



ANNUAL REPORT
2021

MESSAGE FROM CHAIRMAN

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MESSAGE FROM CHAIRMAN



“ I have a strong belief that upon the clear orientation and strategies set forth by the BOD, the sound management of the Executive Board, the synergies of all staffs along with great supports and the company of all partners and stakeholders, LienVietPostBank is going to conquer every challenge and accomplish all set targets”



Dear Valued Shareholders, Customers, Partners and all Employees,

The Covid-19 pandemic in 2021 wreaked havoc on the economy as it progressed much more widely and extensively in Vietnam compared to 2020. Suspended trading activities and broken supply chains negatively affected many business partners and customers of the Bank, thereby causing a detrimental impacts on the banking industry in general and LienVietPostBank's operation and performance in particular.

In this context, Lienvietpostbank has adapted to the tragic situation and employed comprehensive solutions to boost our growth and accomplish the targets set on the Annual General Meeting of Shareholders 2021. As of 31st December 2021, our charter capital reached 12,036 billion VND with total asset value of over 289,000 billion VND and profit before tax as 3,683 billion VND. LienVietPostBank continued to be the market leader in terms of extensive network as having reached to rural and remote areas on the entire territory of Vietnam, we also left our mark by achieving many reputable domestic and international awards.

As always, we articulated our business philosophy as "Integrating social responsibility into business", as such the Bank mobilized both human and material resources to join hands with the whole country in preventing Covid-19 vast outbreaks, and concurrently gave supports for businesses, individuals and households whose conditions had been severely hit by the pandemic by rescheduling debt payment, exempting and reducing interest rates and fees, and unchanging their debt categories.

The year 2022 has begun with many opportunities and challenges. The Bank's strategic direction is continually developing the branch network and system, and taking advantages of the most extensive network to gain dominance of retail shares on the agricultural and rural market,

this would be a momentum to promote digital transformation and comprehensive digitization of banking transactions to best meet the needs of customers. Along with the mission of risk control strengthening in all areas to ensure the safety and efficiency of the Bank's operations, LienVietPostBank will also focus on building an appropriate human resource policy along with effective training plans, aiming to improve labour quality and select elite staffs who are considered as the most valuable asset of LienVietPostBank.

I have a strong belief that upon the clear orientation and strategies set forth by the BOD, and the sound management of the Executive Board, the synergies of all staffs along with great supports and the company of all partners and stakeholders, Lienvietpostbank is going to conquer every challenge and accomplish all set targets.

On behalf of LienVietPostBank's Board of Management, I would like to send our sincere thanks to all Shareholders, Partners, Customers, State Agencies at all levels who have always accompanied LienVietPostBank throughout the past journey and believe that you will continually stand beside us in our upcoming development stages.

Sincerely,

Chairman of the Board of Directors



Huynh Ngoc Huy

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LIENVIETPOSTBANK

AT A GLANCE



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GENERAL INFORMATION



Transaction name: LIEN VIET POST JOINT STOCK COMMERCIAL BANK



Certificate of Enterprise Registration No: 6300048638



Charter capital: 12,035,905 Million VND



Owner's Equity: 16,801,877 Million VND



Address: Floors 1, 3, 4, 5, 6 Thaiholdings Tower, 210 Tran Quang Khai Street, Trang Tien Ward, Hoan Kiem District, Hanoi City, Vietnam



Telephone: 024 62 668 668



Fax: 024 62 669 669



Website: www.lienvietpostbank.com.vn



Stock code: LPB

BUSINESS LINES

- Key business line: Banking operation
- Licensed operations (under License No. 91/GP-NHNN dated March 28th, 2008 of the Governor of the State Bank of Vietnam)
 - Capital mobilization, credit, payment and treasury services and other activities;
 - Contributing capital, acquiring shares of other firms according to the provisions of law;
 - Participating in the monetary market according to the State Bank's regulations;
 - Directly doing business or establishing subsidiaries with legal status, independent accounting with owned capital to trade foreign currencies and gold on the domestic and international markets upon the approval of the State Bank;
 - Entrusting and being entrusted, acting as a correspondent bank in fields related to banking activities, asset management and investment capital of domestic and foreign organizations and individuals under fiduciary contracts, correspondent banking.



Cooperation for Development

VISION

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

MISSION

**To provide Clients and Society with diversified high
quality products and services towards bringing
greatest benefits to LienVietPostBank and Society.**

CORE VALUES

• Discipline

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

• Creativity

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

• Humanity

The value that LienVietPostBank always pays special attention to and aims for with the philosophy of 'All is from and for Humans. Humanity is expressed based on two principles, Norms and Altruism.

STRUCTURE OF SHAREHOLDERS, OWNER'S EQUITY

(as of December 31st 2021)

Total shares:

1,203,590,474

Category of share:

Common shares

Free float:

1,145,724,521

Shares of transfer restriction:

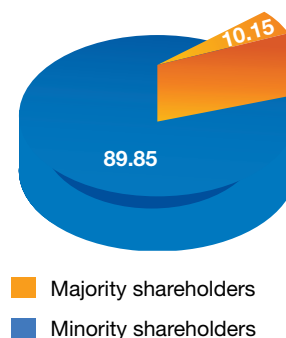
57,865,953



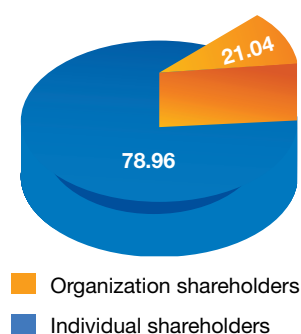
STRUCTURE OF SHAREHOLDERS AND SHARES

(as of December 31st 2021)

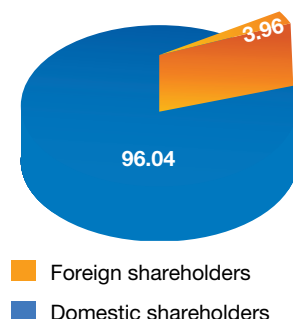
Type of shareholder	Number of shareholder	Number of shares	Holding proportion (%)
Classified by shareholding proportion			
- Majority shareholder	1	122,175,343	10.15
- Minority shareholders	59,905	1,081,415,131	89.85



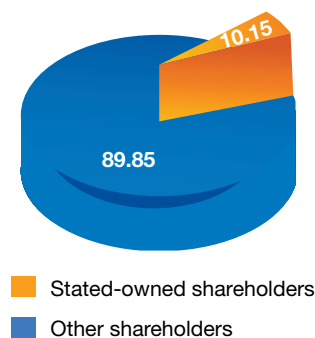
Type of shareholder	Number of shareholder	Number of shares	Holding proportion (%)
Individual shareholders			
- Individual shareholders	59,772	950,399,652	78.96
- Organization shareholders	134	253,190,822	21.04



Type of shareholder	Number of shareholders	Number of shares	Holding proportion (%)
Classified by nationality			
- Domestic shareholders	59,688	1,155,962,998	96.04
- Foreign shareholders	218	47,627,476	3.96



Type of shareholder	Number of shareholders	Number of shares	Holding proportion (%)
Classified by State-ownership			
- State-owned shareholders	1	122,175,343	10.15
- Other shareholders	59,905	1,081,415,131	89.85



CHANGES OF OWNER'S EQUITY

TOTAL ISSUED SHARES IN 2021

128.951.559 shares

(Issuance of dividend stocks in 2020 at the rate of 12%)

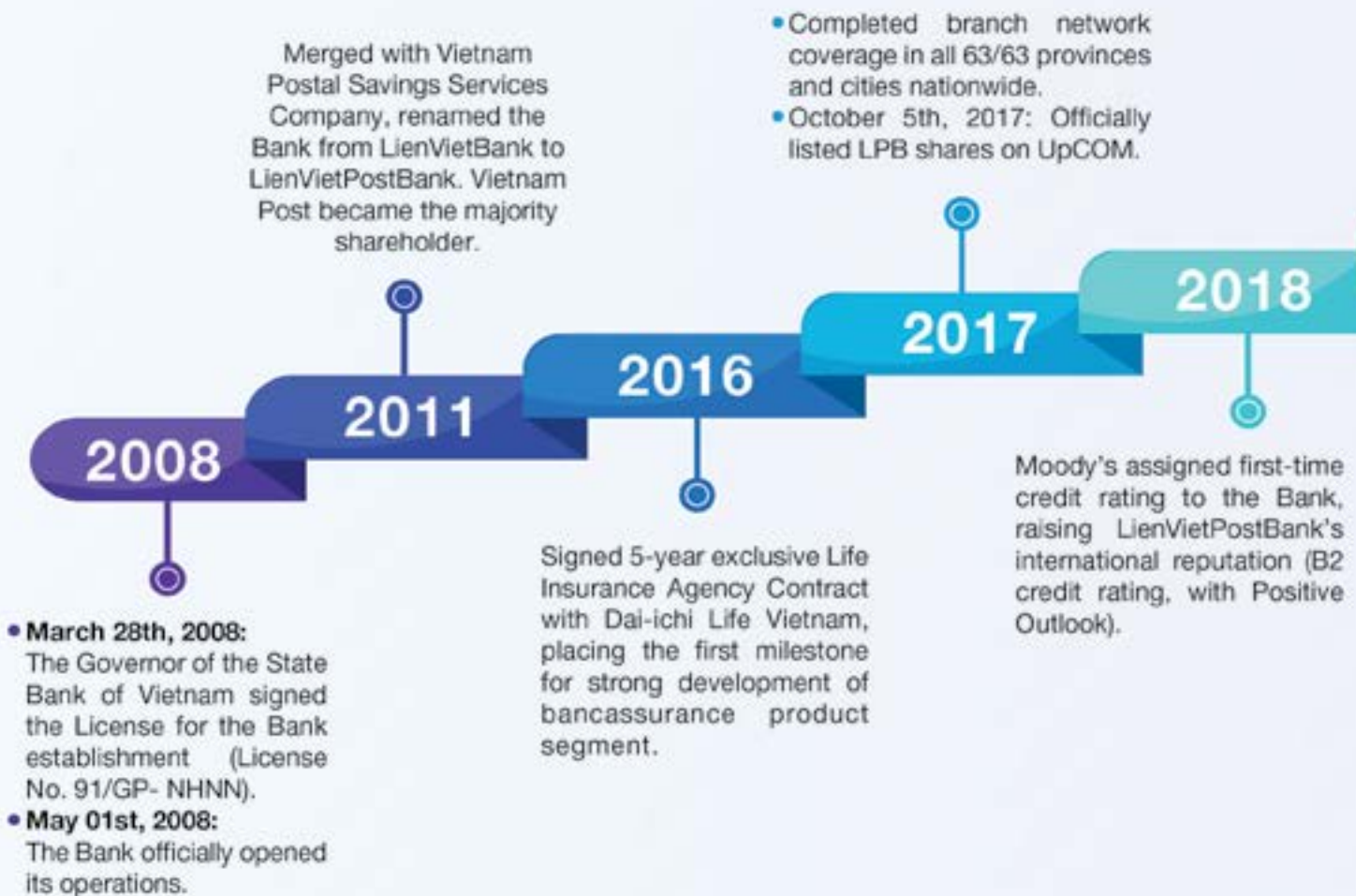
Capital increase year by year:

Unit: Million VND

Year	Value of Increase capital	Charter capital After increase	Form of increase	Approving agencies
2008	3.300.000	3.300.000	Establishment	SBV
2009	350.000	3.650.000	Public Offering	SBV, SSC
2011	2.360.000	6.010.000	Transferring from bonds valued at VND 2,000 billion Merging with Vietnam Postal Savings Services Company	SBV & SSC
2012	450.000	6.460.000	Private issuance for Vietnam Post	Prime Minister, MOF, SBV & SSC
2018	1.039.994	7.499.994	Payment of stock dividend in 2016 and issuing new shares to Employees	SBV & SSC
2019	1.381.447	8.881.441	Payment of stock dividend in 2017 and issuing new shares to existing shareholders	SBV & SSC
2020	1.864.948	10.746.389	Stock dividend in 2018 And issuing shares from equity to increase capital; stock dividend in 2019	SBV & SSC
2021	1.289.516	12.035.905	Stock dividend in 2020	SBV & SSC



DEVELOPMENT HISTORY



- Completed application of Basel II in accordance with Circular 41 ahead of schedule, a crucially important milestone that reflected LienVietPostBank's better capacity to apply higher risk management principles
- Successfully issued 3,100 billion 10-year bonds to reputable investors.

- Moody's credit rating recognized LienVietPostBank at a higher rank B1 – Stability.
- Upon Covid 19 rebound , with "Flexible adaptation" laid down as a general policy, LienVietPostBank achieved a very positive growth in total assets, maintained retail banking as a strategic business and gained a breakthrough in profits. Profit before tax in 2021 hit an all-time peak in 13 years of the Bank's operation by 114% – equivalent to 3,638 billion VND.



- Moved Head Office to Thaiholdings Tower, 210 Tran Quang Khai Street, Trang Tien Ward, Hoan Kiem District, Hanoi City. This is one of the most modern office buildings located in the heart of the capital, this also helped with better convenience for transactions as well as enhancing the corporate identity of LienVietPostBank.
- LienVietPostBank was the first bank to be listed on HOSE in 2020, completed transferring its LPB shares from UpCom to HOSE ahead of schedule ratified by the 2020 Annual General Shareholder Meeting held in June 2020.
- Completed 3 pillars of Basel II (including Capital Adequacy Requirement CAR; Internal Capital Adequacy Assessment Process ICAAP; Transparency and Market principle).

HIGHLIGHTS OF 2021

In 2021, Covid 19 caused many difficulties and tremendous impacts on both global and Vietnam's economy. However, as a bank serving millions of clients and partners, LienVietPostBank took on all challenges with it self – efforts and the spirit of companion and sharing. With the crosscutting direction of the BOD, flexible, innovative and stringent management of the Executive Board and the synergies of all staffs, LienVietPostBank has successfully accomplished all business targets of 2021 and left several impressive imprints.



LienVietPostBank
NGÂN HÀNG BƯU ĐIỆN LIÊN VIỆT



GREAT ACCOMPLISHMENT BEYOND TARGETS SET FORTH BY THE ANNUAL GENERAL SHAREHOLDER MEETING

Profit before tax peaked at VND 3,638 billion. This is an unprecedented record in the Bank's 13 years of operation, especially in the context of Covid 19 when the Bank, concurrently, joined hands to support business community and customers to cope with the aftermath of pandemic. The charter capital reached 12,036 billion in middle of 2021.



ISSUING BONDS TO RAISE MID-TERM AND LONG-TERM CAPITALS

In 2021, there were VND 22,549 billion of valuable papers issued by the Bank, which included VND 20,740 billion of certificates of deposit / common bonds and VND 1,809 billion of Tier 2 bonds. With a spectacular achievements in issuing derivatives, LienVietPostBank surpassed many big candidates to obtain 02/02 nominations of VBMA. This contributed to upgrade LienVietPostBank position and brand image on the financial market in Vietnam.



IMPRESSIVE RETAIL CREDIT GROWTH, SUSTAINABLY OVERCAME COVID 19

By the end of 2021, LienVietPostBank had an impressive retail credit growth with an increase of 30% compared to 2020, which accounted for 74% of the total credit growth including key products such as: business loans (increasing 43%), housing loans (increasing 36%), agricultural and rural loans (increasing 61%). Many Business Units of the Banks gained extremely high retail credit growths that exceeded plan from 50% to 130%.



SPECTACULAR BREAKTHROUGH IN LIFE INSURANCE SEGMENT

In 2021, the actual revenue from life insurance segment exceeded VND 888 billion, new incurred costs reached VND 620 billion which was an increase of 38% compared to 2020. This has raised the Bank up to 11th position out of 34 banks who are distributing life insurance.



PROMOTING DIGITAL TRANSFORMATION

LienVietPostBank in cooperation with IBM Vietnam have been implementing the Digital Enterprise Architecture Project to create a fundamental and long-term platform for digital transformation of LienVietPostBank.



LAUNCHING A DIGITAL BRANCH

In October 2021, LienVietPostbank launched the Digital Branch at 210 Tran Quang Khai St., Trang Tien Wrd., Hoan Kiem Dist. Hanoi. Customers now have chances to experience our banking services with processes digitized to 100%, cutting-edge technology and high security such as: customer identification by AI Camera, automatic queuing with Smart Queue, service register with Smart Form and make payment by contactless smart card with Countless Payment etc.



REPUTABLE BRAND AWARDS

In 2021, the Bank also received many reputable accolades from both international and national organizations such as "Fastest growing Retail bank – Vietnam 2021" granted by Global Business Outlook of the UK; Top 25 Financial Brands 2021 assessed and announced by Forbes; Best Banking Product Vietnam 2021 – Retirement Credit voted by Global Banking and Finance Review Magazine etc.

RECOGNITIONS AND REWARDS IN 2021



**FASTEST GROWING
RETAIL BANK VIETNAM
2021**

LienVietPostBank was one of Asian representatives to be awarded the "Fastest Growing Retail Bank in Vietnam 2021" by Global Business Outlook (GBO) magazine - United Kingdom, as such it recognized LienVietPostBank's efforts in realizing the goal of becoming "the leading retail bank in Vietnam – A bank for everyone".



**MOST VOLUME TRADED
BANK OF MATCHING IN
VIETNAM 2020**

In the interbank market, LienVietPostBank has always been at the forefront of market makers, and has been in the top of banks having transactions with the State Bank of Vietnam for many years. Being highly appreciated and awarded this prestigious award by Refinitiv - one of the largest financial market database providers in the world was a great honor for LienVietPostBank, which helped to enhance the Bank's position in the Forex market.

LienVietPostBank was honored to be recognized in the Top 100 Vietnam Excellent Brands 2020 - 2021 by Vietnam Economic Review as the Bank fully met the assessment criteria in terms of impressive business results and fast growth rate over the years, product and service quality, leadership capacity, corporate social responsibility, production and business operation methods suitable and effective in the contexts, the ability to adapt, survive and grow amid Covid-19 pandemic. This is the 5th time in a row LienVietPostBank has received this award.



**VIETNAM EXCELLENT BRAND
2020 - 2021**



**BANKING BRANDS VIETNAM
2021**

This was the first time Forbes Vietnam scrutinized the most valuable brands in the financial industry including banking sector, securities and insurance of Vietnam. LienVietPostBank was honored to be one of 17 banks in the Top 25 leading financial brands in Vietnam with the brand value of 62 million USD.

In 2021, LienVietPostBank was awarded the "Best Banking Product in Vietnam 2021: Retirement Credit" voted by Global Banking and Finance Review Magazine for Retirement Credit products. This was the 4th time this magazine granted awards to LienVietPostBank (after 2014, 2015 and 2018).



**BEST BANKING PRODUCT VIETNAM
2021 - RETIREMENT CREDIT**



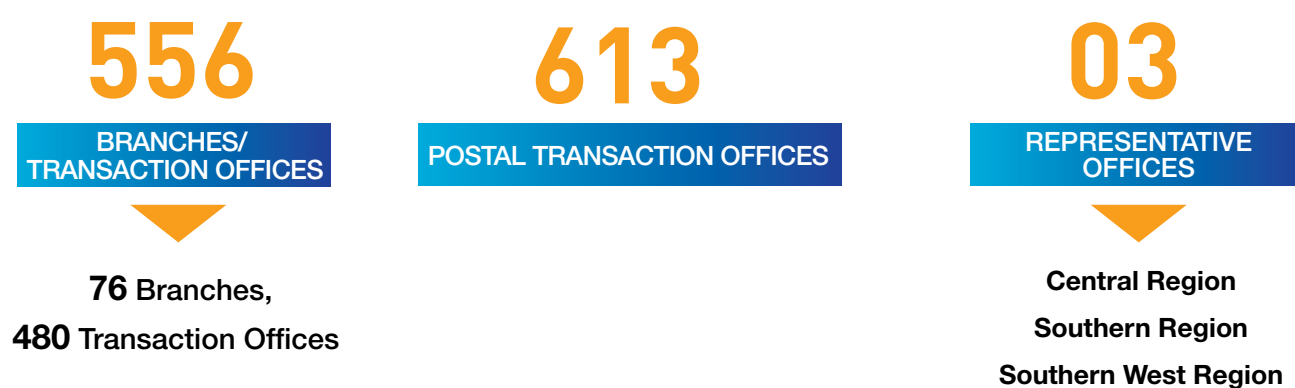
**BREAKTHROUGH GROWING
BRANDHEALTH BRAND VIETNAM 2021**

The "Top 30 Bank Brands in Vietnam in 2021" was announced by Mibrand based on measuring the health of the Bank's brand, the results were conducted through a survey of more than 1,000 consumers aged from 18 with 7 criteria of the Brand Beat Score toolkit. In 2021, LienVietPostBank was honored to be assessed as one of the Top 30 Vietnamese Banking Brands in 2021 and the Bank Brand with the most breakthrough brandhealth growth.

OUR NETWORK

As of December 31st, 2021, the Bank had 01 Head Office, 03 Representative Offices, 76 branches, 480 Transaction Offices and 613 Postal Transaction Offices across the country, as such being assessed as **The Commercial Bank having the most extensive network in Vietnam.**

This extensive network system also created favorable conditions for LienVietPostBank to perform well the payment of Social Insurance through the system of postal transaction points and Bank branches/ transaction offices in combination with other microfinance products and services, aiming to bring convenient and modern banking products and services to people throughout the country, especially customers in remote and isolated areas.



