



**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 20<sup>th</sup> 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

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

### Auditor

KPMG Limited  
Vietnam

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

The Board of Management of Lien Viet Post Joint Stock Commercial Bank (“the Bank”) presents this statement and the accompanying financial statements of the Bank for the year ended 31 December 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 5 to 81 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



*[Signature]*  
Phạm Đoàn Sơn  
Chief Executive Officer

Hanoi, 28 March 2022



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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 5 to 81.

### **The Bank's Board of 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
<b>A ASSETS</b>			
<b>I Cash</b>	<b>4</b>	<b>2,751,278</b>	<b>3,499,270</b>
<b>II Balances with the State Bank of Vietnam ("SBV")</b>	<b>5</b>	<b>9,867,646</b>	<b>6,758,980</b>
<b>III Deposits with and loans to other Credit institutions ("CIs")</b>	<b>6</b>	<b>22,438,493</b>	<b>13,959,435</b>
1 Deposits with other Credit institutions		21,287,760	13,543,185
2 Loans to other Credit institutions		1,150,733	416,250
<b>IV Securities held for trading</b>	<b>7</b>	<b>232,521</b>	<b>279,000</b>
1 Securities held for trading		232,521	279,000
<b>V Derivatives and other financial assets</b>	<b>8</b>	<b>84,831</b>	<b>218,101</b>
<b>VI Loans to customers</b>		<b>205,783,434</b>	<b>174,356,335</b>
1 Loans to customers	9	208,954,136	176,621,536
2 Allowance for loans to customers	10	(3,170,702)	(2,265,201)
<b>VIII Investment securities</b>		<b>38,689,486</b>	<b>33,360,012</b>
1 Available-for-sale securities	11(a)	38,706,806	33,374,328
3 Allowance for investment securities	11(c)	(17,320)	(14,316)
<b>IX Long-term investments</b>		<b>315,931</b>	<b>315,931</b>
4 Other long-term investments	12	315,931	315,931
<b>X Fixed assets</b>		<b>1,584,457</b>	<b>1,620,975</b>
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)
<b>XII Other assets</b>	<b>15</b>	<b>7,445,802</b>	<b>7,974,912</b>
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
In which: Goodwill	16	-	34,342
4 Allowance for other assets		(4,919)	(3,131)
<b>TOTAL ASSETS</b>		<b>289,193,879</b>	<b>242,342,951</b>

The accompanying notes are an integral part of these financial statements

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

The accompanying notes are an integral part of these financial statements

	Note	31/12/2021 VND million	31/12/2020 VND million	
<b>OFF-BALANCE SHEET ITEMS</b>				
<b>I CONTINGENT LIABILITIES</b>				
1	Loan guarantees	38	63,340	67,222
2	Foreign exchange commitments	38	72,977,996	39,605,786
	Foreign currency purchase commitments		2,270,761	906,652
	Foreign currency sale commitments		1,130,987	450,832
	Swap commitments		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



