 10.5%). Interest is payable monthly and bi-annually.

As at 31 December 2020, the Bank used debt securities including Government bonds and debt securities issued by other local Credit institutions amounting to from VND8,983,340 million (31/12/2019: VND9,984,852 million) as collateral at Credit institutions to secure its borrowings and term deposits from other Credit institutions (Note 18).



**(b) Held-to-maturity investment securities**

	31/12/2020 VND million	31/12/2019 VND million
<b>Special bonds issued by VAMC</b>		
▪ Special bonds at par value	-	359,343
▪ Allowance for special bonds	-	(175,182)
	-	184,161

**(c) Listing status of available-for-sale securities**

	31/12/2020 VND million	31/12/2019 VND million
<b>Debt securities</b>		
Government bonds - listed	23,508,650	20,157,900
Issued by local Credit institutions - unlisted	9,031,953	13,833,311
Issued by local economic entities - unlisted	402,612	359,995
<b>Equity securities</b>		
Issued by other local Credit institutions - listed	431,113	431,113
	33,374,328	34,782,319

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 210 Tran Quang Khai, Hoan Kiem District, Hanoi, Vietnam  
 Notes to the financial statements for the year ended 31 December 2020 (continued)

(d) Allowance for investment securities

Movements of allowance for diminution in value of investment securities for the year ended 31 December 2020 were as follows:

	Allowance for diminution in value of available- for-sale equity securities VND million	Allowance for diminution in value of available- for-sale debt securities VND million	General allowance for available-for-sale debt securities VND million	Specific allowance for available- for-sale debt securities VND million	Specific allowance for held- to-maturity debt securities VND million	Total VND million
Opening balance	101,300	11,335	900	56,827	175,182	345,544
Allowance (reversed)/made during the year (Notes 29, 32)	(101,300)	(71)	2,152	(56,827)	164,016	7,970
Allowance utilised during the year	-	-	-	-	(339,198)	(339,198)
Closing balance	-	11,264	3,052	-	-	14,316

Movements of allowance for diminution in value of investment securities for the year ended 31 December 2019 were as follows:

	Allowance for diminution in value of available- for-sale equity securities VND million	Allowance for diminution in value of available-for- sale debt securities VND million	General allowance for available-for-sale debt securities VND million	Specific allowance for available- for-sale debt securities VND million	Specific allowance for held-to-maturity debt securities VND million	Total VND million
Opening balance	38,947	-	13,335	-	637,453	689,735
Allowance (reversed)/made during the year (Notes 29, 32)	62,353	11,335	(12,435)	56,827	145,307	263,387
Allowance utilised during the year	-	-	-	-	(607,578)	(607,578)
Closing balance	101,300	11,335	900	56,827	175,182	345,544

## 12. Other long-term investments

Details of other long-term investments were as follows:

	31/12/2020			31/12/2019		
	Number of shares owned	Cost	% Ownership	Number of shares owned	Cost	% Ownership
		VND million	%		VND million	%
<b>Investments in economic entities</b>						
Lien Viet Securities Joint Stock Company	1,375,000	15,931	5.50	1,375,000	15,931	5.50
Xin Man Development Joint Stock Company	-	-	-	880,000	8,800	44.00
Viet Lao Power Joint Stock Company	30,000,000	300,000	9.60	30,000,000	300,000	9.60
		315,931			324,731	



### 13. Tangible fixed assets

#### Year ended 31 December 2020

	Buildings VND million	Machines and equipment VND million	Means of transportation - transmission VND million	Other tangible assets VND million	Total VND million
<b>Cost</b>					
Opening balance	464,518	593,878	826,452	244,196	2,129,044
Additions	-	86,053	74,720	54,946	215,719
Construction in progress completed	136,039	-	-	-	136,039
Disposals	-	(6,829)	(55,757)	(9,391)	(71,977)
Closing balance	600,557	673,102	845,415	289,751	2,408,825
<b>Accumulated depreciation</b>					
Opening balance	157,984	398,029	388,825	149,308	1,094,146
Charge for the year	31,238	78,463	83,032	37,747	230,480
Disposals	-	(6,729)	(47,606)	(8,786)	(63,121)
Closing balance	189,222	469,763	424,251	178,269	1,261,505
<b>Net book value</b>					
Opening balance	306,534	195,849	437,627	94,888	1,034,898
Closing balance	411,335	203,339	421,164	111,482	1,147,320

#### Year ended 31 December 2019

	Buildings VND million	Machines and equipment VND million	Means of transportation - transmission VND million	Other tangible assets VND million	Total VND million
<b>Cost</b>					
Opening balance	430,702	522,746	755,247	205,140	1,913,835
Additions	-	74,689	115,038	47,994	237,721
Construction in progress completed	34,279	-	-	-	34,279
Disposals	(463)	(3,557)	(43,833)	(8,938)	(56,791)
Closing balance	464,518	593,878	826,452	244,196	2,129,044
<b>Accumulated depreciation</b>					
Opening balance	129,890	326,964	349,059	122,284	928,197
Charge for the year	28,473	74,602	78,781	33,165	215,021
Disposals	(379)	(3,537)	(39,015)	(6,141)	(49,072)
Closing balance	157,984	398,029	388,825	149,308	1,094,146
<b>Net book value</b>					
Opening balance	300,812	195,782	406,188	82,856	985,638
Closing balance	306,534	195,849	437,627	94,888	1,034,898

Included in tangible fixed assets were assets costing VND475,468 million which were fully depreciated as of 31 December 2020 (31/12/2019: VND355,480 million), but which are still in use.

## 14. Intangible fixed assets

### Year ended 31 December 2020

	Definite land use rights VND million	Software VND million	Total VND million
<b>Cost</b>			
Opening balance	373,270	220,762	594,032
Additions	-	31,183	31,183
Closing balance	373,270	251,945	625,215
<b>Accumulated depreciation</b>			
Opening balance	12,100	113,352	125,452
Charge for the year	1,677	24,431	26,108
Closing balance	13,777	137,783	151,560
<b>Net book value</b>			
Opening balance	361,170	107,410	468,580
Closing balance	359,493	114,162	473,655

### Year ended 31 December 2019

	Definite land use rights VND million	Software VND million	Total VND million
<b>Cost</b>			
Opening balance	373,270	203,950	577,220
Additions	-	16,812	16,812
Closing balance	373,270	220,762	594,032
<b>Accumulated depreciation</b>			
Opening balance	10,421	90,218	100,639
Charge for the year	1,679	23,134	24,813
Closing balance	12,100	113,352	125,452
<b>Net book value</b>			
Opening balance	362,849	113,732	476,581
Closing balance	361,170	107,410	468,580

Included in intangible fixed assets were assets costing VND50,381 million which were fully amortised as of 31 December 2020 (31/12/2019: VND29,613 million), but which are still in use.

## 15. Other assets

	31/12/2020 VND million	31/12/2019 VND million
Receivables	836,730	2,113,871
In which:		
<i>Advance for construction for charity purposes (i)</i>	268,807	766,375
<i>Deposits for long-term office rental</i>	30,828	738,587
<i>Receivables from post offices of provinces (ii)</i>	65,861	88,075
<i>Advance for operating activities</i>	55,524	92,960
<i>Advance for office renovation</i>	25,318	88,075
<i>Construction in progress (iii)</i>	27,170	32,065
<i>Receivables from the SBV relating to the Interest Rate Subsidy Program (iv)</i>	9,261	8,891
<i>Advance for purchase of fixed assets (v)</i>	183,889	176,091
<i>Other receivables</i>	170,072	122,752
Interest and fee receivables	6,046,092	4,287,030
Other assets	1,095,221	643,641
In which:		
<i>Prepaid expenses (vi)</i>	1,035,417	516,322
<i>Goodwill (Note 16)</i>	34,342	103,785
<i>Others</i>	25,462	23,534
Allowance for doubtful debts	(3,131)	-
	7,974,912	7,044,542

- (i) These represent advance payment of expenses for constructions of works for social charity purposes including: funding to support education, health-care, recovery from natural disaster, poor households, and others under decisions of the Board of Directors. As at 31 December 2020, these projects have not been completed and not yet finalised.
- (ii) These are receivables from provincial post offices related to fundraising and deposit-taking of the Bank. These amounts occur every day and have the repayment term of within one month.
- (iii) These mainly include construction costs for local offices of the Bank.
- (iv) This amount mainly represents interest receivable from the State Bank of Vietnam under the Interest Rate Subsidy Program accompanying Decision No. 131/QD-TTg dated 23 November 2009 issued by the Prime Minister guiding the interest rate subsidy to organisations, individuals who borrow money from banks for production and business purposes.
- (v) This balance is mainly the advance for purchase of land to construct local office buildings of the Bank



(vi) Prepaid expenses include:

	31/12/2020 VND million	31/12/2019 VND million
Payment for office rental	305,159	53,834
Head office repair and improvement expenses	214,358	39,590
Brokerage commission fees (*)	269,024	244,682
Other prepaid expenses (**)	246,876	178,216
	1,035,417	516,322

(\*) These are commissions paid to the system of post offices directly related to lending to customers. These expenses are amortised according to the term of each loan to customer.

