MB

Số/*No*: 2030/MB-HS

V/v: công bố thông tin báo cáo tài chính riêng và hợp nhất quý I năm 2020

Re: disclosure of information of Separated & Consolidated Financial Statements for first quarter of 2020

CỘNG HOÀ XÃ HỘI CHỦ NGHĨA VIỆT NAM

Độc lập - Tự do - Hạnh phúc

THE SOCIALIST REPUBLIC OF VIETNAM

Independence – Freedom - Happiness

Hà Nội, ngày 23 *tháng* 04 *năm 2020*

Ha Noi, 23 *April 2020*

Kính gửi/*To*:

- Ngân hàng Nhà nước Việt Nam
The State Bank of Vietnam
- Ủy ban Chứng khoán Nhà nước
The State Securities Commission;
- Sở giao dịch chứng khoán Thành phố Hồ Chí Minh
Hochiminh Stock Exchange;
- Sở giao dịch chứng khoán Thành phố Hà Nội;
Hanoi Stock Exchange;

Công ty/*Company*:	Ngân hàng TMCP Quân đội / *Military Commercial Joint Stock Bank*
Mã chứng khoán/ *Securities symbol*	MBB
Địa chỉ trụ sở chính/ *Head office address*	Số 21 Cát Linh, Đống Đa, Hà Nội *No 21 Cat Linh, Dong Da District, Ha Noi*
Điện thoại/*Telephone*:	024.6266.1088
Fax:	024.6266.1080
Người thực hiện công bố thông tin/ *Submitted by*:	Ông/Mr. Lưu Trung Thái
Chức vụ/*Position*:	Phó Chủ tịch HĐQT kiêm Tổng Giám đốc / *BOD Vice Chairman & Chief Excecutive officer*
Loại thông tin công bố/ *Type of Information disclosure*	☑ định kỳ/*periodic* ☐ bất thường/*irregular* ☐ 24 giờ/ *hours* ☐ theo yêu cầu/*on demand*

Nội dung thông tin công bố: Báo cáo tài chính riêng và hợp nhất quý I năm 2020

Content of Information disclosure: Separated & Consolidated Financial Statements for 1st Quarter of 2020

Thông tin trên đã được công bố trên trang thông tin điện tử MB www.mbbank.com.vn - Mục Nhà đầu tư – Phần Thông báo.

The above information was disclosed on MB website at www.mbbank.com.vn – Investors Relation - Announcement

NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN QUÂN ĐỘI - M.S.D.N: 0100283... - Q. ĐỐNG ĐA

Ngân hàng TMCP Quân đội xin cam kết các thông tin công bố trên đây là đúng sự thật và hoàn toàn chịu trách nhiệm trước pháp luật về nội dung các thông tin đã công bố.

MB declares that all information provided above is true and accurate and we shall take full responsibility before the law for the disclosed information.

Trân trọng cảm ơn!

Best Regards!

Nơi nhận/ Recipients:

- Như trên/*As above*;
- HĐQT, BKS (b/c) / *BOD, SB (for reporting purpose)*;
- Lưu: VT, VP HĐQT/ *Archive at Admin Office, BOD Office*

TỔNG GIÁM ĐỐC

CHIEF EXECUTIVE OFFICER

NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN QUÂN ĐỘI

Lưu Trung Thái

Chief Excecutive Officer

Head office
NGÂN HÀNG TMCP QUÂN ĐỘI
Số 21 Cát Linh, Phường Cát Linh
Quận Đống Đa, Hà Nội

Contact us
Điện thoại: (024) 6277 7222
Fax: (024) 6266 1080
www.mbbank.com.vn

Military Commercial Joint Stock Bank B02a/TCTD
Address: No. 21 Cat Linh Street – Dong Da District– Hanoi

SEPARATE BALANCE SHEET
QUARTER I/2020 - 31 March 2020

	Note	*31/03/2020*	*31/12/2019 audited*
		VND million	*VND million*
ASSETS			
Cash, gold and gemstones	**III.1**	**2,248,024**	**2,339,683**
Balance with the State Banks ("SBs")	**III.2**	**6,754,036**	**14,338,075**
Cash and gold deposits at and loans to other credit institutions ("CIs")	**III.3**	**48,639,977**	**40,770,069**
Trading securities	**III.4**	-	-
Trading securities		-	-
Allowance for trading securities		-	-
Financial derivatives and other financial assets	**III.17**	**79,741**	**14,786**
Loans to customers	**III.4**	**233,711,654**	**236,79,366**
Loans to customers	III.4	237,418,826	239,082,993
Allowance for loans losses to customers	III.5	(3,707,172)	(3,003,627)
Investment securities	**III.6**	**81,201,990**	**84,762,114**
Available-for-sale investment securities	III.6.1	79,263,879	82,568,671
Held-to-maturity investment securities	III.6.2	2,214,885	2,483,135
Allowance for diminution of investment securities		(276,774)	(289,692)
Capital contribution & long-term investment	**III.7**	**4,789,139**	**4,510,857**
Investment in subsidiaries	III.7.1	4,403,566	4,125,246
Investment in associates		-	-
Other long-term investments	III.7.2	467,248	467,286
Allowances for diminution in the value of capital contribution & long-term investments	III.7.3	(81,675)	(81,675)
Fixed asset		**2,411,277**	**2,388,403**
Tangible fixed assets	*III.8*	*1,423,000*	*1,413,560*
Cost of tangible fixed assets		3,279,911	3,207,215
Accumulated depreciation of tangible fixed assets		(1,856,911)	(1,793,655)
Intangible fixed assets	*III.9*	*988,277*	*974,843*
Cost of intangible fixed assets		1,773,377	1,727,440
Accumulated amortization of intangible fixed assets		(785,100)	(752,597)
Other Assets		**15,178,558**	**13,353,740**
Receivables	III.10	10,954,055	8,987,227
Accrued interest and fee receivables		3,301,847	3,470,008
Other Assets	III.11	922,656	896,505
Of which, Goodwill		*57,135*	*57,135*
Allowance for other on balance sheet assets	III.12	-	-
TOTAL ASSETS		**395,014,396**	**398,557,093**

Military Commercial Joint Stock Bank B02a/TCTD
Address: No. 21 Cat Linh Street – Dong Da District – Hanoi

SEPARATE BALANCE SHEET (cont.)
QUARTER I/2020 - 31 March 2020

	Note	***31/03/2020***	***31/12/2019 audited***
		VND million	*VND million*
LIABILITIES			
Amounts due to the Government and State Bank	**III.13**	**50,755**	**16,836**
Deposits and borrowings from other CIs	**III.14**	**65,018,509**	**45,304,141**
Customer deposits	**III.15**	**243,791,623**	**274,999,773**
Financial derivatives instruments and other financial liabilities	**III.16**	-	-
Loan granted from other borrowed and entrusted funds	**III.17**	**285,007**	**302,126**
Valuable papers issued	**III.18**	**30,689,402**	**25,621,553**
Other liabilities		**14,031,787**	**15,036,049**
Accrued interest and fee payables		4,753,096	4,544,662
Other liabilities	III.19	9,278,691	1,491,387
TOTAL LIABILITIES		**353,876,083**	**361,280,478**
SHAREHOLDERS' EQUITY			
Capital	***III.20***	***24,983,595***	***22,690,611***
Charter capital		24,370,429	23,727,323
Share premium		1,177,563	-
Treasury shares		(564,397)	(1,036,712)
Other equity		-	-
Reserves		***4,783,139***	***4,799,438***
Retained earnings		***11,371,579***	***9,786,566***
TOTAL SHAREHOLDERS' EQUITY		**41,138,313**	**37,276,615**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**395,014,396**	**398,557,093**

SEPARATE BALANCE SHEET (cont.)
QUARTER I/2020 - 31 March 2020

SEPARATE OFF-BALANCE SHEET ITEMS

		31/03/2020	***31/12/2019 audited***
		VND million	*VND million*
	V.1		
Loan guarantee		79,294	81,864
LC commitments		26,117,055	21,340,471
Other guarantee		74,055,767	**76,678,646**
Foreign exchange commitments		**215,282,143**	**155,723,464**
Foreign exchange purchase commitments		15,077,064	5,949,719
Foreign exchange sell commitments		10,457,964	6,416,536
Swap purchase commitments		94,936,696	71,691,021
Swap sales commitments		94,810,419	71,666,188
Other commitments		**39,136,716**	**35,334,273**
		354,670,975	**289,158,718**

Prepared by:		Reviewed by:	Approved by:
(signed)	*(signed)*	*(signed)*	*(signed and sealed)*
Ms. Le Thi Huyen Trang Deputy Head of General Accounting and Reporting Department	Ms. Dang Thuy Dung Chief Accountant	Ms. Nguyen Thi Thanh Nga Acting Chief Finance Officer	Mr. Luu Trung Thai Chief Executive Officer

Hanoi, Vietnam
23 April 2020

Military Commercial Joint Stock Bank
Address: No. 21 Cat Linh Street, Dong Da District, Hanoi B03a/TCTD

SEPARATE STATEMENT OF INCOME
QUARTER I/2020 - 31 March 2020

	Notes	*Accruals on Quarter III*		*Accumulative from the beginning of the year to the end of Quarter*	
		Current year	***Previous year***	***Current year***	***Previous year***
		VND million	*VND million*	*VND million*	*VND million*
Interest and similar income		7,175,912	6,464,583	7,175,912	6,464,583
Interest and similar expenses		(3,345,155)	(3,003,244)	(3,345,155)	(3,003,244)
Net interest income	**IV.1**	**3,830,757**	**3,461,339**	**3,830,757**	**3,461,339**
Fee and commission income		434,521	351,807	434,521	351,807
Fee and commission expenses		(84,188)	(69,432)	(84,188)	(69,432)
Net fee and commission income	**IV.2**	**350,333**	**282,375**	**350,333**	**282,375**
Net gain/(loss) from trading of foreign currencies	**IV.3**	**159,441**	**129,017**	**159,441**	**129,017**
Net gain/(loss) from trading securities, investment securities and long-term capital contributions/investments	**IV.4**	**522,868**	**144,476**	**522,868**	**144,476**
Net other income	**IV.5**	**226,520**	**272,442**	**226,520**	**272,442**
Income from capital contribution and share purchase	**IV.6**	**-**	**5,260**	**-**	**5,260**
TOTAL OPERATING INCOME		**5,089,919**	**4,294,909**	**5,089,919**	**4,294,909**
TOTAL OPERATING EXPENSES	**IV.7**	**(1,493,608)**	**(1,462,735)**	**(1,493,608)**	**(1,462,735)**
Net operating profit before allowance and provision expenses	**-**	**3,596,311**	**2,832,174**	**3,596,311**	**2,832,174**
Allowance and provision expenses	**IV.9**	**(1,628,255)**	**(719,984)**	**(1,628,255)**	**(719,984)**
TOTAL PROFIT BEFORE TAX		**1,968,056**	**2,112,190**	**1,968,056**	**2,112,190**
Current corporate income tax expense	IV.11	(390,906)	(419,565)	(390,906)	(419,565)
Current period corporate income tax expense		**(390,906)**	**(419,565)**	**(390,906)**	**(419,565)**
NET PROFIT AFTER TAX		**1,577,150**	**1,692,625**	**1,577,150**	**1,692,625**

Prepared by
(signed)
Ms. Le Thi Huyen Trang
Deputy Head of General Accounting and Reporting Department
Hanoi, Vietnam
23 April 2020

Reviewed by:

(signed)
Ms. Dang Thuy Dung
Chief Accountant

(signed)
Ms. Nguyen Thi Thanh Nga
Acting Chief Finance Officer

Approved by
(signed and sealed)
Mr. Luu Trung Thai
Chief Executive Officer

Military Commercial Joint Stock Bank
Address: No. 21 Cat Linh Street, Dong Da District, Hanoi B04a/TCTD

CASH FLOWS STATEMENT (direct method)
QUARTER I/2020 - 31 March 2020

	Notes	*Period from 01/01/2019 to 31/03/2020*	*Period from 01/01/2019 to 31/03/2019*
		VND million	*VND million*
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar income received		7,315,057	6,572,788
Interest and similar expenses paid		(3,129,710)	(2,401,598)
Net fee and commission income received		350,333	282,375
Net receipts from trading activities (foreign currencies, securities)		704,315	242,491
Other incomes/(expenses)		79,957	35,983
Proceeds from loans settled/written off		146,563	236,459
Allowance payment to employees and for other operating activities		(1,964,286)	(1,764,976)
Corporate income tax paid for the period		(444,238)	(283,519)
Net cash flows from operating activities before changes in operating assets and liabilities		**3,057,991**	**2,920,003**
Changes in operating assets		***(3,776,135)***	***(23,803,429)***
(Increase)/decrease in cash and gold balances with loans to other credit institutions		1,581,392	1,207,745
(Increase)/decrease in securities held for trading		3,573,041	(6,943,520)
(Increase)/decrease in financial derivatives and other financial assets		(64,955)	(61,585)
(Increase)/decrease in loans to customers		1,664,167	(13,057,572)
Decrease in provision for impairment (loan, securities, investment)		(1,146,674)	(876,014)
(Increase)/decrease in other assets		(1,830,836)	(4,072,483)
Changes in operating liabilities		***(6,999,850)***	***18,790,719***
Increase/(decrease) in borrowings from the Government and State Banks		-	-
Increase/(decrease) in deposits from other credit institutions		19,714,367	11,565,285
Increase/(decrease) in deposits from customers		(31,174,231)	2,195,247
Increase/(decrease) in bonds and valuable papers issued		5,076,849	4,106,212
Increase/(decrease) in other borrowed and entrusted funds		(17,119)	(31,019)
Increase/(decrease) in financial derivatives		-	-
Increase/(decrease) in other liabilities		(586,463)	982,809
Utilization of reserves		(16,253)	(27,815)
Net cash flows from operating activities		**(165,724)**	**(2,092,707)**
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for purchases of fixed assets		(269,346)	(66,096)
Expenses for disposals of fixed assets		10	141
Cash inflow/(outflow) for investment in, capital contribution to other entities (Sales/(Purchase) of investment in subsidiaries, capital contribution, and other long-term investment)		(278,320)	-
Cash dividend received during the period		-	5,260
Net cash flows from investment activities		**(547,656)**	**(60,695)**

Military Commercial Joint Stock Bank
Address: No. 21 Cat Linh Street, Dong Da District, Hanoi B04a/TCTD
CASH FLOW STATEMENT (direct method)
QUARTER I/2020 - 31 March 2020

	Notes	***Period from 01/01/2020 to 31/03/2020*** *VND million*	***Period from 01/01/2019 to 31/03/2019*** *VND million*
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in share capital and capital surplus in cash		1,820,668	-
Dividends paid to shareholders		-	-
Cash inflow/(outflow) from (sales/purchase) of treasury stock		472,315	**(1,036,712)**
Net cash flows from (used in) financing activities		**(2,292,983)**	**(1,036,712)**
Net cash flows during the period		**1,579,603**	**(3,190,114)**
Opening balance of cash and cash equivalents		**49,301,049**	**49,418,921**
Closing balance of cash and cash equivalents	**IV.12**	**50,880,652**	**46,228,807**

Prepared by	Reviewed by:		Approved by
(signed)	*(signed)*	*(signed)*	*(signed and sealed)*
Ms. Le Thi Huyen Trang Deputy Head of General Accounting and Reporting Department	Ms. Dang Thuy Dung Chief Accountant	Ms. Nguyen Thi Thanh Nga Acting Chief Finance Officer	Mr. Luu Trung Thai Chief Executive Officer

Hanoi, Vietnam
23 Apr 2020

Reporting entity: Military Commercial Joint Stock Bank **Form: B05a/TCTD-HN**
Address: No. 21 Cat Linh Street – Dong Da District – Hanoi

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

QUARTER I/2020

I- OPERATION FEATURES OF CREDIT INSTITUTION

1. License for establishment and operation, and valid duration

The Military Commercial Joint Stock Bank is a joint-stock commercial bank established in the Socialist Republic of Vietnam for the main activities to provide banking and relevant financial services pursuant to Operation License No. 100/NH-GP dated 17 October 2018 issued by the Governor of the State Bank of Vietnam (”SBV”), replaced Operating License No. 0054/NH-GP dated 14 September 1994 with an operation duration of 99 years, starting from 14 September 1994.

2. Form of ownership: Shares

3. Composition of Board of Directors

Full name	*Position/Date of appointment/reappointment*
Mr. Le Huu Duc	Chairman
Mr. Luu Trung Thai	Vice Chairman
Ms. Vu Thi Hai Phuong	Vice Chairman
Mr. Do Minh Phuong	Vice Chairman
Mr. Le Viet Hai	Member
Mr. Kieu Dang Hung	Member
Ms. Vu Thai Huyen	Member
Ms. Nguyen Thi Thuy	Member
Ms. Nguyen Thi Ngoc	Member
Mr. Ngo Minh Thuan	Member
Mr. Tran Trung Tin	Independent member of BOD

4. Composition of Supervisory Board

Full name	*Position/Date of appointment/reappointment*
Ms. Le Thi Loi	Head of Supervisory Board
Ms. Do Thi Tuyet Mai	Member
Ms. Pham Thu Ngoc	Member
Mr. Do Van Hung	Member

5. Composition of Board of Management

Full name	*Date of appointment*
Mr. Luu Trung Thai	Chief Executive Officer
Ms. Nguyen Thi An Binh	Deputy Executive Officer
Ms. Pham Thi Trung Ha	Deputy Executive Officer
Mr. Uong Dong Hung	Deputy Executive Officer
Mr. Le Hai	Deputy Executive Officer (Dismissed from 30/03/2020)
Mr. Tran Minh Dat	Deputy Executive Officer
Mr. Ha Trong Khiem	Deputy Executive Officer
Mr. Le Quoc Minh	Deputy Executive Officer
Ms. Nguyen Minh Chau	Senior Executive Member of BOM
Mr. Le Xuan Vu	Executive Member of BOM
Ms. Tran Thi Bao Que	Executive Member of BOM
Ms. Nguyen Thi Thanh Nga	Acting Chief Financial Officer

6. Head Office: No. 21 Cat Linh Street, Dong Da District, Hanoi, Vietnam

Branches: 1 Head Office, 101 branches (including 2 foreign branches) and 198 transaction offices (including 1 foreign transaction office) and 1 Representative office in Russia Federation.

As at 31 March 2020, the Bank has seven (6) subsidiaries as follows:

No.	*Company name*	*Operating license No.*	*Field of business*	*% directly owned by Bank*
1	Military Commercial Joint Stock Assets Management Company Limited ("MB AMC")	0105281799 dated 11 Sep 2002, issued by Hanoi Department of Planning and Investment	Debt and Asset Management	100.00%
2	MB Securities Joint Stock Company ("MBS")	116/GPDC-UBCK dated 9 December 2013, issued by the State Securities Commission of Vietnam.	Securities brokerage, investment and trading	81,94%
3	MB Capital Management Joint Stock Company ("MB Capital")	21/ UBCK - GPĐCQLQ dated 15 November 2007 issued by the State Securities Commission of Vietnam	Investment Fund Management	90.77%
4	MB Shinsei Finance Company Limited ("MCredit")	27/GP-NHNN dated 4 February 2016 issued by the State Bank of Vietnam.	Consumer finance	50.00%
5	MB Ageas Life Insurance Company Limited	74/GP/KDBH dated 21 July 2016, issued by the Ministry of Finance for the 1st time	Life insurance, health insurance, and financial investment	61.00%
6	Military Insurance Joint Stock Corporation ("MIC")	43/GPDC18/KDBH dated 21 January 2016 issued by the Ministry of Finance.	Non-life insurance	68.37%

7. Total number of employees

As at 31 March 2020, the Bank had **9,671** employees (excluding subsidiaries).

II- ACCOUNTING STANDARDS AND SYSTEM

1. Compliance with Vietnam Accounting Standards and Accounting System of credit institutions in Vietnam

The Board of Management confirms the separate financial statements attached are prepared in compliance with the Vietnam Accounting Standards and Accounting Systems for credit institutions in Vietnam.

2. Accounting standards and system

Separate financial statements of the Bank are presented in Vietnamese Dong ("dong" or "VND"), rounded to the nearest million ("VND million"), prepared in accordance with the Accounting System for Credit Institutions in Vietnam under Decision No. 479/2004/QD-NHNN dated 29 April 2004 (Decision 479) by the Governor of the State Bank of Vietnam, effective from 1 October 2004 and amending and supplementing to the Decision 479, Decision No. 16/2007/QD-NHNN dated 18 April 2007 (Decision 16) by the Governor of the State Bank of Vietnam and amending and supplementing to the Decision 16, and Vietnamese Accounting Standards issued by the Ministry of Finance, including:

- Decision No. 149/2001/QD-BTC dated 31 December 2001 on the issuance and publication of Four Vietnamese Accounting Standards (phase 1);

- ► Decision No. 165/2002/QD-BTC dated 31 December 2002 on the issuance and publication of Six Vietnamese Accounting Standards (phase 2);
- ► Decision No. 234/2003/QD-BTC dated 30 December 2003 on the issuance and publication of Six Vietnamese Accounting Standards (phase 3);
- ► Decision No. 12/2005/QD-BTC dated 15 February 2005 on the issuance and publication of Six Vietnamese Accounting Standards (phase 4); and
- ► Decision No. 100/2005/QD-BTC dated 28 December 2005 on the issuance and publication of Four Vietnamese Accounting Standards (phase 5).

The separate balance sheet, separate statement of income, separate retained earnings statement, separate cash flow statement, and the notes to the separate financial statements and the use of these statements is not intended for those who are not informed about the accounting procedures and principles and practices in Vietnam. In addition, these statements are not prepared to present the financial position, results of operations, and cash flow of the Bank, in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

The separate financial statements of Bank is to reflect the Bank's financial position and business performance, including those of the Bank's Head Office and branches.

3. Fiscal year

The Bank’s fiscal year is from 01 January to on 31 December.

4. Basis for assessment and application of accounting estimates

The presentation of the separate financial statements requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities, as well as disclosures of contingent liabilities. These estimates and assumptions also affect income, expenses and the provision figures. These estimates are based on assumptions on a number of factors with varying degrees of subjectivity and uncertainty. Therefore, actual results may vary, resulting in the adjustment of related items later.

Going concern

The Bank’s Board of Management has evaluated the Bank's ability to continue as a going concern and found that the Banks has adequate resources to maintain its business in a foreseeable future. In addition, the Board of Management did not find any material uncertainty that may affect the Bank's ability to continue as a going concern. Therefore, these separate financial statements are prepared on the assumption of going concern.

5. Changes in accounting policies

The accounting policies adopted by MB in the preparation of interim separate financial statements are consistent with those followed in the preparation of MB’s separate financial statements for the year ended 31 December 2019.