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)
<b>I</b>	<b>Net interest income</b>		<b>9,017,159</b>	<b>6,720,171</b>
3	Fee and commission income		1,113,896	859,823
4	Fee and commission expenses		(256,014)	(233,022)
<b>II</b>	<b>Net fee and commission income</b>	<b>25</b>	<b>857,882</b>	<b>626,801</b>
<b>III</b>	<b>Net gain from trading of foreign currencies</b>	<b>26</b>	<b>138,787</b>	<b>62,043</b>
<b>IV</b>	<b>Net gain from securities held for trading</b>	<b>27</b>	<b>4,543</b>	<b>33,650</b>
<b>V</b>	<b>Net (loss)/gain from investment securities</b>	<b>28</b>	<b>(1,384)</b>	<b>137,734</b>
5	Other income		199,033	257,088
6	Other expenses		(165,331)	(66,676)
<b>VI</b>	<b>Net other income</b>	<b>29</b>	<b>33,702</b>	<b>190,412</b>
<b>VII</b>	<b>Income from equity investments, purchase of shares</b>		<b>-</b>	<b>275</b>
<b>VIII</b>	<b>Operating expenses</b>	<b>30</b>	<b>(5,090,421)</b>	<b>(4,645,147)</b>
<b>IX</b>	<b>Net operating profit before allowance and provision expenses</b>		<b>4,960,268</b>	<b>3,125,939</b>
<b>X</b>	<b>Allowance and provision expenses</b>	<b>31</b>	<b>(1,322,250)</b>	<b>(699,386)</b>
<b>XI</b>	<b>Profit before tax</b>		<b>3,638,018</b>	<b>2,426,553</b>
7	Income tax expense - current	32	(764,770)	(564,645)
<b>XII</b>	<b>Income tax expense</b>	<b>32</b>	<b>(764,770)</b>	<b>(564,645)</b>
<b>XIII</b>	<b>Net profit after tax</b>		<b>2,873,248</b>	<b>1,861,908</b>
<b>XV</b>	<b>Basic earnings per share</b>	<b>33</b>	<b>2,135</b>	<b>1,372</b>

Restated

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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
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)
<b>Net cash flows from operating activities before changes in operating assets and liabilities</b>		<b>5,882,017</b>	<b>1,773,683</b>
<b>Changes in operating assets</b>			
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
<b>Changes in operating liabilities</b>			
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)
<b>I</b>	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>10,458,874</b>	<b>7,010,901</b>

*The accompanying notes are an integral part of these financial statements*

	2021 VND million	2020 VND million
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
01	(354,296)	(317,095)
02	12,768	439
03	(12,097)	-
08	-	8,800
09	-	275
<b>II</b>	<b>(353,625)</b>	<b>(307,581)</b>
<b>IV</b>	<b>10,105,249</b>	<b>6,703,320</b>
<b>V</b>	<b>23,801,435</b>	<b>17,098,115</b>
<b>VII</b>	<b>33,906,684</b>	<b>23,801,435</b>
	<b>THE END OF THE YEAR (Note 34)</b>	

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



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 20<sup>th</sup> 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/QĐ-NHNN dated 22 July 2011 by the State Bank of Vietnam, Lien Viet Joint Stock Commercial Bank was approved to change its name to Lien Viet Post Joint Stock Commercial Bank.

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



<i>Debt group</i>		<i>Overdue status</i>
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"> <li>• Debts in breach of clauses 1, 3, 4, 5 or 6 of Article 126 of the Law on Credit Institutions; or</li> <li>• Debts in breach of clauses 1, 2, 3 or 4 of Article 127 of the Law on Credit Institutions; or</li> <li>• Debts in breach of clauses 1, 2 or 5 of Article 128 of the Law on Credit Institutions.</li> </ul> (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:

<b>Group</b>		<b>Overdue status</b>
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"> <li>▪ Debts in breach of clauses 1, 3, 4, 5, 6 of Article 126 of the Law on Credit Institutions; or</li> <li>▪ Debts in breach of clauses 1, 2, 3, 4 of Article 127 of the Law on Credit Institutions; or</li> <li>▪ Debts in breach of clauses 1, 2, 5 of Article 128 of the Law on Credit Institutions.</li> </ul> (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.



<i>Group</i>		<i>Overdue status</i>
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 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 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 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:

<b>Item</b>	<b>Details</b>	<b>Debt classification</b>
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 23/1/2020.
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 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 23/1/2020
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:

<b>Group</b>	<b>Loan group</b>	<b>Rates of specific allowance</b>
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:

<b>Types of collateral assets</b>	<b>Maximum discount rates</b>
(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: <ul style="list-style-type: none"> <li>▪ With a remaining term of below 1 year</li> <li>▪ With a remaining term of between 1 year to 5 years</li> <li>▪ With a remaining term of over 5 years</li> </ul>	95% 85% 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%



<b>Types of collateral assets</b>	<b>Discount rates</b>
(g) 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%
(h) Real estates	50%
(i) 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:

<b>Overdue status</b>	<b>Rate of allowance</b>
▪ 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 No. 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:

	<b>Annual allocation</b>	<b>Maximum balance</b>
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 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.



