

An Binh Commercial Joint Stock Bank

Consolidated financial statements

For the year ended 31 December 2021



An Binh Commercial Joint Stock Bank

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An Binh Commercial Joint Stock Bank

GENERAL INFORMATION

THE BANK

An Binh Commercial Joint Stock Bank ("the Bank") is a commercial joint stock bank incorporated in the Socialist Republic of Vietnam.

The Bank was established under the Establishment and Operation License No.535/GP-UB issued by the People's Committee of Ho Chi Minh City on 15 March 1993, Banking Operation License No. 0031/NH-GP issued by the State Bank of Vietnam ("the SBV") dated 15 April 1993 which was replaced by License No.120/GP-NHNN dated 12 December 2018 (updating, amending content of charter capital following Decision No. 2137/QD-NHNN dated 16 October 2019 and amending content of the head office's address following Decision No. 2575/QD-NHNN dated 13 December 2019 of the SBV). The Bank's operation period is 99 years from 15 April 1993.

Business Registration Certificate No. 0301412222 was issued by the Department of Planning and Investment of Ho Chi Minh City for the first time on 17 May 1993 and its amendments 26th was issued by the Department of Planning and Investment of Hanoi on 26 November 2021.

The current principal activities of the Bank include:

- ▶ Monetary intermediate activities including: to mobilize funds in the form of demand deposits, term deposits, saving deposits; to issue certificate of deposits, bonds and valuable papers; to borrow on a short-term basis from the SBV in the form of refinancing; to borrow from other credit institutions and finance companies; and to entrust, to be trusted, to provide agency services related to banking, insurance, and assets management in accordance with SBV's regulations;
- ▶ To grant short-term, medium and long-term loans, finance leases and bank guarantees;
- ▶ Other financial services: to provide domestic, international settlement services and other banking services allowed by the SBV and international financial services;
- ▶ Other credit activities: to issue credit cards, to discount, re-discount financial instruments and valuable papers; to invest in equities; and
- ▶ Financial support activities: to provide banking finance advisory; to trade Government bonds, corporate bonds; to trade gold; to participate in bidding treasury bills; to trade financial instruments, treasury bills, the SBV's notes and other valuable papers on the monetary market.

The current principal activities of its subsidiaries include:

- ▶ To receive, manage bad debts, long outstanding loans and collaterals relating the Bank's loan and advances to customers in order to handle, collect loans as soon as possible;
- ▶ To trade bad debts of credit institutions and debts and assets management companies in accordance with laws and regulations;
- ▶ To provide entrusting and supervisory services based on fees and contracts, to be an intermediary for trading debts;
- ▶ To trade real estates, land use rights or leasing assets; and
- ▶ To provide security services.

The Bank's Head Office is located at 1st, 2nd, 3rd Floor, Geleximco Tower, 36 Hoang Cau Street, O Cho Dua Ward, Dong Da District, Ha Noi. As at 31 December 2021, the Bank had one (1) Head Office, thirty-five (35) branches, one hundred and thirty (130) transaction offices located in cities and provinces throughout Vietnam.

An Binh Commercial Joint Stock Bank

GENERAL INFORMATION (continued)

THE BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Mr. Dao Manh Khang	Chairman	25 April 2018
Mr. Vu Van Tien	Vice Chairman	25 April 2018
Mr. Luu Van Sau	Independent Member	25 April 2018
Mr. Nguyen Danh Luong	Independent Member	25 April 2018
Mr. Soon Su Long	Member	25 April 2018
Ms. Iris Fang	Member	25 April 2018
Mr. Jason Lim Tsu Yang	Member	12 June 2020

THE BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Ms. Nguyen Thi Hanh Tam	Chief Supervisor	25 April 2018
Ms. Pham Thi Hang	Full-time member	25 April 2018
Ms. Nguyen Thi Thanh Thai	Part-time member	25 April 2018

THE BOARD OF MANAGEMENT AND CHIEF ACCOUNTANT

Members of the Board of Management, Director of the Finance Department and Chief Accountant during the year and at the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Date of appointment/ re-appointment/resignation</i>
Mr. Le Hai	General Director	Resigned on 3 March 2022
Mr. Nguyen Manh Quan	Acting General Director	Appointed on 3 March 2022
Mr. Do Lam Dien	Deputy General Director	Re-appointed on 9 August 2020
Ms. Pham Thi Hien	Deputy General Director	Re-appointed on 14 January 2019
Ms. Nguyen Thi Huong	Deputy General Director	Re-appointed on 22 January 2019
Mr. Lai Tat Ha	Deputy General Director	Re-appointed on 5 July 2021
Mr. Tran Trung Kien	Deputy General Director	Appointed on 21 October 2021
Mr. Le Manh Hung	Director of Corporate Banking Division, member of the Board	Re-appointed on 14 January 2019
Mr. Tran Viet Thang	Director of Banking Technology Division, member of the Board	Re-appointed on 3 March 2021
Mr. Nguyen Hong Quang	Director of SME Division, member of the Board	Appointed on 21 April 2020
Mr. Nguyen Khanh Phuc	Director of Retail Banking Division, member of the Board	Appointed on 4 March 2021
Ms. Nguyen Diep Anh	Director of Finance Department	Appointed on 29 June 2020
Mr. Bui Quoc Viet	Chief Accountant	Re-appointed on 29 June 2020

An Binh Commercial Joint Stock Bank

GENERAL INFORMATION (continued)

LEGAL REPRESENTATIVE

The legal representative of the Bank during the year and at the date of this report is Mr. Dao Manh Khang, Chairman of the Board of Directors.

Mr. Nguyen Manh Quan - Acting General Director is authorised to sign the accompanying consolidated financial statements for the financial year ended 31 December 2021 in accordance with Letter of Authorization No. 06/UQ-HDQT.22 dated 3 March 2022 by Chairman of the Board of Directors.

AUDITORS

The auditor of the Bank is Ernst & Young Vietnam Limited.

An Binh Commercial Joint Stock Bank

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of An Binh Commercial Joint Stock Bank ("the Bank") is pleased to present this report and the consolidated financial statements of the Bank and its subsidiaries for the year ended 31 December 2021.

THE BOARD OF MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Management of the Bank is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Bank and its subsidiaries and of the consolidated results of its operations and its consolidated cash flows for the year. In preparing these consolidated financial statements, the Board of Management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- ▶ prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Bank and its subsidiaries will continue its business.

The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Bank and its subsidiaries and to ensure that the accounting records comply with the applied accounting system. Management is also responsible for safeguarding the assets of the Bank and its subsidiaries and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements.

STATEMENT BY THE BOARD OF MANAGEMENT

The Board of Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2021, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.



Mr. Nguyen Manh Quan
Acting General Director

Ho Chi Minh City, Vietnam

30 March 2022

Reference: 60752689/22722473-HN

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of An Binh Commercial Joint Stock Bank

We have audited the accompanying consolidated financial statements of An Binh Commercial Joint Stock Bank ("the Bank") and its subsidiaries as prepared on 30 March 2022 and set out on pages 7 to 83, which comprise the consolidated balance sheet as at 31 December 2021, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

The Board of Management's responsibility

The Board of Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements, and for such internal control as the Board of Management determines is necessary to enable the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Bank and its subsidiaries' preparation and fair presentation of the consolidated 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 and its subsidiaries' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2021, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Accounting System for Credit Institutions and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

Ernst & Young Vietnam Limited



Nguyen Phuong Nga
Deputy General Director
Audit Practicing Registration
Certificate No. 0763-2019-004-1



Vu Tien Dung
Auditor
Audit Practicing Registration
Certificate No. 3221-2020-004-1

Ho Chi Minh City, Vietnam

31 March 2022

An Binh Commercial Joint Stock Bank

CONSOLIDATED BALANCE SHEET
as at 31 December 2021

B02/TCTD-HN

	<i>Notes</i>	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
ASSETS			
Cash on hand	5	485,554	579,345
Balances with the State Bank of Vietnam	6	4,400,485	996,258
Due from and loans to other credit institutions		21,402,118	28,459,280
Due from other credit institutions	7.1	16,912,324	24,886,890
Loans to other credit institutions	7.2	4,489,794	3,572,390
Securities held for trading	8	4,875,651	2,001,253
Securities held for trading		4,876,884	2,001,459
Provision for securities held for trading		(1,233)	(206)
Derivatives and other financial assets	9	115,879	-
Loans to customers		68,173,079	62,588,033
Loans to customers	10	68,983,999	63,293,151
Provision for loans to customers	12	(810,920)	(705,118)
Purchased debts	11	152,085	152,085
Purchased debts		153,234	153,234
Provision for purchased debts		(1,149)	(1,149)
Investment securities		17,011,398	16,685,823
Available-for-sale securities	13.1	15,346,848	15,012,610
Held-to-maturity securities	13.2	1,981,370	1,970,387
Provision for investment securities	13.5	(316,820)	(297,174)
Long-term investments		116,936	166,324
Other long-term investments	14.1	116,936	182,978
Provision for long-term investments	14.2	-	(16,654)
Fixed assets		913,863	955,727
<i>Tangible fixed assets</i>	<i>15.1</i>	<i>551,507</i>	<i>578,998</i>
Cost		1,161,903	1,140,762
Accumulated depreciation		(610,396)	(561,764)
<i>Intangible fixed assets</i>	<i>15.2</i>	<i>362,356</i>	<i>376,729</i>
Cost		639,707	624,943
Accumulated amortization		(277,351)	(248,214)
Investment properties	16	68,734	69,980
Cost		74,030	74,030
Accumulated depreciation		(5,296)	(4,050)
Other assets		3,221,022	3,712,873
Receivables	17.1	1,391,501	1,747,900
Interest and fees receivable	17.2	768,978	776,959
Other assets	17.3	1,283,151	1,392,708
Provision for other assets	17.4	(222,608)	(204,694)
TOTAL ASSETS		120,936,804	116,366,981