Number of branches / Transaction Offices:

Region	Branch	Transaction Office
Northern region	37	222
Central region	8	48
Southeast Region	21	138
Mekong River Delta	10	72

BRANCH COVERAGE

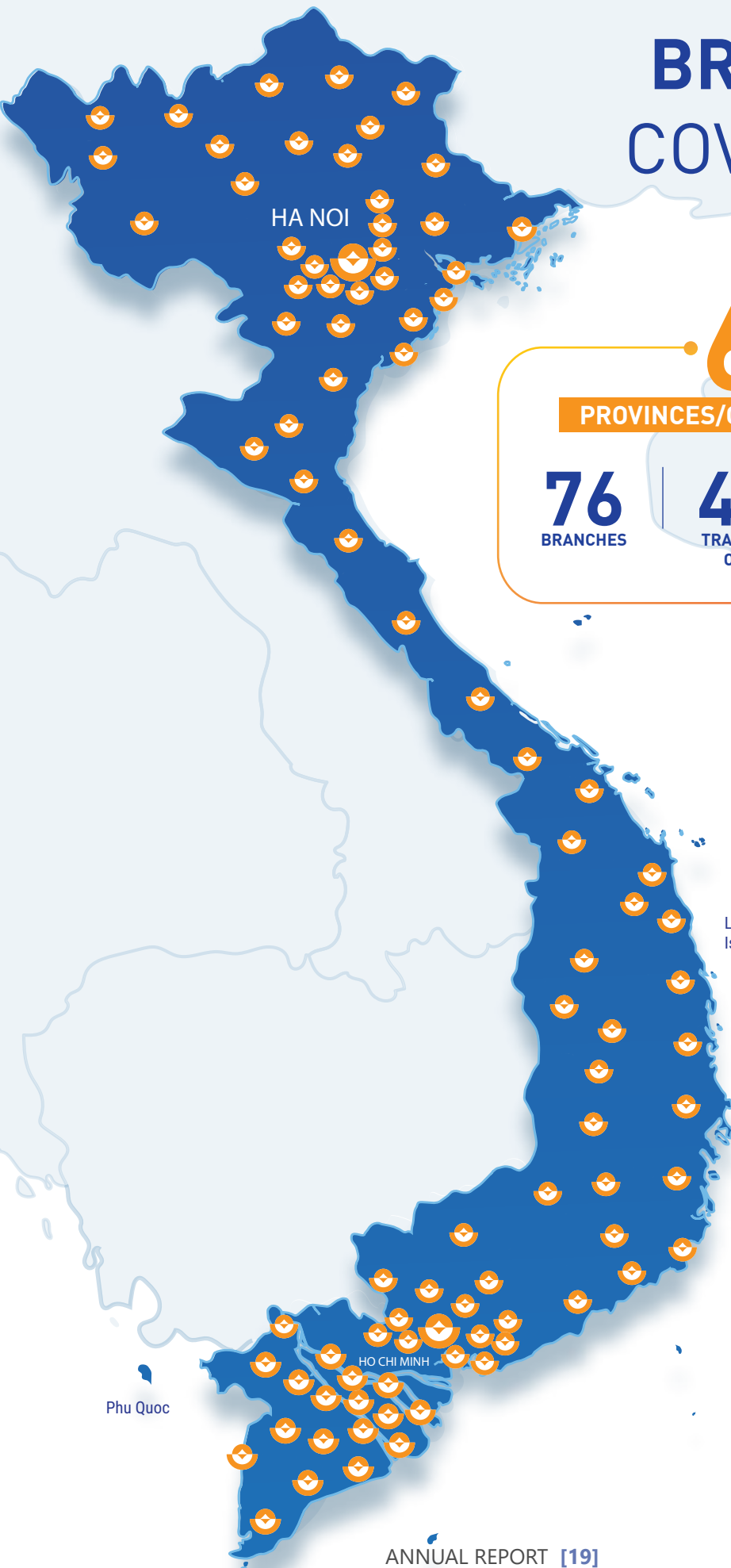
63

PROVINCES/CITIES NATIONWIDE

76
BRANCHES

480
TRANSACTION
OFFICES

613
POSTAL TRANSACTION
OFFICES



HA NOI

HO CHI MINH

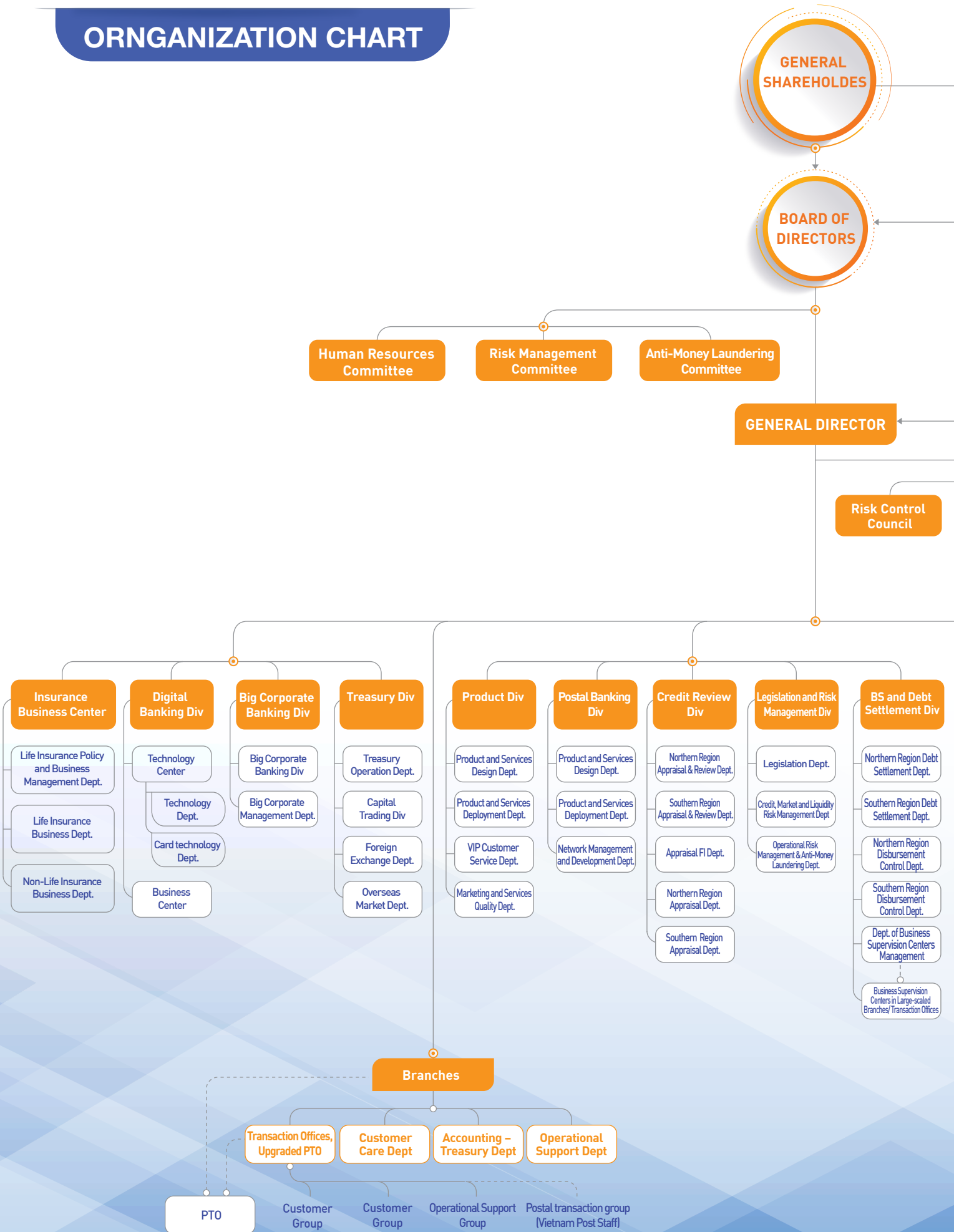
Phu Quoc

Ly Son
Island District

Hoang Sa Island

Truong Sa Island

ORGANIZATION CHART





Abbreviations

Dept.: Department
PTO: Postal Transaction Office
HO: Head Office
HR: Human Resources

IT: Information Technology
LVPB: LienVietPostBank
RO: Representative Offices
Div: Division
BS: Business Supervision

BOARD OF DIRECTORS



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



▲ **MR. NGUYEN DUC THUY**
Deputy Chairman of the Board of Directors
Appointed from May 6th 2021



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



MRS. CHU THI LAN HUONG ▶
Member of the Board of Directors
Resigned as BOD member from July 24th 2021

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



▲ **MRS. DUONG HOAI LIEN**
Independent Member of the Board of Directors

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

SUPERVISORY BOARD



MR. TRAN THANH TUNG
Chief of Supervisory Board

MRS. NGUYEN THI LAN ANH
Member of Supervisory Board

MR. PHUNG THE VIET
Member of Supervisory Board

EXECUTIVE BOARD



MR. PHAM DOAN SON ▶
Chief Executive Officer (CEO)
Master of Business Administration (MBA)



▲ **MR. KIM MINH TUAN**
Deputy CEO
Master of Finance and Banking



▲ **MRS. LE THI THANH NGA**
Deputy CEO
Master of Business Administration



▲ **MR. BUI THAI HA**
Deputy CEO
Master of Business Administration



▲ **MRS. VU THU HIEN**
Deputy CEO
Bachelor of Economics



▲ **MR. VU QUOC KHANH**
Deputy CEO
Master of Business Administration



▲ **MR. NGUYEN QUY CHIEN**
Deputy CEO
Bachelor of Law, Finance and Banking



▲ **MR. HO NAM TIEN**
Standing Deputy CEO
Master of Finance and Banking



▲ **MRS. NGUYEN THI GAM**
Deputy CEO cum Chief Accountant
Master of Finance and Control



▲ **MRS. NGUYEN ANH VAN**
Deputy CEO
Master of Finance and Banking



▲ **MR. HOANG VAN PHUC**
Deputy CEO
Master of Non-Traditional Security
Administration



▲ **MR. LE ANH TUNG**
Deputy CEO
Bachelor of Economics



▲ **MR. NGUYEN QUOC THANG**
Deputy CEO
Master of Information Technology



▲ **MR. NGUYEN THANH TUNG**
Deputy CEO
Master of Finance and Banking



▲ **MR. NGUYEN NGOC NAM**
Deputy CEO
Master of Finance and Banking



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BUSINESS OPERATION 2021



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BUSINESS PERFORMANCE REVIEW 2021

THE FOURTH UNPREDICTABLE AND FAST SPREADING OUTBREAK OF COVID-19 IN VIETNAM CAUSED BAD CONSEQUENCES TO MULTI INDUSTRIES AND ECONOMIC SECTORS. HOWEVER, WITH OUR EXPERIENCES DRAWN FROM PREVIOUS OUTBREAKS, LIENVIETPOSTBANK HAS ALWAYS BEEN PROACTIVE IN IMPLEMENTING BUSINESS ACTIVITIES TO ADAPT TO NEW SITUATIONS AND MADE EFFORTS TO REALIZE THE PLANNED TARGETS.

STRUCTURAL TRANSFORMATION OF CREDITS AIMED AT SECURE AND EFFECTIVE RETAIL BANKING

LOAN OUTSTANDING BALANCE

209,029 BILLION VND

↑ 18.08% compared to 2020

Retail credit growth accounted for 74% of total credit growth of the year.

The majority of credit was mainly in fields of production and business, agriculture and other priority areas encouraged for development as per the Government's policies.

We continued implementing policies to support customers who were affected by Covid-19 under the direction of the State Bank of Vietnam (SBV) such as exempting and reducing interests and fees and rescheduling loan terms for customers.

SIGNIFICANT GROWTH IN SERVICES SEGMENT

Key services such as Insurance, Card, Digital Banking, Payment, etc. were promoted through many promotion programs and incentive policies for customers and especially, we always focused on improving services quality and increasing features and utilities to meet diverse needs of our customers.

Net income from services segment of LienVietPostBank in 2021 saw a positive result: Life Insurance sales in the first year increased by nearly 40% compared to 2020 and belonged to the group of banks with high sales on the market; LienVietPostBank's JCB credit card ranked No. 1 in the market in terms of new card issuance in the year with more than 86,000 cards.

NET INCOME FROM SERVICES

858 BILLION VND

↑ ~40% compared to 2020



PROFIT AT A HIGH GROWTH IN SEVERAL YEARS IN A ROW, OUTREACHING THE YEAR PLAN

PROFIT BEFORE TAX

3,638 BILLION VND

↑ **50%** compared to 2020

The profit results reflected the Bank's great efforts to outreach the profit year plan ratified by the General Meeting of Shareholders (114% of the plan).

Profitability indicators of LienVietPostBank all increased: ROAA increased by 0.2% to 1.08%, ROAE increased by nearly 5% and reached 18.5%, NIM increased by nearly 0.4% and reached 3.5%, This outcomes are the best evidence showing the effectiveness of our sales approaches in last year,

SUCCESSFULLY OFFERING BANK BONDS TO THE PUBLIC INCLUDING THE ISSUANCE OF TIER 2 BONDS

The Offering of Tier 2 bonds to the public contributed to enhance our equity capacity, to raise the proportion of medium and long term deposits, and to improve prudential ratios for the Bank especially the Capital Adequacy Ratio (CAR).

MARKET 1 MOBILIZATION

217,014 BILLION VND

Including: Issuing Tier 2 Bonds

(January and December 2021)

1,810 BILLION VND

FINANCIAL REVIEW

1. FINANCIAL REVIEW

Unit: Million VND

Criteria	2019	2020	2021	% increase/ decrease
Total value of assets	202,058,040	242,342,951	289,193,879	19.33%
Income	17,390,997	19,607,791	23,159,310	18.11%
Payables and taxes	149,175	248,948	230,687	-7.34%
Profit before tax	2,038,824	2,426,553	3,638,018	49.93%
Profit after tax	1,600,277	1,861,908	2,873,248	54.32%

2. KEY FINANCIAL INDICATORS

DVT: Triệu VND

Criteria	2019	2020	2021
1. Capital Scale			
Charter Capital	8,881,441	10,746,389	12,035,905
Total Assets	202,058,040	242,342,951	289,193,879
Capital Adequacy Ratio(CAR)	8.35%	10.81%	11.26%
2. Business results			
Total Deposits 1	166,161,821	206,777,192	217,013,975
Total Loans 1	140,882,621	177,024,148	209,028,936
Outstanding accounts	3,552,882	3,843,644	4,864,444
Uncollectible accounts	2,030,337	2,527,349	2,863,454
Outstanding accounts/Total accounts	2.52%	2.18%	2.33%
Uncollectible accounts/Total accounts	1.44%	1.43%	1.37%
3. Liquidity Ratio			
Quick Ratio	13.29%	14.79%	11.54%
Current Ratio (VND)	85.04%	77.80%	50.23%

ISSUANCE OF VALUABLE PAPERS

Over 14 years of operation and development, LienVietPostBank has abundant experiences in issuing valuable papers including: Convertible bonds, Tier 2 bonds, Public offering bonds, Private placement bonds, Certificates of deposit, plus we always stuck with our pledged obligations.

In 2021, LienVietPostBank successfully issued VND 22,549 billion of Bonds and Certificates of Deposits with terms from 2 to 10 years, this boosted the value of valuable papers up to approximately VND37,000 billion as of December 31st 2021.



2021 OUTSTANDING CAPITAL ACTIVITIES



ONE OF THE OUTSTANDING ACTIVITIES PERFORMED BY LIENVIETPOSTBANK IN 2021 IS THE SUCCESSFUL ISSUING OF OVER VND1,800 BILLION OF TIER 2 BONDS TO THE PUBLIC AND PRIVATE PLACEMENT OF OVER VND 20,700 BILLION OF VALUABLE PAPERS.

MONEY MARKET ACTIVITIES

The State Bank of Vietnam (SBV) continually adopted the expansionary monetary policy (to stimulate economic growth) as a key factor to stabilize the interbank market liquidity throughout 2021. In particular, the demand for short-term borrowings/ deposits (less than 1 month) of credit institutions increased sharply in 2021, making a spectacular growth of market transaction volume, specifically: Total transaction value of the whole market has surged from approximately VND15,797 trillion in 2020 to approximately VND31,185 trillion in 2021 (increasing by 97.41%).

In parallel with the interbank market development in 2021, LienVietPostBank (the Bank) did gain a huge surge in its monetary trade activities, contributing to realize its targets set in early of the fiscal year including: Ensuring the liquidity of the whole system at all times, strictly complying with SBV regulations and maximizing the capital use

efficiency of the Bank.

In 2021, the Bank was an active member in the interbank market with 7,313 transactions as of December 31, 2021, which was equivalent to a transaction value of about VND 1,767 trillion (an increase of 189% compared to 2020). The Bank proactively and harmoniously balanced the use of two capital mobilization channels from market 1 and market 2 to meet customers' capital needs at all times, especially offered cheap capital sources to facilitate customers who were facing difficulties caused by the Covid-19 pandemic. In addition to the target of ensuring liquidity and flexible use of mobilized capital, the Bank always enforced its strict compliance to SBV's regulations regarding required reserves and prudential ratios.

Ascending from the achievements of 2021, in 2022, the Bank will continue promoting its operation in the monetary market, flexibly using the cheap mobilized capital from the market 2 to meet the capital need of the Bank; besides, enhancing the cooperative relationships with domestic and foreign partners, improving the Bank's brand image in the domestic and international financial markets.

DEBT SECURITIES TRADING ACTIVITIES

One of the outstanding activities of LienVietPostBank in 2021 was successful issuing of more than VND 1,800 billion of Tier 2 bonds to the public and private placement of more than VND 20,700 billion of valuable papers. This not only contributed to increase the total equity capital, improved the Capital Adequacy Ratio (CAR), but also helped LienVietPostBank to diversify capital mobilization products, which aimed to enhance the Bank's competitiveness and played a part as a measure of the Bank's brand reputation and position on the market.

In addition, the Bank actively pushed its investment in the valuable papers issued by credit institutions in 2021. Investment activities were diversified on the basis of grasping market opportunities and interest rate trends to restructure portfolio investment, maximize profits along with the control and management of liquidity risks and interest rates. LienVietPostBank's investment portfolio of valuable papers issued by credit institutions is evenly allocated and diversified in terms of maturity, interest rates and issuers.

The total investment portfolio of valuable papers issued by domestic credit institutions (excluding Government-guaranteed bonds) reached nearly VND 11 trillion by the end of 2021. LienVietPostBank once again affirmed its role and position in the market; besides, the Bank always strengthens the cooperative relationships with our partners in the financial market.

It must be said that 2021 is a successful year for LienVietPostBank's investment/issuance of valuable papers, this has created a momentum for higher growth of this activity in 2022.

FOREIGN CURRENCY AND DERIVATIVES TRADING ACTIVITIES

In 2021, LienVietPostBank achieved a great breakthrough in foreign currency trading with a profit of nearly VND140 billion, a sharp increase of 125% over the same period last year. This contributed to increase the Bank's fee and commission income. In addition, the Bank continued to expand the supply of traditional foreign exchange products and develop interest rate derivative products to customers. In fact, new foreign exchange services helped the Bank (i) to increase its market share in transactions with customers in the capital market, the domestic foreign exchange market; and (ii) to maintain good profit growth of foreign currency trading activities on the basis of meeting customer's needs of hedging in exchange rate and interest rate risks.

In the interbank market, LienVietPostBank has always been an active member and a dynamic market maker. In particular, in 2021, with impressive transaction outcomes, the Bank surpassed many big nominees to win 02/02 prestigious nominations for Vietnam USD/VND FX Swap Market Maker of the VBMA.

As the leader in executing foreign currency trading activities throughout the Bank system, the Treasury Division took several measures and programs to promote sales, facilitate Business Units and customers to overcome the barriers caused by Covid-19 pandemic, thereby helped Business Units to attract more potential customers to the Bank and exceed their foreign currency buying/selling targets, as such the actual profit exceeded the planned figure at nearly 150% (VND 33.83 billion compared to the planned VND 23.04 billion).

RETAIL BANKING IMPRESSIVE RESULTS IN 2021

In 2021, despite the complicated development of the Covid 19 pandemic, our extensive network of over 556 transaction points that even reached to district levels helped the Bank to proactively and flexibly respond to the pandemic with different measures. For regions that were out of the disease influence, business units maintained the sales plan without changes. For quarantined regions, our business units became flexible and creative in the way they sell products. As such, in stead of traditional sales channels, we utilized the advantages of virtual platforms such as zalo, facebook, zoom etc. to seek customers and do marketing etc. Therefore, our credit product sales were still effectively promoted: loans for agricultural and rural development, loans for business, home loans , retirement loans, loans through The borrowing/ associated group etc.

In addition to attracting customers to use the variety of products and services of the Bank, LienVietPostBank launched the SuperCombo offer, this was an all-in-one packages including no money transfer fee, no card issuance fee and no annual fee etc.

The SuperCombo program pushed the number of products used by a customer, thereby generated higher profits from service segment for the Bank.