(\*\*) Other prepaid expenses include tools and instruments and prepaid interest expenses on term deposits from customers and advances for construction activities for charity purposes which had been completed and awaiting cost finalisation documents.

## 16. Goodwill

Details of movement of goodwill during the year as follows:

	2020 VND million	2019 VND million
Opening balance	103,785	173,038
Charge for the year (Note 31)	(69,443)	(69,253)
Closing balance	34,342	103,785

This amount represents goodwill arising from receiving capital contribution by value of Vietnam Postal Savings Services Company ("VPSC") from Vietnam Post Corporation ("Vietnam Post") in 2011. This goodwill is amortised over 10 years.

## 17. Amounts due to the Government and the State Bank of Vietnam

	31/12/2020 VND million	31/12/2019 VND million
<b>Borrowings from the State Bank of Vietnam</b>		
Borrowings based on Credit facilities (i)	224,189	287,008

(i) These represent borrowings from the State Bank of Vietnam under Credit facilities. The borrowings have original terms ranging from 1 to 7 years and bear annual interest rate of 3.50% to 4.18% (31/12/2019: 3.50% to 5.18%).

## 18. Deposits and borrowings from other Credit institutions

	31/12/2020 VND million	31/12/2019 VND million
<b>Demand deposits from other Credit institutions</b>		
In VND	16,107	5,262
In foreign currencies	8	8
<b>Term deposits from other Credit institutions</b>		
In VND	8,747,135	9,848,627
In foreign currencies	3,255,000	3,093,529
	12,018,250	12,947,426
<b>Borrowings from other Credit institutions</b>		
Borrowings from other Credit institutions in VND	401,010	2,105,389
<i>In which: Borrowings on discounted and rediscounted valuable papers</i>	-	-
Borrowings from other Credit institutions in foreign currencies	2,325,856	2,480,377
	2,726,866	4,585,766
	14,745,116	17,533,192

Year-end annual interest rates were as follows:

	31/12/2020	31/12/2019
Demand deposits in VND	0.00% - 0.10%	0.00% - 0.30%
Demand deposits in foreign currencies	0.00%	0.00%
Term deposits in VND	0.11% - 1.3%	1.3% - 4.75%
Term deposits in foreign currencies	0.17% - 0.55%	1.75% - 2.55%
Borrowings in VND	3.8% - 4.99%	3.8% - 6.30%
Borrowings in foreign currencies	0.75% - 2.51%	0.75% - 4.24%

As at 31 December 2020, the Bank pledged debt securities being Government bonds and bonds issued by other domestic Credit institutions amounting to VND8,983,340 million based on fair value (31/12/2019: VND9,984,852 million) at other Credit institutions as collaterals for borrowings and term deposits from other Credit institutions (Note 11).

## 19. Deposits from customers

	31/12/2020 VND million	31/12/2019 VND million
<b>Current accounts</b>		
Current accounts in VND	24,757,647	18,567,756
Current accounts in foreign currencies	524,155	1,116,681
<b>Term deposits</b>		
Term deposits in VND	145,214,615	115,055,199
Term deposits in foreign currencies	3,754,724	1,881,460
<b>Marginal deposits</b>		
Marginal deposits in VND	252,649	176,341
Marginal deposits in foreign currencies	212	8,008
<b>Deposits for special purposes</b>		
Deposits for special purposes in VND	30	298
Deposits for special purposes in foreign currencies	21,955	41,516
	174,525,987	136,847,259

Deposits from customers by type of customers and economic entities were as follows:

	31/12/2020 VND million	31/12/2019 VND million
<b>Deposits from economic entities</b>		
State-owned enterprises	6,068,280	6,412,579
One-member limited 100%-state-owned enterprises	33,854,442	21,748,144
Limited companies with two members of more in which the State's percentage of contributed capital is more than 50%	108,640	22,817
Other limited liability companies	1,762,938	1,490,863
Joint stock companies in which the State's holding percentage is more than 50%	3,938,801	3,648,928
Other joint stock companies	7,688,012	5,424,673
Partnerships	186,936	55,096
Sole proprietorship	7,426	27,495
Foreign-invested enterprises	1,110,799	574,480
Cooperatives and cooperative unions	14,445	15,833
Business households	4,263	1,836
Non-business administrative entities, party entities, unions and associations	12,870,513	10,188,962
Others	644,744	1,054,786
<b>Deposits from individuals</b>		
Individuals	106,265,748	86,180,767
	174,525,987	136,847,259



Year-end annual interest rates were as follows:

	31/12/2020	31/12/2019
Current accounts in VND	0.00% - 0.55%	0.00% - 0.80%
Current accounts in foreign currencies	0.00%	0.00%
Term deposits in VND	1.00% - 7.80%	1.00% - 8.10%
Term deposits in foreign currencies	0.00% - 0.60%	0.00% - 0.60%
Marginal deposits in VND	0.00% - 7.10%	0.00% - 7.10%
Marginal deposits in foreign currencies	0.00%	0.00%
Deposits for special purposes in VND	0.00% - 0.10%	0.00% - 0.10%
Deposits for special purposes in foreign currencies	0.00%	0.00%

## 20. Other borrowed and entrusted funds

	31/12/2020 VND million	31/12/2019 VND million
Entrusted investments in foreign currencies	-	1,158,625

The balance of “Entrusted investments in foreign currencies” represents the entrusted fund received in 2017 from the Department of Debt Management and External Finance - Ministry of Finance for management and investment through the operating activities of the Bank. The entrusted fund amounted to USD50 million with an entrusted term of 3 years and bore interest at the rate of 0.8% per annum. As at 31 December 2020, the Bank had no entrusted investments in foreign currencies.

## 21. Valuable papers issued

	31/12/2020 VND million	31/12/2019 VND million
<b>Certificates of deposits in VND</b>		
From 1 to 5 years	11,446,788	11,756,162
<b>Bonds in VND</b>		
From 1 to 5 years	13,497,507	10,447,918
More than 5 years	7,306,910	5,951,857
	32,251,205	28,155,937

## 22. Other liabilities

	31/12/2020 VND million	31/12/2019 VND million
Accrued interest and fees payable	5,086,061	4,575,779
Other liabilities	1,278,667	920,440
In which:		
▪ Internal payables	133,110	10,392
▪ External payables (i)	1,050,482	830,261
▪ Bonus and welfare fund (ii)	95,075	79,787
	6,364,728	5,496,219

(i) Details of external payables at the end of the year as follows:

	31/12/2020 VND million	31/12/2019 VND million
Payables for construction in progress	19,779	113,854
Payables for purchasing of fixed assets	44,006	17,221
Amount due to customers awaiting settlement	162,198	64,838
Tax payables (Note 37)	248,948	149,175
Commissions fees for provincial post office	14,826	72,265
Payables for Vi Viet e-wallet services	394,440	272,390
Guarantee commitment fee received in advance	10,170	14,762
Payables for card services	23,643	19,554
Payables for the sale of debts, sale or management of secured assets	8,680	8,580
Payables for e-banking services	529	189
Revenue awaiting allocation	13,937	21,223
Other payables	109,326	76,210
	1,050,482	830,261

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

	2020 VND million	2019 VND million
Opening balance	79,787	62,139
Appropriation in the year (Note 23)	209,982	227,841
Utilisation in the year	(194,694)	(210,193)
Closing balance	95,075	79,787

## 23. Capital and reserves

### Statements of changes in equity

	Charter capital VND million	Share premium VND million	Reserve to supplement charter capital VND million	Financial reserve VND million	Investment and development fund VND million	Retained profits VND million	Total VND million
<b>Balance at 1/1/2020</b>	<b>8,881,441</b>	<b>63,331</b>	<b>494,270</b>	<b>975,324</b>	<b>3,793</b>	<b>2,161,641</b>	<b>12,579,800</b>
Capital increase from share premium	63,274	(63,274)	-	-	-	-	-
Capital increase through share issuance for dividends payment	1,801,674	-	-	-	-	(1,801,674)	-
Profit for the year	-	-	-	-	-	1,861,908	1,861,908
Appropriation to reserves during the year	-	-	93,096	186,190	-	(279,286)	-
Appropriation to bonus and welfare fund during the year (Note 22)	-	-	-	-	-	(209,982)	(209,982)
<b>Balance at 31/12/2020</b>	<b>10,746,389</b>	<b>57</b>	<b>587,366</b>	<b>1,161,514</b>	<b>3,793</b>	<b>1,732,607</b>	<b>14,231,726</b>
<b>Balance at 1/1/2019</b>	<b>7,499,994</b>	<b>63,331</b>	<b>414,256</b>	<b>787,089</b>	<b>3,793</b>	<b>1,432,429</b>	<b>10,200,892</b>
Capital increase through share offering	1,006,472	-	-	-	-	-	1,006,472
Capital increase through share issuance for dividends payment	374,975	-	-	-	-	(374,975)	-
Profit for the year	-	-	-	-	-	1,600,277	1,600,277
Appropriation to reserves during the year	-	-	80,014	188,235	-	(268,249)	-
Appropriation to bonus and welfare fund during the year (Note 22)	-	-	-	-	-	(227,841)	(227,841)
<b>Balance at 31/12/2019</b>	<b>8,881,441</b>	<b>63,331</b>	<b>494,270</b>	<b>975,324</b>	<b>3,793</b>	<b>2,161,641</b>	<b>12,579,800</b>