An Binh Commercial Joint Stock Bank

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2021

B02/TCTD-HN

	<i>Notes</i>	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
LIABILITIES			
Due to and borrowings from other credit institutions		27,415,045	26,502,701
Due to other credit institutions	18.1	19,894,693	22,904,484
Borrowings from other credit institutions	18.2	7,520,352	3,598,217
Due to customers	19	67,839,732	72,508,223
Derivatives and other financial liabilities	9	-	74,781
Grants, entrusted funds and loans exposed to risks	20	558,561	937,752
Valuable papers issued	21	11,405,930	5,605,930
Other liabilities		1,988,475	1,826,245
Interest and fees payable	22.1	1,426,104	1,394,142
Other payables	22.2	562,371	432,103
TOTAL LIABILITIES		109,207,743	107,455,632
OWNERS' EQUITY			
Capital		7,005,272	5,714,108
Charter capital		6,969,999	5,713,114
Fund for capital expenditure		994	994
Share premium		34,279	-
Reserves		1,057,282	811,219
Retained earnings		3,666,507	2,386,022
TOTAL OWNERS' EQUITY	24.1	11,729,061	8,911,349
TOTAL LIABILITIES AND OWNERS' EQUITY		120,936,804	116,366,981

An Binh Commercial Joint Stock Bank

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2021

B02/TCTD-HN

OFF-BALANCE SHEET ITEMS

	Notes	Ending balance VND million	Beginning balance VND million
Foreign exchange commitments		348,211,786	153,781,044
- Buying foreign currencies		80,810,186	20,428,496
- Selling foreign currencies		80,777,940	20,403,616
- Swap contracts		186,623,660	112,948,932
Irrevocable loan commitments		42,645	34,501
Letters of credit		581,602	745,452
Other guarantees		4,836,145	4,525,446
Other commitments		1,291,825	2,464,767
	38	354,964,003	161,551,210

Prepared by



Mr. Nguyen Cong Anh
Head of General Accounting
Department

Reviewed by



Mr. Bui Quoc Viet
Chief Accountant

Approved by



Mr. Nguyen Manh Quan
Acting General Director

Ho Chi Minh City, Vietnam

30 March 2022

An Binh Commercial Joint Stock Bank

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2021

B03/TCTD-HN

	Notes	Current year VND million	Previous year VND million
Interest and similar income	26	6,467,259	6,684,626
Interest and similar expenses	27	(3,402,696)	(4,303,080)
Net interest and similar income		3,064,563	2,381,546
Fee and commission income		611,076	383,392
Fee and commission expenses		(258,837)	(189,565)
Net fee and commission income	28	352,239	193,827
Net gain from trading of foreign currencies	29	412,046	302,089
Net gain from securities held for trading	30	249,184	6,504
Net gain from investment securities	31	202,878	757,624
Other operating income		235,134	188,571
Other operating expenses		(64,441)	(44,650)
Net gain from other operating activities	33	170,693	143,921
Net gain/(loss) from investments in other entities	32	84,120	(10,611)
TOTAL OPERATING INCOME		4,535,723	3,774,900
Personnel expenses		(991,083)	(928,879)
Depreciation and amortization charges		(89,243)	(92,088)
Other operating expenses		(749,537)	(837,356)
TOTAL OPERATING EXPENSES	34	(1,829,863)	(1,858,323)
Net operating profit before provision expense for credit losses		2,705,860	1,916,577
Provision expenses for credit losses	11	(747,051)	(513,380)
PROFIT BEFORE TAX		1,958,809	1,403,197
Current corporate income tax expenses	24.1	(398,831)	(285,540)
Corporate income tax expenses		(398,831)	(285,540)
PROFIT AFTER TAX		1,559,978	1,117,657
Basic earnings per share (VND/share)	25	2,694	1,898

Prepared by



Mr. Nguyen Cong Anh
Head of General Accounting
Department

Reviewed by



Mr. Bui Quoc Viet
Chief Accountant

Approved by



Mr. Nguyen Manh Quan
Acting General Director

Ho Chi Minh City, Vietnam

30 March 2022

An Binh Commercial Joint Stock Bank

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 December 2021

B04/TCTD-HN

	<i>Notes</i>	<i>Current year VND million</i>	<i>Previous year VND million</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		6,498,142	6,760,405
Interest and similar payments		(3,538,394)	(4,412,060)
Net fee and commission receipts		352,239	193,827
Net receipts from trading of securities, gold and foreign currencies		1,062,439	1,004,526
Receipts from other activities		(13,931)	65,213
Collection of bad debts previously written off	33	182,675	119,364
Payments to employees and other operating expenses		(1,757,276)	(1,726,035)
Corporate income tax paid during the year	23	(347,781)	(328,515)
Net cash flows from operating activities before changes in operating assets and liabilities		2,438,113	1,676,725
Changes in operating assets			
Increase in due from and loans to other credit institutions		(829,604)	(347,375)
Increase in investment securities		(3,220,646)	(2,106,968)
(Increase)/decrease in derivatives and other financial assets		(115,879)	49,812
Increase in loans to customers		(5,580,733)	(6,490,186)
Utilization of provision to write-off loans to customers, securities and long-term investments		(784,565)	(627,552)
Decrease/(increase) in other assets		509,703	(752,734)
Changes in operating liabilities			
Increase in due to and borrowings from other credit institutions		912,344	9,767,754
(Decrease)/increase in due to customers		(4,668,489)	2,933,895
(Decrease)/increase in derivatives and other financial liabilities		(74,782)	74,781
Increase in valuable papers issued		5,800,000	414,890
Decrease in grants, entrusted funds and loans exposed to risks		(379,191)	(224,198)
Increase/(decrease) in other liabilities		79,218	(80,217)
Net cash (used in)/from operating activities		(5,914,511)	4,288,627
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets		(53,253)	(91,710)
Proceeds from disposal of fixed assets		3,981	1,047
Proceeds from investments in other entities		89,681	85,813
Dividends received from long-term investments		6,608	(10,611)
Net cash from/(used in) investing activities		47,017	(15,461)

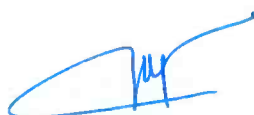
An Binh Joint Commercial Stock Bank

CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 December 2021

B04/TCTD-HN

	Notes	Current year VND million	Previous year VND million
CASH FLOWS FROM FINANCING ACTIVITY			
Capital contribution from share issuance		1,291,164	-
Net cash from financing activities		1,291,164	-
Net cash flows during the year		(4,576,330)	4,273,166
Cash and cash equivalents at the beginning of the year		26,370,693	22,097,527
Cash and cash equivalents at the end of the year	35	21,794,363	26,370,693

Prepared by



Mr. Nguyen Cong Anh
Head of General Accounting
Department

Reviewed by



Mr. Bui Quoc Viet
Chief Accountant

Approved by



Mr. Nguyen Manh Quan
Acting General Director

Ho Chi Minh City, Vietnam

30 March 2022

An Binh Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2021 and for the year then ended

B05/TCTD-HN

1. BANK INFORMATION

An Binh Commercial Joint Stock Bank ("the Bank") is a joint stock commercial bank incorporated in the Socialist Republic of Vietnam.

Establishment and Operations

The Bank was established under the Establishment and Operation License No.535/GP-UB issued by the People's Committee of Ho Chi Minh City on 15 March 1993, Banking Operation License No. 0031/NH-GP issued by the State Bank of Vietnam ("the SBV") dated 15 April 1993 which was replaced by License No.120/GP-NHNN dated 12 December 2018 (updating, amending content of charter capital following Decision No. 2137/QĐ-NHNN dated 16 October 2019 and amending content of the head office's address following Decision No. 2575/QĐ-NHNN dated 13 December 2019 of the SBV). The Bank's operation period is 99 years from 15 April 1993.

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- ▶ To grant short-term, medium and long-term loans, finance leases and bank guarantees;
- ▶ Other financial services: to provide domestic, international settlement services and other banking services allowed by the SBV and international financial services;
- ▶ Other credit activities: to issue credit cards, to discount, re-discount financial instruments and valuable papers; to invest in equities; and
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- ▶ To trade bad debts of credit institutions and debts and assets management companies in accordance with laws and regulations;
- ▶ To provide entrusting and supervisory services based on fees and contracts, to be an intermediary for trading debts;
- ▶ To trade real estates, land use rights or leasing assets; and
- ▶ To provide security services.