LOANS 97,148 billion Dong

↑ 20,869 billion Dong
(▲ 27.3%)



MOBILIZATION

117,664 billion Dong



CUSTOMER

Over **6** million customers



CORPORATE BANKING

2021 was the year LienVietPostBank took to focus on 3 main corporate customers by providing a wide range of services to increase the Bank's revenue: they were firms in export-import industry, construction, and production & trade.



LOAN

111,881 billion Dong



Mobilization

99.350 billion Dong

Payment and collection on behalf of corporate customers

In 2021, the Bank successfully built a bilateral digital-based payment program as such coordinating with the State Treasury for state budget collection, we became one of four joint stock commercial banks (not to mention the four state-capital-contributed commercial banks) cooperating with the State Treasury to implement bilateral payments. The cooperation with the State Treasury in collecting State Budget was not merely a customer service but also an effective approach to exploit banking service needs from state budget payers.



LIFE INSURANCE

A SPECTACULAR BREAKTHROUGH



↑ **38%** (compared to 2020)

REVENUE 620 BILLION VND

In 2021, LienVietPostBank's life insurance sales reached VND 620 billion, an upsurge of 38% compared to 2020. At the same time, the actual life insurance service fee collection exceeded 100% of the planned target, accounting for a large proportion of the systemwide service fee revenue in 2021. With this result, LienVietPostBank entered the list of top banks in insurance revenue.

In addition to our traditional products, LienVietPostBank officially launched the Investment-linked Product (ILP). This was one kind of life insurance with several outstanding features interested by many customers and chosen as a product to sell by plenty of banks recently. The product is "one stone that kills 2 birds" by which customers would be both ensured of life assurance and profit earning.

Last year, many contracts with high revenue from service fees ranging from several hundred million to billions VND were signed, as such helping business units to improve their sales capacity and soon fulfill their business plans.

Moreover, after slowing down for a while because of the Covid 19 outbreak, as soon as the Government released the lockdown policy, our business units promptly and flexibly implemented many solutions to reach sales target. The campaign "Golden day - Bancas commando" was immediately launched widely throughout the system. The spirit of sales competition spread widely among our business units. Many units even actively built their own incentive programs which were suitable for each locality to attract the local customers and "speed up" to accomplish business targets. With 2 on-the-spot reward mechanisms as "Golden Day" and "Golden Week", after only 2.5 months with spectacular breakthroughs made by business units, the total sales reached more than 200 billion FYP which is equivalent to 33% of total sales for the whole year.

NON-LIFE INSURANCE

BUILDING A DIVERSE PRODUCT ECOSYSTEM



↑ 30% (compared to 2020)

**SERVICE FEES FUFILLING
107% OF PLAN**

Beating all challenges with great efforts and a strong determination to "turn challenges into opportunities", the Non-Life Insurance segment sought many solutions to develop and promote sales specific to each locality such as: trainings on products and skillsets for sales, developing new voluntary insurance products etc. This timely adjustment brought impressive results to Non-life insurance segment on the whole system in 2021 with service fees fulfilling 107% of the plan, 30% increase compared to 2020

Heading towards the goal of creating a diverse insurance product ecosystem, the Non-life insurance segment researched and developed

many products dedicated to different targeted customers: From products closely associated with credit to complementary products or stand-alone products for customers who bank with LienVietPostBank. Thereby, the proportion of Non-life insurance sales via voluntary products increased over the years. Concurrently, the diversification of voluntary products such as health insurance, bike insurance, and An Khang credit etc. supported LienVietPostBank to address the diverse needs of customers to the maximum, thereby increasing the participation percentage into insurance products among existing customers. The introduction of voluntary insurance products such as An Khang Credit created customer touchpoints to offer them with more diverse options of insurance products that satisfied their financial security requirements. The success of voluntary products like An Khang Credit reflected the rationality of product diversification orientation, this orientation will be the foundation for developing insurance ecosystems of LienVietPostBank in the future.



OPTIMIZING CUSTOMER EXPERIENCE VIA DIGITAL BANKING SERVICES

Understanding the importance of digital transformation in banking operations and being ambitious to become the leading retail bank in Vietnam, LienVietPostBank has consistently focused on promoting the development of Digital banking services: bold investment in technology infrastructure, launching Digital Branch, developing contactless payment forms and continuously developing more convenient features on LienViet24h App, which aim to bring the best, safe and convenient services to customers, improve customer experience and keep pace with the increasingly diverse market needs. Regardless of consequences resulted from the unprecedented pandemic in 2021, LienVietPostBank - with our high spirit of turning challenges into opportunities has made a strong development in both Card and Digital banking segments.



1. Digital Branch

At the end of October 2021, LienVietPostBank launched the Digital Branch at 210 Tran Quang Khai, Hoan Kiem, Hanoi. The Digital Branch gave customers a completely different experience from the traditional ones, where customers can directly use banking services with 100% digitized procedures. The Digital Branch was developed with advanced and highly secured technology such as customer identification with AI Camera, automatic queuing for transactions with Smart Queue, registering services entirely by Smart Form and making payment via contactless smart card system and "smile to pay", etc.

2. Digital Banking Performance

Following the success after launching in 2020, in 2021 LienVietPostBank continued to upgrade and develop LienViet24h superapp. In application of breakthroughs in technology and product features, LienViet24h brings customers various features such as non-cash payment ecosystem, product development for microfinance such as: online savings, online passbook mortgage loans, line of credit card loans, online insurance purchase, bill payment by Credit Card etc.

LienViet24h application brought a highly positive business outcomes. For 2021 only, there were 650,000 LienViet24h new users on a systemwide

basis, of which the number of users linking their payment accounts reaches over 70%, bringing the total number of users on the Digital Brand platform to over 3.5 million. More than 22 million transactions were made via LienViet24h in 2021 with a total transaction value of nearly VND 350,000 billion. LienViet24h was also an effective mobilization channel, contributing to the growth of personal deposits of the whole Bank with the total balance of online savings via LienViet24h/Vi Viet in 2021 as VND 24,300 billion.

In 2021, LienVietPostBank developed a comprehensive financial ecosystem in line with the digital transformation strategy towards the goal of becoming the leading retail bank in Vietnam.

3. Card Business Performance

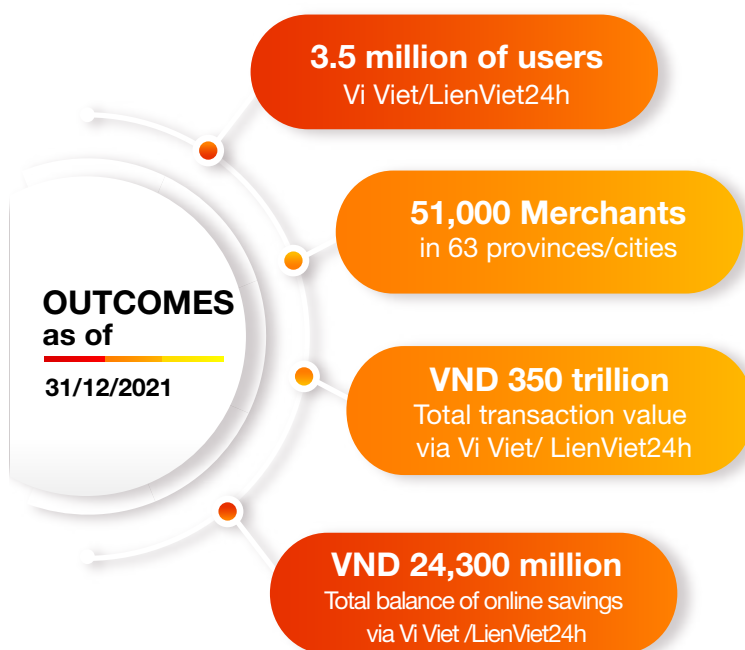
In January 2021, LienVietPostBank launched LienVietPostBank VISA Debit Card and VISA Credit Card. The cooperation with the world's largest card organization VISA in 2021 and JCB in 2020 help LienVietPostBank provide more high-class products with best experiences and exclusive privileges for LienVietPostBank Cardholders. LienVietPostBank Cardholders now are enabled to experience contactless payment technology with most advanced and secured EMV chip. It takes



only about 1 second to make a transaction. We are committed to provide customers with convenience, safety amid the pandemic and a variety of benefits and incentives such as:

- Spend first, pay later, free interest lasts for up to 45 days; Easy management over Card transactions anytime, anywhere through LienViet24h Digital Banking Application;
- Purchase goods and services at millions of merchants worldwide and via E-commerce system;
- Cash withdrawal by 50% of credit limit at more than 2 million of worldwide ATMs with Visa/ JCB logo;
- Benefit plenty of promos and discounts at restaurants, hotels, golf courses, airport lounges, fashion stores, education, health, beauty, etc.
- Be enabled to get the amortization service with a preferential interest rate of 0% at the Bank's affiliated points.

Currently, the Credit Card product has become one of the Bank's key products. In 2021, LienVietPostBank issued more than 86,000 Credit Cards of all kinds, becoming one of the Top banks issuing and activating the Credit Cards in Vietnam in 2021.



INFORMATION TECHNOLOGY

FAST AND SUSTAINABLE BUILDING OF DIGITAL TRANSFORMATION PLATFORM



Since digital transformation had been determined as an inevitable trend in banking activities, several technological projects were successfully deployed, notably: Comprehensive implementation of LOS system, digitization of approval process on E-Office software etc. Especially, LienVietPostBank also promoted fast and strong digital transformation process by partnering with IBM as the corporate digital transformation architecture consultant to help the Bank build a digitalization platform rapidly and sustainably, thereby improving the quality of system operation, professionalism and work efficiency of the Bank employees.

Current situation of project execution

No.	Project group	Performance
1	Infrastructure projects	Completed: 20 projects / In progress: 14 projects
2	Information security projects	Completed: 4 projects / In progress: 6 projects
3	Maintenance services and software licenses renewal packages	Completed: 8 projects / In progress: 2 projects
4	Software system deployment projects	Completed: 2 projects / In progress: 13 projects

Notable IT projects in 2021

No	Project title	Description	Efficiency
1	Webnoibo	Successfully launched Webnoibo (https://chuyendong.lienvietpostbank.com.vn)	Create a stronger and more effective communication channel between Head Office and Business Units, clarify business policies, promptly solve professional problems and promote business initiatives.
2	E-office	Digitalization over the approval process on Eoffice software - phase 1: 30 submissions from Business Units.	Reduce time-consuming in submission for approval and approval process
3	Digitalization and digital transformation	Listing digitalization requests and making plan according to 51 IT systems	Clarify and detail requirements and plan the implementation of IT systems.
4	Dataware house	Transferring reports from MIS to DWH: 220 reports Golive.	Enhance report productivity
5	Pentest	Successfully implementing Pentest Project to assess and test Information Security for important banking services	Testing helped detect and fix many dangerous vulnerabilities of the service. Providing an overview of the Bank's Information Security of IT services.
6	Mail Exchange	Completing the construction and deployment of new emails to replace the old emails on the whole system.	The system is well-functioning and convenient in use, meeting the development needs of the Bank in the present and future.
7	LOS	Successfully implemented LOS project in October 2021	Contribute to the Bank's digitalization plan for loan application management.

RISK MANAGEMENT 2021

LienVietPostBank completed all 3 pillars of Basel II ahead of schedule. In 2021, the Bank is going to continually implement the Basel III project to improve risk management capacity towards reaching international standards.



1. Credit risk management

As the whole economy was still curtailed by the Covid-19, LienVietPostBank persistently focused on controlling credit quality in parallel with effective credit growth. In 2021, LienVietPostBank achieved a growth rate of 18.08% and the non-performing loan (NPL) ratio was still well controlled at 1.37%.

Credit risk management was implemented closely throughout the HO to the Business Units:

- The appraisal and control of disbursement, and credit approval were centralized from HO to Business Units to ensure the proactivity, independence and objectivity in credit granting process.

- Credit risk were early detected, controlled and handled in a timely manner using system data analysis tools, and directly checked by 3 lines of defense.

- Portfolio management tool provides daily information of the bank's compliance with credit limits and adequacy ratios, analyse changes in the portfolio management in order to give the BOD early warning of risks and recommendations for relevant policy changes .

- Amid the outbreak of Covid-19, LienVietPostBank was proactive in understanding customers' difficulties and implementing solutions to support customers affected by Covid-19.

2. Operational risk management

Operational risk management is carried out by the following tools: Loss Data Collection (LDC); Risk and Control Self Assessment (RCSA); Key Risk Indicators (KRIs).

The internal document system was reviewed and updated regularly, in which digital transformation documentation was paid with special attention to ensure that the document system is complete, up to date and in compliance with current regulations.

Operational risk management was enhanced with (i) Acquiring Banker Blanket Bond (BBB&ECC) Insurance to protect the Bank against losses arising from fraud risks, improving the Bank's capacity and reputation; (ii) Synchronously implementing Business Continuity Management throughout the system which contributed to maintain business operation especially in the strong outbreak of Covid-19; and (iii) The Penetration test and Security review Project contributed to improve the Bank's risk management capacity in response to information technology risks especially when the Bank is in the step-by-step digital transformation.

3. Market, liquidity and interest risk management

Liquidity system was ensured to be maintained regularly and uninterrupted, and efficiency in using capital was maximized. The Bank's liquidity ratios well met the regulations of the SBV.

LienVietPostBank reviewed the policy system, upgraded tools for market risk and liquidity risk management to ensure effective detection, measurement and control of potential risks.

The Bank regularly conducted Internal Capital Adequacy Assessment Process (ICAAP) to ensure safe and effective capital management through the use of advanced computational modeling tools.

The Bank has been gradually studying the calculation method of Net Stable Funding Capital Ratio (NSFR) and Liquidity Coverage Ratio (LCR) according to Basel III standard to raise financial capacity and management level towards reaching international standards.

4. Anti Money Laundering and Countering the Financing of Terrorism

The prevention of money laundering/terrorist financing was constantly improved through the synchronous implementation of the anti-money laundering and countering the financing of terrorism framework. The Bank continued investing in modernizing the anti-money laundering system (KYC, filtering and monitoring transactions and warning etc.) and intensifying the supervision of suspicious transactions.

The internal document system was regularly reviewed and updated to ensure compliance with the law and suitability with the Bank's operations, effective preventive measures in anti-money laundering and countering the financing of terrorism activities were also given in a timely manner.

Training and warning programs on anti-money laundering and countering the financing of terrorism continued to be implemented system-wide in order to raise the understanding, awareness and responsibility of employees, which contributed to build a compliance culture, especially in anti-money laundering and countering the financing of terrorism activities of the Bank.

5. Direction for risk management in 2022

Risk management has always been identified as one of our key missions as the Bank made investment and established new plans and strategies in order to: (i) Complete Basel III project; (ii) Modernize risk management; (iii) Invest in developing early risk warning tools.


To reduce concentration risk, the Bank continued to promote retail segment whilst developing products and services all to increase the portion of non-credit revenue.

In the near future, the Bank is continually investing resources to deploy, build and upgrade risk management tools and models to monitor, calculate, measure and give timely warnings on the breach of limits and adequacy ratios in operations of bank while aiming to always comply with the current laws and regulations.

WORKING ENVIRONMENT, EMPLOYMENT & TRAINING POLICIES

Covid-19 affirmed that human resources are the most valuable asset of LienVietPostBank. In 2021, in order to ensure smooth operations and continue comprehensive business growth, the Bank promoted recruiting new personnel, building a team of key staff, not lowering but also improving remuneration for officers and employees, employee recognition, digitizing trainings in parallel with training and developing specialized management and professional skills to meet the increasing human resource needs for organization, operation and implementation of business programs in which LienVietPostBank has a competitive advantage

EMPLOYMENT

- In 2021, the Bank recruited 2,048 new employees for units across 63 provinces and cities, bringing the total number of employees up to 10,649. The additional recruitment fulfilled the needs for business development of the whole system, contributing to lead LienVietPostBank to rank in **Top 100 Vietnam Strong Brands 2020 - 2021** voted by VnEconomy.
 - Succeeding the period of developing nationwide network, 2021 was the year for LienVietPostBank to strengthen its internal workforce through regular review and evaluation over management efficiency and sales development of leaders at Business Units, moreover to select and facilitate 511 internal employees who possesses great personal values to self-develop and take on higher positions.
 - In addition to annual welfare policies for employees such as: accident insurance, social insurance, annual health check etc., in 2021, the Bank also timely formulated policies and support regimes for employees affected by Covid-19, this once again affirmed and realized the strategic view of LienVietPostBank in which human resources are the most valuable asset that needs to be preserved and developed.
- 
- In order to recognize contributions and dedication of employees to the development of LienVietPostBank as well as to attract and retain key employees, in 2021 the Bank launched ESOP Program – an employee stock ownership plan on the whole system. ESOP implemented as planned was also a source of capital mobilization to help the Bank achieve scale growth, and met the Bank's business development requirements in line with the strategic orientation set out by the Board of Directors.
 - The key performance indicators (KPIs) were regularly researched and improved to apply to all positions in the business units in order to improve labor productivity, increase efficiency of business units as well as the whole Bank

LỄ BẢO VỆ TỐT NGHIỆP

CHƯƠNG TRÌNH ĐÀO TẠO “CHỨC DANH GIÁM ĐỐC PGD” NĂM 2021

Đà Nẵng, ngày 19 - 20 tháng 03 năm 2022



TRAINING ACTIVITIES

190



TRAINING COURSES

93.548



TRAINEES

95%



E-LEARNING

- In 2021, the Bank effectively organized 190 training courses with 822 classes for 93,548 trainees, which was an increase of 41% in the turns of trainees compared to 2020, in which online training via E-learning and Zoom accounted for 95% of the total training courses.
- LienVietPostBank implemented many key training programs to improve management capacity and sales capacity for employees, especially, the capacity building program for

insurance sales and digital banking (Card, LienViet24h) which has been conducted with 45 courses including 554 classes for 37,386 trainees; and Training and development program for managers and key staff of more than 240 trainees

- In 2021, the total number of internal training courses deployed by managers at all levels in the system was 8,798 courses

DRIVEN EMPLOYMENT AND TRAINING ACTIVITIES IN 2022

- Research to renovate human resource operation process in application of technology to increase productivity and labour use efficiency and adapt to the “new normal” following Covid-19.
- Research to propose mechanisms and policies related to employees in order to attract and select quality human resources as well as retain good employees and achieve good work performance.
- Complete the mechanism for assigning and evaluating the key performance indicators (KPIs) for all positions in the business units, towards the goal of developing and applying KPIs at the Head Office.
- Pay great attention to training programs quality which should involves actual practices and applicability, for example improving sales skills for the direct sales team at the Business Units (Life Insurance and Personal Insurance, Digital Bank), capacity building for management officers and internal trainers etc.
- Continually improve and upgrade the E-learning system along with accelerating the digitization of virtual lessons which are to be visually attractive an inspiring, ensure timely and synchronous delivery of knowledge to trainees.

SOCIAL RESPONSIBILITIES

2021 marked the milestones of 13 years since establishment and operation of Lien Viet Post Joint Stock Commercial Bank. Amid the intense progress of Covid-19, LienVietPostbank has played a significant part in disease control and prevention of the community which is consistent with our slogan “Integrate social responsibilities in business”, living up to our reputation as one of the leading bank with best social responsibilities in Vietnam.

Since our establishment in 2008 to 2021, LienVietPostBank and its founders have proactively contributed trillions VND to the community and society through various social programs and activities, focusing on 5 pillars: Education – Human Resources Training, Health, Culture - Sports, Social Security and Welfares, and Supporting Underprivileged Provinces for Development. In 2021, the Health pillar was considered as the most prominent highlight in the Bank's social activities as LienVietPostBank proactively supported response to and prevention against Covid-19 pandemic .

HEALTHCARE

- 1 Directly donated for Covid-19 Vaccine Fund of the Ministry of Health
- 2 Donated SARS-CoV-2- BIOCREDIT COVID-19 Ag Agent Rapid Test Kits for a number of provinces in VietNam
- 3 Donated equipment for disease control and prevention for a number of provinces in Vietnam
- 4 Employees who were positive with Covid-19 were also supported with specific policies.



Several traditional activities were maintained by LienVietPostBank, including:

EDUCATION

Sponsoring the Vinh Phuc Talent Fund, the Banking Industry Scholarship Fund; educational equipment for schools in Dien Bien and Lai Chau provinces; Financing the construction of Primary School in Dien Hanh Commune, Dien Chau District, Nghe An Province; Sponsoring the "Internet and computers for children" program under the program of the State Bank etc.

SOCIAL WELFARES

Sponsoring for building houses for the poor in Dien Bien and Quang Nam provinces; Donating "Fund for the Poor" in Ben Tre and Lam Dong provinces and the "Social Welfare Fund" in Hau Giang province.

CULTURE

Financing the construction of a number cultural houses for local communities; Partial funding for a project to build the monument "Uncle Ho with the people of the Northwest ethnic groups" in Son La city, Son La province; Financing the construction of the Martyrs' Temple at Dien Bien Phu Battlefield; Donating for the construction of the project "Memorial temple for Truong Son heroes and martyrs" in Thuong Trach commune, Bo Trach district, Quang Binh province.