#### Details of investment capital and shares of the Bank

	31/12/2020	31/12/2019
Shares registered for issuance	1,074,638,915	888,144,095
Issued share capital		
<i>Ordinary shares</i>	1,074,638,915	888,144,095
Shares in circulation		
<i>Ordinary shares</i>	1,074,638,915	888,144,095
Par value of a share (VND)	10,000	10,000

#### Details of investment capital and shares of owners

	Capital contributed as at			
	31/12/2020		31/12/2019	
	VND million	Percentage	VND million	Percentage
Vietnam Post Corporation	1,090,760	10.15%	901,530	10.15%
Other shareholders	9,655,629	89.85%	7,979,911	89.85%
	10,746,389	100%	8,881,441	100%

As at 31 December 2020, a shareholder of the Bank, Vietnam Post Corporation, held more than 5% of the Bank's ordinary shares. Vietnam Post Corporation operates under Business Registration Certificate No. 0102595740 and its Head Office is located at No. 5, Pham Hung Street, My Dinh Ward, Nam Tu Liem District, Hanoi, Vietnam.

## 24. Interest and similar income

	2020 VND million	2019 VND million
Interest income from deposits	75,214	169,516
Interest income from loans to customers	15,724,389	13,816,657
Income from guarantee services	32,089	49,007
Interest income from trading and investing in debt securities	2,036,835	2,224,569
Other income from Credit activities	628	99
	17,869,155	16,259,848

## 25. Interest and similar expenses

	2020 VND million	2019 VND million
Interest expenses on deposits	8,187,260	7,680,265
Interest expenses on borrowings	135,830	321,370
Interest expenses on valuable papers issued	1,961,186	1,392,564
Interest expenses on other Credit activities	8,702	23,033
Brokerage commission fee for postal savings services	856,006	781,740
	11,148,984	10,198,972

## 26. Net fee and commission income

	2020 VND million	2019 VND million
<b>Fee and commission income from</b>		
Settlement and treasury services	201,901	165,538
Entrusting, consulting and insurance agency services	458,029	272,983
Other services	199,893	153,962
	859,823	592,483
<b>Fee and commission expenses for</b>		
Settlement and treasury services	(138,509)	(122,142)
Other expenses	(94,513)	(76,930)
	(233,022)	(199,072)
Net fee and commission income	626,801	393,411

## 27. Net gain from trading of foreign currencies

	2020 VND million	2019 VND million
<b>Income from trading of foreign currencies</b>		
Receipt from trading of foreign currencies	69,094	99,440
Receipt from currency derivative financial instruments	340,052	303,712
	409,146	403,152
<b>Expense from trading of foreign currencies</b>		
Payment for trading of foreign currencies	(67,331)	(42,276)
Payment for currency derivative financial instruments	(279,772)	(296,894)
	(347,103)	(339,170)
Net gain from trading of foreign currencies	62,043	63,982

## 28. Net gain from securities held for trading

	2020 VND million	2019 VND million
Gain from securities held for trading	33,650	4,070

## 29. Net profit/(loss) from investment securities

	2020 VND million	2019 VND million
Income from trading of investment securities	62,901	23,797
Expense on trading of investment securities	(26,538)	(3,915)
Reversals/(provision) of allowance for diminution in value of investment securities (Note 11)	101,371	(73,688)
Net profit/(loss) from investment securities	137,734	(53,806)

## 30. Net gain from other activities

	2020 VND million	2019 VND million
<b>Income from other activities</b>		
Gain from disposal of assets	9,606	12,035
Recovery of debts written off	135,023	54,267
Other income	112,459	24,609
	257,088	90,911
<b>Expenses for other activities</b>		
Other payments	(66,676)	(53,124)
Net gain from other activities	190,412	37,787



### 31. Operating expenses

	2020 VND million	2019 VND million
Tax, duties and fees	103,590	94,536
Staff costs	2,239,354	1,864,881
<i>In which:</i>		
<i>Salaries and allowances</i>	1,892,102	1,556,561
<i>Salary-based expenses</i>	186,579	158,303
<i>Severance allowances</i>	517	569
<i>Other staff costs</i>	160,156	149,448
Expenses on assets	810,693	726,329
<i>In which:</i>		
<i>Depreciation and amortisation</i>	257,567	239,834
<i>Rental expenses</i>	300,869	243,400
<i>Asset repair and maintenance expenses</i>	155,742	147,571
<i>Tools and supplies</i>	84,428	86,745
<i>Others</i>	12,087	8,779
Management expenses	1,268,976	1,144,726
<i>In which:</i>		
<i>Per diem</i>	13,902	19,779
<i>Expenses for union activities</i>	298	456
<i>Communication expenses</i>	8,010	7,129
<i>Printing, marketing and promotion expenses</i>	943,454	811,491
<i>Entertainment, refreshment and conferences</i>	103,686	110,674
<i>Utilities expenses</i>	68,743	59,667
<i>Office materials expenses</i>	28,498	24,423
<i>Other administration expenses</i>	102,385	111,107
Insurance expenses on deposits of customers	145,930	126,409
Amortisation of goodwill (Note 16)	69,443	69,253
Other operating expenses	7,161	6,046
	4,645,147	4,032,180

### 32. Allowance and provision expenses

	Note	2020 VND million	2019 VND million
Reversal of allowance for loans to other institutions	6	-	(4,634)
Provision of general allowance for loans to customers	10	270,012	176,518
Provision of specific allowance for loans to customers	10	320,033	74,008
Provision/(reversal) of general allowance for corporate bonds	11	2,152	(12,435)
Reversal/(provision) of specific allowance for corporate bonds	11	(56,827)	56,827
Provision of allowance for special bonds issued by VAMC	11	164,016	145,307
		699,386	435,591

### 33. Income tax

#### (a) Recognised in the statement of income

	2020 VND million	2019 VND million
<b>Current tax expense</b>		
Current year	563,900	439,382
Adjustments of income tax differences in prior years	745	(835)
	564,645	438,547

#### (b) Reconciliation of effective tax rate

	2020 VND million	2019 VND million
Accounting profit before tax	2,426,553	2,038,824
Tax at the Bank's tax rate	485,311	407,765
Non-deductible expenses	78,589	31,617
Adjustments of income tax differences in prior years	745	(835)
	564,645	438,547

#### (c) Applicable tax rates

The usual income tax rate applicable to the Bank before any incentives is 20%.

### 34. Earnings per share

#### Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2020 was based on the profit attributable to the Bank's ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

#### (a) Profit for calculation of basic earnings per share

	2020 VND million	2019 VND million
Net profit during the year	1,861,908	1,600,277
Appropriation to bonus and welfare fund (*)	(209,982)	(227,841)
Net profit attributable to ordinary shareholders	1,651,926	1,372,436

(\*) The amount to be appropriated to the bonus and welfare fund was estimated by the Bank's Board of Management to equal the amount appropriated from profits of 2019.

#### (b) Weighted average number of ordinary shares

	2020 (Number of shares)	2019 (Number of shares) Restated
Issued ordinary shares at the beginning of the year	888,144,095	749,999,428
Effect of issuance of ordinary shares during the year	-	76,933,048
Effect of issuance of shares for 2019's dividend payment	-	37,497,490
Effect of issuance of shares from share premium (Note 23)	6,327,414	6,327,414
Effect of issuance of shares for 2020's dividend payment (Note 23)	180,167,406	180,167,406
Weighted average number of ordinary shares for the year	1,074,638,915	1,050,924,786

#### (c) Basic earnings per share

	2020	2019 Restated
Basic earnings per share (VND/Share)	1,537	1,306



**(d) Restatement of the weighted average number of ordinary shares and basic earnings per share for the year ended 31 December 2019**

The weighted average number of ordinary shares and basic earnings per share for the year ended 31 December 2019 were restated due to the effect of shares issued from share premiums and shares issued for dividend payment (Note 23) as follows:

	Weighted average number of ordinary shares	Basic earnings per share VND
As previously reported	864,429,966	1,588
Effect of shares issued for dividend payment	186,494,820	(282)
As restated	1,050,924,786	1,306

The restatement took into account effects of the charter capital increase by issuing shares for payment of dividend and to offer to existing shareholders during the year.