Charter capital

The charter capital of the Bank as at 31 December 2021 is VND6,969,999 million (as at 31 December 2020: VND5,713,114 million).

An Binh Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

B05/TCTD-HN

1. BANK INFORMATION (continued)

Operation network

The Bank's Head Office is located at 1st, 2nd, 3rd Floor, Geleximco Tower, 36 Hoang Cau Street, O Cho Dua Ward, Dong Da District, Ha Noi. As at 31 December 2021, the Bank had one (1) Head Office, thirty-five (35) branches, one hundred and thirty (130) transaction offices located in cities and provinces throughout Vietnam.

Employees

The Bank and its subsidiaries' total number of employees as at 31 December 2021 was 4,284 persons (31 December 2020: 4,291 persons).

Subsidiaries

As at 31 December 2021, the Bank had two (2) subsidiaries:

<i>Subsidiaries</i>	<i>Operating License No.</i>	<i>Nature of business</i>	<i>Ownership of the Bank</i>
ABBank Asset Management One Member Company Limited ("ABBA")	0104009199 dated 18 January 2010 initially issued by the Department of Planning and Investment of Ha Noi	Assets management	100%
ABBA Security Company Limited ("ABBAS") (*)	0106112803 dated on 27 February 2013 initially issued by Department of Planning and Investment of Ha Noi	Security services	100%

(*) ABBAS is indirectly invested through ABBA.

2. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

2.1 *Fiscal year*

The Bank and its subsidiaries' fiscal year applicable for the preparation of its consolidated financial statements starts on 1 January and ends on 31 December.

2.2 *Accounting currency*

Currency used in preparing consolidated financial statements of the Bank and its subsidiaries is Vietnam dong ("VND"). For the purpose of presentation of the consolidated financial statements as at 31 December 2021, the data is rounded to nearest millions and expressed in millions of Vietnam dong ("VND million"). This presentation does not affect the view of users of consolidated financial statements on the consolidated financial position, consolidated results of their operations and their consolidated cash flows.

An Binh Commercial Joint Stock Bank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

B05/TCTD-HN

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM

3.1 *Statement of compliance*

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

3.2 *Accounting standards and system*

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

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

Accordingly, the accompanying consolidated financial statements and their utilization are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the consolidated financial position, consolidated results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

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

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM (continued)

3.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries for the year ended 31 December 2021.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent bank, using consistent accounting policies.

All intra-company balances, income and expenses and unrealized gains or losses resulting from intra-company transactions are eliminated in full.

3.4 Assumptions and uses of estimates

The preparation of the consolidated financial statements requires the Board of Management of the Bank to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income, expenses and the resultant provisions. Such estimates are necessarily based on assumptions involving varying degrees of subjectivity and uncertainty and actual results may differ resulting in future changes in such provision.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Changes in accounting policies and disclosures

The accounting policies adopted by the Bank and its subsidiaries in preparation of the consolidated financial statements are consistent with those used in preparing the financial statements for the year ended 31 December 2020, except for the following change in the accounting policies:

Circular No. 11/2021/TT-NHNN provides guidance on classification of assets, levels and method of making risk provision, and use of provision against credit risks in operation of credit institutions, foreign bank's branches ("Circular 11").

On 30 July 2021, The State Bank issued Circular 11 having effective date from 1 October 2021 to replace Circular No. 02/2013/TT-NHNN dated 21 January 2013 and Circular No. 09/2013/TT-NHNN dated 18 March 2014 with the main changes as below:

- ▶ Amend regulation on timing, process and provisioning of credit risk, accordingly, credit institutions and foreign bank branches shall base on customer's adjusted debt classification results provided by CIC to adjust provision amount for credit risk of last month of quarter;
- ▶ Amend regulation on method to determine value of security assets for deduction in making provision for credit risk;
- ▶ Supplement balances not required to make general provision, including promissory notes and bills; certificates of deposit, bonds issued by other credit institutions and foreign bank branches; repo on government bonds.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Changes in accounting policies and disclosures (continued)

Circular No. 03/2021/TT-NHNN ("Circular 03") and Circular No. 14/2021/TT-NHNN ("Circular 14") amending and supplementing a number of articles of Circular No. 01/2020/TT-NHNN ("Circular 01") issued by the SBV providing regulations on loan restructuring, interest and/or fees exemption or reduction and debt classification retention for credit institutions and foreign bank branches to assist customers affected by the COVID-19 pandemic.

SBV issued Circular 03 on 2 April 2021 having effective date from 17 May 2021 and Circular 14 on 7 September 2021 having effective date from 7 September 2021 to amend and supplement a number of articles of Circular 01 with the main changes as below:

- ▶ Amend and supplement conditions of debts eligible for term restructuring, interest and/or fees exemption or reduction and debt classification retention;
- ▶ Supplement regulation on setting up specific provisions for customers whose outstanding balances have been rescheduled for repayment, interest exemption or reduction followings the Circular.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current accounts at the SBV, demand deposits and due from other credit institutions with an original maturity of three months or less from the transaction date, securities with maturity of three months or less from date of purchase, which are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value at the reporting date.

4.3 Due from and loans to other credit institutions

Due from and loans to other credit institutions are presented at the principal amounts outstanding at the end of the year.

The credit risk classification of due from and loans to other credit institutions and provision for credit risks thereof are provided in accordance with Circular No. 11/2021/TT-NHNN dated 30 July 2021 of the SBV on classification of assets, levels and method of making risk provision, and use of provision against credit risks in operation of credit institutions, foreign bank's ("Circular 11").

Accordingly, the Bank and its subsidiaries make a specific provision for due from (except for current accounts) and loans to other credit institutions according to the method as described in Note 4.6.

According to Circular 11, the Bank and its subsidiaries is not required to make a general provision for due from and loans to other credit institutions.

4.4 Purchased debts

Purchased debts are recognized at purchasing price on the contract and classified into the debt group not lower than those at purchase date. If the interest receipt thereafter includes the accrued interest before purchase date, the interest recognition is made as follows: (i) reduction of the accrued interest in purchased debts balance; (ii) the interest income in the period for the amount incurred after the purchase date.

The Bank and its subsidiaries classify loan group and makes credit provision for purchased debt in accordance with regulations on provisioning and using provision to write off bad debts as described in Note 4.6.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Loans to customers

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

Short-term loans are loans with term of less than one (1) year from the date of disbursement. Medium-term loans have term of one (1) to five (5) years and long-term loans are loans with term of over five (5) years from the date of disbursement.

Loans classification and provision for credit losses is made in accordance with Circular 11 as described in Note 4.6.

4.6 *Loan classification and provision for credit losses applied to due from and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers and trusted for credit granting by the Bank and other credit risk bearing assets*

4.6.1 *Loan classification and provision for credit losses*

The classification of due from and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank and its subsidiaries, loans to customers and trusted for credit granting by the Bank and other credit risk bearing assets (collectively called "debts") is made on the basis of quantitative method as prescribed in Article 10 of Circular 11. Accordingly, loans to customers are classified according to the risk levels as follows: Current, Special mention, Sub-standard, Doubtful and Loss based on the overdue status and other qualitative elements of the loan. Debts classified as Sub-standard, Doubtful, Loss are considered as bad debts.

The Bank is required to record a general provision at 0.75% of total outstanding debts as at 31 December excluding due from and loans to other banks and loans classified as loss, promissory notes and bills; certificates of deposit, bonds issued by other credit institutions and foreign bank branches; repo on government bonds.

Specific provision as at 31 December is calculated by using the principal balance less discounted value of collaterals multiplied by provision rates which are determined based on the debt classification as at 31 December. The basis for value and discounted value determination for each type of collateral is specified in Circular 11.