6. Cash and cash equivalents

Cash and cash equivalents consist of cash, gold and gemstones, balances with the State Bank of Vietnam, government bills and other short-term valuable papers eligible for SBV discount, current account and deposits with other credit institutions with maturity of less than three months from the date of granting and short-term investments with original terms not exceeding three months, with high liquidity and can be easily converted into defined amount of cash and do not have much risk in conversion into cash.

7. Loans and advances to customers

Loans and advances to customers are disclosed and presented at the amount of principal outstanding at the end of the fiscal year.

8. Allowance for credit risk

Loan classification

Pursuant to Law on Credit Institutions No. 47/2010/QH12, effective from 1 January 2011, Circular No. 02/2013/TT-NHNN dated 21 January 2013 and Circular No. 09/2014/TT-NHNN issued by the State Bank of Vietnam regarding loan classification, provisioning and utilization of allowance against credit risk in banking activities of credit institutions, credit institutions are required to perform loan classification and provisioning of credit risk. Accordingly, loans to customers are classified according to the level of risk as follows: *Current loans*, *Special-mentioned loans*, *Sub-standard loans*, *Doubtful loans* and *Loss loans* based on the overdue status and other qualitative characteristics of the loans.

Loans classified as *Sub-standard loans, Doubtful loans* and *Loss loans* are considered non-performing loans.

Since 2008, the Bank has registered and been approved by the State Bank of Vietnam under the Official Letter No. 8738/NHNN-CNH dated 25 September 2008, accordingly, the Bank is permitted to apply internal credit ratings to reclassify customer loans under Article 10, Circular No. 02/2013/TT-NHNN. Under this system, the Bank loans will be assessed and reclassified based on both qualitative and quantitative basis.

Accordingly, these loans are classified according to the level of risk as follows:

No.	*Rating*	*Group*	*Description*
1	AAA	Group 1	Current
2	AA	Group 1	Current
3	A	Group 1	Current
4	BBB	Group 2	Special-mentioned
5	BB	Group 2	Special-mentioned
6	B	Group 3	Sub standard
7	CCC	Group 3	Sub standard
8	CC	Group 4	Doubtful
9	C	Group 4	Doubtful
10	D	Group 5	Loss

On 23 April 2012, the State Bank of Vietnam issued Decision No. 780/QD-NHNN on the classification of rescheduled loans. However, the Bank is required to reclassify off-balance-sheet debts and commitments in accordance with Article 10 and Clause 1, Article 11, Circular 02 in three years from 1 June 2014. Accordingly, if the reclassification results in accordance with Article 10 and Clause 1, Article 11, Circular 02 are different, the debt in dispute shall be reclassified to a group of higher risk.

Specific allowance

Credit risk of loans and advances to customers are calculated as the remaining value of the loan minus the value of the collateral discounted at the rate stipulated in Circular No. 02/2013/TT-NHNN and Circular No. 09/2014/TT-NHNN. Specific allowance is made based on credit risk of loans at respective rate of each loan group as follows:

Group	*Classification*	*Specific provision rate*
1	Current	0%
2	Special-mentioned	5%
3	Sub-standard	20%
4	Doubtful	50%
5	Loss	100%

General allowance

In accordance with Circular No. 02/2013/TT-NHNN, general allowance is made for losses that have not been identified during loan classification and specific provisioning processes, and in case the credit institution faces deterioration in credit quality. Accordingly, the Bank is required to set and maintain a general allowance at 0.75% of total loans that are classified from Group 1 to Group 4.

Write off

Allowance is recognized as an expense in the separate statement of income and is utilized for non-performing loans. In accordance with Circular No. 02/2013/TT-NHNN, the Bank established Risk Management Committee to decide to write off non-performing loans when they have been classified to Group 5, or when the borrowers have declared bankrupt or dissolved (for borrowers being organization, enterprise), or borrowers have been dead or missing.

In accordance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 of the State Bank of Vietnam, general and specific allowances of the Bank for the fiscal year ended 31 December are made based on the outstanding balance as at 30 November of that year.

9. Investment securities

9.1. *Available - for- sale* securities

Available-for-sale securities are classified into two types: Equity securities and Debt Securities. The Bank held those for investment purpose and available for sale, not including a type of securities bought and sold regularly but can be sold at any time convenient profitability

Equity securities are initially recognized available - for- sale securities and listed at capital stock market, are recognized at cost on transaction date; and are subsequently recognized at the lower of the book value and the market value and the diminution losses recognized in the separate statement of income.

Debt securities are initially recognized at cost including transaction costs and other directly attributable costs. They are subsequently recognized at amortized cost (after amortization of premiums and discounts) less allowance for diminution in value. Premiums and discounts arising from purchases of debt securities are amortized in the separate statement of income on a straight-line basis over the period from the acquisition date to the maturity date.

Listed held-to-maturity debt securities and available-for-sale investment securities are recognized at cost minus allowance for diminution in the value of securities which is determined by reference to profitability ratio listed on Hanoi Stock Exchange at the balance sheet date.

Unlisted held-to-maturity debt securities and available-for-sale investment securities of the enterprise are recognized at cost less allowance for diminution in the value securities. Debt classification and allowance for these bonds are made in accordance with the policies applicable to loans to customers as described in Note 4(h).

The remaining unlisted debt securities (excluding unlisted held-to-maturity debt securities and available for-sale investment securities of the enterprise) are measured at cost less allowance for diminution in the value of securities which is determined by reference to the market value. In cases where market value of securities cannot be determined reliably, these securities are recognized at cost.

Post-acquisition interest income of available-for-sale debt securities and held-to maturity investment securities is recognized in the separate statement of income on an accrual basis.

Applicable before 01 June 2014

Debt securities are initially recognized at cost including transaction costs and other directly attributable costs. They are subsequently recognized at amortized cost (after amortization of premiums and discounts) less allowance for diminution in value. Premiums and discounts arising from purchases of debt securities are amortized to the separate statement of income on a straight-line basis over the period from acquisition date to maturity date.

Available-for-sale debt securities and held-to-maturity investment securities are recognized at cost less allowance for diminution in the value of securities which is determined by reference to the market value. In cases where market value of securities cannot be determined reliably, these securities are recognized at cost.

Post-acquisition interest income of available-for-sale debt securities and held-to maturity investment securities is recognized in the separate statement of income on an accrual basis.

9.2. De-recognition

The Bank derecognizes investment securities 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.

10. Repurchase and reverse repurchase agreements

The securities sold under agreements to repurchase at a specific date in the future are still recognized in the separate financial statements. Amounts received under this agreement are recognized as a liability in the separate balance sheet, and the difference between the sale price and repurchase price is amortized in the separate statement of income over the term of the agreement using the straight-line method based on the interest rate stipulated in the contract

The securities purchased under agreements to resell at a specific date in the future are not recognized in the separate financial statements. Amounts received under these agreements are recognized as an asset in the separate balance sheet, and the difference between the sale price and repurchase price is amortized in the separate statement of income over the term of the agreement using the straight-line method based on the interest rate stipulated in the contract

11. Investment in Subsidiaries

Investments in subsidiaries which the Bank controls are presented at cost of acquisition. The Bank's share of year-to-date profits from the subsidiaries will be recorded from the date the Bank took control in Bank's separate income statement. Other allocations received are considered as returns on investment and recognized by decreasing investment amount.

Allowance for diminution in value of investments in subsidiaries is made when such subsidiary suffers a loss. The Bank makes a provision for investments in subsidiaries if the investment is lost as a result of subsidiaries' loss

12. Investment in Associates

In accordance with the Law on Credit Institutions 2010, effective from 1 January 2011, an associate of a credit institution is a company in which the said credit institution, or that credit institution and its affiliates, own more than 11% of the charter capital or more than 11% shares with voting rights, and which is not a subsidiary of that credit institution.

Investments in associates are recognized by the method of equity accounting. The Bank's share of year-to-date profits from the associates will be recorded from the date the Bank invested in Bank's separate income statement. Other allocations are considered as returns on investment and recognized by decreasing investment amount.

Allowance for diminution of investments in associates is made when the associate suffering losses and considered at the year-end accounting. The Bank makes a provision for investments in subsidiaries if the investment is lost as a result of subsidiaries' loss.

13. Other long-term investments

Other long-term investments represent the Bank's capital investments in other entities where the Bank owns less than 11% of voting rights and at the same time, the Bank is a founding shareholder or a strategic partner; or has a certain degree of influence over the making and deciding of financial and operational policies of the invested enterprise, but has no significant impact on financial and operational policies of these companies, under written agreements to appoint personnel to the Board of Directors/Board of Management.

Other long-term investments are initially recognized at cost, and subsequently recognized at cost less allowance for diminution in the value of investments, if any.

Other long-term capital contributions shall be considered for possibilities of diminution. Allowance for diminution in value is recognized in separate statement of income if market value is lower than book value of investment securities and if there is objective evidence of a long-term diminution in value of the initial capital contributions.

Allowance for diminution in value of initial capital contribution is made when the economic institution in which the Bank and its subsidiaries suffering losses (except for the expected loss as determined in the original business plan).

14. Tangible fixed asset

Tangible fixed assets are recognized at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises of all costs incurred by the Bank and its subsidiaries in acquiring the tangible fixed assets up to the time the asset was put into use.

Expenses for procurement, upgrading and renovation of the tangible fixed assets are recognized as an increase to their cost; expenses for maintenance and repair are accounted for in the separate statement of income when incurred.

Upon sales or liquidation of the tangible fixed asset, the cost and accumulated depreciation are written off and the gains / (losses) incurred from liquidation of the asset shall be accounted for in the separate statement of income.

15. Intangible fixed assets

Intangible fixed assets are recognized at cost less accumulated amortization.

The cost of an intangible fixed asset comprises of all costs incurred by the Bank and its subsidiaries in acquiring the tangible fixed assets up to the time the asset was put into use.

The cost of upgrading and renovation of the intangible fixed assets are recognized as an increase to their cost; and other costs are accounted for in the separate statement of income when incurred.

Upon sales or liquidation of the intangible fixed asset, the cost and Accumulated amortization are written off and the gains / (losses) incurred from liquidation of the asset shall be accounted for in the separate statement of income.

16. Depreciation and amortization

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

Building and structures	6-25 years
Machines and equipment	3-4 years
Means of transportation	6 years
Other tangible fixed assets	4 years
Computer software	3 years
Other intangible fixed assets	3 years

The land use rights with indefinite term granted by the Government are not amortized, whereas definite Land use rights are amortized over the lease term.

17. Receivables

Receivables other than those from credit activities of credit institutions are initially recognized at cost and shall always be presented at cost subsequently.

Other receivables are subject to review for risk provision based on overdue period of receivables or estimated losses that may arise from undue debts of which indebted economic institutions go bankrupt or undergo dissolution procedures; debtors are missing, have fled, are prosecuted, detained or tried by law enforcement bodies or dead. Provision expenses incurred is recognized under “Provision expenses for other Assets during the year".

For overdue receivables, the provision rates are as follows:

Overdue period	*Provision rate*
From over six (06) months up to one (01) year	30%
From one (01) year up to less than two (02) years	50%
From two (02) years up to less than three (03) years	70%
Three (03) years or more	100%

18. Recognition of revenues and expenses

Interest incomes on loans and interest expense are recognized in the separate statement of income on accrual basis. Accrued interest on loans from Group 2 to Group 5 in accordance with Circular No. 02/2013/TT-NHNN and Circular No. 09/2014/TT-NHNN shall not be recognized in the separate statement of income. Instead, these accruals are tracked in off-balance-sheet accounts and only recognized in the separate statement of income when they are physically received by the Bank.