**35. Cash and cash equivalents**

	31/12/2020 VND million	31/12/2019 VND million
Cash on hand	3,499,270	1,213,646
Balances with the SBV	6,758,980	6,621,943
Deposits with other CIs with original term not exceeding 3 months	13,543,185	9,262,526
	23,801,435	17,098,115

**36. Employees' benefits**

	2020	2019
Total number of employees as at 31 December (person)	9,946	9,184
Average number of employees during the year (person)	9,721	8,645
Basic salaries (1) (VND million)	1,892,102	1,556,561
Allowances (2) (VND million)	187,096	158,872
Other incomes (3) (VND million)	160,156	149,448
Total income (1+2+3) (Note 31)	2,239,354	1,864,881
Average monthly salary (VND million)	16.22	15.00
Average monthly income (VND million)	19.20	17.98

### 37. Obligations to the State Treasury

#### Year ended 31 December 2020

	1/1/2020 VND million	Incurred VND million	Paid/deducted VND million	31/12/2020 VND million
Value added tax	9,722	59,871	(54,767)	14,826
Corporate income tax	113,382	564,645	(462,127)	215,900
Other taxes	26,071	120,762	(128,611)	18,222
	149,175	745,278	(645,505)	248,948

#### Year ended 31 December 2019

	1/1/2019 VND million	Incurred VND million	Paid/deducted VND million	31/12/2019 VND million
Value added tax	3,191	44,415	(37,884)	9,722
Corporate income tax	77,038	438,547	(402,203)	113,382
Other taxes	21,117	137,601	(132,647)	26,071
	101,346	620,563	(572,734)	149,175

### 38. Assets, valuable papers for pledging, mortgaging and discount, re-discount

#### (a) Types and values of assets, valuable papers for pledging, mortgaging and discount of customers

	31/12/2020 VND million	31/12/2019 VND million
Real estate	246,183,078	134,182,543
Movable assets	10,916,314	59,335,945
Valuable papers	66,209,254	10,693,803
Others	65,059,240	92,197,768
	388,367,886	296,410,059

#### (b) Assets and valuable papers pledged/mortgaged or given for discount, re-discount

	31/12/2020 VND million	31/12/2019 VND million
Investment securities	8,983,340	9,984,852

### 39. Contingent liabilities and other commitments

In normal course of business, the Bank uses financial instruments which are related to off-balance sheet items. These financial instruments mainly comprise financial guarantees and commercial letters of Credit. These instruments involve elements of Credit risk for the Bank apart from those recognised in the balance sheet.

Credit risk of off-balance sheet financial instruments is defined as the possibility of the Bank's sustaining a loss because any other party to a financial instrument fails to meet its contractual obligations.

Financial guarantees are conditional commitments issued by the Bank to guarantee the performance of the Bank's customer to a third party such as guarantee for borrowings. The Credit risk associated with issuing guarantees for settlement is the same with loans to customers; other guarantees have risk concentration at lower level.

Letter of Credit transaction is a transaction where the Bank issues a financial guarantee to its customer, normally buyer/importer of good in and the seller/exporter is the beneficiary. There are 2 types of Letter of Credit by term: Letter of Credit at sight and usance Letter of Credit.

Credit risk of Letter of Credit is limited if the Bank can manage the receipt of goods. Usance Letter of Credit represents higher risk than Letter of Credit at sight. If the Bank makes payment to the beneficiary under Letter of Credit or financial guarantees conditions but the Bank's customer does not reimburse to the Bank, the Bank has the right to record a loan to the customer under their agreement signed before issuing Letter of Credit or financial guarantees.

The Bank requires marginal deposits to cover the Credit risk relating financial instruments when it is deemed necessary. The marginal deposit required varies from 0% to 100% of the value of a commitment granted, depending on the Creditworthiness of customers as assessed by the Bank.

In addition, the Bank engages conditional commitments, in forms of commitments in interest swap contracts, commitments in valuable papers trading contracts and other commitments.

	31/12/2020			31/12/2019		
	Contractual value - gross	Margin deposits	Contractual value - net	Contractual value - gross	Margin deposits	Contractual value - net
	VND million	VND million	VND million	VND million	VND million	VND million
Loan guarantees	67,222	-	67,222	4,196	-	4,196
Foreign exchange commitments	39,605,786	-	39,605,786	27,900,350	-	27,900,350
<i>In which:</i>						
▪ Foreign currency purchase commitments	906,652	-	906,652	213,131	-	213,131
▪ Foreign currency sale commitments	450,832	-	450,832	97,243	-	97,243
▪ Swap commitments	38,248,302	-	38,248,302	27,589,976	-	27,589,976
Letters of Credit	522,420	92,520	429,900	802,279	47,595	754,684
Other guarantee	1,420,170	93,158	1,327,012	2,136,728	100,376	2,036,352
Other commitments	2,181,277	-	2,181,277	96,082	-	96,082
	43,796,875	185,678	43,611,197	30,939,635	147,971	30,791,664



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

##### As at 31 December 2020

	Total outstanding loans to customers - gross VND million	Deposits with and loans to the SBV and other Credit institutions - gross VND million	Deposits and borrowings from the SBV, other Credit institutions and customers (including valuable papers issued) VND million	Securities held for trading and investment securities - gross VND million	Derivative financial instruments Assets/(liabilities) VND million	Commitment and guarantee VND million
Domestic	176,621,536	20,718,415	221,404,136	33,374,328	218,101	3,575,511
Overseas	-	-	342,361	279,000	-	429,900

##### As at 31 December 2019

	Total outstanding loans to customers - gross VND million	Deposits with and loans to the SBV and other Credit institutions - gross VND million	Deposits and borrowings from the SBV, other Credit institutions and customers (including valuable papers issued) VND million	Securities held for trading and investment securities - gross VND million	Derivative financial instruments Assets/(liabilities) VND million	Commitment and guarantee VND million
Domestic	140,522,626	18,285,592	182,761,397	35,141,662	87,900	2,136,630
Overseas	-	-	61,999	-	-	754,684

#### 41. Segment reporting

##### Primary segment reporting by geographical segments

Year ended 31 December 2020		The North	The Central	The South	Others (*)	Total
		VND million	VND million	VND million	VND million	VND million
<b>I. Revenue</b>		<b>16,396,923</b>	<b>2,023,573</b>	<b>8,396,468</b>	<b>14,886,305</b>	<b>41,703,269</b>
1. Interest revenue		15,973,975	1,931,269	7,863,968	14,195,421	39,964,633
External revenue		8,497,942	933,819	6,298,607	2,138,787	17,869,155
Inter-segment revenue		7,476,033	997,450	1,565,361	12,056,634	22,095,478
2. Fee and commission income		346,282	89,523	318,425	105,593	859,823
3. Other revenue		76,666	2,781	214,075	585,291	878,813
<b>II. Expenses</b>		<b>14,385,532</b>	<b>1,896,928</b>	<b>6,906,990</b>	<b>15,952,525</b>	<b>39,141,975</b>
1. Interest expenses		13,013,982	1,554,564	5,696,817	12,979,099	33,244,462
External interest expenses		6,274,922	851,054	1,082,403	2,940,605	11,148,984
Inter-segment interest expenses		6,739,060	703,510	4,614,414	10,038,494	22,095,478
2. Depreciation and amortisation		62,266	21,172	90,800	83,329	257,567
3. Direct expenses		1,309,284	321,192	1,119,373	2,890,097	5,639,946
<b>Operating results before allowance expenses</b>		<b>2,011,391</b>	<b>126,645</b>	<b>1,489,478</b>	<b>(1,066,220)</b>	<b>2,561,294</b>
<b>Allowance expenses</b>		<b>(188,964)</b>	<b>(47,273)</b>	<b>(267,810)</b>	<b>(195,339)</b>	<b>(699,386)</b>
<b>Segment results</b>		<b>1,822,427</b>	<b>79,372</b>	<b>1,221,668</b>	<b>(1,261,559)</b>	<b>1,861,908</b>
<b>As at 31 December 2020</b>						
<b>III. Assets</b>		<b>117,435,335</b>	<b>14,678,591</b>	<b>67,620,032</b>	<b>42,608,993</b>	<b>242,342,951</b>
1. Cash		1,567,812	136,577	1,794,881	-	3,499,270
2. Fixed assets		230,704	69,214	230,224	1,090,833	1,620,975
3. Other assets		115,636,819	14,472,800	65,594,927	41,518,160	237,222,706
<b>IV. Liabilities</b>		<b>115,612,908</b>	<b>14,599,219</b>	<b>66,398,170</b>	<b>31,500,928</b>	<b>228,111,225</b>
1. External liabilities		115,601,345	14,595,364	66,390,945	31,281,449	227,869,103
2. Inter-segment liabilities		4,681	2,018	3,912	122,499	133,110
3. Other liabilities		6,882	1,837	3,313	96,980	109,012