SUPPORT UNDERPRIVILEGED PROVINCES FOR DEVELOPMENT

Donating for construction of canals and roads in Que Phu commune, Quang Nam province.



03

REPORT AND ASSESSMENT OF EXECUTIVE BOARD



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ASSESSMENT OF MANAGEMENT AND OPERATION



IN 2021, UPON THE SIGNIFICANT CHANGES IN BUSINESS CLIMATE TOWARDS THE “NEW NORMAL” SET FORTH BY THE GOVERNMENT, LIENVIETPOSTBANK MANAGED ITS BUSINESS WITH SECURITY, EFFICACY ALONG WITH MANAGEMENT CAPACITY BUILDING AND HUMAN RESOURCES IMPROVEMENT AS PER INTERNATIONAL STANDARDS.

1. CAPACITY BUILDING OF BANKING RISK MANAGEMENT ACCORDING TO INTERNATIONAL STANDARDS

LienVietPostBank always strictly implemented risk management and complies with all operating adequacy ratios as prescribed by the State Bank of Vietnam. The CAR ratio was always maintained at a higher level than the State Bank's regulations to ensure the security and soundness whilst operation, and to meet the capital requirements and risk management requirements according to Basel. II.

The Bank is proactively implementing and working with consulting partners to soon fulfill the criteria of Basel III.

LienVietPostBank had a good risk management system which was the foundation for stable and sustainable development as the bank was always proactive and ready to meet higher risk management standards.

2. ACCELERATION OF DIGITAL TRANSFORMATION AND ENHANCEMENT

In the 4th Industrial Revolution, LienVietPostBank emphasizes the development of IT system for comprehensive digital transformation and banking digitization from internal operating processes to transactions with customers. In 2021, the Bank synchronously implemented many new projects/solutions to improve technology in many areas and improve labor productivity, specifically:

- Upgrading and innovating more than 200 features in current IT applications to reduce processing time and improve efficiency of distant monitoring by HO divisions.
- Implementing 16 IT projects to automate and improve internal and customer processes in which important projects were already completed or partially operated such as: Loan Origination System (LOS), Anti-Money Laundering (AML) system,

Internal Communication System (Chuyendong24h); Digitizing the signing process on E-Office, etc.

- Applying the most modern technology in formulating features and utilities on LienViet24h, diversifying products and services with high technological content to increase competitiveness with other E-wallets.

In the process of digital transformation, LienVietPostBank also paid special attention to information security to minimize risks arising while providing services and performing activities in the digital environment through: raising awareness and knowledge about information safety and security of all the Bank's employees; increasing investment in banking information security system etc.

3. DEVELOPING HUMAN RESOURCES IN DEPTH, INCREASE HUMAN QUALITY AND IMPROVE LABOR PRODUCTIVITY

LienVietPostBank always upheld the humanistic value in human resource development, and recognized the proactivity, creativity, solidarity spirit, the commitment and dedication of all staffs.

The Bank paid great attention to personnel training and development, especially the management team of transaction offices, sales personnel and personnel in remote areas, through organizing more training courses (including face-to-face and online trainings depending on specific pandemic condition in each locality) to improve skills for staffs. In 2021, LienVietPostBank held 190 training courses with 822 classes for 93,548 trainees, an increase of 41% in number of students compared to 2020.

In addition to improve the quality of human resources, LienVietPostBank also paid attention to increase labor productivity through updating and improving specific measurement tools such as the Key Performance Indicators (KPIs), stipulating a set of Service Level Agreement (SLA) for Head Office division to match the actual business situation and accurately assessing the productivity of each staff, creating motivation for each individual and unit.

4. OPTIMIZING THE USE OF RESOURCES BY THE FLEXIBLE IMPLEMENTATION OF RESOURCES BALANCE MEASURES

LienVietPostBank adjusted and balanced the capital growth rate in line with the credit growth rate in each period to ensure liquidity, compliance with operational adequacy ratios and above all to optimize efficient use of resources. The Bank regularly analyzed and assessed the impacts of the market on business activities and constructed monthly business scenarios from which to issue interest rate policies from time to time. As a result, despite many fluctuations in 2021 due to Covid-19, the Bank's capital still grew towards the right direction, and continually increased safe and effective retail loans which contributed to increase profitability, our NIM reached over 3.5%.

5. IMPROVEMENTS ON ORGANIZATIONAL STRUCTURE, MANAGEMENT POLICIES

The organization of LienVietPostBank in 2021 was adjusted to create specialization of key services such as Cards, Digital Banking, Insurance, Payment,... Business Centers and Operation Departments were newly established, having functions re-adjusted to ensure professionalism, efficiency and suitability to business orientation.

In addition, the Bank also regularly reviewed the regulations and operational procedures from the Head Office to the business units to remedy shortcomings and meet the requirements of improving service quality and labor productivity. In 2021, many information technology applications were deployed and applied on the whole system to reduce work execution time, increase automation in business processes, and develop products and services with high-tech content to improve customer experiences.

BUSINESS PLAN 2022

Entering 2022 with a new position and forces, LienVietPostBank is ready to implement 07 key missions of business development plan aiming to step forward to higher development level in accordance with the given strategy.



- 1 To develop a stable retail deposit growth, increase CASA rate
- 2 To increase credit growth within permitted limit, to boost retail credit rate and prioritize developing sectors as encouraged by SBV
- 3 To diversify sources of revenue, increase the contribution portion of non-credit segments, emphasizing international payment activities and foreign currency trading
- 4 To negotiate the exclusive insurance distribution agreement to launch in 2022
- 5 To continue the risk management capacity building as per international standards and enhance the control of credit quality
- 6 To implement digital transformation and apply advanced technology in the banking operation digitization
- 7 To raise human resource quality and labor productivity

1 To develop a stable retail deposit growth and increase CASA rate

Deposit balance to be in line with credit growth in each period with a focus on online deposit products.

To increase the scale of CASA deposits from retail customers by developing electronic payment products and services integrated in LienViet24h ; at the same time, to seek for cooperation with large and reputable partners to jointly exploit customer profiles.

The bank will still ensure a stable medium and long-term capital for credit growth through the issuance of bonds and certificates of deposit with attractive interest rates, thereby increasing Tier 2 capital to meet corporate risk management standards and ensure sustainable and stable growth for capital structures

2 To increase credit growth within permitted limit, to boost retail credit rate and prioritize developing sectors as encouraged by SBV

To effectively exploit the extensive network to provide a variety of credit products and services to meet the capital needs of different customers to maximum, in which priority is given to customers as small and medium-sized businesses, production, agriculture or areas encouraged for development by the State Bank which can be varied by each period.

During this period, policies on exemption and reduction of interests, fees and repayment term structure for customers affected by Covid-19 are continually given priority to facilitate customers to resume their operations.

To strictly control credit quality; to regularly review and assess the loan payment status of customers to prevent potential losses to the Bank..

3 To diversify sources of revenue, increase the contribution portion of non-credit segments, emphasizing international payment activities and foreign currency trading

To develop new products, increase utilities and ecosystem of Card services, Digital banking; improve card service quality, LienViet24h application etc. to meet the diverse needs of customers.

To catch market trends to implement international payment operations and foreign currency transactions, thereby increasing net foreign exchange revenue for the Bank.

4 To sign an exclusive insurance distribution agreement to launch in 2022

To accelerate the negotiation process with insurance partners to sign an exclusive contract and distribute within 2022.

To research and develop incentive policies to increase the percentage of life insurance contract renewal in the following years

5 To continue the risk management capacity building as per international standards and enhance the control of credit quality

In 2021, LienVietPostBank continued to fulfill all three Basel II pillars and is proceeding with risk management capacity building in accordance with Basel III, which contributes to strengthen the Bank's firm foundation. The bank is expected to complete a number of key contents in 2022.

To strongly promote the recovery of non-performing loans and uncollectible accounts by several measures, and to proactively develop recovery scenarios by each customer.

To review the restructured loans in 2021 of customers affected by Covid-19 to give measures to deal with potential uncollectible accounts



6

To implement digital transformation and apply advanced technology in the banking operation digitization, raising customer satisfaction

To accelerate the Digitization and Digital Transformation in line with business development orientation, fully meet the requirements of operation process at Divisions and Business Units on the basis of consulting IBM - the digital Business Architecture partner.

To accelerate the implementation of information technology projects and handle the support requests of the Operation Division to improve labor productivity and work efficiency of each Department.

To improve the operation quality of digital banking products (such as LienViet24h, Internet Banking, etc.), to raise customer satisfaction with focus on maximizing experience and diversifying selective options for customers.

To automate transactions and documentation processes to save service resources as such work is handled quickly and smoothly from Head Office to Business Units, and to deliver the best service quality to customers.

7

To raise human resource quality and labor productivity

To regularly review and evaluate the quality of management, administration and development in Transaction Offices, thereby provide rational grounds for manager capacity assessment to propose suitable training programs or alter personnel to fulfill job requirements.

To increase training courses for employees especially for professional knowledge and management skills for Directors of Transaction Offices, consulting and sales skills for new employees to increase sales efficiency

To recruit qualified personnel, propose attractive salary and remuneration policies to retain good employees with their long-term commitment, lessen initial training and create motivation for employees to work effectively and boost labor productivity.

04

ASSESSMENT OF THE BOD ON LIENVIETPOSTBANK'S OPERATION



55 Assessment of the BOD on LienVietPostbank's operation

ASSESSMENT OF THE BOD ON LIENVIETPOSTBANK'S OPERATION

ASSESSMENT OF THE BOD ON LIENVIETPOSTBANK'S OPERATION IN 2021

In 2021, the world's economy rebounded in aftermath of the Covid-19 pandemic, the global economic growth rate was approximately at 6%, however, the level of recovery was uneven across countries in different parts of world.

In Vietnam, the 4th outbreak negatively affected all areas of the economy, especially in the second and third quarters, many key economic localities had to implement prolonged lockdown to fight against the epidemic, causing Vietnam's GDP in 2021 to fall behind the expected level. Nevertheless, with the timely direction and appropriate interest rates adopted by the Government and the State Bank of Vietnam, the banking industry could proceed with stable operation thereby facilitate all economic sectors with an access to capital and support the general economic recovery.

Strictly following the directions of the Government and the State Bank of Vietnam, under the direction of the Bank's Board of Directors and Executive Board with the synergy of all staffs, LienVietPostBank developed a flexible and appropriate action plan which focused on key products and services which have high effectiveness, proposed solutions to limitations, controlled operating adequacy ratios and, therefore, achieved positive results: Accomplishing key business targets in 2021 assigned by the General Meeting of Shareholders; The scale of growth was consistent with market and economic development, fulfilling the obligations to the State Budget; Ensuring benefits for all shareholders and employees etc.

As a result, LienVietPostBank achieved some impressive results in 2021 as follows:

TOTAL ASSETS

↑ **19%** compared to 2020

PROFIT BEFORE TAX

↑ **50%** compared to 2020



TOP 100

Vietnam Excellent Brands

- The Bank's total assets reached more than VND 289,000 billion, an increase of 19% compared to 2020, ranking in the top 15 banks with the largest total assets in 2021.
- Cumulative pre-tax profit gained VND3,638 billion, an increase of 50% compared to 2020 and completion of 114% of the year plan.
- The bank continued to make a mark when being honored in the Top 100 Vietnam Excellent Brands 2020 - 2021 by Vietnam Economic Times as fully meeting the criteria in terms of impressive business results, rapid growth over the years, quality of products and services, leadership capacity, corporate social responsibility, commitment to environmental protection and especially innovation, digital transformation,

business restructuring, adjustment and change of business model and methods which are adaptive and effective in the new situation, this reflects our adaptability, strong survival and growth amid Covid -19. Gaining prestigious rankings was an evidence for LienVietPostBank's efforts to "transform" towards step-by-step realizing the goal of becoming "a leading retail bank in Vietnam".

PLANS AND ORIENTATION OF THE BOARD OF DIRECTORS IN 2022

2022 has begun with many opportunities and challenges, as such LienVietPostBank will continually strive for stable and sustainable development with the following orientations:

- To take advantage of the existing network as a springboard to accelerate the implementation of digital transformation and digitization on the Bank's operations comprehensively from internal operation processes to transactions with customers to best satisfy the needs of customers to maximum.
- To increase charter capital, improve financial capacity, increase bank size, expand market share and take advantage of the extensive network to become one of the leading retail banks.
- To diversify revenue sources, increase profits, and increase benefits for shareholders.
- To strengthen risk control in accordance with national and international standards and ensure secure, effective and sustainable operation.
- To develop appropriate human resource policies along with effective training plans, continue to improve human resource quality and select elite staffs- the Bank's most valuable asset.





Cooperation for Development

05

FINANCIAL STATEMENTS



58 Financial Statements for the year ended 31 December 2021



Lien Viet Post Joint Stock Commercial Bank

Financial Statements for the year ended
31 December 2021

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

Banking Operation

Licence No. 91/GP-NHNN 28 March 2008

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

The Company's Enterprise Registration Certificate No. 6300048638 issued by the Department of Planning and Investment of Hanoi has been amended several times, the most recent of which is the 20th amendment dated 20 September 2021.

Board of Directors

Mr. Huynh Ngoc Huy	Chairman
Mr. Pham Doan Son	Standing Vice Chairman
Mr. Duong Cong Toan	Vice Chairman
Mr. Nguyen Duc Thuy	Vice Chairman <i>(from 6 May 2021)</i>
Mr. Le Hong Phong	Member
Ms. Chu Thi Lan Huong	Member <i>(until 23 July 2021)</i>
Ms. Duong Hoai Lien	Independent Member

Board of Management

Mr. Pham Doan Son	Chief Executive Officer
Mr. Ho Nam Tien	Standing Deputy Executive Officer
Mr. Bui Thai Ha	Deputy Executive Officer
Ms. Nguyen Thi Gam	Deputy Executive Officer
Ms. Nguyen Anh Van	Deputy Executive Officer
Mr. Vu Quoc Khanh	Deputy Executive Officer
Mr. Nguyen Thanh Tung	Deputy Executive Officer
Mr. Nguyen Quoc Thanh	Deputy Executive Officer
Mr. Kim Minh Tuan	Deputy Executive Officer
Mr. Nguyen Ngoc Nam	Deputy Executive Officer
Ms. Le Thi Thanh Nga	Deputy Executive Officer
Ms. Vu Thu Hien	Deputy Executive Officer
Mr. Nguyen Quy Chien	Deputy Executive Officer
Mr. Hoang Van Phuc	Deputy Executive Officer
Mr. Le Anh Tung	Deputy Executive Officer

Registered office

1st, 3rd, 4th, 5th, 6th Floors, Thaiholdings Tower
210 Tran Quang Khai Street, Hoan Kiem District, Trang Tien Ward
Hanoi, Vietnam

Auditor

KPMG Limited
Vietnam

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

The Board of Management of Lien Viet Post Joint Stock Commercial Bank (“the Bank”) presents this statement and the accompanying financial statements of the Bank for the year ended 31 December 2021.

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

- (a) the financial statements set out on pages 64 to 133 give a true and fair view of the financial position of Bank as at 31 December 2021, and of its results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to Credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Bank will not be able to pay its debts as and when they fall due.

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

On behalf of the Board of Management

A red circular stamp of Lien Viet Post Joint Stock Commercial Bank. The text inside the stamp includes "M.S.D.N: 6300048638-C.T.C.P", "NGÂN HÀNG", "THƯƠNG MẠI CỔ PHẦN", "BƯU ĐIỆN", and "LIÊN VIỆT". A blue ink signature is written over the stamp.

Phạm Doan Sơn
Chief Executive Officer

Hanoi, 28 March 2021



KPMG Limited

46th Floor, Keangnam Landmark 72
E6 Pham Hung Road, Me Tri Ward, South Tu Liem District, Hanoi , Vietnam
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders Lien Viet Post Joint Stock Commercial Bank

We have audited the accompanying financial statements of Lien Viet Post Joint Stock Commercial Bank (“the Bank”), which comprise the balance sheet as at 31 December 2021, the related statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank’s Board of Management on 28 March 2022, as set out on pages 64 to 133.

The Bank's Management's Responsibility

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

Auditor's Responsibility

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

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

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



Auditor's Opinion

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of Lien Viet Post Joint Stock Commercial Bank as at 31 December 2021, and of its results of operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to Credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

KPMG Limited

Vietnam

Audit Report No.: 20-02-00537-22-1



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

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

Hanoi, 28 March 2022

	Note	31/12/2021 VND million	31/12/2020 VND million
A ASSETS			
I Cash	4	2,751,278	3,499,270
II Balances with the State Bank of Vietnam (“SBV”)	5	9,867,646	6,758,980
III Deposits with and loans to other Credit institutions (“CIs”)	6	22,438,493	13,959,435
1 Deposits with other Credit institutions		21,287,760	13,543,185
2 Loans to other Credit institutions		1,150,733	416,250
IV Securities held for trading	7	232,521	279,000
1 Securities held for trading		232,521	279,000
V Derivatives and other financial assets	8	84,831	218,101
VI Loans to customers		205,783,434	174,356,335
1 Loans to customers	9	208,954,136	176,621,536
2 Allowance for loans to customers	10	(3,170,702)	(2,265,201)
VIII Investment securities		38,689,486	33,360,012
1 Available-for-sale securities	11(a)	38,706,806	33,374,328
3 Allowance for investment securities	11(c)	(17,320)	(14,316)
IX Long-term investments		315,931	315,931
4 Other long-term investments	12	315,931	315,931
X Fixed assets		1,584,457	1,620,975
1 Tangible fixed assets	13	1,092,819	1,147,320
a Cost		2,530,702	2,408,825
b Accumulated depreciation		(1,437,883)	(1,261,505)
3 Intangible fixed assets	14	491,638	473,655
a Cost		672,549	625,215
b Accumulated amortisation		(180,911)	(151,560)
XII Other assets	15	7,445,802	7,974,912
1 Receivables		1,248,734	836,730
2 Accrued interest and fee receivables		5,383,067	6,046,092
3 Other assets		818,920	1,095,221
<i>In which: Goodwill</i>	16	-	34,342
4 Allowance for other assets		(4,919)	(3,131)
TOTAL ASSETS		289,193,879	242,342,951

The accompanying notes are an integral part of these financial statements

	Note	31/12/2021 VND million	31/12/2020 VND million
B			
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
I			
Amounts due to the Government and the SBV	17	1,702,874	224,189
II			
Deposits and borrowings from other CIs	18	46,281,380	14,745,116
1		36,848,831	12,018,250
2		9,432,549	2,726,866
III			
Deposits from customers	19	180,276,346	174,525,987
VI			
Valuable papers issued	20	36,737,629	32,251,205
VII			
Other liabilities	21	7,393,773	6,364,728
1		5,696,602	5,086,061
3		1,697,171	1,278,667
		272,392,002	228,111,225
SHAREHOLDERS' EQUITY			
VIII			
Equity and reserves	22	16,801,877	14,231,726
1		12,035,962	10,746,446
a		12,035,905	10,746,389
c		57	57
2		2,183,660	1,752,673
5		2,582,255	1,732,607
		16,801,877	14,231,726
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		289,193,879	242,342,951

The accompanying notes are an integral part of these financial statements

	Note	31/12/2021 VND million	31/12/2020 VND million	
OFF-BALANCE SHEET ITEMS				
I CONTINGENT LIABILITIES				
1	Loan guarantees	38	63,340	67,222
2	Foreign exchange commitments	38	72,977,996	39,605,786
	<i>Foreign currency purchase commitments</i>		2,270,761	906,652
	<i>Foreign currency sale commitments</i>		1,130,987	450,832
	<i>Swap commitments</i>		69,576,248	38,248,302
4	Letters of credit	38	1,281,853	429,900
5	Other guarantees	38	891,795	1,327,012
6	Other commitments	38	2,828,995	2,181,277

28 March 2022

Prepared by:



Tran Hoai Thu
 Head of Finance Department

Reviewed by:



Nguyen Thi Gam
 Chief Accountant

Approved by:



Pham Doan Son
 Chief Executive Officer

The accompanying notes are an integral part of these financial statements

No.	Items	Note	2021 VND million	2020 VND million
1	Interest and similar income	23	20,925,551	17,869,155
2	Interest and similar expenses	24	(11,908,392)	(11,148,984)
I	Net interest income		9,017,159	6,720,171
3	Fee and commission income		1,113,896	859,823
4	Fee and commission expenses		(256,014)	(233,022)
II	Net fee and commission income	25	857,882	626,801
III	Net gain from trading of foreign currencies	26	138,787	62,043
IV	Net gain from securities held for trading	27	4,543	33,650
V	Net (loss)/gain from investment securities	28	(1,384)	137,734
5	Other income		199,033	257,088
6	Other expenses		(165,331)	(66,676)
VI	Net other income	29	33,702	190,412
VII	Income from equity investments, purchase of shares		-	275
VIII	Operating expenses	30	(5,090,421)	(4,645,147)
IX	Net operating profit before allowance and provision expenses		4,960,268	3,125,939
X	Allowance and provision expenses	31	(1,322,250)	(699,386)
XI	Profit before tax		3,638,018	2,426,553
7	Income tax expense - current	32	(764,770)	(564,645)
XII	Income tax expense	32	(764,770)	(564,645)
XIII	Net profit after tax		2,873,248	1,861,908
				Restated
XV	Basic earnings per share	33	2,135	1,372