The debt classification and specific provision rate for each loan group are as follow:

Loan group		Description	Specific provision rate
1	Current	(a) Current debts are assessed as fully and timely recoverable for both principals and interests; or (b) Debts are overdue for a period of less than 10 days and assessed as fully recoverable for both overdue principals and interests, and fully and timely recoverable for both remaining principals and interests.	0%
2	Special Mention	(a) Debts are overdue for a period of between 10 days and 90 days; or (b) Debts which the repayment terms are restructured for the first time.	5%

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

4.6.1 *Loan classification and provision for credit losses* (continued)

Loan group		Description	Specific provision rate
3	Sub-standard	<ul style="list-style-type: none"> (a) Debts are overdue for a period of between 91 days and 180 days; or (b) Debts which the repayment terms are extended for the first time; or (c) Debts which interests are exempted or reduced because customers do not have sufficient capability to repay all interests under credit contracts; or (d) Debts under one of the following cases which have not been recovered in less than 30 days from the date of the recovery decision: <ul style="list-style-type: none"> ▪ Debts made in compliance with Clause 1, 3, 4, 5, 6 under Article 126 of Law on Credit Institutions; or ▪ Debts made in compliance with Clause 1, 2, 3, 4 under Article 127 of Law on Credit Institutions; or ▪ Debts made in compliance with Clauses 1, 2, 5 under Article 128 of Law on Credit Institutions. (e) Debts are required to be recovered according to regulatory inspection conclusions. (f) Debts are required to be recovered according to credit institutions, foreign bank branches' decisions on early payment due to customers' breach of agreements but have not yet been recovered in 30 days from the issuance date of the decision; or (g) At the request of the SBV based on the inspection, supervision conclusions and relevant credit information. 	20%
4	Doubtful	<ul style="list-style-type: none"> (a) Debts are overdue for a period of between 181 days and 360 days; or (b) Debts that repayment terms are restructured for the first time but still overdue for a period of 90 days under that restructured repayment term; or (c) Debts that repayment terms are restructured for the second time; or (d) Debts are specified in point (d) of Loan group 3 and overdue for a period between 30 days and 60 days after decisions of recovery have been issued; or (e) Debts are required to be recovered according to regulatory inspection conclusions but still overdue for a period up to 60 days since the recovery date as required by regulatory inspection conclusions; or (f) Debts are required to be recovered according to credit institutions, foreign bank branches' decisions on early payment due to customers' breach of agreements but have not yet been recovered for a period between 30 days to 60 days from the issuance date of the decision; or (g) At the request of the SBV based on the inspection, supervision conclusions and relevant credit information. 	50%

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

4.6.1 *Loan classification and provision for credit losses* (continued)

Loan group		Description	Specific provision rate
5	Loss	<ul style="list-style-type: none"> (a) Debts are overdue for a period of more than 360 days; or (b) Debts that repayment terms are restructured for the first time and overdue for a period of 91 days or more under the first restructured repayment term; or (c) Debts that repayment terms are restructured for the second time and overdue under that second restructured repayment term; or (d) Debts that repayment terms are restructured for the third time or more, regardless of being overdue or not; or (e) Debts are specified in point (d) of Loan group 3 and overdue for a period of more than 60 days after decisions on recovery have been issued; or (f) Debts required to be recovered according to regulatory inspection conclusions but still outstanding with an overdue period over 60 days since the recovery date as required by regulatory inspection conclusions; or (g) Debts are required to be recovered according to credit institutions, foreign bank branches' decisions on early payment due to customers' breach of agreements but have not yet been recovered for a period of more than 60 days from the issuance date of the decision; or (h) Debts of credit institutions under special control as announced by the SBV, or debts of foreign bank branches that capital and assets are blocked; or (i) At the request of the SBV based on the inspection, supervision conclusions and relevant credit information. 	100%

Where a customer has more than one debt with the Bank and any of the outstanding debts is classified into a higher risk group, the Bank has to classify the entire remaining debts of that customer into the corresponding higher risk group.

When the Bank participates in a syndicated loan as a participant, it classifies loans (including syndicated loans) of the customer into the higher of the risk group assessed by the leading bank and by the Bank.

In case a customer's debt is classified into a loan group with a lower risk group than the loan group according to the classification result provided by the Vietnam National Credit Information Center under the State Bank of Vietnam ("CIC"), the Bank must adjust the debt classification results according to the loan group provided by the CIC.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 *Loan classification and provision for credit losses applied to due from and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets* (continued)

4.6.2 *Loan restructuring, interest and/or fees exemption or reduction and debt classification retention to assist customers affected by the COVID-19 pandemic*

From 13 March 2020, the Bank applied the policy of loan restructuring, interest and/or fees exemption or reduction and debt classification retention for debts that meet conditions according to Circular 01, Circular 03 and Circular 14 issued by the State Bank of Vietnam providing regulations on loan restructuring, interest and/or fees exemption or reduction and debt classification retention to assist customers affected by the COVID-19 pandemic. Accordingly, for debts that principal and/or interest payment obligations incur during the period from 23 January 2020 to 30 June 2022, and the customers fail to make the principal and/or interest payment on time under the signed loan agreements, contracts due to decrease in revenue and income affected by the COVID-19 pandemic, the Bank and its subsidiaries is allowed to restructure the repayment term for these debt and retain the latest debt classification as follows:

<i>Disbursement date</i>	<i>Overdue status</i>	<i>Overdue date</i>	<i>Principle of debt classification retention</i>
Before 01/8/2021	Current or overdue for a period of 10 days	From 30/3/2020 to 30/6/2022	Retain the latest debt classification as before 23 January 2020 or as before the first-time restructuring date
Before 23/1/2020	Overdue	From 23/1/2020 to 29/3/2020	Retain the latest debt classification as before 23 January 2020
From 23/1/2020 to 10/6/2020		From 23/1/2020 to 7/5/2021	Retain the latest debt classification as before overdue transferring date
From 10/6/2020 to 1/8/2021		From 17/7/2021 to 7/9/2021	

For debts, which repayment term was restructured, interest and/or fees were exempted or reduced and debt classification was retained, are overdue under restructured repayment term and not continued to restructured under current regulations, the Bank makes debt classification and provision in accordance with Circular 11.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 *Loan classification and provision for credit losses applied to due from and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets* (continued)

4.6.3 *Specific provision for customers having debts that is restructured on term, interest and/or fees exempted or reduced and debt classification retention in accordance with Circular 01, Circular 03 and Circular 14*

The Bank makes specific provision for customers whose debt repayment term is restructured, interest exempted or reduced under Circular 03 according to the following formula: $C = A - B$

In which:

C: Additional specific provision;

A: Specific provision to be made for all outstanding debt balance of customers according to the results of debt classification according to Circular 11 (Note 4.6.1);

B: Total specific provision to be made for the outstanding balance of debts retained debt classification according to Circular 01, Circular 03 and Circular 14 (Note 4.6.2) and specific provision to be made for remaining balance of the customers as debt classification according to Circular 11 (Note 4.6.1).

Additional specific provision (called as C) is made by the Bank when preparing financial statements, ensuring the provisioning at as follows:

- + By 31 December 2021: At least 30% of the additional specific provision must be made;
- + By 31 December 2022: At least 60% of the additional specific provision must be made;
- + By 31 December 2023: 100% of the additional specific provision must be made.

4.6.4 *Handling credit risk*

Provisions are recognized as an expense on the consolidated income statement and are used to settle bad debts. According to Circular 11, the Bank establishes a risk handling committee to deal with bad debts if they are classified in group 5 or if the borrower is an organization that is dissolved, bankrupt, or an individual who is insolvent, dead or missing.

4.7 *Loans sold to Vietnam Asset Management Company ("VAMC")*

The Bank and its subsidiaries sell loans to VAMC at the carrying amount in accordance with Decree No. 53/2013/ND-CP effective from 9 July 2013 on "Establishment, structure and operations of Vietnam Asset Management Company", Circular No. 19/2013/TT-NHNN "Regulations on purchasing, selling and writing-off of bad debts of Vietnam Asset Management Company", Circular No. 14/2015/TT-NHNN and Circular No 08/2016/TT-NHNN amending and supplementing Circular 19/2013/TT-NHNN and Official Letter No. 8499/NHNN-TCKT on "Accounting guidance on selling and purchasing of bad debts between VAMC and credit institutions". Accordingly, selling price equals to the outstanding loan balance minus (-) unused balance of specific provision. The Bank and its subsidiaries then receive the special bonds issued by VAMC.

Upon the sale of loans to VAMC, the Bank and its subsidiaries write off loan balances and corresponding specific provisions and recognize special bonds issued by VAMC at par value which equals to the outstanding loan balance minus unused balance of specific provision. When receiving loans previously sold to VAMC, the Bank and its subsidiaries use specific provisions for special bonds to write off bad debts and recognize the difference between provision for credit losses and the remaining outstanding loan balance/bond value in "Other income" of the consolidated income statement.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Securities held for trading (continued)

4.8.1 Classification and recognition

Securities held for trading include debt securities purchased for trading purposes. Held-for-trading securities are initially recognized at cost on transaction date.

4.8.2 Measurement

Securities held for trading are recognized at the lower of book value of the securities and its market value. Provision for impairment of held-for-trading securities is made when book value of the securities is higher than its market value determined in according to Circular 48/2019/TT-BTC ("Circular 48") issued by Ministry of Finance dated on 8 August 2019. Provision for diminution is recognized to consolidated income statement at "Net gain from securities held for trading".

Debts securities which are not listed on the stock market or not registered on the unlisted public companies' market, the Bank and its subsidiaries shall make provision for those in accordance with Circular 11 as described in Note 4.6.

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

Gains or losses from sales of securities held for trading are recognized in the consolidated income statement.

Interest and dividends derived from securities held for trading are recognized on cash basis in the consolidated income statement.

4.8.3 De-recognition

Securities held for trading are derecognized when the rights to receive cash flows from these securities are terminated or the Bank and its subsidiaries transfer substantially all the risks and rewards of ownership of these securities.

4.9 Available-for-sale securities

4.9.1 Classification and recognition

Available-for-sale securities include debt and equity securities that are acquired by the Bank and its subsidiaries for the investment and available-for-sale purposes, not regularly traded but can be sold when there is a benefit. For equity securities, the Bank and its subsidiaries are also neither the founding shareholder nor the strategic partner and do not have the ability to make certain influence in establishing and making the financial and operating policies of the investees through a written agreement on assignment of its personnel to the Board of Directors/Management.