Year ended 31 December 2019		The North	The Central	The South	Others (*)	Total
		VND million	VND million	VND million	VND million	VND million
<b>I. Revenue</b>		<b>14,498,737</b>	<b>1,672,082</b>	<b>7,215,509</b>	<b>10,902,717</b>	<b>34,289,045</b>
1. Interest revenue		14,187,841	1,611,506	6,959,200	10,399,349	33,157,896
External revenue		8,032,212	800,640	5,036,940	2,390,056	16,259,848
Inter-segment revenue		6,155,629	810,866	1,922,260	8,009,293	16,898,048
2. Fee and commission income		263,327	56,290	198,827	74,039	592,483
3. Other revenue		47,569	4,286	57,482	429,329	538,666
<b>II. Expenses</b>		<b>12,575,289</b>	<b>1,548,869</b>	<b>6,298,122</b>	<b>11,830,897</b>	<b>32,253,177</b>
1. Interest expenses		11,398,668	1,270,839	5,285,914	9,141,599	27,097,020
External interest expenses		5,466,209	801,109	1,112,356	2,819,298	10,198,972
Inter-segment interest expenses		5,932,459	469,730	4,173,558	6,322,301	16,898,048
2. Depreciation and amortisation		56,439	21,749	78,497	83,149	239,834
3. Direct expenses		1,120,182	256,281	933,711	2,606,149	4,916,323
<b>Operating results before allowance expenses</b>		<b>1,923,448</b>	<b>123,213</b>	<b>917,387</b>	<b>(928,180)</b>	<b>2,035,868</b>
<b>Allowance expenses</b>		<b>(273,043)</b>	<b>(36,891)</b>	<b>(129,730)</b>	<b>4,073</b>	<b>(435,591)</b>
<b>Segment results</b>		<b>1,650,405</b>	<b>86,322</b>	<b>787,657</b>	<b>(924,107)</b>	<b>1,600,277</b>
<b>As at 31 December 2019</b>						
<b>III. Assets</b>		<b>97,259,187</b>	<b>13,477,704</b>	<b>53,137,845</b>	<b>38,183,304</b>	<b>202,058,040</b>
1. Cash		596,958	112,898	503,790	-	1,213,646
2. Fixed assets		213,600	62,549	234,328	993,001	1,503,478
3. Other assets		96,448,629	13,302,257	52,399,727	37,190,303	199,340,916
<b>IV. Liabilities</b>		<b>95,627,335</b>	<b>13,391,381</b>	<b>52,350,188</b>	<b>28,109,336</b>	<b>189,478,240</b>
1. External liabilities		95,613,808	13,387,820	52,341,422	28,023,788	189,366,838
2. Inter-segment liabilities		5,041	1,234	4,061	56	10,392
3. Other liabilities		8,486	2,327	4,705	85,492	101,010

Others mainly represents the balances of the Head Office of the Bank.

**Secondary segment reporting by business segments**

Year ended 31 December 2020					
	Credit VND million	Investments VND million	Treasury business and fundraising VND million	Others VND million	Total VND million
Segment operating results	15,025,003	2,270,261	(9,475,765)	(5,957,591)	1,861,908
Segment assets	174,356,335	33,954,943	24,435,786	9,595,887	242,342,951
Segment liabilities	-	-	221,746,497	6,364,728	228,111,225
Year ended 31 December 2019					
	Credit VND million	Investments VND million	Treasury business and fundraising VND million	Others VND million	Total VND million
Segment operating results	13,381,066	2,174,833	(9,481,710)	(4,473,912)	1,600,277
Segment assets	138,802,033	35,120,849	19,587,138	8,548,020	202,058,040
Segment liabilities	-	-	183,982,021	5,496,219	189,478,240



## 42. Significant transactions and balances with related parties

During the course of operations, the Bank had transactions with its related party. The terms of these transactions are set in accordance with the Bank's regulations.

### (a) Transactions with a related party

	Income/(Expense)	
	2020 VND million	2019 VND million
Vietnam Post Corporation		
Interest expenses	(37,648)	(71,580)

### (b) Balances with a related party

	Receivables/(Payables)	
	31/12/2020 VND million	31/12/2019 VND million
<b>Vietnam Post Corporation</b>		
Term and demand deposits	(921,697)	(717,329)
Other receivables	65,861	88,075
Interest payables on term deposits	17,213	(20,981)

According to the Resolution dated 25 June 2020, of General Meeting of Shareholders, the approved total remuneration for the Board of Management and the Supervisory Board for 2020 is VND30,000 million.

Remuneration for the Board of Management complied with Salary Regulation of the Bank.

## 43. Disclosure of financial instruments

Circular No. 210/2009/TT-BTC dated 6 November 2009 issued by the Ministry of Finance requires the Bank to disclose the measurement method and related information of fair value of financial assets and financial liabilities for the purpose of comparing their fair value and book value.

The following table presents fair value and book value of the Company's financial instruments at the end of the annual accounting period:

At as 31 December 2020		Held-for-trading		Held-for-maturity	Carrying value - gross		Recognised at	Total carrying	Fair value
		VND million	VND million	VND million	Loans and receivables	Available-for-sale	amortised cost	value	VND million
		VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
<b>Financial assets</b>									
Cash on hand		3,499,270	-	-	-	-	-	3,499,270	3,499,270
Balances with the SBV		6,758,980	-	-	-	-	-	6,758,980	6,758,980
Deposits with and loans to other Credit institutions		-	-	-	13,959,435	-	-	13,959,435	(*)
Securities held for trading		279,000	-	-	-	-	-	279,000	(*)
Derivatives and other financial assets		218,101	-	-	-	-	-	218,101	(*)
Loans to customers		-	-	-	176,621,536	-	-	176,621,536	(*)
Investment securities		-	-	-	-	33,374,328	-	33,374,328	(*)
Long-term capital contribution and investments		-	315,931	-	-	-	-	315,931	(*)
Fixed assets		-	-	-	-	-	1,620,975	1,620,975	(*)
Other financial assets		-	-	-	6,393,840	-	-	6,393,840	(*)
		10,755,351	315,931	315,931	196,974,811	33,374,328	1,620,975	243,041,396	
<b>Financial liabilities</b>									
Amounts due to the Government and the SBV		-	-	-	-	-	224,189	224,189	(*)
Deposits and borrowings from other CIs		-	-	-	-	-	14,745,116	14,745,116	(*)
Deposits from customers		-	-	-	-	-	174,525,987	174,525,987	(*)
Valuable papers issued		-	-	-	-	-	32,251,205	32,251,205	(*)
Other financial liabilities		-	-	-	-	-	5,887,595	5,887,595	(*)
		-	-	-	-	-	227,634,092	227,634,092	

(\*) The Bank has not determined fair values of these financial instruments for disclosure in the financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for Credit institutions. The fair values of these financial instruments may differ from their carrying amounts.

As at 31 December 2019		Carrying value - gross		Recognised at		Total carrying		Fair value	
	Held-for- trading VND million	Held-for- maturity VND million	Loans and receivables VND million	Available- for-sale VND million	amortised cost VND million	value VND million	value VND million		VND million
<b>Financial assets</b>									
Cash on hand	1,213,646	-	-	-	-	1,213,646			1,213,646
Balances with the SBV	6,621,943	-	-	-	-	6,621,943			6,621,943
Deposits with and loans to other Credit institutions	-	-	11,663,649	-	-	11,663,649			(*)
Derivatives and other financial assets	87,900	-	-	-	-	87,900			(*)
Loans to customers	-	-	140,522,626	-	-	140,522,626			(*)
Investment securities	-	359,343	-	34,782,319	-	35,141,662			(*)
Long-term capital contribution and investments	-	324,731	-	-	-	324,731			(*)
Fixed assets	-	-	-	-	1,503,478	1,503,478			(*)
Other financial assets	-	-	5,352,938	-	-	5,352,938			(*)
	7,923,489	684,074	157,539,213	34,782,319	1,503,478	202,432,573			
<b>Financial liabilities</b>									
Amounts due to the Government and the SBV	-	-	-	-	287,008	287,008			(*)
Deposits and borrowings from other CIs	-	-	-	-	17,533,192	17,533,192			(*)
Deposits from customers	-	-	-	-	136,847,259	136,847,259			(*)
Other borrowed and entrusted funds	-	-	-	-	1,158,625	1,158,625			(*)
Valuable papers issued	-	-	-	-	28,155,937	28,155,937			(*)
Other financial liabilities	-	-	-	-	5,256,865	5,256,865			(*)
	-	-	-	-	189,238,886	189,238,886			

(\*) The Bank has not determined fair values of these financial instruments for disclosure in the financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for Credit institutions. The fair values of these financial instruments may differ from their carrying amounts.