Cash dividends from investment activities are recognized as income when the right to receive dividends of the Bank and its subsidiaries is established. Dividends in shares and bonus shares received are not recognized as income of the Bank and its subsidiaries; but only the number of shares is updated.

19. Transactions in foreign currencies

All transactions of the Bank are accounted for in the original currency. At the end of the period, assets and liabilities denominated in foreign currencies are converted into VND at the exchange rate as at the date of the separate balance sheet (see details of exchange rates applicable at the balance sheet date in Note V.6). Incomes and expenses denominated in foreign currencies of the Bank are converted into VND at the exchange rate at the date of the transaction. Foreign exchange differences due to revaluation of assets and liabilities in foreign currencies into VND during the year are recognized in the separate Statement of income.

20. Corporate income tax

Current corporate income tax

Tax assets and tax liabilities for the current year and previous years are measured at the amount payable to (or recovered from) the tax authorities based on enacted tax rates and tax laws at the date of separate balance sheet.

Current income taxes are recognized in the separate statement of income except when it relates to items recognized directly to shareholders’ equity, in which case the current income tax is also recognized directly to shareholders’ equity.

The Bank's reports on tax return are subject to inspection by the tax authorities. Tax amounts presented in the separate financial statements are subject to change upon the final decision by the tax authorities.

Deferred income tax

Deferred income tax is identified as temporary differences between payable assets and liabilities subject to income tax and their book value presented on separate financial statements as at balance sheet date.

Deferred tax payable is recognized for all temporary taxable differences, except:

- ► Deferred income tax liabilities arising from initial recognition of an asset or liability in a transaction which did not affect accounting profit or taxable profit (or loss) at the time of the transaction.
- ► Temporary taxable differences associated with investments in subsidiaries, associates and joint ventures which can be controlled in terms of the reversal time and certainty that such temporary gain will not be reversed in the foreseeable future.

  Deferred income tax assets which are recognized for all deductible temporary differences, deductible amounts of the tax losses transferred to the next years and unused tax incentives when it is certain that future taxable profits will arise to use deductible differences, taxable losses and unused tax incentives

Deferred tax assets and deferred tax liabilities are calculated at the tax rates expected to be applied for the fiscal year when the asset is realized or the liability is paid, based on applicable tax rates and tax laws at the end of the fiscal year.

21. Assets entrusted for management and safe-keeping

Assets entrusted for management and safe-keeping are not considered assets of the Bank and therefore not included in its separate financial statements.

22. Currency derivative contracts

Currency forward and swap contracts

For currency forward and swap contracts, the difference between the value of VND amount of foreign currencies committed to buy / sell at forward rate and spot rate on the effective date of the contract is recognized immediately at the effective date of the contract as an asset to "Financial derivatives and other financial assets" if positive or as a liability to "Financial derivatives and other financial liabilities" if negative. This difference is then amortized to "Profit / (loss) from foreign exchange operations" over the term of the contract. Foreign exchange differences due to revaluation of commitments under currency forward and swap contracts during the year are recognized and tracked in "Exchange rate differences" accounts and transferred to the separate statement of income at the end of the fiscal year in accordance with Decision 479 and Circular 10 on the chart of accounts applicable for credit institutions.

23. Clearing

Financial assets and liabilities are netted off and the net amounts are recognized on the separate balance sheet only when the Bank has the legal right to offset and the Bank intends to pay the debts and assets on a net basis, or the final accounting of assets and liabilities occur simultaneously.

24. Employees benefits

24.1. Retirement allowance

Retired bank employees will receive retirement benefits from Social Insurance under the management of the Ministry of Labor, Invalids and Social Affairs. The Bank shall pay social insurance for every employee at 17.00% of their monthly basic salaries. Besides, the Bank shall disclaim any other obligations.

24.2. Voluntary severance allowance and job loss allowance

Voluntary severance allowance: According to Article 48 of Vietnam Labor Code 10/2012/QH13 effective from 1 May 2013, the Bank is obligated to pay severance allowance equal to a half of monthly salary plus other allowances (if any) for every working year until 31 December 2008 to the employees voluntarily resigning. From 1 January 2009, the average monthly salary used to calculate severance allowance shall be recalculated and adjusted at the end of every reporting period based on the average of the most recent six months before reporting.

Job loss allowance: In accordance with Article 17 of the Labor Code, the Bank is obligated to pay the allowance to any employees losing their jobs due to organization or technology restructuring. In such case, the Bank is obligated to pay the employee a job loss allowance equivalent to one month salary for every working year; the minimum appropriation level shall be two month pay. Increase or decrease in provision balance shall be accounted into overhead expenses in the reporting period.

24.3. Unemployment allowance

According to Circular No. 32/2010/TT-BLDTBXH guiding the implementation of Decree No. 127/2008/ND-CP on Unemployment insurance, from 1 January 2009, the Bank is obligated to pay 1% of the salary fund for unemployment insurance for the participants and concurrently deduct 1% of salary or wage of each unemployment insurance participating employee for payment of unemployment insurance into Unemployment Insurance Fund.

III– ADDITIONAL INFORMATION FOR BALANCE SHEET ITEMS

1. Cash, gold and gemstones

	31/03/2020 VND million	*31/12/2019 VND million*
Cash in VND	1,725,365	1,916,108
Cash in foreign currencies	520,656	419,810
Gold	2,003	3,765
	2,248,024	**2,339,683**

2. Balances with State banks

	31/03/2020 VND million	*31/12/2019 VND million*
Balances with the State Bank of Vietnam	6,072,480	13,573,560
- *In VND*	5,829,950	11,826,457
- *In foreign currencies*	242,530	1,747,103
Balances with the Bank of the Lao PDR	147,704	231,067
Balances with the National Bank of Cambodia	533,852	533,448
	6,754,036	**14,338.075**

3. Cash and gold deposits at and loans to other credit institutions

	31/03/2020 VND million	*31/12/2019 VND million*
Cash, gold deposits at other credit institutions		
Demand deposit		
- *In VND*	6,165,392	6,328,994
- *In foreign currencies, gold*	5,134,870	2,769,029
Term deposit		
- *In VND*	25,222,798	19,319,075
- *In foreign currencies, gold*	5,372,589	4,224,197
Loans to other credit institutions		
In VND	5,188,350	5,553,336
In foreign currencies, gold	1,555,978	2,771,438
Allowance for loans losses of loans to other CIs		(196,000)
	48,639,977	**40,770,069**

4. Loans to customers

	31/03/2020 VND million	*31/12/2019 VND million*
Loans to domestic economic entities and individuals	232.823.290	234.470.354
Discounted commercial bills and valuable papers	705.462	640.820
Loans granted from borrowed and entrusted funds	428.027	436.508
Payables on behalf of customers	-	5.055
Loans to foreign economic entities and individuals	3.462.047	3.530.256
	237.418.826	**239.082.993**

- ***Loan quality analysis:***

	31/03/2020 VND million	*31/12/2019 VND million*
Current loans	230.258.473	234.703.308
Special-mentioned loans	3.704.784	2.040.434
Sub-standard loans	895.696	855.991
Doubtful loans	1.654.487	866.906
Loss	905.386	616.354
	237.418.826	**239.082.993**

- ***Analysis of outstanding loans by term:***

	31/03/2020 VND million	*31/12/2019 VND million*
Short-term	114.702.710	117.047.164
Mid-term	26.838.835	27.208.862
Long-term	95.877.281	94.826.967
	237.418.826	**239.082.993**

- ***Analysis of outstanding loans by category of customer and type of economic entities***

	31/03/2020 VND million	*%*	*31/12/2019 VND million*	*%*
Loans to economic entities	**142,219,798**	**59.91**	**142,701,724**	**59.68**
State-owned enterprises	14,938,259	6.29	15,082,508	6.31
One-member limited liability companies with 100% State-owned capital	6,315,099	2.66	6,930,066	2.90
Limited liability companies with more than one members with more than 50% State-owned capital	460,899	0.19	389,523	0.16
Other limited liability companies	45,607,338	19.21	45,978,538	19.23
Joint Stock companies with more than 50% State-owned Capital (the State holds dominating shares)	5,527,661	2.33	5,935,532	2.48
Other joint stock companies	60,722,817	25.59	61,126,035	25.57
Partnership companies	-	-	-	-
Private enterprises	-	-	-	-
Foreign invested enterprises	8,478,170	3.57	7,063,750	2.95
Cooperatives and cooperative unions	169,555	0.07	195,772	0.08
Loans to individuals	**91,601,871**	**38.58**	**92,707,166**	**38.78**
Household business, individuals	91,601,871	38.58	92,707,166	38.78
Other loans	**135,720**	**0.06**	**161,095**	**0.07**
Administrative, Communist Party, Union and Association units	20,387	0.01	40,151	0.02
Others	115,333	0.05	120,944	0.05
Loans to customers of the Foreign branches	**3,461,437**	**1.45**	**3,513,008**	**1.47**
Loans to Enterprises	2,596,905	1.09	2,674,225	1.12
Loans to individuals	864,532	0.36	838,783	0.35
	237,418,826	**100.00**	**239,082,993**	**100.00**

- ***Analysis of outstanding loans by sectors***

	31/03/2020 VND million	*%*	*31/12/2019 VND million*	*%*
Agriculture, Forestry, Fishery	3.104.515	1,31	3.320.783	1,39
Mining	3.318.047	1,40	3.837.122	1,60
Manufacturing and processing	39.746.615	16,74	38.783.944	16,22
Production & Distribution of Power,	10.000.222	4,21	10.000.983	4,18

Gas, Hot Water, Steam and Air-Conditioner				
Water supply, management & treatment of garbage & sewage	701.539	0,30	724.777	0,30
Construction	17.674.741	7,44	19.403.393	8,12
Wholesale, Retail & Repair of Automobiles, Motorbikes and other Automotive Vehicles	56.071.604	23,62	56.817.785	23,77
Transportation, Warehousing	7.516.285	3,17	7.810.083	3,27
Hospitality services	8.284.300	3,49	7.780.639	3,25
Information & Communication	2.160.309	0,91	2.598.729	1,09
Finance, Banking and Insurance	695.204	0,29	880.960	0,37
Real estate trading	5.641.153	2,38	5.356.894	2,24
Professional, scientific & technological activities	354.202	0,15	311.581	0,13
Administration & Supporting services	901.651	0,38	894.466	0,37
Education & Training	1.150.671	0,48	1.131.384	0,47
Healthcare and social work	1.661.088	0,70	1.479.427	0,62
Arts, entertainment and recreation	3.565.222	1,50	2.721.923	1,14
Other services	48.271	0,02	53.874	0,02
Working in the households, producing household self-consumed products and services	71.361.750	30,06	71.661.238	29,98
Loans at Foreign branches	3.461.437	1,45	3.513.008	1,47
	237.418.826	**100,00**	**239.082.993**	**100,00**

Military Commercial Joint Stock Bank

Address: No. 21 Cat Linh Street, Dong Da District, Hanoi B04a/TCTD

5. Movements (increase/decrease) of allowance for loans losses:

Movements in the allowance for loans losses as at 31 March 2020 include the following items:

	In Vietnam			*In foreign branches*			*Total*		
	Specific Allowance	*General Allowance*	*Total*	*Specific Allowance*	*General Allowance*	*Total*	*Specific Allowance*	*General Allowance*	*Total*
Balance as at 1 January 2020	1,185,443	1,707,925	2,893,368	82,443	27,816	110,259	1,267,886	1,735,741	3,003,627
Allowance made / reversed during the period	1,602,363	17,600	1,619,963	9,058	(766)	8,292	1,611,421	16,834	1,628,255
Utilized allowances	(901,182)	-	(901,182)	(19,492)	-	(19,492)	(920,674)	-	(920,674)
Adjustment for exchange rate	-	-	-	112	390	502	112	390	502
Adjustment under foreign branches's audited reports	-	-	-	(4,538)	-	(4,538)	(4,538)	-	(4,538)
Balance as at the end of period	**1,886,624**	**1,725,525**	**3,612,149**	**67,583**	**27,440**	**95,023**	**1,954,207**	**1,752,965**	**3,707,172**

Movements in the allowance for loans losses for the fiscal year 2019 include the following items:

Unit: VND million

	In Vietnam			*In foreign branches*			*Total*		
	Specific Allowance	*General Allowance*	*Total*	*Specific Allowance*	*General Allowance*	*Total*	*General Allowance*	*General Allowance*	*Total*
Balance as at 1 January 2019	1,439,473	1,501,696	2,941,169	113,743	26,283	140,026	1,553,216	1,527,979	3,081,195
Allowance made / reversed during the period	3,051,856	206,229	3,258,085	53,484	1,729	55,213	3,105,340	207,958	3,313,298
Utilized allowances	(3,305,886)	-	(3,305,886)	(88,993)	-	(88,993)	(3,394,879)	-	(3,394,879)
Adjustment for exchange rate	-	-	-	(329)	(196)	(525)	(329)	(196)	(525)
State Audit adjustment	-	-	-	4,538	-	4,538	4,538	-	4,538
Balance as at 31 December 2019	**1,185,443**	**1,707,925**	**2,893,368**	**82,443**	**27,816**	**110,259**	**1,267,886**	**1,735,741**	**3,003,627**

6. Investment securities

6.1. Available-for-sale investment securities

The detailed data of available-for-sale investment securities of the Bank is as follows:

		31/03/2020 *VND million*	*31/12/2019* *VND million*
Debt securities			
Debt securities issued by the Government	(i)	23,819,589	25,958,446
Debt securities guaranteed by the Government	(i)	21,419,829	21,914,867
Treasury bills by SBV	(i)	-	-
Debt securities issued by other credit institutions	(ii)	22,594,259	22,694,379
Debt securities issued by domestic economic entities	(iii)	11,430,202	12,000,979
Equity securities			
Equity securities issued by other credit institutions		-	-
Equity securities issued by domestic economic entities		-	-
		79,263,879	**82,568,671**
Allowance for diminution in the value of available-for-sale securities		(208,337)	(188,627)
		79,055,542	**82,380,044**

(i) *Debt securities issued by the Government and Debt securities guaranteed by the Government* include bonds with 3-year to 30-year term at annual interest rates from 3.10% to 11.60%/year,

(ii) D*ebt securities issued by other credit institutions* include bonds with 9-month to 4-year term at annual interest rates from 5.70% to 9.30%/year,

(iii) *Debt securities issued by domestic economic* entities include bonds with 19 months to 14-year term at annual interest rates from 8.5% to 11.40%/year

6.2. Held-to-maturity investment securities

		31/03/2020 *VND million*	*31/12/2019* *VND million*
Held-to-maturity investment securities			
Bonds guaranteed by the other credit institutions	(i)	50,000	80,000
Bonds issued by domestic economic entities	(ii)	2,164,885	2,403,135
		2,214,885	**2,483,135**
Allowance for diminution in the value of held-to-maturity investment securities		(68,437)	(101,065)
		2,146,448	**2,382,070**

(i) *Bonds issued by other credit institutions* with 5-year term at annual interest rates from 9%/year,

(ii) *Bonds issued by domestic economic entities* include bonds with 1-year to 15-year term at annual interest rates from 8.9% to 11.6%/year,

7. Capital contribution & long-term investment

Details of long-term investments items as at 31 Mach 2020 and 31 December 2019 are as follows:

	31/03/2020 *VND million*	*31/12/2019* *VND million*
Investment in subsidiaries	4,403,566	4,125,246
Other long-term investments	467,248	467,286
	4,870,814	**4,592,532**
Allowance for diminution in the value of long-term investments	***(81,675)***	***(81,675)***
	4,789,139	**4,510,857**

7.1. Investments in Subsidiaries

Details of investments in subsidiaries as at 31 March 2020 and 31 December 2019 are as follows:

	31/03/2020		*31/12/2019*	
	Cost VND	*% owned by Bank*	*Cost VND*	*% owned by Bank*
Military Commercial Joint Stock Assets Management Company Limited	665,862	100.00%	665,862	100.00%
MB Securities Joint Stock Company	1,249,429	81.94%	971,109	79.52%
MB Capital Management Joint Stock Company	293,900	90.77%	293,900	90.77%
MB Shinsei Finance Company Limited (“MCredit”)	400,000	50.00%	400,000	50.00%
Military Insurance Joint Stock Corporation (“MIC”)	879,375	68.37%	575,036	68.37%
MB Ageas Life Insurance Company Limited	915,000	61.00%	915,000	61.00%
	4,403,566		**4,125,246**	

7.2. Other long-term investments

Details of other capital contributions & long-term investments as at 31 March 2020 and 31 December 2019 are as follows:

	31/03/2020 *VND million*	*31/12/2019* *VND million*
Investment in economic entities	445,248	445,286
Investment in investment fund	22,000	22,000
	467,248	**467,286**

7.3. Allowance for diminution of investment securities and capital contributions/long-term investments

	31/03/2020 *VND million*	*31/12/2019* *VND million*
Allowance for diminution of investment securities	276,774	289,692
Allowances for diminution of capital contribution & long-term investments	81,675	81,675
	358,449	**371,367**

7.3.1. Allowance for diminution of investment securities

	31/03/2020 VND million	*31/12/2019 VND million*
Available-for-sale investment securities	208,337	188,627
Held-to-maturity investment securities	68,437	101,065
	276,774	**289,692**

7.3.2. Allowances for diminution of long-term capital contribution & investments

	31/03/2020 VND million	*31/12/2019 VND million*
Investment in Subsidiaries	-	-
Other capital contributions / long-term investments	81,675	81,675
	81,675	**81,675**

8. Tangible fixed assets

Movements in tangible fixed assets ending on 31 March 2020 are as follows:

	Building and structures VND million	*Machines, equipment VND million*	*Means of transportation VND million*	*Other tangible fixed assets VND million*	*Total VND million*
Cost					
Opening balance	1,284,623	1,168,311	596,818	157,463	3,207,215
Increase during the period	183	15,655	56,148	2,177	74,163
Decrease during the period	-	(1,556)	(163)	(172)	(1,891)
Adjustment under foreign branches' audited reports	164	201	67	(8)	424
Adjustment for exchange rates	**1,284,970**	**1,182,611**	**652,870**	**159,460**	**3,279,911**
Closing balance					
Accumulated depreciation	245,449	960,396	458,599	129,211	1,793,655
Opening balance	12,833	29,075	20,393	2,639	64,940
Depreciation during the period	-	(1,556)	(163)	(172)	(1,891)
Decrease during the period	55	136	23	(7)	207
Adjustment under foreign branches' audited reports	**258,337**	**988,051**	**478,852**	**131,671**	**1,856,911**
Opening balance	1,039,174	207,915	138,219	28,252	1,413,560
Closing balance	1,026,633	194,560	174,018	27,789	1,423,000

Military Commercial Joint Stock Bank
Address: No. 21 Cat Linh Street, Dong Da District, Hanoi B04a/TCTD

Movements in tangible fixed assets ending on 31 December 2019 are as follows:

	Building and structures VND million	*Machines, equipment VND million*	*Means of transportation VND million*	*Other tangible fixed assets VND million*	*Total VND million*
Cost					
Opening balance	1,275,614	1,043,437	529,300	137,457	2,985,808
New purchases during the year	6,858	110,185	69,455	21,995	208,493
Complete the purchases of fixed assets	-	19,202	3,198	859	23,259
Liquidation of the year	(307)	(5,290)	(4,948)	(2,793)	(13,338)
Other increase	2,475	1,288	-	-	3,763
Adjustment for exchange rates	(17)	(511)	(187)	(55)	(770)
Closing balance	**1,284,623**	**1,168,311**	**596,818**	**157,463**	**3,207,215**
Accumulated depreciation					
Opening balance	193,164	843,348	407,505	128,043	1,572,060
Depreciation during the period	52,606	122,829	56,211	3,993	235,639
Decrease during the period	(307)	(5,290)	(4,948)	(2,776)	(13,321)
Adjustment for exchange rates	(14)	(491)	(169)	(49)	(723)
Closing balance	**245,449**	**960,396**	**458,599**	**129,211**	**1,793,655**
Net book value					
Opening balance	1,082,450	200,089	121,795	9,414	1,413,748
Closing balance	1,039,174	207,915	138,219	28,252	1,413,560

9. Intangible fixed assets

Movements in intangible fixed assets ending on 31 March 2020 are as follows:

	Definite land use rights VND million	*Computer software VND million*	*Total VND million*
Cost:			
Opening balance	1,084,972	642,468	1,727,440
Increase during the period	-	45,874	45,874
Decrease during the period	-	-	-
Adjustment for exchange rate	-	63	63
Closing balance	1,084,972	688,405	1,773,377
Accumulated amortization:			
Opening balance	160,825	591,772	752,597
Amortization during the period	4,788	27,678	32,466
Decrease during the period	-	-	-
Adjustment for exchange rate	-	37	37
Closing balance	165,613	619,487	785,100
Net book value:			
Opening balance	924,147	50,696	974,843
Closing balance	919,359	68,918	988,277

Movements in intangible fixed assets ending on 31 December 2019 are as follows:

	Definite land use rights VND million	*Computer software VND million*	*Total VND million*
Cost:			
Opening balance	1,058,064	566,394	1,624,458
New purchase during the period	26,908	33,503	60,411
Liquidation during the period	-	(2,077)	(2,077)
Complete fixed asset		44,731	44,731
Adjustment for exchange rate	-	(83)	(83)
Closing balance	1,084,972	642,468	1,727,440
Accumulated amortization:			
Opening balance	141,870	525,523	667,393
Amortization during the period	18,955	68,375	87,330
Decrease during the period	-	(2,077)	(2,077)
Adjustment for exchange rate	-	(49)	(49)
Closing balance	160,825	591,772	752,597
Net book value:			
Opening balance	916,194	40,871	957,065
Closing balance	924,147	50,696	974,843

10. Receivables

	31/03/2020 VND million	31/12/2019 VND million
Internal receivables	97,696	73,159
External receivables	10,856,359	8,914,068
	10,954,055	**8,987,227**

Details of external receivables are as follows:

	31/03/2020 VND million	31/12/2019 VND million
- Cost of unfinished construction	1,528,029	1,342,351
- Escrow deposit at foreign banks	974,606	1,039,028
- Draft Buyback LC & Upas LC	3,330,082	2,924,016
- Receivables from BankPlus service	1,480,022	9,730
- Receivables from payment service	2,152,574	2,364,121
- Advances and deposits for contract	294,589	281,960
- Other receivables	1,096,457	952,862
	10,856,359	**8,914,068**

11. Other Assets

	31/03/2020 VND million	31/12/2019 VND million
Deferred expenses	436,041	408,967
Goodwill	57,135	57,135
Other assets	429,480	430,403
	922,656	**896,505**

12. Allowance for other On-balance sheet Assets

	31/03/2020 VND million	31/12/2019 VND million
Opening balance	**-**	**8,838**
Allowance made / (reversed) during the year	-	(8,838)
Utilization of fund	-	-
Closing balance	**-**	**-**