28 March 2022

Prepared by:



Tran Hoai Thu
 Head of Finance Department

Reviewed by:



Nguyen Thi Gam
 Chief Accountant

Approved by:



Pham Doan Son
 Chief Executive Officer

The accompanying notes are an integral part of these financial statements

No.	Items	2021 VND million	2020 VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Interest and similar income received	21,588,576	16,110,093
02	Interest and similar expenses paid	(11,297,851)	(10,638,702)
03	Net fee and commission income received	857,882	626,801
04	Net receipts from/payments for trading activities of foreign currencies and securities	147,367	134,208
05	Other (expenses)/income paid	(118,097)	63,806
06	Receipts from recovery of bad debts previously written off	162,114	135,023
07	Payments for operating and salary expenses	(4,662,304)	(4,195,419)
08	Income tax paid during the year	(795,670)	(462,127)
Net cash flows from operating activities before changes in operating assets and liabilities		5,882,017	1,773,683
Changes in operating assets			
09	(Increase)/decrease in deposits with and loans to other CIs	(734,483)	1,984,873
10	(Increase)/decrease in investment securities	(5,285,999)	1,488,334
11	Decrease/(increase) in derivatives and other financial assets	133,270	(130,201)
12	Increase in loans to customers	(32,332,600)	(36,098,910)
13	Decrease in allowance for impairment of assets	(419,795)	(384,635)
14	(Increase)/decrease in other operating assets	(92,659)	622,982
Changes in operating liabilities			
15	Increase/(decrease) in amounts due to the Government and the SBV	1,478,685	(62,819)
16	Increase/(decrease) in deposits and borrowings from other CIs	31,536,264	(2,788,076)
17	Increase in deposits from customers	5,750,359	37,678,728
18	Increase in valuable papers issued	4,486,424	4,095,268
19	Decrease in other borrowed and entrusted funds	-	(1,158,625)
21	Increase in other operating liabilities	233,449	184,993
22	Utilisations of reserves	(176,058)	(194,694)
I	NET CASH FLOWS FROM OPERATING ACTIVITIES	10,458,874	7,010,901

The accompanying notes are an integral part of these financial statements

	2021 VND million	2020 VND million	
CASH FLOWS FROM INVESTING ACTIVITIES			
01	Payments for purchases of fixed assets	(354,296)	(317,095)
02	Proceeds from disposals of fixed assets	12,768	439
03	Payments for disposals of fixed assets	(12,097)	-
08	Collections on investments in other entities	-	8,800
09	Dividends and profit received from long-term equity investments	-	275
II	NET CASH FLOWS FROM INVESTING ACTIVITIES	(353,625)	(307,581)
IV	NET CASH FLOWS DURING THE YEAR	10,105,249	6,703,320
V	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	23,801,435	17,098,115
VII	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Note 34)	33,906,684	23,801,435

28 March 2022

Prepared by:



Tran Hoai Thu
 Head of Finance Department

Reviewed by:



Nguyen Thi Gam
 Chief Accountant

Approved by:



Pham Doan Son
 Chief Executive Officer

The accompanying notes are an integral part of these financial statements

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

1. REPORTING ENTITY

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

(a) Establishment and operation

Lien Viet Post Joint Stock Commercial Bank (“the Bank”) was formerly known as Lien Viet Joint Stock Commercial Bank, which had been established in accordance with Bank Operation License No. 91/GP-NHNN dated 28 March 2008 by the Governor of the State Bank of Vietnam (“SBV”). The license is valid for 99 years from the issuance date. The Company’s Enterprise Registration Certificate No. 6300048638 issued by the Department of Planning and Investment of Hanoi has been amended for the 20th time on 20 September 2021.

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

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

(b) Charter capital

As at 31 December 2021, Bank’s share capital was VND12,035,905 million (31/12/2020: VND10,746,389 million). The par value per share is VND10,000.

(c) Location and operation network

The Bank’s Head Office is located at 1st, 3rd, 4th, 5th, 6th Floors, Thaiholdings Tower, No. 210 Tran Quang Khai, Trang Tien Ward, Hoan Kiem District, Hanoi, Vietnam. As at 31 December 2021, the Bank had one (1) Head Office, three (3) representative offices, seventy-six (76) branches, four hundred and eighty (480) transaction offices, six hundred and thirteen (613) post transaction offices nationwide (31/12/2020: the Bank had one (1) Head Office, three (3) representation offices, seventy six (76) branches, four hundred and eighty (480) transaction offices, six hundred and thirteen (613) post transaction offices nationwide).

(d) Number of employees

As at 31 December 2021, the Bank had 10,649 employees (31/12/2020: 9,946 employees).

2. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Annual accounting period

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

(d) Accounting and presentation currency

The Bank's accounting currency is Vietnam Dong ("VND") which is also the currency used for financial statement presentation purpose, rounded to the nearest million ("VND million"). Regarding basic earnings per share, the Bank presented this item in unit as described in Note 33.

(e) Form of accounting records applied

The Bank uses accounting software to record its transactions in the form of a general ledger.

(f) Changes in accounting policies

Since 1 October 2021, the Bank has prospectively adopted regulations of Circular No. 11/2021/TT-NHNN dated 30 July 2021 ("Circular 11") of the SBV regulating on classification of assets, level and method of allowance making, and use of allowance against credit risks in banking activities of credit institutions and foreign banks' branches. Circular 11 replaces Circular No. 02/2013/TT-NHNN dated 21 January 2013 ("Circular 02") of the SBV on classification of assets, level and method of allowance making, and use of allowance against credit risks in banking activities of credit institutions and foreign banks' branches and Circular No. 09/2014/TT-NHNN dated 18 March 2014 ("Circular 09") of the SBV on amending and supplementing a number of articles of Circular 02.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Foreign currency transactions

All transactions are recorded in their original currencies. Monetary items denominated in currencies other than VND are translated into VND at average exchange rate for spot selling and buying of the Bank at the end of the last working day of the accounting period ("the spot exchange rate") if the difference between this rate and the weighted average buying and selling rate of the last working day of the accounting period is less than 1% (refer to Note 43 for details of foreign exchange rates as at 31 December 2021 and 31 December 2020). If the difference between the spot exchange rate at the end of the last working day of the accounting period and the weighted average buying and selling rate of the last working day of the accounting period is 1% or more, the Bank shall use the weighted average buying and selling rate of the last working day of the accounting period. Non-monetary items denominated in currencies other than VND are translated into VND at the rates of exchange ruling at the transaction dates.

Transactions related to income and expenses in currencies other than VND are translated into VND at the spot exchange rate at the transaction dates.

Exchange differences arising from revaluation of assets and liabilities denominated in currencies other than VND at monthly reporting dates are recorded in "Foreign exchange differences" account in the equity in the balance sheet and recognised to the statement of income at the end of the annual accounting period.

(b) Accounting estimates

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

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash, current accounts at the SBV, deposits with other credit institutions, loans to other credit institutions with original terms to maturity not exceeding three months, investment securities with original terms to maturity not exceeding three months from the transaction date, that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(d) Deposits with and loans to other CIs

Deposits with other credit institutions comprise current deposits and deposits at other credit institutions with original terms not exceeding three months. Loans to other credit institutions are loans with original terms to maturity of not more than twelve months.

Deposits with other credit institutions, except for current deposits, and loans to other credit institutions are stated at the amount of the outstanding principal less specific allowance for credit losses:

Current deposits with other credit institutions are stated at the amount of the outstanding principal.

Credit risk classification of term deposits with and loans to other credit institutions and allowance thereof is made in accordance with Circular 11. Accordingly, the Bank has made specific allowance for term deposits with and loans to other credit institutions in accordance with the policy as described in Note 3(i).

According to Circular 11, the Bank is not required to make general allowance for deposits with and loans to other credit institutions.

(e) Securities held for trading

(i) Classification

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

(ii) Recognition

The Bank recognises securities held for trading at the date that it becomes a party to the purchase contract for these securities (trade date accounting).

(iii) Measurement

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

As at 31 December 2021 and 31 December 2020, securities held for trading represent overseas open-ended fund certificates. Allowance for diminution is the difference between original cost and net asset value (NAV) of investment which is computed on capital contribution rate in case the net asset value is less than original cost. Increases or decreases of the allowance balance are recorded in the statement of income during the year.

(iv) De-recognition

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

(f) Investment securities

(i) Classification

Investment securities comprise available-for-sale investment securities. The Bank classifies investment securities at the purchase date as available-for-sale investment securities or held-to-maturity investment securities. In accordance with Official Letter No. 2601/NHNN-TCKT issued by the SBV on 14 April 2009, the Bank is allowed to reclassify investment securities once after initial classification at the purchase date.

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

(ii) Recognition

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

(iii) Measurement

Equity securities

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

Market price of listed available-for-sale equity securities is the closing prices at the latest trading date prior to the end of the annual accounting period.

For available-for-sale equity securities unlisted but registered for trading in the market of unlisted public companies (“UPCOM”), market price is the average price within the last 30 transaction days prior to the end of the annual accounting period announced by the Stock exchange.

For available-for-sale equity securities unlisted and unregistered for trading in the UPCOM, if there are reasonable indications of impairment, provisions for such securities will be made in accordance with the accounting policy described in 3(g).

In cases where market price of securities cannot be determined reliably, such securities are stated at cost.

Debt securities

Available-for-sale debt securities are initially recorded at cost, including purchase cost plus other directly attributable costs such as brokerage and transaction fees, information fees, and bank charges (if any). They are subsequently recognised at amortised cost (affected by premium/discount amortisation) less allowance for securities risks (including allowance for credit risks and allowance for devaluation of investment securities). Premium and discounts arising from purchases of debt securities are amortised to the statement of income on a straight-line basis over the holding period.

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

Available-for-sale debt securities of unlisted enterprises are recognised at cost less allowance for credit risks according to Circular 11 as described in Note 3(i).

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

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

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

(iv) De-recognition

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

(g) Long-term investments

Other long-term investments are investments in the equity of other companies in which the Bank does not have control or significant influence. These long-term investments are initially stated at cost at the date of investment, and subsequently stated at cost less allowance for diminution in the value of investment.

Allowance for diminution in value of long-term investments is made if the economic entity has suffered a loss which may cause the Bank to lose its invested capital, unless there is evidence that the value of the investment has not been diminished. Allowance for diminution in value is determined as the total actual investment capital of the owner at the investee less (-) the owner's equity of the investee multiplied (x) by the Bank's ownership percentage in the investee at the end of the annual accounting period. The allowance is reversed if the recoverable amounts are subsequently increased after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

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

(h) Loans and advances to customers

Loans and advances to customers are stated at the amount of principal less allowance for loans to customers.

Short-term loans are those with maturity term within one year from the loan disbursement date; medium-term loans are those with maturity term over one year to five years from the loan disbursement date and long-term loans are those with maturity term of more than five years from the loan disbursement date.

Debt classification and allowance for loans to customers are made as described in Note 3(i).

(i) Debt classification, the allowance rate and method of making allowance for credit risks

(i) Debt classification

Prior to 1 October 2021

Classification of term deposits with and loans to other credit institutions, foreign banks' branches, purchases of unlisted corporate bonds, loans to customers, entrusted extension of credit, debts already sold but payments not yet collected, debts repurchased (collectively referred to as "debts") is implemented in accordance with Circular 02. Accordingly, the Bank conducts quarterly debt classification based on the outstanding principals of debts at the last working day of each quarter. Allowance for credit risks as at 31 December is made based on classification results of outstanding principals of debts as at 31 December 12.

The Bank implements debt classification using the quantitative method as follows:

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

From 1 October 2021

Classification of term deposits with and loans to other credit institutions, foreign banks' branches, purchases of unlisted corporate bonds, loans to customers, entrusted extension of credit, debts already sold but payments not yet collected, debts repurchased, repurchase of Government bonds, purchase of treasury notes, treasury bills, certificates of deposit issued by other credit institutions or foreign banks' branches (collectively referred to as "debts") is implemented in accordance with Circular 11. Accordingly, the Bank implements monthly debt classification based on loan principals balance at the last working day of the month.

The Bank implements debt classification using the quantitative method as follows:

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

Group	Overdue status
5	Loss <ul style="list-style-type: none"> (a) Debts which are overdue for a period of more than 360 days; or (b) Debts which are restructured repayment term for the first time but still overdue for a period of 91 days or more than under that first restructured repayment term; or (c) Debts which are restructured repayment term for the second time but still overdue under that second restructured repayment term; or (d) Debts which are restructured repayment term for the third time or later, whether debts are overdue or not; or (e) Debts which are specified in point (d) of Sub-standard debts have not been recoverable for a period of more than 60 days after decisions on recovery have been issued; or (f) Debts which must be recovered under inspection conclusions but fail to be repaid although recovery term was overdue for more than 60 days; or (g) Debts that need to be recovered under premature debt recovery decisions due to borrowers' breach of agreements, but are not yet recovered within a period of more than 60 days from the effective dates of recovery decisions; or (h) Debts of customers being credit institutions which are announced by the SBV to place in special control status, or foreign banks' branches of which capital and assets are blockaded.

For off-balance sheet commitments, the Bank classified debts based on the number of overdue days from the date when the Bank performs its obligation under the commitments:

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

Bad debts are those under Groups 3, 4 and 5.

Where a customer owes more than one debt to the Bank and has any of its debts classified to a higher risk group of debts, the Bank is obliged to classify the remaining debts of such customer into the group of debts with the highest risk.

The Bank also collects debt classification results of the customers provided by the National Credit Information Center of Vietnam ("CIC") at the date of debt classification to adjust its own classification of debts. If a customer's debts are classified in a debt group that has a lower risk than the debt groups provided in CIC's customer list, the Bank shall adjust its classification of debts following the debt groups provided by CIC.

Debt classification for loans having rescheduled debt repayment term, exempted or reduced interest and fees in order to support customers affected by Covid-19 pandemic

Prior to 17 May 2021

The Bank has applied Circular No. 01/2020/TT-NHNN dated 13 March 2020 ("Circular 01") issued by the SBV on rescheduling the debt repayment term, exempting, reducing interest and fees, keeping debt group unchanged in order to support customers affected by Covid-19 pandemic. Accordingly, for customers with obligation of paying principals and/or interest during the period from 23 January 2020 to the day after 3 months from the day the Prime Minister declares the end of the Covid-19 pandemic and the borrowers are not able to repay the principal and/or interest in accordance with the payment schedules specified in the signed loan contract/agreement, originally signed agreement due to decrease in revenue, profit caused by the effect of Covid-19 pandemic, the Bank is allowed to reschedule the repayment term for these debts while maintaining the same debt group as classified at the most recent date before 23 January 2020.

From 17 May 2021 to before 7 September 2021

The Bank has applied Circular No. 03/2021/TT-NHNN dated 2 April 2021 (“Circular 03”) issued by the SBV amending and supplementing certain articles of Circular 01. Accordingly, the customers whose loans were disbursed before 10 June 2020 and incurred obligations of paying principals and/or interest during the period from 23 January 2020 to 31 December 2021; and those customers are unable to pay the principal and/or interest in accordance with the payment schedules specified in signed loan contracts/agreements due to decrease in revenue, income caused by Covid-19 pandemic, the Bank is allowed to reschedule loan repayment term, exempt or reduce interest and fees, and keep the debt group unchanged when the following conditions are met:

- Loans disbursed before 10 June 2020 from lending, financial leases;
- Obligations of paying principals and/or interest incurred from 23 January 2020 to 31 December 2021;
- Outstanding loan balances rescheduled if belonging to one of the following cases:

Item	Details	Debt classification
a	Outstanding loan balances not past due or overdue up to 10 days from the due date, payment schedules specified in signed loan contracts/agreements, except for cases stipulated in item b, item c.	Keeping the debt group unchanged as classified at the most recent date before the date of first rescheduling loan repayment period.
b	Outstanding balances of loans disbursed before 23/1/2020 and overdue during the period from 23/1/2020 to 29/3/2020.	Keeping the debt group unchanged as classified at the most recent date before 23/01/2020.
c	Outstanding balances of loans disbursed from 23/1/2020 and overdue before 17/5/2021.	Keeping the debt group unchanged as classified at the most recent date before the date the loan becomes overdue.

From 7 September 2021

The Bank has applied Circular No. 14/2021/TT-NHNN dated 7 September 2021 (“Circular 14”) issued by the SBV amending and supplementing certain articles of Circular 01. Accordingly, the customers whose loans were disbursed before 1 August 2021 and incurred obligations of paying principals and/or interest during the period from 23 January 2020 to 30 June 2022; and those customers are unable to pay the principal and/or interest in accordance to the payment schedules specified in signed loan contracts/agreements due to decrease in revenue, income caused by Covid-19 pandemic, the Bank is allowed to reschedule loan repayment term, exempt or reduce interest and fees, and keep the debt group unchanged when the following conditions are met:

- Loans disbursed before 1 August 2021 from lending, financial leases;
- Obligations of paying principals and/or interest incurred from 23 January 2020 to 30 June 2022;
- Outstanding loan balances rescheduled if belonging to one of the following cases:

Item	Details	Debt classification
a	Outstanding loan balances not past due or overdue up to 10 days from the due date, payment schedules specified in signed loan contracts/agreements, except for cases stipulated in item b, item c, item d.	Keeping the debt group unchanged as classified at the most recent date before the date of first rescheduling loan repayment period
b	Outstanding balances of loans disbursed before 23/1/2020 and overdue during the period from 23/1/2020 to 29/3/2020	Keeping the debt group unchanged as classified at the most recent date before 23/01/2020
c	Outstanding balances of loans disbursed from 23/1/2020 to before 10/6/2020 and overdue before 17/5/2021	Keeping the debt group unchanged as classified at the most recent date before the date the loan becomes overdue
d	Outstanding balances of loans disbursed from 10/6/2020 to before 1/8/2020 and overdue from 17/7/2021 to before 7/9/2021	Keeping the debt group unchanged as classified at the most recent date before the date the loan becomes overdue

(ii) Allowance for credit risks

Allowance for credit risks includes specific allowance for credit risks and general allowance for credit risks.

Specific allowance for credit risks

Prior to 1 October 2021

In accordance with Circular 02, specific allowance for credit risks for loans at the end of each quarter is determined based on the allowance rates corresponding to debt classification results and debt principals balance as at the end of the last working day of each quarter less discounted value of collateral assets. Specific allowance for credit risks as at 31 December is determined based on the debt classification results and loan principals balance at 31 December.

From 1 October 2021

In accordance with Circular 11, specific allowance for credit risks at the end of each month is determined based the allowance rates corresponding to debt classification results and debt principals balance as at the end of the month less discounted value of collateral assets.

In addition, the Bank determines and records the specific allowance amount required to be added for the entire outstanding loan balance of customers, including the loan balances with repayment period rescheduled, interest exempted or reduced according to the loan classifications in accordance with Circular 11 (if the regulations on keeping loan groups unchanged under the provisions of Circular 01, Circular 03 and Circular 14) as follows:

Additional allowance by	Deadline
At least 30% of the required additional specific allowance	By 31 December 2021
At least 60% of the required additional specific allowance	By 31 December 2022
100% of the required additional specific allowance	By 31 December 2023

The rates of specific allowance for specific loan groups are as follows:

Group	Loan group	Rates of specific allowance
1	Current debts	0%
2	Special mentioned debts	5%
3	Sub-standard debts	20%
4	Doubtful debts	50%
5	Loss debts	100%

The value of collateral assets are determined in accordance with Circular 11 and the following principles:

- Those collaterals valued at VND50 billion or more in respect of the loans of customers that are related parties of the Bank and other persons under Article 127 of the Law on Credit Institutions; and those collaterals that are valued at VND200 billion or more, shall be evaluated by professional valuers; and
- Other than the above, collaterals are valued in accordance with the Bank's internal regulations and procedures.
- For collateral assets which fail to fully meet conditions specified in Circular 11, their discounted value must be considered as zero.

Discount rates for collateral assets are determined as follows:

Types of collateral assets	Maximum discount rates
(a) Deposits and certificates of deposits from customers in VND at the credit institutions or foreign banks' branches	100%
(b) Government bonds, gold bars, certificates of deposits from customers in foreign currencies at the credit institutions or foreign banks' branches	95%
(c) Municipal bonds, Government-guaranteed bonds, transferable instruments, valuable papers issued by the credit institution; deposits, certificates of deposit, bills and notes issued by other credit institutions or foreign bank branches:	
▪ With a remaining term of below 1 year	95%
▪ With a remaining term of between 1 year to 5 years	85%
▪ With a remaining term of over 5 years	80%
(d) Securities issued by other credit institutions and listed on a stock exchange	70%
(e) Securities issued by enterprises (except for credit institutions) and listed on a stock exchange	65%
(f) Securities unlisted on the Stock Exchange, valuable papers, except items specified in Point c, issued by credit institutions which have registered securities listing on the Stock Exchange	50%
Securities unlisted on the Stock Exchange, valuable papers, except items specified in Point c, issued by credit institutions which have not registered securities listing on the Stock Exchange	30%

Types of collateral assets	Discount rates
(a) Unlisted securities and valuable papers issued by enterprises registered for listing on a stock exchange;	30%
Unlisted securities and valuable papers issued by enterprises not registered for listing on a stock exchange	10%
(b) Real estates	50%
(c) Other collateral assets	30%

General allowance for credit risks

Prior to 1 October 2021

According to Circular 02, general allowance for credit risks is required at the rate of 0.75% of total balance of principal debts at the last working day of each quarter for debts classified in Group 1 to Group 4 except for the balances with and loans to other CIs. General allowance for credit risks as at 31 December is determined based on the debt classification results and loan principals balance at 31 December.