#### 44. Financial risk management

This note provides information of the Bank's exposure to risk and describes the policies, the methods used by management to control risk. The most important types of financial risk to which the Bank is exposed are currency risk, interest rate risk, Credit risk and liquidity risk.

##### ***Risk management policy***

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established Audit and Risk Committee (ARCO), which are responsible for developing and monitoring the Bank's risk management policies in specified areas. All Board's committees have executive and non-executive members and report periodically to the Board of Directors on their responsibility.

The Bank's risk management policies are established to identify and analyse the risks exposed to the Bank, to set appropriate risk limits and controls, and to monitor risks and adhere to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training activities, management standards and management systems, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and responsibilities.

The Bank's Internal Audit Division and Strategies and Risk Management Division undertakes both regular and ad-hoc reviews of risk management controls and monitoring procedures, the results of which are reported to the Board of Directors.

Along with setting up the departments in charge of risk management and risk management policies relating to financial instruments, the Bank also coordinates with suppliers in the information technology and telecommunication sectors to build an integrated system of risk management tools to support the risk management operation in protecting customers, suppliers and therefore, to enhance the sustainable development of the Bank.

The policies on currency risk, interest rate risk, Credit risk and liquidity risk are analysed in details in Notes 45, 46, 47 and 48.

#### 45. Currency risk

Currency risk is the risk that values of financial instruments will be affected by the changes in foreign exchange rate. The Bank was incorporated and operates in Vietnam and its reporting currency is Vietnam Dong (VND). Most of the Bank's transactions are denominated in VND and USD. As reporting currency of the Bank is VND, thus, the Bank's financial statements could be affected by fluctuations of exchange rate between USD and VND.

Risk arising from transactions denominated in foreign currency would result in foreign exchange gain or loss and these are recognised in the statement of income. This risk exposes when the assets and liabilities of the Bank are denominated in currencies other than the reporting currency and these include cash on hand, deposits with and loans to other CIs, investment securities, loans to customers, deposits and borrowings from other CIs, deposits from customers, other borrowed and entrusted funds and valuable papers issued.

The Bank has set limits on position of each currency based on the internal risk assessment of the Bank and regulations of the SBV. A foreign currency position is monitored on a daily basis and hedging strategies that the Bank ensures positions to be maintained within the established limits. The Bank also maintains open positions to earn profits from exchange rate fluctuations.

Carrying amounts of financial assets and liabilities by type of currencies as at 31 December 2020 and 31 December 2019 are as follows:



At as 31 December 2020	VND VND million	USD VND million	EUR VND million	Other currencies VND million	Total VND million
<b>Assets</b>					
Cash on hand	3,080,986	107,271	251,807	59,206	3,499,270
Balances with the SBV	6,219,368	539,612	-	-	6,758,980
Deposits with and loans to other CIs - gross	10,267,129	3,640,795	22,619	28,892	13,959,435
Securities held for trading	-	279,000	-	-	279,000
Derivative financial instruments and other financial assets	218,101	-	-	-	218,101
Loans to customers - gross	170,197,312	6,424,224	-	-	176,621,536
Investment securities - gross	33,374,328	-	-	-	33,374,328
Capital contribution, long-term investments	315,931	-	-	-	315,931
Fixed assets - net	1,620,975	-	-	-	1,620,975
Other assets	7,864,641	113,011	262	129	7,978,043
	233,158,771	11,103,913	274,688	88,227	244,625,599
<b>Liabilities</b>					
Amounts due to the Government and the SBV	224,189	-	-	-	224,189
Deposits and borrowings from other CIs	9,164,252	5,580,864	-	-	14,745,116
Deposits from customers	170,224,941	4,290,707	560	9,779	174,525,987
Valuable papers issued	32,251,205	-	-	-	32,251,205
Other liabilities	6,344,627	19,955	-	146	6,364,728
	218,209,214	9,891,526	560	9,925	228,111,225
FX position on balance sheet	14,949,557	1,212,387	274,128	78,302	16,514,374
FX position off-balance sheet	3,684,692	(3,466,591)	-	-	218,101
FX position on and off-balance sheet	18,634,249	(2,254,204)	274,128	78,302	16,732,475

	At as 31 December 2019		USD		EUR		Other currencies		Total	
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
<b>Assets</b>										
Cash on hand	1,076,651	136,890	105	-	-	-	-	-	1,213,646	
Balances with the SBV	6,274,248	347,695	-	-	-	-	-	-	6,621,943	
Deposits with and loans to other CIs - gross	7,858,353	3,744,253	24,663	36,380	-	-	-	-	11,663,649	
Derivative financial instruments and other financial assets	87,900	-	-	-	-	-	-	-	87,900	
Loans to customers - gross	134,298,205	6,224,421	-	-	-	-	-	-	140,522,626	
Investment securities - gross	35,141,662	-	-	-	-	-	-	-	35,141,662	
Capital contribution, long-term investments	324,731	-	-	-	-	-	-	-	324,731	
Fixed assets - net	1,503,478	-	-	-	-	-	-	-	1,503,478	
Other assets	6,866,367	178,167	-	8	-	-	-	8	7,044,542	
	193,431,595	10,631,426	24,768	36,388	-	-	-	-	204,124,177	
<b>Liabilities</b>										
Amounts due to the Government and the SBV	287,008	-	-	-	-	-	-	-	287,008	
Deposits and borrowings from other CIs	11,959,279	5,573,913	-	-	-	-	-	-	17,533,192	
Deposits from customers	133,799,594	3,034,707	1,346	11,612	-	-	-	-	136,847,259	
Other borrowed and entrusted funds	-	1,158,625	-	-	-	-	-	-	1,158,625	
Valuable papers issued	28,155,937	-	-	-	-	-	-	-	28,155,937	
Other liabilities	5,439,912	43,324	12,983	-	-	-	-	-	5,496,219	
	179,641,730	9,810,569	14,329	11,612	-	-	-	-	189,478,240	
FX position on balance sheet	13,789,865	820,857	10,439	24,776	-	-	-	-	14,645,937	
FX position off-balance sheet	(2,100,963)	2,282,517	-	-	-	-	-	-	181,554	
FX position on and off-balance sheet	11,688,902	3,103,374	10,439	24,776	-	-	-	-	14,827,491	

### Sensitivity to exchange rate

Below is an analysis of the possible impact on the results of operations and equity of the Bank for the year ended 31 December 2020 and 2019. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Effect to results of operations – increase/ (decrease) in profit VND million	Effect to owners' equity – increase/(decrease) in equity VND million
<b>Year ended 31 December 2020</b>		
VND depreciates 1% against USD	(22,542)	(18,034)
VND appreciates 1% against USD	22,542	18,034
<b>Year ended 31 December 2019</b>		
VND depreciates 1% against USD	31,034	24,827
VND appreciates 1% against USD	(31,034)	(24,827)

## 46. Interest rate risk

Interest rate risk is the possibility of the Bank's income or asset value being affected when market interest rate fluctuates. Interest rate risk to the Bank's operation possibly derives from difference in maturity or amount between interest-bearing assets and liabilities. Some assets have no specific term or are sensitive to interest rates and do not correspond to specific liabilities.

The assets and liabilities of the Bank are classified by term according to an earlier time between the re-pricing period and the maturity date at the end of the annual accounting period. Expected re-pricing date and maturity date of assets might be very different from those specified in the contract, especially the deposits from customers.

Interest rate risk to the Bank possibly arises from investment, funding and lending activities.

The interest rate re-pricing term of assets and liabilities is the remaining period from the date of financial statements to the nearest interest rate re-pricing date. The following assumptions and conditions have been adopted in the analysis of interest rate re-pricing term of the Bank's assets and liabilities:

- Cash on hand, long-term investments and other assets (including fixed assets, investment properties and other assets) are classified as non interest-bearing items;
- Balances with the SBV are classified as current deposits, thus the re-pricing effective interest rate term is assumed to be within one month;
- The interest rate re-pricing term of investment securities is determined based on contractual interest rate re-pricing term of each security;
- The interest rate re-pricing term of deposits with and loans to other CIs; loans to customers; amounts due to the Government and the SBV; deposits and borrowings from other CIs; deposits from customers are determined as follows:
  - Items with fixed interest rate during the contractual period: the interest rate re-pricing term is determined from the reporting date to maturity date;
  - Items with floating interest rate: the re-pricing interest rate term is determined from the reporting date to the nearest interest rate re-pricing date.
- The interest rate re-pricing term of valuable papers issued is determined based on the actual maturity date of each valuable paper issued; is dependent on the Bank's regulations on interest rates of each issuance.
- The interest rate re-pricing term of other borrowed and entrusted funds is determined as the remaining period to maturity date of the transactions since such transactions have fixed interest rates.
- The interest rate re-pricing term of other borrowings is from 1 to 5 years.
- The interest rate re-pricing term of other liabilities is from 1 to 3 months. In fact, these items could have various interest rate re-pricing terms.