13. Borrowings from the Government and SBV

	31/03/2020 VND million	31/12/2019 VND million
- *Deposit at State Treasury*	50,755	16,836
	50,755	**16,836**

14. Deposits and borrowings from other credit institutions

	31/03/2020 VND million	31/12/2019 VND million
Demand deposits from other credit institutions	**6,083,350**	**6,108,281**
- *In VND*	*6,074,422*	*6,084,830*
- *In gold and foreign currencies*	*8,928*	*23,451*
Term deposits from other credit institutions	**41,231,425**	**23,276,828**
- *In VND*	*24,682,025*	*15,147,042*
- *In gold and foreign currencies*	*16,549,400*	*8,129,786*
Borrowings from other credit institutions	**17,703,734**	**15,919,032**
- *In VND*	*7,239,197*	*6,918,452*
- *In gold and foreign currencies*	*10,464,537*	*9,000,580*
	65,018,509	**45,304,141**

15. Customer deposits

- *Notes to deposits by type:*

	31/03/2020 VND million	31/12/2019 VND million
Demand deposits and gold	**72,125,595**	**92,691,975**
- *Demand deposits in VND*	*57,042,581*	*74,411,736*
- *Demand deposits in foreign currencies*	*15,083,014*	*18,280,239*
Term deposits and gold	**163,554,437**	**169,998,106**
- *Term deposits in VND*	*158,915,395*	*165,143,274*
- *Term deposits in foreign currencies*	*4,639,042*	*4,854,832*
Deposits for specific purpose	***2,318,137***	**4,665,862**
Margin deposits	**5,793,454**	**7,643,830**
- *Margin deposits in VND*	*3,042,061*	*3,794,136*
- *Margin deposits in foreign currencies*	*2,751,393*	*3,849,694*
	243,791,623	**274,999,773**

- ***Notes to deposits by category of customers, type of economic entities***

	31/03/2020 VND million	31/12/2019 VND million
Deposits of economic entities	118,505,002	155,230,606
Deposits of individuals	125,286,621	119,769,167
	243,791,623	**274,999,773**

16. Financial derivatives and other financial liabilities

	Total book value (at exchange rate of the reporting date)		
	Assets VND million	*Liabilities VND million*	*Net value VND million*
As at 31 March 2020			
Currency derivative financial instruments	**79,741**	-	**79,741**
Currency forward transactions	16,495	-	16,495
Currency swap transactions	63,246		63,246

As at 31 December 2019

Currency derivative financial instruments	**18,941**	**(4,155)**	**14,786**
Currency forward transactions	-	(4,155)	(4,155)
Currency swap transactions	18,941	-	18,941

17. Borrowed and entrusted funds and risk-bearing loans to CI

	31/03/2020 *VND million*	*31/12/2019* *VND million*
Fund received from other institutions (*)	285,007	302,126
	285,007	**302,126**

(*) Fund received from other organizations represent ODA funds from the Japan Bank for International Cooperation in VND through the State Bank of Vietnam under their project to finance Small and Medium Enterprise, The framework agreement was signed on 17 March 2010, Term loans are long-term and medium-term loans with an interest rate of 5,80% per annum,

18. Valuable papers issued

		31/03/2020 *VND million*	*31/12/2019* *VND million*
Ordinary bonds issued in 2017	(i)	3,264,506	3,262,428
Ordinary bonds issued in 2018	(i)	2,469,976	2,469,949
Ordinary bonds issued in 2019	(i)	190,000	190,000
Depositary certificate issued in 2018	(ii)	200,000	2,200,000
Depositary certificate issued in 2019	(ii)	17,499,113	17,499,176
Depositary certificate issued in 2020	(ii)	7,074,807	-
		30,698,402	**25,621,553**

(i) Ordinary bonds issued by the Bank at the annual interest rate of 7.9%-8.7%,
(ii) Depositary certificate issued by the Bank at the annual interest rate of 4.0%-7.2%

19. Other payables and liabilities

	31/03/2020 *VND million*	*31/12/2019* *VND million*
Internal payables	1,320,853	1,870,624
External payables	7,957,838	8,620,763
Of which: Tax payables (Note IV,10)	*422,132*	*526,430*
	9,278,691	**10,491,387**

20. Capital and reserves

21.1. Report on changes in owners' equity and reserves

As at 31 March 2020 the number of outstanding shares issued by the Bank was **2,437,042,861** at par value of VND 10,000, Hence the Bank's charter capital was VND **24,370,429** million,

Unit: VND million

Items	Opening balance	Provision	Used/ Decreased	Ending balance
Charter capital	23,727,323	643,106	-	24,370,429
Share premium	-	1,177,563	-	1,177,563
Treasury shares	(1,036,712)	472,315	-	(564,397)
Financial reserves	2,855,497	-	-	2,855,497
Additional charter capital reserve	1,435,149	-	-	1,435,149
Other reserves	508,792	-	(16,299)	492,493
Retained earnings	9,786,566	1,585,013	-	11,371,579
Total	**37,276,615**	**3,877,997**	**(16,299)**	**41,138,313**

Details of MB's equity are as follows:

Unit: VND million

	31/03/2020			*31/12/2019*		
	Total	*Ordinary Shares*	*Preferred shares*	Total	*Ordinary Shares*	*Preferred shares*
Shareholders' capital	24,370,429	24,370,429	-	23,727,323	23,727,323	-
Capital gain	1,177,563	1,177,563	-	-	-	-
Treasury shares	(564,397)	(564,397)	-	(1,036,712)	(1,036,712)	-
	24,983,595	**24,983,595**	**-**	**22,690,611**	**22,690,611**	**-**

21.2. Bank's reserves

In accordance with Decree 93/2017/ND-CP issued by the Government dated 07 August 2017, before making profit distribution, Bank is required to make appropriation of reserves as follows:

	Profit after tax percentage	*Maximum percentage*
Equity reserve fund	5% Profit after tax	100% of the charter capital
Financial reserves	10% Profit after tax	

The appropriation of other funds shall be at the discretion of the credit institution as per resolutions of General Meeting of Shareholders,

21.3. Shares:

	31/03/2020	*31/12/2019*
Number of shares registered for issuance		
Number of shares offered to the public	2,437,042,861	2,372,732,280
- *Ordinary shares*	2,437,042,861	2,372,732,280
Number of repurchased shares	(25,616,120)	(47,052,980)
- *Ordinary shares*	*(25,616,120)*	*(47,052,980)*
- *Preference shares*		
Number of outstanding shares	2,411,426,741	2,325,679,300
- *Ordinary shares*	2,411,426,741	2,325,679,300
- *Preference shares*		

* Nominal value of ordinary share: VND 10,000

IV- Additional information to items presented in the Statement of income

1. Net Interest income

	From 01/01/2020 to 31/03/2020 VND million	From 01/01/2019 to 31/03/2019 VND million
Interest and similar income		
Interest Income from deposits with other CIs	208,581	286,285
Interest Income from loans	5,192,419	4,627,222
Interest income from debt securities	1,354,666	1,178,271
Fees from Guarantee services	329,032	284,074
Other credit activities	91,214	88,731
	7,175,912	**6,464,583**
Interest and similar expenses		
Interest expense for deposits	(2,698,712)	(2,597,067)
Interest expense for borrowings from SB and other CIs	(115,850)	(133,825)
Interest expense for valuable papers issued	(464,149)	(214,963)
Other credit activities	(66,444)	(57,389)
	(3,345,155)	**(3,003,244)**
Net Interest income	**3,830,757**	**3,461,339**

2. Net fee and commission income

	From 01/01/2020 to 31/03/2020 VND million	From 01/01/2019 to 31/03/2019 VND million
Fee and commission income		
Settlement and cash services	206,195	170,444
Other services	228,326	181,363
	434,521	**351,807**
Fee and commission expenses		
Settlement and cash services	(18,107)	(17,501)
Other services	(66,081)	(51,931)
	(84,188)	**(69,432)**
Net fee and commission income	**350,333**	**282,375**

3. Net gain/loss from trading of foreign currencies

	From 01/01/2020 to 31/03/2020 VND million	From 01/01/2019 to 31/03/2019 VND million
Income from trading of foreign currencies		
Income from spot foreign currencies contracts and gold	360,715	155,367
Income from currencies derivatives contracts	204,578	196,118
	565,293	**351,485**
Expenses on foreign currencies		
Expenses for spot foreign currencies contracts and gold	(187,283)	(21,879)
Expenses for currencies derivatives contracts	(218,569)	(200,589)

	(405.852)	**(222.468)**
Net gain/(loss) from trading of foreign currencies	**159.441**	**129.017**

4. Net gain/(loss) from trading securities, investment securities and capital contribution and long-term investments

	From 01/01/2020 to 31/03/2020 VND million	*From 01/01/2019 to 31/03/2019 VND million*
Gain/(loss) from trading securities, investment securities and capital contribution and long-term investments		
Income from trading securities, investment securities and capital contribution and long-term investments	582,371	154,058
Expenses for trading securities, investment securities and capital contribution and long-term investments	(42,421)	(4,984)
	539,950	**149,074**
Allowance for diminution in the value of trading securities, investment securities and capital contribution and long-term investments		
Reversal of/ (expense for) allowance for diminution in the value of trading securities, investment securities	(17.082)	(4.598)
Reversal of/ (expense for) allowance for diminution in the value of long-term capital contributions / investments	-	3,472
	(17.082)	**(4.598)**
Net gain/(Loss) from trading securities, investment securities and capital contribution and long-term investments	**522.868**	**144.476**

5. Net gain/loss from other operations

	From 01/01/2020 to 31/03/2020 VND million	*From 01/01/2019 to 31/03/2019 VND million*
Recovery of bad debts previously written off	146,563	236,459
Profit/(Loss) from other derivative instruments	64,456	26,244
Other incomes/(expense)	15,501	9,739
	226,520	**272,442**

6. Income from capital contribution, share purchase

	From 01/01/2020 to 31/03/2020 VND million	*From 01/01/2019 to 31/03/2019 VND million*
Dividends received from subsidiaries	-	5,260
Income from capital contribution and share purchase	-	-
	-	**5,260**

7. Operating expenses

	From 01/01/2020 to 31/03/2020 VND million	*From 01/01/2019 to 31/03/2019 VND million*
Taxes, duties and fees	6,520	6,411
Salaries and related expenses	879,664	976,860
Expenditures on assets, instrument & tools	287,579	231,927
- Depreciation and amortization	97,406	*77,599*
- Others	190,173	*154,328*
Expenditures for administration and official purposes	283,355	210,921
- Expenditure for business trip	24,643	*23,133*
- Union activities	1,480	*818*
- Others	257,232	186,970
Insurance expense on deposit of customers	36,490	36,616
	1,493,608	**1,462,735**

8. Employee incomes

	For the period from 1/1/2019- 31/12/2019 VND million
Average total number of employees during the period (employees)	9,314
Total income	**812,495**
Average monthly income	29,08

9. Allowance made/(reserved) for losses

	From 01/01/2020 to 31/03/2020 VND million	*From 01/01/2019 to 31/03/2019 VND million*
Allowance made/(reversed) for loans to other CIs	-	-
Allowance made/(reserve) for customer credit risk	1,628,255	721,987
Allowance made/(reversed) for other risks	-	(2,003)
	1,628,255	**719,984**

10. Obligations to the State Budget

Unit: VND million

	Opening balance	*Changes during the period*		*Ending balance*
		Amount payable	*Amount paid*	
VAT	23,621	45,657	(51,831)	17,447
Corporate Income Tax	456,184	387,354	(444,238)	399,300
Other taxes	46,625	211,273	(252,513)	5,385
	526,430	**644,284**	**(748,582)**	**422,132**