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

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 *Available-for-sale securities* (continued)

4.9.1 *Classification and recognition* (continued)

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

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

4.9.2 *Measurement* (continued)

Available-for-sale securities will be considered for impairment at the end of financial year.

Provision for diminution in value of securities is made when the carrying value is higher than the market value in compliance with Circular 48. Provision expense is recognized in the "*Net gain/(loss) from investment securities*" account of the consolidated income statement.

Debt securities which are not listed on the stock market or not registered on the unlisted public companies' market, the Bank and its subsidiaries shall make provision for those in accordance with Circular 11 as described in Note 4.6.

4.10 *Held-to-maturity investment securities*

Special bonds issued by VAMC

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

During the holding period, the Bank and its subsidiaries annually calculate and make allowance in accordance with Circular No. 14/2015/TT-NHNN dated 28 August 2015 amending and supplementing some articles of Circular No. 19/2013/TT-NHNN which regulates the purchase, sale and write-off bad debts of VAMC.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Held-to-maturity investment securities (continued)

Special bonds issued by VAMC (continued)

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

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

In which:

- $X_{(m)}$ is minimum provision for special bonds in the m^{th} year;
- X_{m-1} is accumulated specific provision for special bonds in the $m-1^{\text{th}}$ year;
- Y is face value of special bonds;
- n is term of special bonds (years);
- m is number of years from the bond issuance date to the provision date;
- Z_m is accumulated bad debt recoveries at the provision date (m^{th} year). Credit institutions should co-operate with VAMC to determine the recovery of the bad debts.

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

Specific provision for each special bond is recognized in the consolidated income statement in "Provision expense for credit loss". General provision is not required for the special bonds.

On settlement date of special bonds, interest occurred from debts collection shall be recognized into "Interest and similar income".

Other held-to-maturity investment securities

Other held-to-maturity investment securities are debt securities purchased by the Bank and its subsidiaries for earning interest and the Bank and its subsidiaries has the capability and intention to hold these investments until maturity. Held-to-maturity securities have fixed or determined payments and maturity date. In case the securities are sold before the maturity date, these securities will be reclassified to securities held for trading or available-for-sale securities.

Debt securities are recognized similarly as available-for-sale securities at Note 4.9.

Measurement

Other held-to-maturity investment securities will be considered for impairment. Provision for impairment is made based on the assessment of the recoverability of held-to-maturity investment securities. Provision expense for impairment is recognized into the income statement in "Net gain from investment securities" item. Provision shall be made or reversal on preparing annual financial statements.

Debts securities which are not listed on the stock market or not registered on the unlisted public companies' market, the Bank and its subsidiaries shall make provision for those in accordance with Circular 11 as described in Note 4.6.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Repurchase and reverse repurchase agreements

Securities sold under the agreements to be repurchased at a specified future date ("repos") are not derecognized from the consolidated financial statements. The corresponding cash received is recognized in the consolidated balance sheet as a liability. The difference between the sale price and repurchase price is recognized to the consolidated income statement using contract interest rate.

Securities purchased under agreements to resell at a specified future date ("reverse repos") are not recognized in the consolidated financial statements. The corresponding cash payment is recognized in the consolidated balance sheet as an asset. The difference between the purchasing price and reselling price is recognized to the consolidated income statement using contract interest rate.

4.12 Other long-term investments

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

Other long-term investments will be considered for impairment at the end of financial year.

For securities which are not listed but are registered for trading on unlisted public company market (UPCoM), provision for diminution in value is made when average reference price within the last 30 trading days to annual consolidated balance sheet date announced by the Stock exchange is lower than the cost of the investment at the end of financial year.

In other cases, provision for diminution in the value of investment is made when the investee suffers loss, except that such loss had been forecasted in the investee's business plan before the investment was made. Provision for diminution in the value of investment is made using the below formula:

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

Provision is reversed when the recoverable amount of the investment increases after the provision is made. Provision is reversed up to the extension that the carrying value of the investment does not exceed the carrying value of the investment assuming that no provision is recognized.

4.13 Fixed assets

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

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

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets while expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

When fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Investment properties

Investment properties are stated at cost including transaction costs less accumulated depreciation and/or amortization.

Subsequent expenditure relating to an investment property that has already been recognized is added to the net book value of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the Bank and its subsidiaries.

Depreciation of investment properties are calculated on a straight-line basis over the estimated useful life of the assets as follows:

Land using rights	46 years
Building	46 years

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognized in the consolidated income statement in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. When reclassifying investment properties to fixed assets, the cost and the net book value of the fixed assets at reclassified date.

4.15 Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Rentals under operating leases are charged to the consolidated income statement on a straight-line basis over the lease term.

4.16 Depreciation and amortization

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

Buildings and structures	3 - 50 years
Machinery and equipment	3 - 20 years
Vehicles	3 - 10 years
Office equipment	3 - 10 years
Other tangible assets	3 - 10 years
Computer software	3 - 8 years
Land using rights	50 years
Other intangible assets	4 - 6 years

The land using rights of the Bank and its subsidiaries with indefinite term are not amortized. The land using rights with definite term are amortized over the term of use.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Receivables

4.17.1 Receivables classified as credit-risk assets

Receivables classified as credit-risk assets are recognized at cost. Doubtful receivables are classified, and provision is made in accordance with the regulations on provisioning and using provision to write-off bad debts as presented in Note 4.6.

4.17.2 Other receivables

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

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

Provision for overdue debts is made in accordance with the guidance of Circular 48 as follows:

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

4.18 Prepaid expenses

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

4.19 Due to and borrowings from other credit institutions, due to customers and valuable papers issued

Due to and borrowings from other credit institutions, due to customers and valuable papers issued are presented at the principal amounts outstanding at the end of year. At initial recognition, issuance costs are deducted from the cost of the valuable papers. These costs are allocated on a straight-line method during the lifetime of the valuable papers to "Interest and similar expenses".

4.20 Payables and accruals

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 *Loan classification for off-balance-sheet commitments*

Off-balance sheet commitments include guarantees, payment acceptances and irrevocable loan commitments having the specific execution time.

Classification for off-balance sheet commitments is for management and credit quality monitoring purpose. Accordingly, off-balance sheet commitments are classified following classification policy applied to debts as described in *Note 4.6*.

According to Circular 11, the Bank and its subsidiaries do not make provisions for off-balance sheet commitments.

4.22 *Derivative instruments*

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

Currency forward contracts

The currency forward contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates, calculated on the notional amount. The currency forward contracts are recognized at nominal value at the transaction date and are revalued periodically; the difference derived from revaluation is recognized in the "*Foreign exchange differences*" under "*Owners' equity*" and will be transferred to the consolidated income statement at the end of financial year. The premium or discount derived from the difference between spot rate and forward rate are recorded at contract date as assets if positive or liabilities if negative in consolidated balance sheet. The difference is amortized to the consolidated income statement on straight-line basis over the forward contract period.

Swap contracts

The swap contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates calculated on the notional principal amount. The premium or discount derived from the difference between spot rate and forward rate are recorded at contract date as assets if positive or liabilities if negative in consolidated balance sheet. The difference is amortized to the consolidated income statement on straight-line basis over the swap contract period.

4.23 *Interest rate swap contracts*

Nominal principal in interest rate swap contracts of one currency is not recognized in the consolidated balance sheet. Income and expenses arising from this nominal principal are recognized on an accrual basis.

For interest rate swap contracts that exchange the principal amount of the two currencies at the beginning of the transaction, the value of the nominal principal is recognized in the consolidated balance sheet as a currency swap commitment. Income and expenses arising from this nominal principal are recognized on an accrual basis.

For interest rate swap contracts that not exchange the principal amount of the two currencies at the beginning of the transaction, the nominal value is recognized in the consolidated balance sheet as a currency forward commitment. Income and expenses arising from this nominal principal are recognized in the consolidated income statement on an accrual basis.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**4.24 Capital****4.24.1 Ordinary shares**

Ordinary shares are classified as equity.

4.24.2 Share premium

The Bank records the difference between the par value and issue price of shares if the issue price is higher than par value, and the difference between price of repurchasing of treasury stocks and the re-issue price of treasury stocks to share premium account. The expense related to issue shares will be recorded as the share premium deductible.

4.24.3 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss upon purchase, sale, issue or cancellation of the Bank's own equity instruments.

4.24.4 Funds and reserves*Reserves of the Bank*

The Bank has set up the following reserves in accordance with the Law on Credit Institutions No. 47/2010/QH12 and Decree No. 93/2017/ND-CP and the Bank's Charter as follows:

	<i>% of profit after tax</i>	<i>Maximum balance</i>
Capital supplementary reserve	5% profit after tax	100% chartered capital
Financial reserve	10% profit after tax	Not specified

Other funds will be allocated from profit after tax. The allocation from profit after tax and utilization of reserves must be approved by the Annual General Meeting of Shareholder. These reserves are not regulated by statutory and allowed to be fully allocated.