**(II) 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**

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



## 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
	9,867,646	6,758,980

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
<b>Demand deposits</b>		
Demand deposits in VND	2,192,380	1,025,173
Demand deposits in foreign currencies	329,431	507,057
<b>Term deposits</b>		
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
<b>Loans to other CIs</b>		
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
<b>Other securities held for trading</b>		
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
<b>Other securities held for trading</b>		
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 contract nominal value VND million	Total carrying value Assets/ (liabilities) VND million	Total contract nominal value VND million	Total carrying value Assets/ (liabilities) VND million
<b>Derivative financial instruments</b>				
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

	<b>31/12/2021</b> <b>VND million</b>	<b>31/12/2020</b> <b>VND million</b>
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
	<hr/> 208,954,136	<hr/> 176,621,536

Loan portfolio by loan group was as follows:

	<b>31/12/2021</b> <b>VND million</b>	<b>31/12/2020</b> <b>VND million</b>
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
	<hr/> 208,954,136	<hr/> 176,621,536

Loan portfolio by term was as follows:

	<b>31/12/2021</b> <b>VND million</b>	<b>31/12/2020</b> <b>VND million</b>
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
	<hr/> 208,954,136	<hr/> 176,621,536



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

	31/12/2021		31/12/2020	
	VND million	%	VND million	%
<b>Loans to economic entities</b>				
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%
<b>Loans to individuals</b>				
Individuals	97,147,593	46.48%	76,279,130	43.19%
	<b>208,954,136</b>	<b>100.00%</b>	<b>176,621,536</b>	<b>100.00%</b>

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%
	<b>208,954,136</b>	<b>100.00%</b>	<b>176,621,536</b>	<b>100.00%</b>

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

	31/12/2021	31/12/2020
Loans in VND	3.25% - 18.15%	4.80% - 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
	3,170,702	2,265,201

(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
General allowance made during the year (Note 31)	242,120	270,012
Closing balance	1,554,425	1,312,305

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

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

## 11. Investment securities

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

	31/12/2021 VND million	31/12/2020 VND million
<b>Debt securities</b>		
▪ 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>	<i>2,247,617</i>	<i>2,655,927</i>
▪ Bonds issued by local economic entities (iii)	74,800	402,612
<b>Equity securities</b>		
▪ Equity securities issued by other local Credit institutions	431,113	431,113
	38,706,806	33,374,328
<b>Allowance for available-for-sale investment securities</b>		
▪ 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
<b>Debt securities</b>		
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
<b>Equity securities</b>		
Issued by other local CIs - listed	431,113	431,113
	38,706,806	33,374,328

(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 VND million	General allowance for available-for-sale VND million	Total 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	16,685	635	17,320

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

	<b>Allowance for diminution in value of available-for-sale equity securities VND million</b>	<b>Allowance for diminution in value of available-for-sale debt securities VND million</b>	<b>General allowance for available-for-sale debt securities VND million</b>	<b>Specific allowance for available-for-sale debt securities VND million</b>	<b>Specific allowance for held-to-maturity debt securities VND million</b>	<b>Total VND million</b>
Opening balance	101,300	11,335	900	56,827	175,182	345,544
Allowance (reversed)/made during the year <i>(Notes 28, 31)</i>	(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 VND million	Ownership %
<b>Investments in economic entities</b>			
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 VND million	Machines and equipment VND million	Means of transportation - transmission VND million	Other tangible assets VND million	Total VND million
<b>Cost</b>					
Opening balance	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>
<b>Accumulated depreciation</b>					
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>
<b>Net book value</b>					
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*