11. Current Corporate income tax

The Bank is obligated to pay corporate income tax on the total taxable profits:

	From 01/01/2020 to 31/03/2020 VND million	*From 01/01/2019 to 31/03/2019 VND million*
Gross accounting profit before tax	**1,968,056**	**2,112,190**
Adjustments for:		
- Income from non-taxable income (including dividends, business results from foreign branches) and others	(20,195)	(52,789)
- Non-deductible expenses	545	497
Taxable income of the Bank	**1,948,406**	**2,059,898**
Current corporate income tax (i)	389,681	411,980
Current corporate income tax of foreign branches (ii)	1,225	7,585
Corporate income tax expenses (i) + (ii)	**390,906**	**419,565**
Payables due to reversal from previous year	-	-
Corporate income tax expenses incurred during the year	**390,906**	**419,565**

12. Cash and cash equivalents

Net cash and cash equivalents shown on the separate cash flow statement include items in the following separate balance sheet:

	31/03/2020 VND million	*31/12/2019 VND million*
Cash and cash equivalents in funds	2,248,024	2,339,683
Balances with the SBV	6,736,979	14,320,071
Deposits at credit institutions with original term not exceeding 3 months	41,895,649	32,641,295
Securities with time to recovery or maturity not exceeding 3 months from the date of purchase	-	-
	50,880,652	**49,301,049**

V- Other information

1. Other significant risk-bearing off-balance sheet activities of the Bank

Item	***31/03/2020 VND million***	***31/12/2019 VND million***
Contingent liabilities		
Loan guarantee	**79,294**	**81,864**
LC commitments	**215,282,143**	**155,723,464**
Other guarantees	15,077,064	5,949,719
Foreign exchange commitments	10,457,964	6,416,536
Foreign exchange purchase commitments	94,936,696	71,691,021
Foreign exchange sell commitments	94,810,419	71,666,188
Swap buy commitments	**26,117,055**	**21,340,471**
Swap sell commitments	**74,055,767**	**76,678,646**

III, Other commitments	**39,136,716**	**35,334,273**

Contingent liabilities and commitments

In the course of business, the Bank provides financial instruments relating to off-balance sheet items in the separate financial statement. These financial instruments primarily include guarantee commitments and letters of credit. These instruments also generate credit risk for the Bank in addition to the credit risk presented on the balance sheet.

Credit risk of off-balance sheet financial instruments is defined as the possibility to generate credit risk for the Bank when one of the parties involved in such financial instruments fails to fulfill terms and conditions under the contract.

Financial guarantees are conditional commitments issued by the Bank to its customers to conduct transaction with a third party in the form of loan guarantee, payment guarantee, contract performance guarantee and bidding guarantee, Credit risk relating to guarantees essentially entails the same risk as lending to customers.

Sight letters of credit is the kind of transaction where the Bank provides financing to its customers, usually the buyer / importer, and the beneficiary is typically the seller / exporter, Credit risk entailed in sight letters of credit is usually lower because imported goods are used as collateral for this type of transaction.

For time letters of credit, risks will arise when the contract is performed but the customer fails to pay the beneficiary, Unpaid time letters of credit will be recognized as forced loan by the Bank, and the corresponding liabilities indicate its financial obligation to pay the beneficiary and fulfill the guarantee obligations.

The Bank often requires deposit from customers as collateral for credit-related financial instruments when necessary, Deposit value ranges from 0% to 100% of the offered commitment, depending on customer's creditworthiness rated by the Bank.

2. Transactions with related parties

Transactions with related parties are transactions made with parties related to the Bank. A party is considered to be related party to the Bank if:

(a) The party either directly or indirectly through one or more intermediaries:

- ► controls or is controlled by, or under general control of the Bank (including holding company, their subsidiaries);
- ► has capital contributions to the Bank and therefore has significant influence over the Bank;
- ► has joint control over the Bank;

(b) Related party is a joint venture in which the Bank is a party (see Vietnam Accounting Standard No, 8 - Financial Information of Investments in Joint Ventures);

(c) A member of the party is key personnel in the management board of the Bank or its holding company;

(d) The party is a relative of any individual referred to in point (a) or (c);

(e) The related party is a bank being directly or indirectly controlled, co-controlled or significantly influenced, or subject to voting rights of any individual referred to in point (c) or (d);

Details of payables and receivables with related parties as at 31 March 2020 are as follows:

Related parties	*Relationship*	*Transactions*	*Receivables VND million*	*(Payable) VND million*
MB Securities Joint Stock Company	Subsidiary	Capital contribution	1,249,429	-
		Deposits	-	(783,966)
MB Capital Management Joint Stock Company	Subsidiary	Capital contribution	293,900	-
		Deposits	-	(117,565)
Military Commercial Joint Stock Assets Management Company Limited	Subsidiary	Capital contribution	665,862	-
		Deposits	(227,239)	-
		Loans	-	-
MB Shinsei Finance Company Limited ("MCredit")	Subsidiary	Capital contribution	400,000	-
		Deposits	3,095,000	(757,165)
MB Ageas Life Insurance Company Limited	Subsidiary	Capital contribution	915,000	-
		Deposits	-	(561,391)
Military Insurance Joint Stock Corporation ("MIC")	Subsidiary	Capital contribution	879,375	-
		Deposits	-	(1,006,638)
		Loans	54,657	-

Details of payables and receivables with related parties as at 31 December 2019 are as follows:

Related parties	*Relationship*	*Transactions*	*Receivables VND million*	*(Payable) VND million*
MB Securities Joint Stock Company	Subsidiary	Capital contribution	971,109	-
		Deposits	-	(868,170)
MB Capital Management Joint Stock Company	Subsidiary	Capital contribution	293,900	-
		Deposits	-	(34,128)
Military Commercial Joint Stock Assets Management Company Limited	Subsidiary	Capital contribution	665,862	-
		Deposits	-	(254,346)
MB Shinsei Finance Company Limited ("MCredit")	Subsidiary	Capital contribution	400,000	-
		Deposits	3,492,000	(134,955)
MB Ageas Life Insurance Company Limited	Subsidiary	Capital contribution	915,000	-
		Deposits	-	(473,689)
Military Insurance Joint Stock Corporation ("MIC")	Subsidiary	Capital contribution	879,375	-
		Deposits	-	(659,927)
		Loan	38,391	-

3. Separate segment reporting according to geographical segments

3.1. The level of geographical concentration of assets, liabilities and off-balance sheet items

Total outstanding loans, total deposits, credit commitments derivatives, securities trading and investment by geographical segment are presented in the following table:

	Total outstanding loans	Total deposits	Letter of credit commitments	Securities trading and investment
Domestic	233,957,389	242,441,125	26,117,055	81,478,764
Foreign	3,461,437	1,350,498	-	-

3.2. Separate segment reporting according to geographical segment

31 March 2020	*North* *VND million*	*Central* *VND million*	*South* *VND million*	*Foreign* *VND million*	*Exclude* *VND million*	*Total* *VND million*
Assets	270,178,066	33,149,415	88,033,718	4,431,673	(778,476)	395,014,396
Liabilities	289,020,292	14,480,579	49,017,323	2,136,365	(778,476)	353,876,083
Fixed asset	2,300,465	27,005	67,629	16,178	-	2,411,277
Revenue	14,668,586	1,806,196	3,403,471	127,066	(10,876,352)	9,128,967
Expenses	13,465,321	1,673,329	2,791,742	106,871	(10,876,352)	7,160,911
Profit before tax	1,203,265	132,867	611,729	20,195	-	1,968,056

31 December 2019	*North* *VND million*	*Central* *VND million*	*South* *VND million*	*Foreign* *VND million*	*Exclude* *VND million*	*Total* *VND million*
Assets	272,067,028	34,921,306	87,842,200	4,498,564	(772,005)	398,557,093
Liabilities	291,004,898	14,932,954	53,978,161	2,136,470	(772,005)	361,280,478
Fixed asset	2,280,375	25,221	65,772	17,035	-	2,388,403
	57,065,768	4,288,310	13,102,873	513,470	(40,005,132)	34,965,289
Revenue	50,626,760	3,784,174	10,808,420	464,942	(40,005,132)	25,679,164
Expenses	6,439,008	504,136	2,294,453	48,528	-	9,286,125
Profit before tax	272,067,028	34,921,306	87,842,200	4,498,564	(772,005)	398,557,093

4. Notes on changes in profit:

Separate profit before tax of MB in QI of 2020 decreased by VND 144.134 compared to QI of 2019, equivalent to 6.82% due to the following reasons:

Items with material changes	**Impact on Profit before tax VND million**
Increase/(Decrease) in profit due to decrease in net interest income	369,418
Increase/(Decrease) in profit due to increase in net interest income from commission and fee income	67,958
Increase/(Decrease) in profit due to increase in net interest income from foreign currencies trading	30,424
Increase/(Decrease) in profit due to increase in net loss from trading securities, investment securities and capital contribution and long-term investments	378,392
Increase/(Decrease) in profit due to increase in net interest income from other operations	(45,922)
Increase/(Decrease) in profit due to income from capital contribution and share purchase	(5,260)
Increase/(Decrease) in profit due to increase in operating expenses	(30,873)
Increase/(Decrease) in profit due to increase in provision expenses	(908,271)
Total increase/(decrease) impacting to business results	**(144,134)**

5. RISK MANAGEMENT POLICIES RELATED TO FINANCIAL INSTRUMENTS

The Bank's vision is to become a diversified financial group. Therefore, the use of financial instruments, including funding from customers (with deposit products and valuable paper issued) and investments in high quality financial assets has become key activities which help the bank gain necessary interest rate gaps. From risk management perspective, the Bank must maintain the its structure of assets, liabilities and capital (including balance sheet and off-balance sheet items) for the purpose of ensuring prudence and mitigating risk in banking operations. In addition, the Bank also invests in securities or extends credit to other banks, Risks associated with foreign exchange and interest rate changes are managed through application of position limits to restrict over-concentration and engagement in optimally correlated operations to mitigate risks. A balance sheet of more high quality financial instruments will enable the Bank to absorb significant risks during its operations and ensure liquidity, In addition, the Bank also engages in multiple hedging transactions for financial instruments such as foreign currencies swap for the purpose of managing interest rate risk.

In the process of credit risk management, the Bank effectively uses Credit Handbook which provides in details the lending policies and procedures as well as implementation guidance to standardize the Bank's credit operations. Liquidity risk is minimized through holding a reasonable amount of cash and cash equivalents in Nostro account, term deposits at the State Bank and other credit institutions, and valuable papers, Prudential ratios taking into account risk factors are also used to manage liquidity risk. The Bank often evaluates and benchmarks interest rate gaps of the domestic and international market for timely adjustments, In addition, the application of internal risk management processes is becoming more efficient thanks to the deployment of the Centralized Capital Management System and Centralized Payment System, whereby all capital transactions and the Bank's payments are carried out at the Head Office, This allows the Bank to monitor changes in capital and minimize the errors that may occur as well as redundant cumbersome administrative procedures.

5.1. CREDIT RISKS

Credit risks are the intrinsic risk entailed in banks' operations. Credit risk is the possibility of losses due to customers' failure or inability to perform its obligations as committed.

The Bank has maintained a policy of credit risk management ensuring the following basic principles:

- Establishing an appropriate credit risk management setting;
- Operating in accordance with a healthy credit extension scheme;
- Maintaining an appropriate process for credit management, measurement and monitoring; and
- Ensuring adequate control over credit risk.