Reserves of its subsidiaries

According to Circular No. 27/2002/TT-BTC dated 22 March 2002, retained earning allocation, making appropriation of profit to reserves and reserves utilization of the Company is implemented in accordance with regulations applied to the bank by which the Company was established.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.25 Recognition of income and expenses

Interest income and expenses

Interest income and interest expenses are recognized in the consolidated income statement on accrual basis. The recognition of accrued interest income arising from loans classified in Groups 2 to 5 in accordance with Circular 11 and loans with repayment term restructuring according to Circular 01, Circular 03 and Circular 14 will not be recognized in the consolidated income statement. Suspended interest income is reversed and monitored off-balance sheet and recognized in the consolidated income statement upon actual receipt.

Fees and commissions

Fees and commissions are recognized on accrued basis.

Income from investment

Income from securities investment is recognized on the difference between the selling price and cost of the securities sold.

Cash dividends from equity investment are recognized in the consolidated income statement when the Bank and its subsidiaries' right to receive the payment are established. For stock dividends and bonus shares, the number of shares is just updated, and no dividend income is recognized in the consolidated income statement.

Income and expense from sale of debts

Income and expenses from the sale of debts are recognized in accordance with Decision No. 09/2015/TT-NHNN issued by the SBV promulgating regulations on sale and purchase of debts by credit institutions. Accordingly, the difference between the prices of debts purchased or sold and their book value is recorded as follows:

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

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

Debt purchase and sale price is the sum of money to be paid by a debt purchaser to a debt seller under a debt purchase and sale contract.

Other income

Other revenues are recognized on a cash basis.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.26 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from (or paid to) the taxation authorities. The tax rates and tax laws used to compute the amount are those that are effective as at the consolidated balance sheet date.

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognized directly to equity, in which case the current income tax is also dealt with in equity.

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

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

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- ▶ Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss.
- ▶ In respect of taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilized, except:

- ▶ Where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss.
- ▶ In respect of deductible temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.26 Taxation (continued)

Deferred tax

The carrying amount of deferred tax assets is reviewed at each consolidated balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re assessed at each consolidated balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled based on tax rates and tax laws that have been enacted at the consolidated balance sheet date.

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Bank and its subsidiaries to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- ▶ either the same taxable entity; or
- ▶ when the Bank and its subsidiaries intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4.27 Foreign currency transactions

All transactions are recorded in original currencies. Monetary assets and liabilities denominated in foreign currencies are translated into VND using exchange rates ruling at the consolidated balance sheet date (*Note 47*). Income and expenses arising in foreign currencies during the year are converted into VND at rates ruling at the transaction dates. Foreign exchange differences arising from the translation of monetary assets and liabilities are recognized and followed in the "*Foreign exchange differences*" under "*Owners' equity*" in the consolidated balance sheet and will be transferred to the consolidated income statement at the end of the year.

4.28 Offsetting

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

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.29 Employee benefits

4.29.1 Post-employment benefits

Post-employment benefits are paid to retired employees of the Bank and its subsidiaries by the Social Insurance Agency, which belongs to the Ministry of Labor, Invalids and Social Affairs. The Bank and its subsidiaries are required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 17.5% (from 1 July 2021, at the rate of 17%) of an employee's basic salary on a monthly basis, salary allowances and other additional income. Besides, the Bank and subsidiaries has no further obligation of post-employee benefits.

4.29.2 Voluntary resignation benefits

The Bank and its subsidiaries have the obligation, under Article 46 of the Labor Code No.45/2019/QH14 effective on 1 January 2021, to pay allowance arising from voluntary resignation of employees, equal to one-half month's salary for each year of employment up to 31 December 2008 plus salary allowances (if any). From 01 January 2009, the average monthly salary used in this calculation is the average monthly salary of the latest six-month period up to the resignation date.

4.29.3 Unemployment insurance

According to the current regulations on unemployment insurance, the Bank and its subsidiaries is obliged to pay unemployment insurance at 1% of its salary fund used to pay for unemployment insurance (from 1 October 2021, at the rate of 0%) and deduct 1% of salary of each employee to pay simultaneously to the Unemployment Insurance Fund.

5. CASH ON HAND

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
In VND	460,974	534,318
In foreign currencies	24,580	45,027
	485,554	579,345

6. BALANCES WITH THE STATE BANK OF VIETNAM

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
In VND	4,390,572	990,688
In foreign currencies	9,913	5,570
	4,400,485	996,258

Balances with the State Bank of Vietnam (the "SBV") include settlement and compulsory reserve. The average balances of settlement deposits of the Bank with the State Bank of Vietnam are not less than the compulsory reserve in the month. The compulsory reserve is calculated by multiplying previous month average deposit balances and compulsory reserve rates.

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6. BALANCES WITH THE STATE BANK OF VIETNAM (continued)

The compulsory deposit rates are as follows:

	31 December 2021 %	31 December 2020 %
<i>For customer deposits</i>		
Demand deposits and deposit with term less than 12 months in VND	3.00	3.00
Deposits with term over 12 months in VND	1.00	1.00
Demand deposits and deposit with term less than 12 months in foreign currencies	8.00	8.00
Deposits with term over 12 months in foreign currencies	6.00	6.00
<i>For overseas credit institutions</i>		
Deposits in foreign currencies	1.00	1.00

The actual annual interest rates on balance with the SBV at the end of the year are as follows:

	31 December 2021 % per annum	31 December 2020 % per annum
Within compulsory deposit rate in VND	0.50	0.50
Within compulsory deposit rate in USD	0.00	0.00
Over compulsory deposit rate in VND	0.00	0.00
Over compulsory deposit rate in USD	0.00	0.05

7. DUE FROM AND LOANS TO OTHER CREDIT INSTITUTIONS

7.1 Due from other credit institutions

	Ending balance VND million	Beginning balance VND million
Demand deposits	1,788,828	5,311,239
- In VND	863,809	80,438
- In foreign currencies	925,019	5,230,801
Term deposits	15,123,496	19,575,651
- In VND	2,230,765	3,591,800
- In foreign currencies	12,892,731	15,983,851
	16,912,324	24,886,890

Interest rates of term deposits at other credit institutions at the end of the year are as follows:

	31 December 2021 % per annum	31 December 2020 % per annum
In VND	1.60 - 6.50	0.50 - 7.70
In foreign currencies	0.01 - 0.25	0.01 - 0.50

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7. DUE FROM AND LOANS TO OTHER CREDIT INSTITUTIONS (continued)

7.2 Loans to other credit institutions

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
In VND	4,489,794	3,572,390
<i>In which: Discounted, re-discounted</i>	<i>1,965,911</i>	<i>3,572,390</i>
	4,489,794	3,572,390

Interest rates of loans to other credit institutions at the end of the year are as follows:

	<i>31 December 2021 % per annum</i>	<i>31 December 2020 % per annum</i>
In VND	0.85 - 1.57	0.20 - 0.95

7.3 Analysis of term deposits and loans to other credit institutions by quality

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Current		
- Term deposits at other credit institutions	15,123,496	19,575,651
- Loans to other credit institutions	4,489,794	3,572,390
	19,613,290	23,148,041

8. SECURITIES HELD FOR TRADING

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Debt securities	4,876,884	2,001,459
Government bonds	4,876,884	2,001,459
Provision for securities held-for-trading	(1,233)	(206)
Diminution provision	(1,233)	(206)
	4,875,651	2,001,253

Government bonds have term from 5 years to 15 years and bear interest at rates ranging from 1.00% p.a. to 6.20% p.a., interest is paid annually (31 December 2020: from 2.20% p.a. to 4.80% p.a.).

Listing status of securities held for trading are as follows:

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Listed	4,876,884	2,001,459

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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8. SECURITIES HELD FOR TRADING (continued)

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

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Beginning balance	206	-
Provision charged in the year	1,027	206
Ending balance	1,233	206

9. DERIVATIVES AND OTHER FINANCIAL ASSETS/LIABILITIES

	<i>Total contract value (at contractual exchange rate) VND million</i>	<i>Total carrying value (using exchange rate at reporting date)</i>	
		<i>Assets VND million</i>	<i>Liabilities VND million</i>
Currency derivative instrument as at 31 December 2021			
Forward contracts	79,934,912	85,222	-
Swap contracts	93,653,525	30,657	-
	173,588,437	115,879	-
Net amount		115,879	
Currency derivative instrument as at 31 December 2020			
Forward contracts	14,885,769	24,376	-
Swap contracts	51,376,985	-	(99,157)
	66,262,754	24,376	(99,157)
Net amount			(74,781)

10. LOANS TO CUSTOMERS

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Loans to domestic economic entities and individuals	68,729,213	62,964,982
Loans funded by grants and entrusted funds	141,640	187,142
Discounted negotiable instruments and valuable papers	106,449	136,934
Payments on behalf of customers	6,343	3,575
Loans to foreign economic entities and individuals	354	518
	68,983,999	63,293,151

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10. LOANS TO CUSTOMERS (continued)

10.1 Analysis of loans by quality

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Current	65,372,339	60,931,045
Special mention	1,994,898	1,038,320
Sub-standard	334,497	208,448
Doubtful	418,614	493,346
Loss	863,651	621,992
	68,983,999	63,293,151