Lien Viet Post Joint Stock Commercial Bank  
210 Tran Quang Khai, Hoan Kiem District, Hanoi, Vietnam  
Notes to the financial statements for the year ended 31 December 2020 (continued)

Form B05/TCTD  
(Issued in accordance with Circular  
No. 49/2014/TT-NHNN  
dated 31 December 2014 of  
the Governor of State Bank of Vietnam)

At as 31 December 2020										
	Overdue	Free of interest	Up to 1 month	From 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 12 months	Over 1 year to 5 years	Over 5 years	Total	
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
<b>Assets</b>										
Cash on hand	-	3,499,270	-	-	-	-	-	-	-	3,499,270
Balances with the SBV	-	-	6,758,980	-	-	-	-	-	-	6,758,980
Deposits with and loans to other CIs - gross	-	-	11,636,200	1,906,985	116,250	300,000	-	-	-	13,959,435
Securities held for trading - gross	-	279,000	-	-	-	-	-	-	-	279,000
Derivatives and other financial assets	-	218,101	-	-	-	-	-	-	-	218,101
Loans to customers - gross (*)	984,281	-	46,645,181	116,999,676	5,412,389	6,539,372	36,694	3,943	176,621,536	
Investment securities - gross	-	431,112	899,992	-	748,927	1,077,128	10,879,675	19,337,494	33,374,328	
Capital contribution, long-term investments	-	315,931	-	-	-	-	-	-	-	315,931
Fixed assets - net	-	1,620,975	-	-	-	-	-	-	-	1,620,975
Other assets	-	7,978,043	-	-	-	-	-	-	-	7,978,043
	984,281	14,342,432	65,940,353	118,906,661	6,277,566	7,916,500	10,916,369	19,341,437	244,625,599	
<b>Liabilities</b>										
Amounts due to the Government and the SBV	-	-	22,629	14,617	-	138,506	46,925	1,512	224,189	
Deposits and borrowings from other CIs	-	-	10,326,265	1,691,985	86,182	1,106,945	1,461,396	72,343	14,745,116	
Deposits from customers	-	-	55,374,170	37,871,004	27,843,319	37,992,464	15,443,865	1,165	174,525,987	
Valuable papers issued	-	-	443,323	3,723,571	2,601,522	1,672,024	16,503,855	7,306,910	32,251,205	
Other liabilities	-	6,364,728	-	-	-	-	-	-	6,364,728	
	-	6,364,728	66,166,387	43,301,177	30,531,023	40,909,939	33,456,041	7,381,930	228,111,225	
Interest sensitivity gap on balance sheet	984,281	7,977,704	(226,034)	75,605,484	(24,253,457)	(32,993,439)	(22,539,672)	11,959,507	16,514,374	

(\*) This balance is determined based on the contractual overdue days, not on customers basis.



As at 31 December 2019	Overdue	Free of interest	Up to 1 month	From 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 12 months	Over 1 year to 5 years	Over 5 years	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
<b>Assets</b>									
Cash on hand	-	1,213,646	-	-	-	-	-	-	1,213,646
Balances with the SBV	-	-	6,621,943	-	-	-	-	-	6,621,943
Deposits with and loans to other CIs - gross	-	-	6,807,209	3,856,440	1,000,000	-	-	-	11,663,649
Derivatives and other financial assets	-	87,900	-	-	-	-	-	-	87,900
Loans to customers - gross (*)	1,008,986	-	37,307,076	94,405,023	4,172,125	3,624,333	770	4,313	140,522,626
Investment securities - gross	-	431,113	130,052	2,185,039	405,025	5,000,201	13,263,002	13,727,230	35,141,662
Capital contribution, long-term investments	-	324,731	-	-	-	-	-	-	324,731
Fixed assets - net	-	1,503,478	-	-	-	-	-	-	1,503,478
Other assets	-	7,044,542	-	-	-	-	-	-	7,044,542
	1,008,986	10,605,410	50,866,280	100,446,502	5,577,150	8,624,534	13,263,772	13,731,543	204,124,177
<b>Liabilities</b>									
Amounts due to the Government and the SBV	-	-	22,616	53,056	80,980	59,124	63,361	7,871	287,008
Deposits and borrowings from other CIs	-	-	8,197,171	6,711,977	12,585	13,786	2,534,996	62,677	17,533,192
Deposits from customers	-	-	41,025,784	31,268,737	26,567,078	30,777,862	7,207,132	666	136,847,259
Other borrowed and entrusted funds	-	-	-	-	1,158,625	-	-	-	1,158,625
Valuable papers issued	-	-	-	479,248	4,345,236	4,302,666	13,428,787	5,600,000	28,155,937
Other liabilities	-	5,496,219	-	-	-	-	-	-	5,496,219
	-	5,496,219	49,245,571	38,513,018	32,164,504	35,153,438	23,234,276	5,671,214	189,478,240
Interest sensitivity gap on balance sheet	1,008,986	5,109,191	1,620,709	61,933,484	(26,587,354)	(26,528,904)	(9,970,504)	8,060,329	14,645,937

(\*) This balance is determined based on the contractual overdue days, not on customers basis.

## 47. Credit risk

Credit risk to the Bank derives from lending, investing and granting guarantees to customers or third parties in which the Bank acts as an intermediary.

Credit risk arises when counterparties lose their ability to pay debt and are monitored continually. To manage the Credit risk level, the Bank is attempting to transact only with counterparties who have high Credit rating and require collateral if appropriate.

Credit risk to the Bank mainly derives from lending and advances to customers. The Credit risk level is shown on the carrying value of the assets as at the balance sheet. In addition, the Bank also faces Credit risk in the form of off-balance sheet commitments to extend Credit and guarantees.

The concentration of Credit risk (on or off-balance sheet) rising from financial instruments accompanies groups of partners in which members have similar economic characteristics that would cause the ability of the groups to fulfil their obligations to be affected if there are fluctuations in economic conditions or other conditions.

The main concentration of Credit risk is from various areas and types of customers regarding to investments, loans and advances, Credit commitments and guarantees granted by the Bank. Credit risk of the Bank is focused on certain number of economic sectors.

The Bank controls and manages risks by setting policies and procedures, including the Credit risk management and operation policy of ALCO, Legal, Risk Management & AML Council and Headquarters Credit Council. The Bank classifies its loans and advances to customers and other Credit institutions based on Circular 02 and Circular 09, through which the Bank could regularly assess risks of doubtful debts, non-performing loans, and propose appropriate solutions.

The Bank manages and controls Credit risk by setting policies and issuing regulations regarding to the management of Credit risk, creating Credit process, reviewing Credit risk, building Credit rating system, loans classifying and decentralising Credit.

Set out below is the maximum Credit exposure of the Bank's balance sheet, excluding any collateral held or Credit enhancements:

**At as 31 December 2020**

	Neither past due nor impaired VND million	Overdue from 10 to 90 days VND million	Overdue but not impaired			Total VND million
			Overdue from 91 to 180 days VND million	Overdue from 181 to 360 days VND million	Overdue more than 360 days VND million	
Balances with the SBV	6,758,980	-	-	-	-	6,758,980
Deposits with and loans to other CIs	13,959,435	-	-	-	-	13,959,435
Securities held for trading – gross	279,000	-	-	-	-	279,000
Loans to customers – gross (*)	172,777,892	1,316,295	404,729	356,353	1,766,267	176,621,536
Investment securities – gross	33,374,328	-	-	-	-	33,374,328
Other financial assets	6,393,840	-	-	-	-	6,393,840
	233,543,475	1,316,295	404,729	356,353	1,766,267	237,387,119

**At as 31 December 2019**

	Neither past due nor impaired VND million	Overdue from 10 to 90 days VND million	Overdue but not impaired			Total VND million
			Overdue from 91 to 180 days VND million	Overdue from 181 to 360 days VND million	Overdue more than 360 days VND million	
Balances with the SBV	6,621,943	-	-	-	-	6,621,943
Deposits with and loans to other CIs	11,663,649	-	-	-	-	11,663,649
Loans to customers – gross (*)	136,969,744	366,399	7,867	94,493	542,972	140,522,626
Investment securities – gross	33,717,632	-	-	-	-	35,141,662
Other financial assets	5,352,938	-	-	-	-	5,352,938
	194,325,906	366,399	7,867	94,493	542,972	199,302,818

(\*) This balance is determined based on the customers basis.

The Bank is currently holding collateral in the forms of real estate, movable assets, valuable papers and others in kind for the above financial assets. However, the Bank has not been able to determine the fair value of such assets due to the lack of specific guidance and necessary market information. For the purpose of determining whether the assets are impaired and any provision is needed under VAS, these assets' value are measured in accordance with Circular 02 and Circular 09.