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

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 VND million	Software VND million	Total VND million
<b>Cost</b>			
Opening balance	373,270	251,945	625,215
Additions	36,519	10,815	47,334
Closing balance	409,789	262,760	672,549
<b>Accumulated depreciation</b>			
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
<b>Net book value</b>			
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 VND million	Software VND million	Total VND million
<b>Cost</b>			
Opening balance	373,270	220,762	594,032
Additions	-	31,183	31,183
Closing balance	373,270	251,945	625,215
<b>Accumulated depreciation</b>			
Opening balance	12,100	113,352	125,452
Charge for the year	1,677	24,431	26,108
Closing balance	13,777	137,783	151,560
<b>Net book value</b>			
Opening balance	361,170	107,410	468,580
Closing balance	359,493	114,162	473,655

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:

	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>VND million</b>	<b>VND million</b>
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
	<hr/>	<hr/>
	782,908	1,035,417
	<hr/>	<hr/>

(\*) 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:

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

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
<b>Borrowings from the SBV</b>		
Borrowings based on credit facilities (i)	168,382	224,189
Borrowings on mortgage of valuable papers (ii)	1,534,482	-
<b>Deposits from the State Treasury</b>		
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
<b>Demand deposits from other CIs</b>		
In VND	26,944	16,107
In foreign currencies	10	8
<b>Term deposits from other CIs</b>		
In VND	26,174,277	8,747,135
In foreign currencies	10,647,600	3,255,000
	36,848,831	12,018,250
<b>Borrowings from other CIs</b>		
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:

	<b>31/12/2021</b>	<b>31/12/2020</b>
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

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

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

	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>VND million</b>	<b>VND million</b>
<b>Deposits from economic entities</b>		
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
<b>Deposits from individuals</b>		
Individuals	115,085,412	106,265,748
	<hr/>	<hr/>
	180,276,346	174,525,987
	<hr/>	<hr/>

Year-end annual interest rates were as follows:

	<b>31/12/2021</b>	<b>31/12/2020</b>
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%
	<hr/>	<hr/>



## 20. Valuable papers issued

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

Year-end annual interest rates were as follows:

	31/12/2021	31/12/2020
<b>Certificates of deposits in VND</b>		
From 1 to 5 years	4.00% - 8.80%	4.50% - 7.00%
<b>Bonds in VND</b>		
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
	7,393,773	6,364,728

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

	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>VND million</b>	<b>VND million</b>
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
	<hr/>	<hr/>
	1,223,725	1,050,482
	<hr/>	<hr/>

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

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

## 22. Equity and reserves

	Charter capital VND million	Share premium VND million	Reserve to supplement charter capital VND million	Financial reserve VND million	Investment and development fund VND million	Retained profits VND million	Total VND million
<b>Balance at 1/1/2021</b>	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)
<b>Balance at 31/12/2021</b>	12,035,905	57	731,028	1,448,839	3,793	2,582,255	16,801,877
<b>Balance at 1/1/2020</b>	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)
<b>Balance at 31/12/2020</b>	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**

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

**Details of investment capital and shares of owners**

	<b>Capital contributed as at</b>			
	<b>31/12/2021</b>		<b>31/12/2020</b>	
	<b>VND million</b>	<b>Percentage</b>	<b>VND million</b>	<b>Percentage</b>
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%
	<b>12,035,905</b>	<b>100%</b>	<b>10,746,389</b>	<b>100%</b>

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

	<b>2021</b> VND million	<b>2020</b> 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

	<b>2021</b> VND million	<b>2020</b> 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
	11,908,392	11,148,984

## 25. Net fee and commission income

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

## 26. Net gain from trading of foreign currencies

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



**27. Net gain from securities held for trading**

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

**28. Net (loss)/profit from investment securities**

	<b>2021</b> VND million	<b>2020</b> 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
	<hr/>	<hr/>
Net (loss)/profit from investment securities	(1,384)	137,734