10.2 Analysis of loans by original terms

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Short-term loans	38,180,558	33,646,693
Medium-term loans	4,770,771	5,276,153
Long-term loans	26,032,670	24,370,305
	68,983,999	63,293,151

10.3 Analysis of loans by type of customers and ownership

	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>VND million</i>	<i>%</i>	<i>VND million</i>	<i>%</i>
Loans to corporation	35,829,682	51.93	34,070,180	53.83
Other joint-stock companies	18,582,941	26.94	17,372,132	27.44
Other limited companies	15,074,275	21.85	14,194,134	22.43
State-owned companies	1,748,046	2.53	1,930,535	3.05
Foreign invested enterprises	352,213	0.51	417,460	0.66
Cooperatives and inter-cooperative	23,556	0.03	30,365	0.05
Private companies	20,582	0.03	93,308	0.15
Public administration units, agencies of the Communist Party, unions and associations	-	-	17,677	0.03
Partnerships	14,715	0.02	-	-
Others	13,354	0.02	14,569	0.02
Loans to individuals	33,154,317	48.07	29,222,971	46.17
	68,983,999	100.00	63,293,151	100.00

10.4 Analysis of loans by currency

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
In VND	66,489,930	61,128,709
In foreign currencies	2,494,069	2,164,442
	68,983,999	63,293,151

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10. LOANS TO CUSTOMERS (continued)

10.4 Analysis of loans by currency (continued)

Interest rates of loans to customers at the end of the year are as follows:

	31 December 2021 % per annum	31 December 2020 % per annum
In VND	0.00 - 36.00	0.00 - 31.49
In foreign currencies	1.70 - 8.00	2.10 - 8.00

10.5 Analysis of loans by industry

	Ending balance		Beginning balance	
	VND million	%	VND million	%
Activities of households as employers, undifferentiated goods and services producing activities of households for own use	24,367,601	35.32	20,407,838	32.24
Trading, repair of motor vehicles, motorcycles and other vehicles	9,858,107	14.29	9,889,335	15.62
Construction	8,454,937	12.26	8,451,744	13.35
Manufacturing and processing	5,256,347	7.62	4,679,662	7.39
Electricity, gas, steam and air conditioning supply	3,964,640	5.75	4,263,982	6.74
Real estate trading	2,503,504	3.63	3,104,656	4.91
Finance services, banking and insurance activities	3,883,104	5.63	1,440,162	2.28
Agriculture, forestry and fisheries	2,358,286	3.42	2,930,688	4.63
Transportation and warehousing	1,177,453	1.71	1,542,503	2.44
Hotels and accommodation services	659,272	0.96	916,874	1.45
Administrative activities and supporting service	265,488	0.38	285,505	0.45
Science and technology activities	251,346	0.36	256,592	0.41
Information and communication	207,150	0.30	261,128	0.41
Education and training	161,453	0.23	206,495	0.33
Health and social support activities	167,217	0.24	193,982	0.31
Water supply; sewerage, waste management and remediation activities	95,733	0.14	128,872	0.20
Arts and entertainment	111,599	0.16	98,367	0.16
Mining exploration	75,023	0.11	72,386	0.11
Activities of Communist Party, socio-political organization, public administration and defence; compulsory security	44,601	0.06	51,214	0.08
Activities of extraterritorial organizations and bodies	17,000	0.02	4,334	0.01
Others	5,104,138	7.41	4,106,832	6.48
	68,983,999	100.00	63,293,151	100.00

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11. PURCHASED DEBTS

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Purchased debts in VND	153,234	153,234
Provision for purchased debts	(1,149)	(1,149)
	152,085	152,085

Balances and interest of purchased debts at the end of the year are as follows:

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Principal value of purchased debts	153,234	153,234
Interest of purchased debts	506	570
	153,740	153,804

Results of the loan classification as at 31 December 2021 and provision for purchased debts as required by the Bank's policy on loan classification and provision are as follows:

<i>Loan classification</i>	<i>Debt balance VND million</i>	<i>Specific provision VND million</i>	<i>General provision VND million</i>	<i>Total VND million</i>
Current	153,234	-	1,149	1,149

Movements of provision for purchased debts in current year are as follows:

	<i>Specific provision VND million</i>	<i>General provision VND million</i>	<i>Total VND million</i>
Beginning balance	-	1,149	1,149
Ending balance	-	1,149	1,149

Movements of provision for purchased debts in previous year are as follows:

	<i>Specific provision VND million</i>	<i>General provision VND million</i>	<i>Total VND million</i>
Beginning balance	-	1,478	1,478
Reversal	-	(329)	(329)
Ending balance	-	1,149	1,149

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12. PROVISION FOR CREDIT LOSSES

Breakdown of provision for credit losses at the end of the year are as follows:

	<i>Note</i>	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Provision for purchased debts	11	1,149	1,149
Provision for loans to customers	12.1	810,920	705,118
Provision for credit risk bearing assets		856	1,158
Provision for special bonds issued by VAMC	13.2	245,442	278,343
		1,058,367	985,768

Provision expenses during the year comprised of:

	<i>Note</i>	<i>Current year VND million</i>	<i>Previous year VND million</i>
Provision reversal for purchased debts	11	-	(329)
Provision expense for loans to customers	12.1	313,903	319,323
Provision reversal for credit risk bearing assets	17.4	(300)	(304)
Provision expense for special bonds issued by VAMC	13.5	433,448	194,690
		747,051	513,380

12.1 Provision for loans to customers

Result of the loan classification as at 31 December 2021 and provision for credit losses of loans to customers as required by the Bank's policy on loan classification and provision are as follows:

<i>Classification</i>	<i>Balance VND million</i>	<i>Specific provision (*) VND million</i>	<i>General provision VND million</i>	<i>Total VND million</i>
Current	65,372,339	12,965	490,292	503,257
Special mention	1,994,898	33,832	14,960	48,792
Sub-standard	334,497	18,262	2,509	20,771
Doubtful	418,614	71,172	3,140	74,312
Loss	863,651	163,788	-	163,788
	68,983,999	300,019	510,901	810,920

(*) Includes additional provision for loan balances are rescheduled, interest and fees are exempted or reduced, and debt groups remain unchanged according to Circular 01, Circular 03 and Circular 14 as described at Note 4.6.3.

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12. PROVISION FOR CREDIT LOSSES (continued)

12.1 Provision for loans to customers (continued)

Movements of provision for loans to customers during the current year are as follows:

	<i>Specific provision VND million</i>	<i>General provision VND million</i>	<i>Total VND million</i>
As at 1 January 2021	246,906	458,212	705,118
Provision charged	261,214	52,689	313,903
Increase due to disposals of VAMC bonds	576,464	-	576,464
Provision used to write off bad debts	(784,565)	-	(784,565)
As at 31 December 2021	300,019	510,901	810,920

Movements of provision for loans to customers during the previous year are as follows:

	<i>Specific provision VND million</i>	<i>General provision VND million</i>	<i>Total VND million</i>
As at 1 January 2020	324,608	408,246	732,854
Provision charged	271,235	50,724	321,959
Increase due to disposals of VAMC bonds	341,457	-	341,457
Increase due to VAMC cancelation	1,422	-	1,422
Provision used to write off debts	(567,500)	-	(567,500)
Decrease due to selling bad debts to VAMC	(74,412)	-	(74,412)
Others	(735)	-	(735)
As at 30 November 2020	296,075	458,970	755,045
Provision reversed	(1,878)	(758)	(2,636)
Increase due to disposals of VAMC bonds	2,075	-	2,075
Provision used to write off debts	(13,473)	-	(13,473)
Decrease due to selling bad debts to VAMC	(35,670)	-	(35,670)
Others	(223)	-	(223)
As at 31 December 2020	246,906	458,212	705,118

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13. INVESTMENT SECURITIES

13.1 Available-for-sale securities

	Ending balance VND million	Beginning balance VND million
Debt securities	15,344,448	15,001,310
Government bonds (a)	1,983,586	2,314,947
Bonds issued by other domestic credit institutions (b)	4,942,308	7,048,398
Bonds issued by domestic economic entities (c)	8,418,554	5,637,965
Equity securities	2,400	11,300
Equity securities issued by domestic economic entities	2,400	11,300
	15,346,848	15,012,610
Provision for available-for-sale securities		
Diminution provision	(3,139)	(3,246)
General provision	(61,226)	(13,822)
	(64,365)	(17,068)

(a) Government bonds have term from 10 years to 20 years and bear interest at rates ranging from 2.30% p.a. to 3.30% p.a., interest is paid annually.

(b) Bonds issued by other domestic credit institutions have term from 5 year to 15 years and bear interest at rates ranging from 2.30% p.a. to 9.40% p.a., interest is paid annually.

(c) Bonds issued by domestic economic entities have term from 2 years to 10 years, interest is paid quarterly, semi-annually or annually. The current interest rate ranges from 9.00% p.a. to 12.00% p.a. and is subject to change on a quarterly or semi-annually basis depending on each type of bonds. Certain corporate bonds are secured by land use rights, real estate project and shares.