From 1 October 2021

According to Circular 11, general allowance is also required at the rate of 0.75% of total balance of principal debts at the last working day of each month for debts classified in Group 1 to Group 4 except for term deposits with and loans to other CIs, purchases of valuable papers issued by other ICs and repurchases of Government bonds.

(iii) Utilisation of allowance for credit risks

According to Circular 11, loans and advances to customers are written off against the allowance when loans and advances to customers have been classified to Group 5 or when borrowers have been declared bankrupt or dissolved (for borrowers being organisations and enterprises) or borrowers are deceased or missing (for borrowers being individuals).

Debts written-off against allowance are recorded as off-balance sheet items for following up and collection. The amounts collected from the debts previously written-off are recognised in the statement of income upon receipt.

(iv) Classification and provision for off-balance sheet commitments

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

(j) Derivative financial instruments

Forward and swap currency contracts

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

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

(k) Tangible fixed assets

(i) Cost

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

(ii) Depreciation

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

■ buildings	6 - 50 years
■ machines and equipment	3 - 7 years
■ means of transportation - transmission	10 years
■ other tangible fixed assets	3 - 5 years

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

(l) Intangible fixed assets

(i) Land use rights

Definite land use rights are stated at cost less accumulated amortisation. The initial cost of definite land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Definite land use rights are amortised on a straight-line basis over land use periods.

Indefinite land use rights are stated at cost and are not amortised. The initial cost of indefinite land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights.

(ii) Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over 8 years.

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

(m) Prepayments

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

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

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

(n) Other assets

(i) Construction in progress

Construction in progress represents the costs of acquisition of fixed assets and upgrading of software which have not been completed. No depreciation is provided for construction in progress during the period of acquisition and upgrading.

(ii) Expenses awaiting amortisation

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

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

Expenses awaiting amortisation of prepaid interest on term deposits from customers are recognised at cost and amortised on a straight-line basis over a period ranging from below 1 year to 10 years.

(iii) Other assets

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

Allowance for on-balance sheet assets is made based on overdue date of debts or estimated loss arising from undue debts of which the indebted economic entities fall bankrupt or are undergoing dissolution procedures; debtors are missing, have fled, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have deceased. Allowance expense is recorded in operating expense during the year.

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

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

Allowance for on-balance sheet assets provided for expected losses of undue debts is determined by the Bank in accordance with Circular 48/2019/TT-BTC after giving consideration to the recovery of these debts.

(o) Goodwill

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

(p) Amounts due to the Government and the SBV

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

(q) Deposits and borrowings from other CIs

Deposits and borrowings from other CIs are stated at cost.

(r) Deposits from customers

Deposits from customers are stated at cost.

(s) Valuable papers issued

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

(t) Other payables

Other payables are stated at cost.

(u) Other provisions

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

(v) Capital

(i) Charter capital

Charter capital is the total par value of the shares sold. Ordinary shares are stated at par value. Incremental costs directly attributable to the issuance of ordinary shares are recognised as a deduction from share premium in equity.

(ii) Share premium

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

(w) Reserves

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

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

The financial reserve is used to cover remaining losses incurred during the normal course of business after the Bank is compensated by the organisations and individuals who make the loss and by insurance companies, and by utilisation of allowances provided; and for other purposes in accordance with the laws. These reserves are non-distributable and recognised as part of equity.

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

(x) Bonus and welfare fund

Bonus and welfare fund is not required by law and is fully distributable, and is used primarily to make payments to the Bank's employees. Bonus and welfare fund is established by appropriating from net profits after tax in accordance with resolutions of the General Meetings of Shareholders and is recognised in liabilities of the Bank. The appropriation rate is decided by the Annual General Meeting of Shareholders of the Bank.

(y) Commitments and contingent liabilities

At any point of time, the Bank has outstanding credit commitments. These commitments are approved and unutilised loans and overdraft facilities. The Bank also provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Many of the contingent liabilities and commitments will expire without any advanced payment, in whole or in part. Therefore, these commitments and contingent liabilities do not represent expected future cash flows.

(z) Interest income

Interest income is recognised in the statement of income on an accrual basis, except for interest on loans classified in Group 2 to Group 5 described in Note 3(i)(i) and debts kept unchanged in Group 1 (Current debts) as a result of adoption of Circular 01, Circular 03 and Circular 14. When loans are classified in Group 2 to Group 5 as described in Note 3(i)(i) or kept unchanged in Group 1 (Current debts) as a result of adoption of Circular 01, Circular 03 and Circular 14, interest receivable will be derecognised and recorded as off-balance sheet items and are recognised in the statement of income upon receipt.

When a debt is kept unchanged in the Current debts group as a result of implementing special policies of the State, the interest receivable arising during the year is not accounted for as income and the Bank shall monitor it on the basis of off-balance sheet. Interest on these debts are recognised in the statement of income upon receipt.

(aa) Interest expenses

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

(bb) Fee and commission income

Fees and commission income includes fees and commission from settlement services, guarantee services, cashier services and other services. Fees and commission income are recognised in the statement of income when incurred.

(cc) Fee and commission expenses

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

(dd) Income from investing activities

Income from sale of securities is recognised in the statement of income upon receipt of the order

matching notice from Vietnam Securities Depository (listed securities) and completion of the assets transfer agreement (unlisted securities) and is determined based on the differences between selling price and weighted average cost of securities sold.

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

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

(ee) Operating lease payments

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

(ff) Taxation

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

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

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

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

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

(gg) Earnings per share

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

(hh) Related parties

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

(ii) Segment reporting

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

(jj) Nil balances

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

(kk) Comparative information

Comparative information in these financial statements is presented as corresponding figures. Under this method, comparative information for the prior year are included as an integral part of the current year financial statements and are intended to be read only in relation to the amounts and other disclosures relating to the current year. Accordingly, the comparative information included in these financial statements is not intended to present the Bank's financial position, results of operation or cash flows for the prior year.

(ll) Financial instruments

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

(i) Financial assets

Financial assets at fair value through profit or loss:

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

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

Held-to-maturity investments:

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

- those that the Bank upon initial recognition designates as at fair value through profit or loss;
- those that the Bank designates as available-for-sale; or

- those that meet the definition of loans and receivables.

Loans and receivables

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

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

Available-for-sale financial assets

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

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

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

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

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

Financial liabilities carried at amortised cost

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

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

4. CASH ON HAND

	31/12/2021 VND million	31/12/2020 VND million
Cash on hand in VND	2,663,442	3,080,986
Cash on hand in foreign currencies	87,836	418,284
	<u>2,751,278</u>	<u>3,499,270</u>

5. BALANCES WITH THE STATE BANK OF VIETNAM

	31/12/2021 VND million	31/12/2020 VND million
Balance of current account at the SBV		
<i>In VND</i>	9,678,761	6,219,368
<i>In foreign currencies</i>	188,885	539,612
	<u>9,867,646</u>	<u>6,758,980</u>

Balances with the SBV consists of compulsory reserve requirement and current account.

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

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

	CRR rate	
	31/12/2021	31/12/2020
Preceding month's average balances of:		
Demand deposits and deposits in VND with terms of less than 12 months	3%	3%
Deposits in VND with terms of and more than 12 months	1%	1%
Demand deposits and deposits in foreign currencies with terms of less than 12 months	8%	8%
Deposits in foreign currencies with term of and more than 12 months	6%	6%

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

	31/12/2021	31/12/2020
Deposits in VND within the compulsory reserve requirement	0.50%	0.50%
Deposits in USD within the compulsory reserve requirement	0.00%	0.00%
Deposits in VND beyond the compulsory reserve requirement	0.00%	0.00%
Deposits in USD beyond the compulsory reserve requirement	0.00%	0.05%

6. DEPOSITS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	31/12/2021 VND million	31/12/2020 VND million
Demand deposits		
Demand deposits in VND	2,192,380	1,025,173
Demand deposits in foreign currencies	329,431	507,057
Term deposits		
Term deposits in VND	11,857,549	8,941,955
Term deposits in foreign currencies	6,908,400	3,069,000
	21,287,760	13,543,185
Loans to other CIs		
Loans in VND	1,150,733	300,000
Loans in foreign currencies	-	116,250
	1,150,733	416,250
	22,438,493	13,959,435

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

	31/12/2021 VND million	31/12/2020 VND million
Group 1 - Current debts	19,916,682	12,427,205

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

	31/12/2021	31/12/2020
Term deposits in VND	1,00% - 2,57%	0,10% - 2,90%
Term deposits in foreign currencies	0,01% - 0,50%	0,15% - 0,60%
Loans in VND	0,00% - 6,20%	2,90% - 5,50%
Loans in foreign currencies	0,00%	0,80%

7. SECURITIES HELD FOR TRADING

	31/12/2021 VND million	31/12/2020 VND million
Other securities held for trading		
Other securities held for trading issued by foreign economic entities	232,521	279,000

Listing status of securities held for trading was as follows:

	31/12/2021 VND million	31/12/2020 VND million
Other securities held for trading		
Unlisted	232,521	279,000

8. DERIVATIVES AND OTHER FINANCIAL ASSETS/(LIABILITIES)

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

	31/12/2021		31/12/2020	
		Total carrying value		Total carrying value
	Total contract nominal value	Assets/(liabilities)	Total contract nominal value	Assets/(liabilities)
	VND million	VND million	VND million	VND million
Derivative financial instruments				
Foreign exchange forward contracts	5,542,835	29,667	3,694,946	14,922
Foreign exchange swap contracts	69,876,588	55,164	36,464,219	203,179
	75,419,423	84,831	40,159,165	218,101

9. LOANS TO CUSTOMERS

	31/12/2021 VND million	31/12/2020 VND million
Loans to local economic entities and individuals	208,456,839	176,215,025
Loans on discounting negotiable instruments and valuable papers	88,119	48,237
Loans financed by sponsored and trusted funds	409,178	358,274
	208,954,136	176,621,536

Loan portfolio by loan group was as follows:

	31/12/2021 VND million	31/12/2020 VND million
Group 1 - Current debts	204,089,692	172,777,892
Group 2 - Special mentioned debts	2,000,990	1,316,295
Group 3 - Substandard debts	460,296	404,729
Group 4 - Doubtful debts	1,069,630	356,353
Group 5 - Loss debts	1,333,528	1,766,267
	<u>208,954,136</u>	<u>176,621,536</u>

Loan portfolio by term was as follows:

	31/12/2021 VND million	31/12/2020 VND million
Short term loans	70,667,278	56,199,575
Medium term loans	92,483,210	81,581,195
Long term loans	45,803,648	38,840,766
	<u>208,954,136</u>	<u>176,621,536</u>

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

	31/12/2021		31/12/2020	
	VND million	%	VND million	%
Loans to economic entities				
State-owned enterprises	330	0.00%	1,802	0.00%
One-member limited 100% State-owned enterprises	499,015	0.24%	1,136,496	0.64%
Other limited companies	22,203,461	10.63%	21,520,892	12.18%
Joint stock companies in which the State's holding percentage is more than 50%	4,592,964	2.20%	5,140,630	2.91%
Other joint stock companies	84,356,365	40.37%	72,359,864	40.97%
Partnerships	-	0.00%	131	0.00%
Private companies	6,941	0.01%	9,103	0.01%
Cooperatives, cooperative unions	117,168	0.06%	122,131	0.07%
Administrative units, parties, unions and associations	30,299	0.01%	51,357	0.03%
Loans to individuals				
Individuals	97,147,593	46.48%	76,279,130	43.19%
	<u>208,954,136</u>	<u>100.00%</u>	<u>176,621,536</u>	<u>100.00%</u>

Loan portfolio by industry sectors was as follows:

	31/12/2021		31/12/2020	
	VND million	%	VND million	%
Agriculture, forestry and aquaculture	13,470,163	6.45%	9,208,730	5.21%
Mining	800,577	0.38%	396,457	0.22%
Manufacturing and processing	16,862,684	8.07%	13,874,231	7.86%
Electricity, gas, hot water, steam and air-conditioning	4,535,069	2.17%	4,893,446	2.77%
Water supplying and garbage and sewage treatment and management	3,685,765	1.76%	574,280	0.31%
Construction	22,122,535	10.59%	24,320,610	13.77%
Wholesale and retail trade; repair of motor vehicles, motor cycles	49,897,059	23.88%	26,919,983	15.24%
Transport, warehouse	5,423,936	2.60%	3,550,012	2.01%
Hospitality services	11,561,203	5.53%	5,813,304	3.29%
Information and communications	1,016,955	0.49%	1,210,334	0.69%
Finance, banking and insurance	1,083,904	0.52%	1,778,824	1.01%
Real estate trading	1,018,201	0.49%	3,495,247	1.98%
Science and technology	5,780,649	2.77%	9,924,506	5.62%
Administrative activities and supporting services	6,742,539	3.23%	4,743,932	2.69%
The Communist Party, socio-political unions, state management, security and national defence, compulsory social insurance	1,562,237	0.75%	2,801,154	1.59%
Education and training	3,300,602	1.58%	5,166,342	2.93%
Health care and social work	410,519	0.20%	585,854	0.33%
Art, playing and recreation	7,921,959	3.79%	9,292,412	5.26%
Other service activities	500,894	0.24%	418,841	0.24%
Households services	51,256,686	24.51%	47,653,037	26.98%
	208,954,136	100.00%	176,621,536	100.00%

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

	31/12/2021	31/12/2020
Loans in VND	3.25% - 18.15%	4.8% - 17.00%
Loans in foreign currencies	2.50% - 7.50%	2.80% - 7.50%

10. ALLOWANCE FOR LOANS TO CUSTOMERS

Allowance for loans to customers include:

	31/12/2021 VND million	31/12/2020 VND million
General allowance (i)	1,554,425	1,312,305
Specific allowance (ii)	1,616,277	952,896
	<u>3,170,702</u>	<u>2,265,201</u>

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

	2021 VND million	2020 VND million
Opening balance	1,312,305	1,042,293
<i>General allowance made during the year (Note 31)</i>	242,120	270,012
Closing balance	<u>1,554,425</u>	<u>1,312,305</u>

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

	2021 VND million	2020 VND million
Opening balance	952,896	678,300
<i>Specific allowance made during the year (Note 31)</i>	1,082,547	320,033
Allowance utilised during the year	(419,166)	(45,437)
Closing balance	<u>1,616,277</u>	<u>952,896</u>

11. INVESTMENT SECURITIES

(a) Available-for-sale investment securities

	31/12/2021 VND million	31/12/2020 VND million
Debt securities		
▪ Bonds issued by the Government (i)	25,003,990	23,508,650
▪ Bonds issued by other local Credit institutions (ii)	13,196,903	9,031,953
<i>In which: Bonds guaranteed by the Government</i>	2,247,617	2,655,927
▪ Bonds issued by local economic entities (iii)	74,800	402,612
Equity securities		
▪ Equity securities issued by other local Credit institutions	431,113	431,113
	38,706,806	33,374,328
Allowance for available-for-sale investment securities		
▪ General allowance for available-for-sale debt securities	(635)	(3,052)
▪ Allowance for diminution in value of available-for-sale debt securities	(16,685)	(11,264)
	(17,320)	(14,316)
	38,689,486	33,360,012

- (i) These represent bonds issued by the State Treasury and Hai Phong People's Committee, denominated in VND. These bonds have terms ranging from 5 to 20 years and earn annual interest rates from 1.10% to 9.10% (31/12/2020: from 2.30% to 9.10%). Interest is payable annually.
- (ii) These represent bonds issued by other local CIs, denominated in VND. Such bonds have terms ranging from 6 months to 10 years and earn annual interest rates from 2.30% to 8.80% (31/12/2020: from 4.30% to 10.80%). Interest is payable bi-annually or annually.
- (iii) These represent bonds issued by local economic entities, denominated in VND. These bonds have a term of 10 years, and earn annual interest rates of 9.35% (31/12/2020: from 9.00% to 9.35%). Interest is payable bi-annually.

As at 31 December 2021, the Bank used debt securities including Government bonds and debt securities issued by other local CIs amounting to VND13,279,340 million (31/12/2020: VND8,983,340 million) as collateral at other CIs to secure its borrowings and term deposits from other CIs (Note 18), and amounting to VND1,450,000 million at the SBV as collateral for its borrowings on mortgages of valuable papers from the SBV (Note 17).

(b) Listing status of available-for-sale securities

	31/12/2021 VND million	31/12/2020 VND million
Debt securities		
Government bonds - listed	25,003,990	23,508,650
Issued by local CIs - unlisted	13,196,903	9,031,953
Issued by local economic entities - unlisted	74,800	402,612
Equity securities		
Issued by other local CIs - listed	431,113	431,113
	<u>38,706,806</u>	<u>33,374,328</u>

(c) Allowance for investment securities

Movements of allowance for diminution in value of investment securities for the year ended 31 December 2021 were as follows:

	Allowance for diminution in value of available- for-sale debt securities	General allowance for available-for-sale debt securities	Total
	VND million	VND million	VND million
Opening balance	11,264	3,052	14,316
Allowance made/(reversed) during the year (Notes 28, 31)	5,421	(2,417)	3,004
Closing balance	<u>16,685</u>	<u>635</u>	<u>17,320</u>

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

	Allowance for diminution in value of available-for- sale equity securities VND million	Allowance for diminution in value of available- for-sale debt securities VND million	General allowance for available- for-sale debt securities VND million	Specific allowance for available- for-sale debt securities VND million	Specific allowance for held-to- maturity debt securities VND million	Total VND million
Opening balance	101,300	11,335	900	56,827	175,182	345,544
Allowance (reversed)/made during the year (Notes 28, 31)	(101,300)	(71)	2,152	(56,827)	164,016	7,970
Allowance utilised during the year	-	-	-	-	(339,198)	(339,198)
Closing balance	-	11,264	3,052	-	-	14,316

12. OTHER LONG-TERM INVESTMENTS

Details of other long-term investments were as follows:

	31/12/2021 and 31/12/2020		
	Number of shares owned	Cost	Ownership
		VND million	%
Investments in economic entities			
Lien Viet Securities Joint Stock Company	1,375,000	15,931	5.50
Viet Lao Power Joint Stock Company	30,000,000	300,000	9.60
		<u>315,931</u>	

13. TANGIBLE FIXED ASSETS

Year ended 31 December 2021

	Buildings	Machines and equipment	Means of transportation - transmission	Other tangible assets	Total
	VND million	VND million	VND million	VND million	VND million
Cost					
Opening balance	600,557	673,102	845,415	289,751	2,408,825
Additions	-	41,057	98,324	29,150	168,531
Construction in progress completed	31,739	-	-	-	31,739
Disposals	-	(14,497)	(58,646)	(5,250)	(78,393)
Closing balance	<u>632,296</u>	<u>699,662</u>	<u>885,093</u>	<u>313,651</u>	<u>2,530,702</u>
Accumulated depreciation					
Opening balance	189,222	469,763	424,251	178,269	1,261,505
Charge for the year	43,939	73,684	82,714	43,448	243,785
Disposals	-	(14,415)	(47,254)	(4,704)	(66,373)
Other decreases	(36)	(373)	(343)	(282)	(1,034)
Closing balance	<u>233,125</u>	<u>528,659</u>	<u>459,368</u>	<u>216,731</u>	<u>1,437,883</u>
Net book value					
Opening balance	411,335	203,339	421,164	111,482	1,147,320
Closing balance	<u>399,171</u>	<u>171,003</u>	<u>425,725</u>	<u>96,920</u>	<u>1,092,819</u>

Year ended 31 December 2020

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

Included in tangible fixed assets were assets costing VND582,787 million which were fully depreciated as of 31 December 2021 (31/12/2020: VND475,468 million), but which are still in use.

14. INTANGIBLE FIXED ASSETS

Year ended 31 December 2021

	Definite land use rights	Software	Total
	VND million	VND million	VND million
Cost			
Opening balance	373,270	251,945	625,215
Additions	36,519	10,815	47,334
Closing balance	409,789	262,760	672,549
Accumulated depreciation			
Opening balance	13,777	137,783	151,560
Charge for the year	2,889	26,462	29,351
Closing balance	16,666	164,245	180,911
Net book value			
Opening balance	359,493	114,162	473,655
Closing balance	393,123	98,515	491,638

Year ended 31 December 2020

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

Included in intangible fixed assets were assets costing VND61,033 million which were fully amortised as of 31 December 2021 (31/12/2020: VND50,381 million), but which are still in use.