**29. Net gain from other activities**

	<b>2021</b> VND million	<b>2020</b> VND million
<b>Income from other activities</b>		
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
	<hr/>	<hr/>
	199,033	257,088
<b>Expenses for other activities</b>		
Other payments	(165,331)	(66,676)
	<hr/>	<hr/>
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
		<hr/>	<hr/>
		1,322,250	699,386

### 32. Income tax

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

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

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

	2021 VND million	2020 VND million
Accounting profit before tax	3,638,018	2,426,553
	<hr/>	<hr/>
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
	<hr/>	<hr/>
	764,770	564,645



(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**

	<b>2021</b> <b>VND million</b>	<b>2020</b> <b>VND million</b>
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	<u>2,570,151</u>	<u>1,651,926</u>

- (\*) 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**

	<b>2021</b> <b>(Number</b> <b>of shares)</b>	<b>2020</b> <b>(Number</b> <b>of shares)</b> <b>Restated</b>
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	<u>1,203,590,474</u>	<u>1,203,590,474</u>

(c) **Basic earnings per share**

	<b>2021</b>	<b>2020 Restated</b>
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 (Note 22):

	<b>Weighted average number of ordinary shares</b>	<b>Basic earnings per share VND</b>
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**

	<b>31/12/2021 VND million</b>	<b>31/12/2020 VND million</b>
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
	<hr/>	<hr/>
Total income (1+2+3) (Note 30)	2.737.169	2.239.354
	<hr/>	<hr/>
Average monthly salary (VND million)	18.76	16.22
Average monthly income (VND million)	21.89	19.20
	<hr/>	<hr/>

### 36. Obligations to the State Treasury

*Year ended 31 December 2021*

	Balance at 1/1/2021 VND million	Incurred		Balance at 31/12/2021 VND million
		Incurred VND million	Paid/deducted 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
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	248,948	1,019,395	(1,037,656)	230,687
	<hr/>	<hr/>	<hr/>	<hr/>



### 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
	<u>453,418,978</u>	<u>388,367,886</u>

#### (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 VND million	Margin deposits VND million	Contractual value - net VND million	Contractual value - gross VND million	Margin deposits VND million	Contractual value - net 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>						
▪ <i>Foreign currency purchase commitments</i>	2,270,761	-	2,270,761	906,652	-	906,652
▪ <i>Foreign currency sale commitments</i>	1,130,987	-	1,130,987	450,832	-	450,832
▪ <i>Swap commitments</i>	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 VND million	31/12/2020 VND million
	<b>Receivables/(payables)</b>	
<b>Vietnam Post Corporation</b>		
▪ Term and demand deposits	(878,869)	(921,697)
▪ Other receivables	49,781	65,861
▪ Interest payables on term deposits	6,016	17,213
	<hr/>	
	<b>2021</b>	<b>2020</b>
	<b>VND million</b>	<b>VND million</b>
	<b>Income/(expense)</b>	
<b>Vietnam Post Corporation</b>		
▪ Interest expenses	(47,151)	(37,648)
	<hr/>	

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

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

#### 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				Recognised at amortised cost VND million	Total VND million	Fair value VND million
	Held-for-trading VND million	Held-to-maturity VND million	Loans and receivables VND million	Available- for-sale VND million			
<b>Financial assets</b>							
Cash on hand	2,751,278	-	-	-	-	2,751,278	2,751,278
Balances with the SBV	9,867,646	-	-	-	-	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	
<b>Financial liabilities</b>							
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 VND million	USD VND million	EUR VND million	Other currencies VND million	Total VND million
<b>Assets</b>					
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
<b>Liabilities</b>					
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
<b>FX position on and off-balance sheet</b>	<b>23,616,802</b>	<b>(3,689,439)</b>	<b>107,618</b>	<b>44,668</b>	<b>20,079,649</b>



*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.