The Bank's credit appraisal process is comprised of multiple layers of approval to ensure independence; at the same time, approval of loans is done based on the credit line assigned to each competent authority level. Besides, the Bank's credit approval process also involves the Credit Council to ensure centralized credit approval with the highest quality.

The Bank is applying the internal credit rating system approved by the State Bank as a credit risk management tool, whereby each customer is assigned a specific risk classification level. This level of risk can be modified, updated on a regular basis. Customers' credit data and ratings across the system are controlled and managed centrally at the Head Office. This is the basis for the credit granting and service delivery to customers as well as the allowance for loans losses in accordance with the law.

5.2. MARKET RISKS

5.2.1. Interest rate risks

Effective interest rate re-pricing term is the period from the date of the separate financial statements to the next interest re-pricing time of assets and equity.

The following assumptions and conditions are applied in the analysis of the effective interest rate re-pricing of assets and liabilities of the Bank:

- Cash, gemstones; long-term capital contribution and investments and other assets (including fixed assets and other assets) are not subject to interest rate re-pricing;
- Balances at the State Bank of Vietnam is classified as demand deposit so the effective interest rate re-pricing term is up to one month;
- Effective interest rate re-pricing term of investment securities are calculated based on actual time to maturity of each individual stock at the date of the separate financial statements;
- Effective interest rate re-pricing term of deposits at and loans to other credit institutions, loans to customers, loans from the Government and State Bank of Vietnam; deposits and borrowings from other credit institutions and customer deposits is determined as follows:
    - Items with a fixed rate throughout their term: Effective interest rate re-pricing term is based on actual time to maturity at the date of the separate financial statements.
    - Items with floating interest rates: Effective interest rate re-pricing term is based on the period from the date of the separate financial statements to the next interest re-pricing time;
- Effective interest rate re-pricing term of valuable papers issued is based on actual time to maturity of such valuable papers;
- Effective interest rate re-pricing term of funding items entrusted investment and loans where credit institutions bearing the risk is classified into items not subject to interest rate re-pricing;
- Interest rate re-pricing term of other liabilities which are classified into items not subject to interest rate re-pricing,

Classification of assets and liabilities as at 31 March 2020 is as follows:

Unit: VND million

		Interest rate to be re-priced within						
	Overdue by	*Free of interest*	*Up to 1 month*	*From more than 1 - 3 months*	*From more than 3 - 6 months*	*From more than 6 - 12 months*	*Over 1 year*	*Total*
Assets								
Cash, gold and gemstones	-	2,248,024	-	-	-	-	-	2,248,024
Balances with State Banks	-	-	6,754,036	-	-	-	-	6,754,036
Cash, gold deposits with and loans to other credit institutions	-	-	34.437.810	12.791.546	909.740	500.881	-	48.639.977
Securities held for trading (*)	-	-	-	-	-	-	-	-
Financial derivatives and other financial assets	-	-	79.741	-	-	-	-	79.741
Loans to customers (*)	7.160.353	-	79.666.956	116.133.920	15.503.019	12.723.505	6.231.073	237.418.826
Investment securities (*)	50.000	-	4.223.323	13.886.835	2.344.307	8.538.707	52.435.592	81.478.764
Capital contribution & long-term investment (*)	-	4.870.814	-	-	-	-	-	4.870.814
Fixed asset	-	2.411.277	-	-	-	-	-	2.411.277
Other Assets (*)	-	15.178.558	-	-	-	-	-	15.178.558
Total assets	**7.210.353**	**24.708.673**	**125.161.866**	**142,812,301**	**18,757,066**	**21,763,093**	**58,666,665**	**399,080,017**
Liabilities								
Amount due to Government and SBV	-	-	50,755	-	-	-	-	50,755
Deposits and borrowings from other credit institutions	-	-	50,042,558	11,287,505	2,884,545	669,178	134,723	65,018,509
Customer deposits	-	-	119,809,711	38,499,629	39,474,316	33,204,439	12,803,528	243,791,623
Financial derivatives and other financial liabilities	-	-	-	-	-	-	-	-
Borrowed and entrusted funds and risk bearing loan to other CIs	-	-	-	-	285,007	-	-	285,007
Valuable papers issued	-	-	752,502	3,522,227	7,142,622	17,704,122	1,576,929	30,698,402
Other liabilities (*)	-	14,031,787	-	-	-	-	-	14,031,787
Total liabilities	**-**	**14,031,787**	**170,655,526**	**53,309,361**	**49,786,490**	**51,577,739**	**14,515,180**	**353,876,083**
On-balance sheet interest sensitivity gap	**7,210,353**	**10,676,886**	**(45,493,660)**	**89,502,940**	**(31,029,424)**	**(29,814,646)**	**44,151,485**	**45,203,934**

(*): These items do not include risk provisions,

5, 2 MARKET RISKS (cont,,)

5.2.2. Currency risks

Currency risk is the risk that the value of financial instruments fluctuates due to changes in foreign exchange rates,

The Bank was established and operated in Vietnam with its reporting currency being VND. Transaction currency of the Bank is also VND. In the past year, exchange rate between VND and USD fluctuated in a narrow range, Loans and advances to customers of the Bank are mainly denominated in VND and US dollar. Other foreign currencies assets are mainly denominated in US dollar, partly in Euro and other currencies. The Bank has set limits on positions by currency based on internal system, Currency position is managed on a daily basis and hedging strategies are applied to ensure that the position is maintained within established limits.

Classification of assets and liabilities by currency converted into VND million as at 31 March 2020 as follows:

Unit: VND million

	Converted USD	*Converted EUR*	*Converted other currencies*	*Total*
Assets				
Cash, gold and gemstones	215,319	231,923	75,416	522,658
Balance with the SBV	781,029	-	143,057	924,086
Cash, gold deposits with and loans to other credit institutions	8,083,361	2,885,432	1,094,644	12,063,437
Trading securities	-	-	-	-
Financial derivatives and other financial assets	5,311,515	122,441	(1,208,686)	4,225,270
Loans to customers	21,875,095	6,663	616,845	22,498,603
Investment securities	4,716,000	-	-	4,716,000
Capital contribution & long-term investments	-	2,563	-	2,563
Fixed assets and investment properties	14,271	-	1,788	16,059
Other assets	2,454,938	841,569	74,501	3,371,008
Total assets	**43,451,528**	**4,090,591**	**797,565**	**48,339,684**
Liabilities				
Deposits and borrowing from other CIs	26,735,055	66,775	221,035	27,022,865
Customer deposits	19,448,489	3,792,384	484,242	23,725,115
Financial derivatives and other financial liabilities	-	-	-	-
Other liabilities	387,588	582	21,830	410,000
Total liabilities	**46,571,132**	**3,859,741**	**727,107**	**51,157,980**
On balance sheet currency position	(3,119,604)	230,850	70,458	(2,818,296)
Off balance sheet currency position	2,624,388	(224,025)	432,210	2,832,573
On and Off balance sheet currency position	**(495,216)**	**6,825**	**502,668**	**14,277**

5, 2 MARKET RISKS (cont,,)

5.2.3. Liquidity risk

The maturity of assets and liabilities represents time to maturity of the assets and liabilities from the date of the separate financial statements to the individual final payment as stipulated in the contract or in the issuance terms and conditions,

The following assumptions and conditions are applied in analyzing maturity period of the Bank's assets and liabilities:

- Balances with the State Bank of Vietnam are classified as demand deposit, which includes required reserves, The required balance of the compulsory reserve depends on the composition and maturity of customer deposits in the Bank,
- Time to maturity of investment securities is based on the maturity date of individual securities,
- Time to maturity of deposits and loans to other credit institutions and customers' loans are determined based on the contract's maturity date, Actual time to maturity may vary due to renewal of the loan contract,
- Time to maturity of capital contribution or purchase of shares is deemed to be more than five years as these investments do not have defined maturities,
- Deposits and borrowings from other credit institutions and customer deposits are identified based on the nature of these amounts or maturity specified in the contract, Transaction account shall be used to settle transactions upon the request of customers and is a demand deposit account, Time to maturity of loans and term deposits is determined based on contractual maturity dates, In reality, these contracts can be renewed and are effectively maintained for longer terms,
- Time to maturity of the fixed assets is determined based on the time remaining useful life of the asset,

Classification of assets and liabilities as at 31 March 2020 is as follows:

Unit: VND million

		Current					
	Overdue by	*Up to 1 month*	*From more than 1 - 3 months*	*From more than 3 - 12 months*	*From more than 1 - 5 years*	*Over 5 years*	*Total*
Assets							
Cash and gold	-	2,248,024	-	-	-	-	2,248,024
Balances with the SBV	-	6,754,036	-	-	-	-	6,754,036
Deposits with and loans to other credit institutions	-	34,437,810	12,791,546	1,410,621	-	-	48,639,977
Securities held for trading	-	-	-	-	-	-	-
Financial derivatives and other financial assets	-	79,741	-	-	-	-	79,741
Loans to customers	7,160,353	15,905,359	41,841,879	75,002,197	56,556,922	40,952,116	237,418,826
Investment securities (*)	50,000	150,368	5,401,630	9,293,831	29,543,827	37,039,108	81,478,764
Capital contribution & long-term investment (*)	-	-	-	-	4,870,814	-	4,870,814
Fixed asset	-	-	-	-	2,411,277	-	2,411,277
Other Assets (*)	-	11,289,859	367,191	2,482,739	64,163	974,606	15,178,558
Total Assets	**7,210,353**	**70,865,197**	**60,402,246**	**88,189,388**	**93,447,003**	**78,965,830**	**399,080,017**
Liabilities							
Amounts due to the Government and SBV	-	50,755	-	-	-	-	50,755
Deposits and borrowings from other credit institutions	-	50,042,558	11,287,505	3,553,723	87,710	47,013	65,018,509
Customer deposits	-	119,809,711	38,499,629	72,678,755	12,782,092	21,436	243,791,623
Financial derivatives and other financial liabilities	-	-	-	-	-	-	-
Loan granted from others borrowed and entrusted funds	-	268	1,785	12,931	218,614	51,409	285,007
Valuable papers issued	-	52,500	122,500	18,399,211	10,630,476	1,493,715	30,698,402
Other liabilities (*)	-	14,031,787	-	-	-	-	14,031,787
Total Liabilities	**-**	**183,987,579**	**49,911,419**	**94,644,620**	**23,718,892**	**1,613,573**	**353,876,083**
Net liquidity gap	**7,210,353**	**(113,122,382)**	**10,490,827**	**(6,455,232)**	**69,728,111**	**77,352,257**	**45,203,934**

(*): Risk provisions excluded,

6. Exchange rates of some currencies at the balance sheet date

	31/03/2020 *VND*	*31/12/2019* *VND*
USD	23.580,00	23.175,00
EUR	25.750,00	26.130,00
GBP	28.772,00	30.393,50
JPY	217,38	213,70
CHF	24.523,50	23.920,00
AUD	14.275,00	16.347,50
CAD	16.687,50	17.837,50
SGD	16.450,00	17.241,50
KHR	5,93	5,87
THB	733,03	751,85
SEK	2.431,89	2.576,93

Prepared by:	Reviewed by:		Approved by:
(signed)	*(signed)*	*(signed)*	*(signed)*
Ms, Le Thi Huyen Trang Deputy Manager General Accounting and Reporting Department	Ms, Dang Thuy Dung Chief Accountant	Ms. Nguyen Thi Thanh Nga Acting Chief Finance Officer	Mr, Luu Trung Thai Chief Executive Officer

Hanoi, Vietnam
April 2020