15. OTHER ASSETS

	31/12/2021 VND million	31/12/2020 VND million
Receivables	1,248,734	836,730
In which:		
<i>Advance for construction for charity purposes (i)</i>	338,816	268,807
<i>Deposits for long-term office rental</i>	34,890	30,828
<i>Receivables from post offices of provinces (ii)</i>	49,781	65,861
<i>Advance for operating activities</i>	58,186	55,524
<i>Advance for office renovation</i>	34,983	25,318
<i>Construction in progress</i>	-	27,170
<i>Receivables from the SBV relating to the interest rate subsidy program (iii)</i>	9,268	9,261
<i>Advance for purchase of fixed assets</i>	320,184	183,889
<i>Deposits for operating activities</i>	228,000	-
<i>Other receivables</i>	174,626	170,072
Interest and fee receivables	5,383,067	6,046,092
Other assets	818,920	1,095,221
In which:		
<i>Prepaid expenses (iv)</i>	782,908	1,035,417
<i>Goodwill (Note 16)</i>	-	34,342
<i>Other assets</i>	36,012	25,462
Allowance for doubtful debts	(4,919)	(3,131)
	<u>7,445,802</u>	<u>7,974,912</u>

- (i) These represent advance payment of expenses for constructions of works for social charity purposes including: funding to support education, health-care, recovery from natural disaster, poor households, and others under decisions of the Board of Directors. As at 31 December 2021, these projects have not been completed and not yet finalised.
- (ii) These are receivables from provincial post offices related to fundraising and deposit-taking of the Bank. These amounts occur every day and have the repayment term of within one month.
- (iii) This amount mainly represents interest receivable from the State Bank of Vietnam under the interest rate subsidy program accompanying Decision No. 131/QĐ-TTg dated 23 November 2009 issued by the Prime Minister of the Government guiding the interest rate subsidy to organisations, individuals who borrow money from banks for production and business purposes.

(iv) Prepaid expenses include:

	31/12/2021 VND million	31/12/2020 VND million
Payment for office rental	228,440	305,159
Head office repair and improvement expenses	123,829	214,358
Brokerage commission fees (*)	263,760	269,024
Other prepaid expenses (**)	166,879	246,876
	<u>782,908</u>	<u>1,035,417</u>

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

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

16. GOODWILL

Details of movement of goodwill during the year as follows:

	2021 VND million	2020 VND million
Opening balance	34,342	103,785
Charge for the year (Note 30)	(34,342)	(69,443)
Closing balance	<u>-</u>	<u>3,342</u>

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

17. AMOUNTS DUE TO THE GOVERNMENT AND THE SBV

	31/12/2021 VND million	31/12/2020 VND million
Borrowings from the SBV		
Borrowings based on credit facilities (i)	168,382	224,189
Borrowings on mortgage of valuable papers (ii)	1,534,482	-
Deposits from the State Treasury		
Deposit in VND	10	-
	1,702,874	224,189

- (i) These represent borrowings from the SBV under credit facilities. The borrowings have original terms ranging from 1 to 9 years and bear annual interest rate of 3.30% to 3.86% (31/12/2020: 3.50% to 4.18%).
- (ii) These represent borrowings from the SBV on mortgage of valuable papers. The borrowings have an original term of 14 days and bear annual interest rate of 2.50%. As at 31 December 2021, the Bank used debt securities including Government bonds and debt securities issued by other local CIs amounting to VND1,450,000 million as collateral for these borrowings (Note 11).

18. DEPOSITS AND BORROWINGS FROM OTHER CIs

	31/12/2021 VND million	31/12/2020 VND million
Demand deposits from other CIs		
In VND	26,944	16,107
In foreign currencies	10	8
Term deposits from other CIs		
In VND	26,174,277	8,747,135
In foreign currencies	10,647,600	3,255,000
	36,848,831	12,018,250
Borrowings from other CIs		
Borrowings from other CIs in VND	7,151,774	401,010
Borrowings from other CIs in foreign currencies	2,280,775	2,325,856
	9,432,549	2,726,866
	46,281,380	14,745,116

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

	31/12/2021	31/12/2020
Demand deposits in VND	0.00% - 0.10%	0.00% - 0.10%
Demand deposits in foreign currencies	0.00%	0.00%
Term deposits in VND	0.80% - 3.20%	0.11% - 1.30%
Term deposits in foreign currencies	0.10% - 0.55%	0.17% - 0.55%
Borrowings in VND	0.85% - 4.70%	3.80% - 4.99%
Borrowings in foreign currencies	0.75% - 2.54%	0.75% - 2.51%

As at 31 December 2021, the Bank pledged debt securities being Government bonds and bonds issued by other domestic Credit institutions amounting to VND13,279,340 million (31/12/2020: VND8,983,340 million) at other Credit institutions as collaterals for borrowings and term deposits from other Credit institutions (Note 11).

19. DEPOSITS FROM CUSTOMERS

	31/12/2021 VND million	31/12/2020 VND million
Current accounts		
Current accounts in VND	17,264,500	24,757,647
Current accounts in foreign currencies	581,941	524,155
Term deposits		
Term deposits in VND	158,755,651	145,214,615
Term deposits in foreign currencies	3,401,189	3,754,724
Marginal deposits		
Marginal deposits in VND	245,670	252,649
Marginal deposits in foreign currencies	18,314	212
Deposits for special purposes		
Deposits for special purposes in VND	382	30
Deposits for special purposes in foreign currencies	8,699	21,955
	<u>180,276,346</u>	<u>174,525,987</u>

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

	31/12/2021 VND million	31/12/2020 VND million
Deposits from economic entities		
State-owned enterprises	6,122,567	6,068,280
One-member limited 100%-state-owned enterprises	37,913,585	33,854,442
Limited companies with two members of more in which the State's percentage of contributed capital is more than 50%	13,466	108,640
Other limited liability companies	3,267,124	1,762,938
Joint stock companies in which the State's holding percentage is more than 50%	4,232,566	3,938,801
Other joint stock companies	8,123,061	7,688,012
Partnerships	5,197	186,936
Sole proprietorship	17,391	7,426
Foreign-invested enterprises	973,892	1,110,799
Cooperatives and cooperative unions	6,485	14,445
Business households	6,633	4,263
Non-business administrative entities, party entities, unions and associations	4,446,983	12,870,513
Others	61,984	644,744
Deposits from individuals		
Individuals	115,085,412	106,265,748
	180,276,346	174,525,987

Year-end annual interest rates were as follows:

	31/12/2021	31/12/2020
Current accounts in VND	0.00% - 0.20%	0.00% - 0.55%
Current accounts in foreign currencies	0.00%	0.00%
Term deposits in VND	0.01% - 7.80%	1.00% - 7.80%
Term deposits in foreign currencies	0.00% - 0.40%	0.00% - 0.60%
Marginal deposits in VND	0.00% - 7.10%	0.00% - 7.10%
Marginal deposits in foreign currencies	0.00%	0.00%
Deposits for special purposes in VND	0.00% - 0.10%	0.00% - 0.10%
Deposits for special purposes in foreign currencies	0.00%	0.00%

20. VALUABLE PAPERS ISSUED

	31/12/2021 VND million	31/12/2020 VND million
Certificates of deposits in VND		
From 1 to 5 years	10,252,389	11,446,788
Bonds in VND		
From 1 to 5 years	18,871,647	13,497,507
More than 5 years	7,613,593	7,306,910
	<u>36,737,629</u>	<u>32,251,205</u>

Year-end annual interest rates were as follows:

	31/12/2021	31/12/2020
Certificates of deposits in VND		
From 1 to 5 years	4.00% - 8.80%	4.50% - 7.00%
Bonds in VND		
From 1 to 5 years	3.60% - 7.10%	4.30% - 7.10%
More than 5 years	4.43% - 8.40%	7.30% - 9.00%

21. OTHER LIABILITIES

	31/12/2021 VND million	31/12/2020 VND million
Accrued interest and fees payable	5,696,602	5,086,061
Other liabilities	1,697,171	1,278,667
In which:		
<i>Internal payables</i>	251,332	133,110
<i>External payables (i)</i>	1,223,725	1,050,482
<i>Bonus and welfare fund (ii)</i>	222,114	95,075
	<u>7,393,773</u>	<u>6,364,728</u>

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

	31/12/2021 VND million	31/12/2020 VND million
Payables for construction in progress	8,326	19,779
Payables for purchasing of fixed assets	26,153	44,006
Amount due to customers awaiting settlement	196,636	162,198
Tax payables (Note 36)	230,687	248,948
Commissions fees for provincial post office	72,036	14,826
Payables for Vi Viet e-wallet services	425,554	394,440
Guarantee commitment fee received in advance	9,128	10,170
Payables for card services	78,590	23,643
Payables for the sale of debts, sale or management of secured assets	-	8,680
Payables for e-banking services	4,032	529
Revenue awaiting allocation	10,432	13,937
Other payables	162,151	109,326
	<u>1,223,725</u>	<u>1,050,482</u>

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

	2021 VND million	2020 VND million
Opening balance	95,075	79,787
Appropriation in the year (Note 22)	303,097	209,982
Utilisation in the year	(176,058)	(194,694)
Closing balance	<u>222,114</u>	<u>95,075</u>

22. OTHER LIABILITIES

	Charter capital	Share premium	Reserve to supplement charter capital	Financial reserve	Investment and development fund	Retained profits	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Balance at 1/1/2021	10,746,389	57	587,366	1,161,514	3,793	1,732,607	14,231,726
Capital increase through share issuance for dividends payment (*)	1,289,516	-	-	-	-	(1,289,516)	-
Profit for the year	-	-	-	-	-	2,873,248	2,873,248
Appropriation to reserves during the year	-	-	143,662	287,325	-	(430,987)	-
Appropriation to bonus and welfare fund during the year (Note 21)	-	-	-	-	-	(303,097)	(303,097)
Balance at 31/12/2021	12,035,905	57	731,028	1,448,839	3,793	2,582,255	16,801,877
Balance at 1/1/2020	8,881,441	63,331	494,270	975,324	3,793	2,161,641	12,579,800
Capital increase from share premium	63,274	(63,274)	-	-	-	-	-
Capital increase through share issuance for dividends payment	1,801,674	-	-	-	-	(1,801,674)	-
Profit for the year	-	-	-	-	-	1,861,908	1,861,908
Appropriation to reserves during the year	-	-	93,096	186,190	-	(279,286)	-
Appropriation to bonus and welfare fund during the year (Note 21)	-	-	-	-	-	(209,982)	(209,982)
Balance at 31/12/2020	10,746,389	57	587,366	1,161,514	3,793	1,732,607	14,231,726

Details of investment capital and shares of the Bank

	31/12/2021	31/12/2020
Shares registered for issuance	1,203,590,474	1,074,638,915
Issued share capital		
<i>Ordinary shares</i>	1,203,590,474	1,074,638,915
Shares in circulation		
<i>Ordinary shares</i>	1,203,590,474	1,074,638,915
Par value of a share (VND)	10,000	10,000

Details of investment capital and shares of owners

	Capital contributed as at			
	31/12/2021		31/12/2020	
	VND million	Percentage	VND million	Percentage
Vietnam Post Corporation	1,221,753	10.15%	1,090,760	10.15%
Other shareholders	10,814,152	89.85%	9,655,629	89.85%
	12,035,905	100%	10,746,389	100%

As at 31 December 2021, a shareholder of the Bank, Vietnam Post Corporation, held more than 5% of the Bank's ordinary shares. Vietnam Post Corporation operates under Business Registration Certificate No. 0102595740 and its Head Office is located at No. 5, Pham Hung Street, My Dinh Ward, Nam Tu Liem District, Hanoi, Vietnam.

- (*) On 16 July 2021, the Bank has announced the information on ordinary shares issuance for 2020 dividend payment at the exercise ratio of 100:12 and the last registration date for right allocation was 22 July 2021. On 2 August 2021, the Bank issued 128,951,559 shares, equivalent to VND1,289,515,590,000, to raise its current charter capital to VND12,035,904,740,000.

23. INTEREST AND SIMILAR INCOME

	2021 VND million	2020 VND million
Interest income from deposits	106,258	75,214
Interest income from loans to customers	19,093,098	15,724,389
Income from guarantee services	31,292	32,089
Interest income from trading and investing in debt securities	1,694,722	2,036,835
Other income from credit activities	181	628
	20,925,551	17,869,155

24. INTEREST AND SIMILAR EXPENSES

	2021 VND million	2020 VND million
Interest expenses on deposits	8,985,045	8,187,260
Interest expenses on borrowings	101,041	135,830
Interest expenses on valuable papers issued	1,945,335	1,961,186
Interest expenses on other credit activities	16,340	8,702
Brokerage commission fee for postal savings services	860,631	856,006
	<u>11,908,392</u>	<u>11,148,984</u>

25. NET FEE AND COMMISSION INCOME

	2021 VND million	2020 VND million
Fee and commission income from		
Settlement and treasury services	207,883	201,901
Entrusting, consulting and insurance agency services	660,064	458,029
Other services	245,949	199,893
	<u>1,113,896</u>	<u>859,823</u>
Fee and commission expenses for		
Settlement and treasury services	(160,784)	(138,509)
Other expenses	(95,230)	(94,513)
	<u>(256,014)</u>	<u>(233,022)</u>
Net fee and commission income	<u>857,882</u>	<u>626,801</u>

26. NET GAIN FROM TRADING OF FOREIGN CURRENCIES

	2021 VND million	2020 VND million
Income from trading of foreign currencies		
Receipt from trading of foreign currencies	512,956	69,094
Receipt from currency derivative financial instruments	350,580	340,052
	<u>863,536</u>	<u>409,146</u>
Expense from trading of foreign currencies		
Payment for trading of foreign currencies	(63,702)	(67,331)
Payment for currency derivative financial instruments	(661,047)	(279,772)
	<u>(724,749)</u>	<u>(347,103)</u>
Net gain from trading of foreign currencies	<u>138,787</u>	<u>62,043</u>

27. NET GAIN FROM SECURITIES HELD FOR TRADING

	2021 VND million	2020 VND million
Income from trading of securities held for trading	4,625	33,650
Expense on trading of securities held for trading	(82)	-
Net gain from securities held for trading	4,543	33,650

28. NET (LOSS)/PROFIT FROM INVESTMENT SECURITIES

	2021 VND million	2020 VND million
Income from trading of investment securities	34,404	62,901
Expense on trading of investment securities	(30,367)	(26,538)
(Provision)/reversal of allowance for diminution in value of investment securities (Note 11)	(5,421)	101,371
Net (loss)/profit from investment securities	(1,384)	137,734

29. NET GAIN FROM OTHER ACTIVITIES

	2021 VND million	2020 VND million
Income from other activities		
Proceeds from disposal of assets	12,768	9,606
Recovery of debts written off	162,114	135,023
Income from interest swap contracts	8,159	-
Other income	15,992	112,459
	199,033	257,088
Expenses for other activities		
Other payments	(165,331)	(66,676)
Net gain from other activities	33,702	190,412

30. OPERATING EXPENSES

	2021 VND million	2020 VND million
Tax, duties and fees	108,199	103,590
Staff costs	2,737,169	2,239,354
<i>In which:</i>		
<i>Salaries and allowances</i>	2,345,285	1,892,102
<i>Salary-based expenses</i>	205,835	186,579
<i>Severance allowances</i>	782	517
<i>Other staff costs</i>	185,267	160,156
Expenses on assets	855,389	810,693
<i>In which:</i>		
<i>Depreciation and amortisation</i>	273,136	257,567
<i>Rental expenses</i>	321,817	300,869
<i>Asset repair and maintenance expenses</i>	161,949	155,742
<i>Tools and supplies</i>	76,832	84,428
<i>Others</i>	21,655	12,087
Management expenses	1,179,131	1,268,976
<i>In which:</i>		
<i>Per diem</i>	9,367	13,902
<i>Expenses for union activities</i>	185	298
<i>Communication expenses</i>	8,651	8,010
<i>Printing, marketing and promotion expenses</i>	838,553	943,454
<i>Entertainment, refreshment and conferences</i>	113,131	103,686
<i>Utilities expenses</i>	76,169	68,743
<i>Office materials expenses</i>	31,164	28,498
<i>Other administration expenses</i>	101,911	102,385
Insurance expenses on deposits of customers	170,195	145,930
Amortisation of goodwill (Note 16)	34,342	69,443
Other operating expenses	5,996	7,161
	5,090,421	4,645,147

31. ALLOWANCE AND PROVISION EXPENSES

	Note	2021 VND million	2020 VND million
Provision of general allowance for loans to customers	10	242,120	270,012
Provision of specific allowance for loans to customers	10	1,082,547	320,033
(Reversal)/provision of general allowance for corporate bonds	11	(2,417)	2,152
Reversal of specific allowance for corporate bonds	11	-	(56,827)
Provision of allowance for special bonds issued by VAMC	11	-	164,016
		<u>1,322,250</u>	<u>699,386</u>

32. INCOME TAX

(a) Recognised in the statement of income

	2021 VND million	2020 VND million
Current tax expense		
Current year	746,000	563,900
Adjustments of income tax differences in prior years	18,770	745
	<u>764,770</u>	<u>564,645</u>

(b) Reconciliation of effective tax rate

	2021 VND million	2020 VND million
Accounting profit before tax	3,638,018	2,426,553
Tax at the Bank's tax rate	727,604	485,311
Non-deductible expenses	18,396	78,589
Adjustments of income tax differences in prior years	18,770	745
	<u>764,770</u>	<u>564,645</u>

(c) Applicable tax rates

Under the terms of Income Tax Law, the Bank has an obligation to pay the Government income tax at the rate of 20% of taxable profits.

33. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2021 was based on the profit attributable to the ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

(a) Net profit attributable to ordinary shareholders

	2021 VND million	2020 VND million
Net profit during the year	2,873,248	1,861,908
Appropriation to bonus and welfare fund (*)	(303,097)	(209,982)
Net profit attributable to ordinary shareholders	2,570,151	1,651,926

(*) The Bank's Board of Management estimated the amount to be appropriated to bonus and welfare fund from profit of 2021 based on the amount appropriated from profit of 2020. The actual amount appropriated to bonus and welfare fund from profit of 2020 (Note 22) is higher than the estimated amount when calculating basic earnings per share of 2020. The Bank's Board of Management assessed this difference as insignificant; therefore, the Board of Management decided not to restate basis earning per share for the year ended 31 December 2021 due to effects of this matter.

(b) Weighted average number of ordinary shares

	2021	2020
	(Number of shares)	(Number of shares)
Issued ordinary shares at the beginning of the year	1,074,638,915	888,144,095
Effect of issuance of shares for 2020's dividend payment	-	180,167,406
Effect of issuance of shares from share premium (Note 22)	-	6,327,414
Effect of issuance of shares for 2021's dividend payment (Note 22)	128,951,559	128,951,559
Weighted average number of ordinary shares for the year	1,203,590,474	1,203,590,474

(c) Basic earnings per share

	2021	2020 Restated
Basic earnings per share (VND/Share)	2,135	1,372

(d) Restatement of the weighted average number of ordinary shares and basic earnings per share for the year ended 31 December 2020

The weighted average number of ordinary shares and basic earnings per share for the year ended 31 December 2020 were restated due to the effect of shares issued for dividend payment:

	Weighted average number of ordinary shares	Basic earnings per share VND
As previously reported	1,074,638,915	1,537
Effect of shares issued for dividend payment in 2021	128,951,559	(165)
As restated	1,203,590,474	1,372

34. CASH AND CASH EQUIVALENTS

	31/12/2021 VND million	31/12/2020 VND million
Cash on hand	2,751,278	3,499,270
Balances with the SBV	9,867,646	6,758,980
Deposits with other CIs with original term not exceeding 3 months	21,287,760	13,543,185
	33,906,684	23,801,435

35. EMPLOYEES' BENEFITS

	2021	2020
Total number of employees as at 31 December (person)	10.649	9.946
Average number of employees during the year (person)	10.420	9.721
Basic salaries (1) (VND million)	2.345.285	1.892.102
Allowances (2) (VND million)	206.617	187.096
Other incomes (3) (VND million)	185.267	160.156
Total income (1+2+3) (Note 30)	2.737.169	2.239.354
Average monthly salary (VND million)	18.76	16.22
Average monthly income (VND million)	21.89	19.20

36. OBLIGATIONS TO THE STATE TREASURY

Year ended 31 December 2021

	Balance at	Incurred		Balance at
	1/1/2021	Incurred	Paid/deducted	31/12/2021
	VND million	VND million	VND million	VND million
Value added tax	14,826	77,833	(74,828)	17,831
Corporate income tax	215,900	764,770	(795,670)	185,000
Other taxes	18,222	176,792	(167,158)	27,856
	248,948	1,019,395	(1,037,656)	230,687

37. ASSETS, VALUABLE PAPERS FOR PLEDGING, MORTGAGING AND DISCOUNT, RE-DISCOUNT

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

	31/12/2021 VND million	31/12/2020 VND million
Real estate	289,986,925	246,183,078
Movable assets	11,429,379	10,916,314
Valuable papers	87,036,658	66,209,254
Others	64,966,016	65,059,240
	453,418,978	388,367,886

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

	31/12/2021 VND million	31/12/2020 VND million
Investment securities	14,729,340	8,983,340

38. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	31/12/2021			31/12/2020		
	Contractual value - gross	Margin deposits	Contractual value - net	Contractual value - gross	Margin deposits	Contractual value - net
	VND million	VND million	VND million	VND million	VND million	VND million
Loan guarantees	63,340	-	63,340	67,222	-	67,222
Foreign exchange commitments	72,977,996	-	72,977,996	39,605,786	-	39,605,786
<i>In which:</i>						
▪ Foreign currency purchase commitments	2,270,761	-	2,270,761	906,652	-	906,652
▪ Foreign currency sale commitments	1,130,987	-	1,130,987	450,832	-	450,832
▪ Swap commitments	69,576,248	-	69,576,248	38,248,302	-	38,248,302
Letters of Credit	1,413,842	131,989	1,281,853	522,420	92,520	429,900
Other guarantee	983,198	91,403	891,795	1,420,170	93,158	1,327,012
Other commitments	2,828,995	-	2,828,995	2,181,277	-	2,181,277

39. CONCENTRATION OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET COMMITMENTS BY GEOGRAPHICAL SEGMENTS

As at 31 December 2021

	Domestic VND	Overseas VND	Total VND
Deposits with and loans to other CIs	22,260,842	177,651	22,438,493
Securities held for trading and investment securities - gross	38,706,806	232,521	38,939,327
Derivative financial instruments (Total contract value)	75,419,423	-	75,419,423
Loans to customers - gross	208,954,136	-	208,954,136
Long-term investments	315,931	-	315,931
Amounts due to the SBV	1,702,874	-	1,702,874
Deposits and borrowings from other CIs	46,281,380	-	46,281,380
Deposits from customers	180,276,346	-	180,276,346
Valuable papers issued	36,737,629	-	36,737,629
Contingent liabilities and credit commitments - gross	3,875,533	1,413,842	5,289,375

40. SIGNIFICANT TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Significant transactions and balances with related parties at the year-end and during the year were as follows:

	31/12/2021	31/12/2020
	VND million	VND million
	Receivables/(payables)	
Vietnam Post Corporation		
▪ Term and demand deposits	(878,869)	(921,697)
▪ Other receivables	49,781	65,861
▪ Interest payables on term deposits	6,016	17,213

	2021	2020
	VND million	VND million
	Income/(expense)	
Vietnam Post Corporation		
▪ Interest expenses	(47,151)	(37,648)

Remuneration, salary and other benefits of the key management personnel compensation were as follows:

	2021	2020
	VND million	VND million
	Income/(expense)	
Board of Directors, Supervisory Board	19,548	21,683
Chief Executive Officer and other key management personnel	5,364	5,364

41. DISCLOSURE OF FINANCIAL INSTRUMENTS

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

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

	As at 31 December 2021					
	Carrying value - gross					
	Held-for-trading VND million	Held-to-maturity VND million	Loans and receivables VND million	Available-for-sale VND million	Recognised at amortised cost VND million	Total VND million
Fair value VND million						
Financial assets						
Cash on hand	2,751,278	-	-	-	-	2,751,278
Balances with the SBV	9,867,646	-	-	-	-	9,867,646
Deposits with and loans to other CIs	-	-	22,438,493	-	-	22,438,493 (*)
Securities held for trading	232,521	-	-	-	-	232,521 (*)
Derivatives and other financial assets	84,831	-	-	-	-	84,831 (*)
Loans to customers - gross	-	-	208,954,136	-	-	208,954,136 (*)
Investment securities - gross	-	-	-	38,706,806	-	38,706,806 (*)
Long-term capital contribution and investments	-	315,931	-	-	-	315,931 (*)
Fixed assets - gross	-	-	-	-	1,584,457	1,584,457 (*)
Other financial assets	-	-	5,964,562	-	-	5,964,562 (*)
	12,936,276	315,931	237,357,191	38,706,806	1,584,457	290,900,661
Financial liabilities						
Amounts due to the Government and the SBV	-	-	-	-	1,702,874	1,702,874 (*)
Deposits and borrowings from other CIs	-	-	-	-	46,281,380	46,281,380 (*)
Deposits from customers	-	-	-	-	180,276,346	180,276,346 (*)
Valuable papers issued	-	-	-	-	36,737,629	36,737,629 (*)
Other financial liabilities	-	-	-	-	6,689,640	6,689,640 (*)
	-	-	-	-	271,687,869	271,687,869

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

42. FINANCIAL RISK MANAGEMENT

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

Risk management policy

The Bank's Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established Risk Management Committee and ALCO, which are responsible for developing and monitoring the Bank's risk management policies in specified areas.

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

The Legislation & Risk Management Division is a focal point to cooperate with Operational Division to undertake both regular and ad-hoc reviews of risk management controls and monitoring procedures, the results of which are reported to the Chief Executive Officer, the Board of Directors. The Internal Audit Division undertakes special reviews/inspections

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

The policies on currency risk, interest rate risk, credit risk and liquidity risk are analysed in details in Notes 43, 44 and 45.

43. MARKET RISK

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to price movements in the market. Market risk arises from the open position of interest rates, currency products and equity instruments, all of which are affected by fluctuations in the market in general and each type of market in particular, and changes in market price volatility such as interest rates, foreign exchange rates and equity prices.

(a) Currency risk

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

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

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

The followings are the major exchange rates applied by the Bank at the end of annual accounting period:

	31/12/2021 VND	31/12/2020 VND
USD	22,800	23,010
EUR	26,052	28,162
GBP	30,708	31,235
CHF	24,900	25,964
JPY	199.66	221.70
SGD	16,841	17,283
CAD	17,851	17,900
AUD	16,621	17,580
HKD	2,948	2,898

Carrying amounts of financial assets and liabilities by type of currencies as at 31 December 2021 are as follows:

At as 31 December 2021	VND		USD		EUR		Other currencies		Total	
	VND million		VND million		VND million		VND million		VND million	
Assets										
Cash on hand	2,663,442		85,719		122		1,995		2,751,278	
Balances with the SBV	9,678,761		188,885		-		-		9,867,646	
Deposits with and loans to other CIs	15,200,662		7,157,482		15,867		64,482		22,438,493	
Securities held for trading	-		232,521		-		-		232,521	
Derivative financial instruments and other financial assets	84,831		-		-		-		84,831	
Loans to customers - gross	202,816,513		6,137,623		-		-		208,954,136	
Investment securities - gross	38,706,806		-		-		-		38,706,806	
Long-term investments	315,931		-		-		-		315,931	
Fixed assets - net	1,584,457		-		-		-		1,584,457	
Other assets	7,116,554		333,410		749		8		7,450,721	
	278,167,957		14,135,640		16,738		66,485		292,386,820	
Liabilities										
Amounts due to the Government and the SBV	1,702,874		-		-		-		1,702,874	
Deposits and borrowings from other CIs	33,352,995		12,928,385		-		-		46,281,380	
Deposits from customers	176,266,204		3,974,999		13,327		21,816		180,276,346	
Valuable papers issued	36,737,629		-		-		-		36,737,629	
Other liabilities	7,381,069		12,700		3		1		7,393,773	
	255,440,771		16,916,084		13,330		21,817		272,392,002	
FX position on balance sheet	22,727,186		(2,780,444)		3,408		44,668		19,994,818	
FX position off-balance sheet	889,616		(908,995)		104,210		-		84,831	
FX position on and off-balance sheet	23,616,802		(3,689,439)		107,618		44,668		20,079,649	

Sensitivity to exchange rate

Below is an analysis of the possible impact on the results of operations and equity for the years ended 31 December 2021 and 2020 of the Bank. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Effect to results of operations – increase/(decrease) in profit	Effect to owners' equity – increase/ (decrease) in equity
	VND million	VND million
Year ended 31 December 2021		
VND depreciates 1% against USD	(36,894)	(28,515)
VND appreciates 1% against USD	36,894	28,515
Year ended 31 December 2020		
VND depreciates 1% against USD	(22,542)	(18,034)
VND appreciates 1% against USD	22,542	18,034

(b) Equity price risk

Equity price risk is the risk that the market values of equities decrease as a result of changes in the values of individual securities. The equity price risk exposure arises from the Bank's available-for-sale equity securities.

As at 31 December 2021 and 31 December 2020, the Bank's exposure to equity price risk is minimal because the Bank did not hold significant balance of available-for-sale listed equity securities at the reporting dates.

(c) Interest rate risk

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

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

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

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

- Cash on hand, long-term investments and other assets (including fixed assets, investment properties and other assets) are classified as non interest-bearing items at effective interest rates;
- Balances with the SBV are classified as current deposits, including compulsory reserves, thus the re-pricing interest rate term is assumed to be interest free or within one month;

- The interest rate re-pricing term of investment securities is determined based on contractual interest rate re-pricing term of each security;
- The interest rate re-pricing term of deposits with and loans to other CIs; loans to customers; amounts due to the Government and the SBV; deposits and borrowings from other CIs; deposits from customers are determined as follows:
 - Items with fixed interest rate during the contractual period: the interest rate re-pricing term is determined from the reporting date to maturity date;
 - Items with floating interest rate: the re-pricing interest rate term is determined from the reporting date to the nearest interest rate re-pricing date.
- The interest rate re-pricing term of valuable papers issued is determined based on the actual maturity date of each valuable paper issued; is dependent on the Bank's regulations on interest rates of each issuance.
- The interest rate re-pricing term of other borrowed and entrusted funds is determined as the remaining period to maturity date of the transactions since such transactions have fixed interest rates.
- The interest rate re-pricing term of other borrowings is from 1 to 5 years.
- The interest rate re-pricing term of other liabilities is from 1 to 3 months. In fact, these items could have various interest rate re-pricing terms.

The following table shows the Bank's assets and liabilities categorised by the earlier of contractual repricing date or maturity date at the end of accounting period:

As at 31 December 2021	Overdue VND million	Free of interest VND million	Up to 1 month VND million	From 1 month to 3 months VND million	From over 3 months to 6 months VND million	From over 6 months to 12 months VND million	Over 1 year to 5 years VND million	Over 5 years VND million	Total VND million
Assets									
Cash on hand	-	2,751,278	-	-	-	-	-	-	2,751,278
Balances with the SBV	-	9,867,646	-	-	-	-	-	-	9,867,646
Deposits with and loans to other CIs	-	-	16,558,591	5,136,618	713,284	30,000	-	-	22,438,493
Securities held for trading	-	232,521	-	-	-	-	-	-	232,521
Derivatives and other financial assets	-	84,831	-	-	-	-	-	-	84,831
Loans to customers - gross (*)	1,090,740	-	39,278,709	106,008,400	32,363,276	10,459,385	19,151,507	602,119	208,954,136
Investment securities - gross	-	431,113	50,000	499,989	2,701,054	2,349,536	11,920,080	20,755,034	38,706,806
Long-term investments	-	315,931	-	-	-	-	-	-	315,931
Fixed assets - net	-	1,584,457	-	-	-	-	-	-	1,584,457
Other assets	-	7,222,721	-	-	-	228,000	-	-	7,450,721
	1,090,740	22,490,498	55,887,300	111,645,007	35,777,614	13,066,921	31,071,587	21,357,153	292,386,820
Liabilities									
Amounts due to the Government and the SBV	-	-	1,702,874	-	-	-	-	-	1,702,874
Deposits and borrowings from other CIs	-	-	33,075,731	10,310,716	88,952	1,189,501	1,501,525	114,955	46,281,380
Deposits from customers	-	-	43,069,014	44,152,527	40,123,735	42,923,782	10,001,693	5,595	180,276,346
Valuable papers issued	-	-	258,084	2,537,927	539,618	8,418,914	21,921,137	3,061,949	36,737,629
Other liabilities	-	7,393,773	-	-	-	-	-	-	7,393,773
	-	7,393,773	78,105,703	57,001,170	40,752,305	52,532,197	33,424,355	3,182,499	272,392,002
Interest sensitivity gap on balance sheet	1,090,740	15,096,725	(22,218,403)	54,643,837	(4,974,691)	(39,465,276)	(2,352,768)	18,174,654	19,994,818

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

44. CREDIT RISK

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

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

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

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

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

The Bank controls and manages risks by setting policies and procedures, including the credit risk management and operation policy of Risk Council, Risk and Debt Treatment Council and Credit Council. The Bank classifies its loans to customers and other CIs based on Circular 11, through which the Bank could regularly assess risks of doubtful debts, non-performing loans, and propose appropriate solutions.

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

Collaterals

Collaterals are valued by a department independent from the business department, based on market values at the valuation date. The valuation of collaterals is updated periodically in accordance with the regulations. Collaterals mainly comprise real estates, machineries and equipment, and valuable papers. Guidance on valuation of collaterals being movable assets, real estates is regularly reviewed and updated to comply with the SBV's regulations.

Commitments and guarantees

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. The Bank also perform credit rating and credit risk classification for these commitments and guarantees.

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

	Not overdue and not requir- ing allowance VND million	Overdue but not requiring allowance yet					Total VND million
		Overdue from 10 to 90 days VND million	Overdue from 91 to 180 days VND million	Overdue from 181 to 360 days VND million	Overdue more than 360 days VND million	Overdue allowance provided VND million	
Balances with the SBV	9,867,646	-	-	-	-	-	9,867,646
Deposits with and loans to other CIs	22,438,493	-	-	-	-	-	22,438,493
Securities held for trading – gross	232,521	-	-	-	-	-	232,521
Loans to customers – gross	191,769,638	498,993	110,801	110,113	499,392	15,965,199	208,954,136
Investment securities – gross	37,620,897	-	-	-	-	1,085,909	38,706,806
Other financial assets	5,957,230	-	-	-	-	7,332	5,964,562
	267,886,425	498,993	110,801	110,113	499,392	17,058,440	286,164,164

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

Refer to types and value of collaterals in Note 37(a). The Bank is currently holding collateral in the forms of real estate, movable assets, valuable papers and others in kind for the above financial assets. However, the Bank has not been able to determine the fair value of such assets due to the lack of specific guidance and necessary market information. For the purpose of determining whether the assets are impaired and any provision is needed under Vietnamese Accounting Standards, these assets' value are measured in accordance with Circular 11.

45. LIQUIDITY RISK

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

Liquidity risk management

The Bank's objective in managing liquidity risk is to ensure as much as possible that the Bank has sufficient liquidity to meet its obligations as and when they fall due, under both normal and stressed conditions, without incurring preventable losses or affecting the reputation of the Bank.

To limit this risk, the Bank has maintained an appropriate structure of assets and liabilities and also strengthened the ability to raise fund from diversified sources. The Bank manages assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Bank has also assessed the expected cash flows and the availability of current collaterals if additional funding is required.

In addition, the Bank maintains a deposit at the SBV in accordance with current regulations on statutory reserves, and at the same time ensures to maintain solvency ratios, short-term capital ratios for medium and long-term loans and operational prudential ratio limits in accordance with SBV's regulations.

Analysis of assets and liabilities based on remaining period to maturity

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

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

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

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

As at 31 December 2021	Overdue		Not past due					Total
	Up to 3 months	More than 3 months	Up to 1 month	From over 1 month to 3 months	From over 3 months to 12 months	From over 1 year to 5 years	Over 5 years	
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	
Assets								
Cash on hand	-	-	2,751,278	-	-	-	-	2,751,278
Balances with the SBV	-	-	9,867,646	-	-	-	-	9,867,646
Deposits with and loans to other CIs	-	-	16,558,591	5,136,618	743,284	-	-	22,438,493
Securities held for trading	-	-	232,521	-	-	-	-	232,521
Derivatives and other financial assets	-	-	84,831	-	-	-	-	84,831
Loans to customers - gross (*)	345,764	744,976	8,674,009	22,204,477	76,727,755	77,435,736	22,821,419	208,954,136
Investment securities - gross	-	-	481,113	499,989	5,062,590	11,908,079	20,755,035	38,706,806
Long-term investments	-	-	-	-	-	-	315,931	315,931
Fixed assets - net	-	-	-	-	-	1,584,457	-	1,584,457
Other assets	-	7,332	7,443,389	-	-	-	-	7,450,721
Total assets	345,764	752,308	46,093,378	27,841,084	82,533,629	90,928,272	43,892,385	292,386,820
Liabilities								
Amounts due to the Government and the SBV	-	-	1,702,874	-	-	-	-	1,702,874
Deposits and borrowings from other CIs	-	-	33,075,731	10,310,716	1,278,453	1,501,525	114,955	46,281,380
Deposits from customers	-	-	44,570,001	42,651,539	83,047,518	10,001,693	5,595	180,276,346
Valuable papers issued	-	-	9,960	1,036,514	4,156,779	23,920,783	7,613,593	36,737,629
Other liabilities	-	-	7,393,773	-	-	-	-	7,393,773
Total liabilities	-	-	86,752,339	53,998,769	88,482,750	35,424,001	7,734,143	272,392,002
Net liquidity gap	345,764	752,308	(40,658,961)	(26,157,685)	(5,949,121)	55,504,271	36,158,242	19,994,818

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

46. SEGMENT REPORTING

Primary segment reporting by geographical segments

Year ended 31 December 2021		The North VND million	The Central VND million	The South VND million	Others (*) VND million	Total VND million
I.	Revenue	18,741,972	2,478,351	9,544,484	16,358,023	47,122,830
1.	Interest revenue	18,117,923	2,333,701	9,067,202	15,370,245	44,889,071
	<i>External revenue</i>	10,247,694	1,359,822	7,501,035	1,817,000	20,925,551
	<i>Inter-segment revenue</i>	7,870,229	973,879	1,566,167	13,553,245	23,963,520
2.	Fee and commission income	454,383	135,654	402,762	121,097	1,113,896
3.	Other revenue	169,666	8,996	74,520	866,681	1,119,863
II.	Expenses	(15,601,166)	(2,178,174)	(7,826,079)	(17,321,913)	(42,927,332)
1.	Interest expenses	(14,003,858)	(1,765,013)	(6,253,330)	(13,849,711)	(35,871,912)
	<i>External interest expenses</i>	(6,553,171)	(817,907)	(1,097,620)	(3,439,694)	(11,908,392)
	<i>Inter-segment interest expenses</i>	(7,450,687)	(947,106)	(5,155,710)	(10,410,017)	(23,963,520)
2.	Depreciation and amortisation	(70,584)	(22,137)	(91,342)	(89,073)	(273,136)
3.	Direct expenses	(1,526,724)	(391,024)	(1,481,407)	(3,383,129)	(6,782,284)
	Operating results before allowance expenses	3,140,806	300,177	1,718,405	(963,890)	4,195,498
	Allowance expenses	(132,014)	(42,526)	(425,274)	(722,436)	(1,322,250)
	Segment results	3,008,792	257,651	1,293,131	(1,686,326)	2,873,248
As at 31 December 2021						
III.	Assets	121,888,663	16,912,934	85,795,470	64,596,812	289,193,879
1.	Cash	1,187,877	130,614	1,432,787	-	2,751,278
2.	Fixed assets	221,717	61,128	218,893	1,082,719	1,584,457
3.	Other assets	120,479,069	16,721,192	84,143,790	63,514,093	284,858,144
IV.	Liabilities	118,879,799	16,655,283	84,501,979	52,354,941	272,392,002
1.	External liabilities	118,869,478	16,652,464	84,494,484	51,891,698	271,908,124
2.	Inter-segment liabilities	4,456	1,446	4,502	240,928	251,332
3.	Other liabilities	5,865	1,373	2,993	222,315	232,546

Secondary segment reporting by business segments

Year ended 31 December 2021	Credit	Investments	Treasury business and fundraising	Others	Total
	VND million	VND million	VND million	VND million	VND million
Segment operating results	17,802,328	1,700,649	(10,755,529)	(5,874,200)	2,873,248
Segment assets	208,954,136	39,255,257	35,142,248	5,842,238	289,193,879
Segment liabilities	-	-	264,998,229	7,393,773	272,392,002

47. POST BALANCE SHEET EVENT

On 26 January 2022, the Bank sent Official Letter No. 780/2022/LienVietPostBank to the State Securities Commission to report the results of the Bank's share issuance under employee stock option plan. Accordingly, the total number of issued shares is 34,995,849 shares, equivalent to 99.99% of the total number of shares expected to be issued. The number of employees offered is 6,512. The transfer restriction period for those shares is 1 year from completion date of the issuance.

On 14 February 2022, the State Securities Commission issued Official Letter No 669/UBCK-QLCB to confirm its receipts of documents the results of the Bank's share issuance under employee stock option plan in the Report No. 780/2022/LienVietPostBank dated 26 January 2022. Accordingly, the Bank issued 34,995,849 shares, equivalent to VND349,958,490,000.

48. UNUSUAL ITEMS

The widespread recurrence of the Covid-19 outbreak at the end of April 2021 in Vietnam has greatly affected people's income and business activities of many enterprises in various sectors. The Vietnamese Government has implemented various control and prevention measures, notably the implementation of social distancing and promotion of universal vaccination. The Covid-19 vaccination coverage rate in Vietnam has now reached more than 90%. However, the impact of the pandemic on business operations of enterprises including the Bank will depend on future developments, including the duration and spread of the outbreak and other unpredictable information at the date of these financial statements.

During the year ended 31 December 2021, the Bank restructured loan repayment periods, offered exemption/reduction of interest/fees to and kept loan groups unchanged for Covid-19 affected customers according to Circular 03 and Circular 14 (Note 3(i)).

49. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Management of the Bank on 28 March 2022.

28 March 2022

Prepared by:

Reviewed by:

Approved by:



Tran Hoai Thu
Head of Finance Department

Nguyen Thi Gam
Chief Accountant

Pham Doan Son
Chief Executive Officer



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