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

**(b) 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
<b>Assets</b>									
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
<b>Liabilities</b>									
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:



As at 31 December 2021

	Not overdue and not requiring allowance VND million	Overdue but not requiring allowance yet				Overdue allowance provided VND million	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		
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 in 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 VND million	
	Up to 3 months VND million	More than 3 months VND million	Up to 1 month VND million	From over 1 month to 3 months VND million	From over 3 months to 12 months VND million	From over 1 year to 5 years VND million		Over 5 years VND million
<b>Assets</b>								
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
<b>Total assets</b>	<b>345,764</b>	<b>752,308</b>	<b>46,093,378</b>	<b>27,841,084</b>	<b>82,533,629</b>	<b>90,928,272</b>	<b>43,892,385</b>	<b>292,386,820</b>
<b>Liabilities</b>								
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	5595	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
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>86,752,339</b>	<b>53,998,769</b>	<b>88,482,750</b>	<b>35,424,001</b>	<b>7,734,143</b>	<b>272,392,002</b>
<b>Net liquidity gap</b>	<b>345,764</b>	<b>752,308</b>	<b>(40,658,961)</b>	<b>(26,157,685)</b>	<b>(5,949,121)</b>	<b>55,504,271</b>	<b>36,158,242</b>	<b>19,994,818</b>

(\*) 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
<b>I. Revenue</b>	<b>18,741,972</b>	<b>2,478,351</b>	<b>9,544,484</b>	<b>16,358,023</b>	<b>47,122,830</b>
1. Interest revenue	18,117,923	2,333,701	9,067,202	15,370,245	44,889,071
<i>External revenue</i>	<i>10,247,694</i>	<i>1,359,822</i>	<i>7,501,035</i>	<i>1,817,000</i>	<i>20,925,551</i>
<i>Inter-segment revenue</i>	<i>7,870,229</i>	<i>973,879</i>	<i>1,566,167</i>	<i>13,553,245</i>	<i>23,963,520</i>
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
<b>II. Expenses</b>	<b>(15,601,166)</b>	<b>(2,178,174)</b>	<b>(7,826,079)</b>	<b>(17,321,913)</b>	<b>(42,927,332)</b>
1. Interest expenses	(14,003,858)	(1,765,013)	(6,253,330)	(13,849,711)	(35,871,912)
<i>External interest expenses</i>	<i>(6,553,171)</i>	<i>(817,907)</i>	<i>(1,097,620)</i>	<i>(3,439,694)</i>	<i>(11,908,392)</i>
<i>Inter-segment interest expenses</i>	<i>(7,450,687)</i>	<i>(947,106)</i>	<i>(5,155,710)</i>	<i>(10,410,017)</i>	<i>(23,963,520)</i>
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)
<b>Operating results before allowance expenses</b>	<b>3,140,806</b>	<b>300,177</b>	<b>1,718,405</b>	<b>(963,890)</b>	<b>4,195,498</b>
<b>Allowance expenses</b>	<b>(132,014)</b>	<b>(42,526)</b>	<b>(425,274)</b>	<b>(722,436)</b>	<b>(1,322,250)</b>
<b>Segment results</b>	<b>3,008,792</b>	<b>257,651</b>	<b>1,293,131</b>	<b>(1,686,326)</b>	<b>2,873,248</b>
<b>As at 31 December 2021</b>					
<b>III. Assets</b>	<b>121,888,663</b>	<b>16,912,934</b>	<b>85,795,470</b>	<b>64,596,812</b>	<b>289,193,879</b>
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
<b>IV. Liabilities</b>	<b>118,879,799</b>	<b>16,655,283</b>	<b>84,501,979</b>	<b>52,354,941</b>	<b>272,392,002</b>
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

	<b>Credit VND million</b>	<b>Investments VND million</b>	<b>Treasury business and fundraising VND million</b>	<b>Others VND million</b>	<b>Total VND million</b>
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 of Vietnam 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 of Vietnam 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:



Tran Hoai Thu  
Head of Finance Department

Reviewed by:



Nguyen Thi Gam  
Chief Accountant

Approved by:



Phạm Doan Sơn  
Chief Executive Officer