#### 48. Liquidity risk

Liquidity risk is the risk that results to the Bank's losses and/or failing to meet its payment obligation when the Bank cannot mobilise sufficient liquid capital at appropriate costs and/or cannot sell assets at fair value and/or the Bank has to mobilise funds at high costs to meet its payment obligations at a point of time. Liquidity risk arises due to: un-matching of maturity terms of assets and maturity terms of liabilities, the sensitivity of financial assets to changes in interest rates that leads the Bank unable to meet its payment obligation.

The maturity term of assets and liabilities represents the remaining period from the reporting date to the maturity date agreed in the contracts or in terms of issuance.

The following assumptions and conditions have been adopted in the analysis of the Bank's maturity relating to its assets and liabilities:

- Balance with the State Bank of Vietnam is classified as current deposits including the required reserve, which is determined upon the composition and maturity of the Bank's customer deposits.
- The maturity term of investment securities is based on the contractual maturity date of each type of securities.
- The maturity term of deposits with and loans to other CIs and loans to customers is based on the contractual maturity date. The actual settlement date sometimes varies contractual maturity date when the loan and deposit contracts are extended.
- The maturity term of equity investment is considered to be more than 5 years as equity investments have indefinite maturity.
- The maturity term of deposits, loans from other Credit institutions and deposits from customers are determined on the nature of these amounts or maturity date. For demand deposits from business entities and other borrowed and entrusted funds, there is an assumption that a certain volume is maintained in the next term.
- The current accounts of other Credit institutions ("vostro") and current accounts which are settled upon customers' demand are considered to be current. The maturity term of term borrowings and deposits is based on their contractual maturity dates. In practice, such items may be rolled over and maintained for longer period.
- The maturity term of fixed assets is determined based on their remaining useful lives.

The table below shows the analysis of assets and liabilities of the Bank by terms of maturity based on the remaining period from the end of the annual accounting period to the maturity date. In fact, the settlement date of financial assets and liabilities could be different according to separate agreements or amendments to contracts if any.



Lien Viet Post Joint Stock Commercial Bank  
210 Tran Quang Khai, Hoan Kiem District, Hanoi, Vietnam  
Notes to the financial statements for the year ended 31 December 2020 (continued)

Form B05/TCTD  
(Issued in accordance with Circular  
No. 49/2014/TT-NHNN  
dated 31 December 2014 of  
the Governor of State Bank of Vietnam)

As at 31 December 2020	Overdue		Not past due			Total
	More than 3 months	Up to 3 months	Up to 1 month	From over 1 months to 3 months	From over 3 months to 12 months	
	VND million	VND million	VND million	VND million	VND million	VND million
<b>Assets</b>						
Cash on hand	-	-	3,499,270	-	-	3,499,270
Balances with the SBV	-	-	6,758,980	-	-	6,758,980
Deposits with and loans to other CIs - gross	-	-	11,636,200	1,906,985	416,250	13,959,435
Securities held for trading - gross	-	-	279,000	-	-	279,000
Derivatives and other financial assets	-	-	218,101	-	-	218,101
Loans to customers - gross (*)	689,900	294,382	6,620,102	10,977,025	51,698,815	74,054,815
Investment securities - gross	-	-	1,331,105	-	1,826,055	10,879,675
Capital contribution, long-term investments	-	-	-	-	-	315,931
Fixed assets - net	-	-	-	-	-	1,620,975
Other assets	6,262	-	7,971,781	-	-	7,978,043
<b>Total assets</b>	<b>696,162</b>	<b>294,382</b>	<b>38,314,539</b>	<b>12,884,010</b>	<b>53,941,120</b>	<b>86,555,465</b>
<b>Liabilities</b>						
Amounts due to the Government and the SBV	-	-	22,629	14,617	138,506	1,512
Deposits and borrowings from other CIs	-	-	10,326,265	1,691,985	1,193,127	1,461,396
Deposits from customers	-	-	55,374,171	37,871,003	65,835,784	15,443,864
Other borrowed and entrusted funds	-	-	443,323	3,723,571	4,273,546	7,306,910
Valuable papers issued	-	-	6,364,728	-	-	-
Other liabilities	-	-	72,531,116	43,301,176	71,440,963	33,456,040
<b>Total liabilities</b>	<b>696,162</b>	<b>294,382</b>	<b>(34,216,577)</b>	<b>(30,417,166)</b>	<b>(17,499,843)</b>	<b>53,099,425</b>
						<b>44,557,991</b>
						<b>16,514,374</b>

(\*) This balance is determined based on the contractual overdue days, not on customers basis.

Lien Viet Post Joint Stock Commercial Bank  
210 Tran Quang Khai, Hoan Kiem District, Hanoi, Vietnam  
Notes to the financial statements for the year ended 31 December 2020 (continued)

As at 31 December 2019	Overdue		Not past due				Total
	More than 3 months	Up to 3 months	Up to 1 month	From over 1 months to 3 months	From over 3 months to 12 months	From over 1 year to 5 years	
	VND million	VND million	VND million	VND million	VND million	VND million	VND million
<b>Assets</b>							
Cash on hand	-	-	1,213,646	-	-	-	1,213,646
Balances with the SBV	-	-	6,621,943	-	-	-	6,621,943
Deposits with and loans to other CIs - gross	-	-	6,807,209	3,856,440	1,000,000	-	11,663,649
Derivatives and other financial assets	-	-	87,900	-	-	-	87,900
Loans to customers - gross (*)	263,841	745,145	10,896,213	16,779,598	41,829,597	56,895,602	140,522,626
Investment securities - gross	-	-	561,165	2,185,039	4,405,229	13,762,999	35,141,662
Capital contribution, long-term investments	-	-	324,731	-	-	-	324,731
Fixed assets - net	-	-	1,503,478	-	-	-	1,503,478
Other assets	-	-	7,044,542	-	-	-	7,044,542
<b>Total assets</b>	<b>263,841</b>	<b>745,145</b>	<b>35,060,827</b>	<b>22,821,077</b>	<b>47,234,826</b>	<b>70,658,601</b>	<b>204,124,177</b>
<b>Liabilities</b>							
Amounts due to the Government and the SBV	-	-	22,616	53,056	140,104	63,361	287,008
Deposits and borrowings from other CIs	-	-	8,197,171	6,711,977	26,371	2,534,996	17,533,192
Deposits from customers	-	-	41,025,784	31,268,737	57,344,940	7,207,132	136,847,259
Other borrowed and entrusted funds	-	-	-	-	1,158,625	-	1,158,625
Valuable papers issued	-	-	-	479,248	8,647,902	13,428,787	28,155,937
Other liabilities	-	-	5,496,219	-	-	-	5,496,219
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>54,741,790</b>	<b>38,513,018</b>	<b>67,317,942</b>	<b>23,234,276</b>	<b>189,478,240</b>
<b>Net liquidity gap</b>	<b>263,841</b>	<b>745,145</b>	<b>(19,680,963)</b>	<b>(15,691,941)</b>	<b>(20,083,116)</b>	<b>47,424,325</b>	<b>14,645,937</b>

(\*) This balance is determined based on the contractual overdue days, not on customers basis.

#### 49. Post balance sheet event

No significant events have occurred since the ending date of the fiscal year which require adjustments or disclosures in the financial statements of the Bank for the year ended 31 December 2020.

#### 50. Unusual items

The Covid-19 pandemic was initially recognised in Vietnam on 23 January 2020, Vietnam Government has performed significant control measures including the social distancing initiated for 15 days since 00:00 hour on 1 April 2020. On 23 April 2020, Vietnam basically ceased social distancing and domestic economic and social activities have gradually resumed their normal course. However, the number of infected cases in the world has increased constantly in 2020. On 28 January 2021, the Covid-19 pandemic broke out again in Quang Ninh and Hai Duong and spread to some other provinces. The Covid-19 pandemic has significantly impacted business operations of multiple enterprises in different sectors. The extent of the impact of the Covid-19 pandemic on the Bank's operations will depend on future developments, including the duration and spread of the outbreak and other unpredictable information at the date of these financial statements.

During year ended 31 December 2020, the Bank restructured loan repayment periods, offered exemption/reduction of interest/fees to and kept loan groups unchanged for Covid-19 affected customers in accordance with Circular 01.

#### 51. Exchange rates of some currencies at the end of the annual accounting period

	31/12/2020 VND	31/12/2019 VND
USD	23,010	23,173
EUR	28,162	25,966
GBP	31,235	30,392
CHF	25,964	23,925
JPY	222	213
SGD	17,283	17,186
CAD	17,900	17,751
AUD	17,580	16,221
HKD	2,898	2,974

#### 52. Approval of the financial statements

The financial statements were approved by the Bank's Board of Management on 26 March 2021.

26 March 2021

Prepared by:



Tran Hoai Thu  
 Head of Finance Department

Reviewed by:



Nguyen Thi Gam  
 Chief Accountant

Approved by:




Pham Doan Son  
 Chief Executive Officer