Listing status of available-for-sale securities are as follows:

	Ending balance VND million	Beginning balance VND million
Debt securities	15,344,448	15,001,310
Listed	6,625,825	9,363,592
Unlisted	8,718,623	5,637,718
Equity securities	2,400	11,300
Unlisted	2,400	11,300
	15,346,848	15,012,610

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13. INVESTMENT SECURITIES (continued)

13.2 Held-to-maturity securities

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Government guaranteed bonds (a)	50,000	50,000
Special bonds issued by VAMC (b)	823,812	1,512,094
Ho Chi Minh City municipal bonds (c)	22,947	23,293
Bonds issued by domestic economic entities (d)	1,084,611	385,000
	1,981,370	1,970,387
Provision for held-to-maturity securities		
General provision	(7,013)	(1,763)
Provision for special bonds issued by VAMC	(245,442)	(278,343)
	(252,455)	(280,106)

- (a) These are Government guaranteed bonds of Vietnam Development Bank that have term of 15 years and bear interest at rate of 8.40% p.a., interest is paid annually.
- (b) These are special bonds issued by Vietnam Asset Management Company (VAMC) to purchase bad debts of the Bank. These bonds have term of 5 years and bear interest at rate of 0.00% per annum. Par value of these special bonds is the difference between the outstanding loan balance and the corresponding unused specific provision at the purchasing date.
- (c) These bonds issued by Ho Chi Minh City Investment Fund for Urban Development have term of 15 years and bear interest rate at 8.80% p.a., interest is paid annually.
- (d) Bonds issued by local economic entities have term from 3 years to 10 years and bear interest at rate ranging from 8.28% p.a. to 9.50% p.a., interest is paid semi-annually or at maturity.

Listing status of held-to-maturity securities (excluding special bonds issued by VAMC) are as follows:

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Debt securities		
Listed	72,947	73,293
Unlisted	1,084,611	385,000
	1,157,558	458,293

13.3 Special bonds issued by VAMC

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Par value of special bonds	823,812	1,512,094
Provision for special bonds	(245,442)	(278,343)
	578,370	1,233,751

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13. INVESTMENT SECURITIES (continued)

13.3 Special bonds issued by VAMC (continued)

Increase/(decrease) of VAMC bonds during the year are as follows:

	Current year VND million	Previous year VND million
Beginning balance	1,512,094	1,088,899
Increase in the year	-	825,497
Settlement during the year	(688,282)	(402,302)
Ending balance	823,812	1,512,094

13.4 Analysis of securities classified as credit risk assets by quality

	Ending balance VND million	Beginning balance VND million
Bonds issued by domestic entities		
Current	9,903,165	7,922,965

13.5 Provision for investment securities

Movements of provision for investment securities during the year are as follows:

	Current year VND million	Previous year VND million
Beginning balance		
Available-for-sale securities	17,068	41,175
Held-to-maturity securities		
(excluded special bonds issued by VAMC)	1,763	-
Special bond issued by VAMC	278,343	364,146
	297,174	405,321
Transfer to provision for loan to customers to settle VAMC bonds	(466,349)	(280,493)
Provision charged/(reversed) in the year		
Available-for-sale securities	47,297	(24,107)
Held-to-maturity securities		
(excluded special bonds issued by VAMC)	5,250	1,763
Special bonds issued by VAMC	433,448	194,690
	485,995	172,346
Ending balance		
Available-for-sale securities	64,365	17,068
Held-to-maturity securities		
(excluded special bonds issued by VAMC)	7,013	1,763
Special bonds issued by VAMC	245,442	278,343
	316,820	297,174

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14. LONG-TERM INVESTMENTS

	Ending balance VND million	Beginning balance VND million
Other long-term investments	116,936	182,978
Diminution provision	-	(16,654)
	116,936	166,324

14.1 Other long-term investments

	Ending balance			Beginning balance		
	Par value VND million	Book value VND million	Ownership %	Par value VND million	Book value VND million	Ownership %
EVN Finance Joint Stock Company	70,801	58,145	2.67%	131,600	124,187	4.97%
EVN International Joint Stock Company	37,800	37,800	10.31%	37,800	37,800	10.31%
PC3 - Investment Joint Stock Company	17,225	15,057	5.17%	17,225	15,057	5.17%
Vietnam Credit Information Joint Stock Company	3,934	3,934	3.28%	3,934	3,934	3.28%
National Payment Corporation of Vietnam	2,600	2,000	0.83%	2,600	2,000	0.83%
	132,360	116,936		193,159	182,978	

14.2 Provision for other long-term investments

	Current year VND million	Previous year VND million
Beginning balance	16,654	-
Provision charged in the year	(16,654)	16,654
Ending balance	-	16,654

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15. FIXED ASSETS

15.1 Tangible fixed assets

	Buildings and structures VND million	Machinery and equipment VND million	Vehicles VND million	Office equipment VND million	Others VND million	Total VND million
Cost						
Beginning balance	492,896	433,818	187,374	21,288	5,386	1,140,762
Additions	-	24,927	1,333	2,514	2,605	31,379
Disposal	-	(365)	(9,315)	(526)	(32)	(10,238)
Ending balance	492,896	458,380	179,392	23,276	7,959	1,161,903
Accumulated depreciation						
Beginning balance	98,801	316,252	127,671	14,926	4,114	561,764
Charged for the year	10,308	34,297	10,160	3,165	928	58,858
Disposal	-	(355)	(9,315)	(524)	(32)	(10,226)
Ending balance	109,109	350,194	128,516	17,567	5,010	610,396
Net book value						
Beginning balance	394,095	117,566	59,703	6,362	1,272	578,998
Ending balance	383,787	108,186	50,876	5,709	2,949	551,507

Cost of fully depreciated tangible fixed assets that are still in use as at 31 December 2021 is VND517,030 million (31 December 2020: VND247,028 million).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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15. FIXED ASSETS (continued)

15.2 Intangible fixed assets

	Land using rights VND million	Computer software VND million	Other assets VND million	Total VND million
Cost				
Beginning balance	230,480	393,585	878	624,943
Additions	-	16,784	-	16,784
Ending balance	(2,020)	-	-	(2,020)
	228,460	410,369	878	639,707
Accumulated amortization				
Beginning balance	3,589	243,747	878	248,214
Charged for the year	480	28,657	-	29,137
Ending balance	4,069	272,404	878	277,351
Net book value				
Beginning balance	226,891	149,838	-	376,729
Ending balance	224,391	137,965	-	362,356

Cost of fully amortized intangible fixed assets that are still in use as at 31 December 2021 is VND268,288 million (31 December 2020: VND168,435 million).

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16. INVESTMENT PROPERTIES

Investment properties including land use rights with indefinite, definite terms and buildings which were acquired by ABBank Asset Management One Member Company Limited from bidding the foreclosed assets. The fair value of investment properties was not officially assessed and determined as at 31 December 2021 due to lack of information as at the balance sheet date.

	<i>Buildings and definite land use rights VND million</i>	<i>Indefinite land use rights VND million</i>	<i>Total VND million</i>
Cost			
Beginning and ending balance	58,066	15,964	74,030
Accumulated depreciation and amortization			
Beginning balance	4,050	-	4,050
Charged for the year	1,246	-	1,246
Ending balance	5,296	-	5,296
Net book value			
Beginning balance	54,016	15,964	69,980
Ending balance	52,770	15,964	68,734

17. OTHER ASSETS

17.1 Receivables

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Receivables from card transactions	464,969	125,504
Receivables related to LC UPAS	188,785	46,313
Advance for operating activities	137,632	69,453
Receivables from sales of debt (i)	132,865	1,168,367
Operating advances to vendors	94,130	52,287
Receivables from sales of securities (ii)	89,728	35,855
Purchase of fixed assets (iv)	81,277	50,467
Shortage of assets awaiting resolution (iii)	74,210	74,299
Security, margin deposits and pledges	66,846	77,886
Receivables from An Binh Land Real Estate Joint Stock Company (v)	13,245	13,245
Deposit for acquiring shares of Vien Dong Pharmaceutical Joint Stock Company (DVD) (vi)	5,225	5,225
Receivables relating to investment capital contribution to EVN Tay Nguyen	3,333	3,333
Other receivables	39,256	25,666
	1,391,501	1,747,900

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17. OTHER ASSETS (continued)

17.1 Receivables (continued)

- (i) The receivable balance as at 31 December 2021 relates to sales of loans classified as current at the selling time to Hoang Cau Investment and Infrastructure Construction Joint Stock Company and TBIC Joint Stock Company. These receivables will be settled on instalment basis under contractual agreements.
- (ii) Includes the receivable amounting to VND35,855 million from Ha Noi Export - Import Joint Stock Company ("Geleximco"), a Bank's shareholder, related to sales of securities. The Bank made full allowance for this receivable.
- (iii) On 15 March 2019, the Bank performed cash count at one branch and realised a shortage of VND67,369 million and USD299,996 (equivalent to VND6,841 million as at 31 December 2021). As at 26 November 2021, the case was brought to trial by the People's Court of Ha Noi and it sentenced individual embezzling the funds to compensate the Bank an amount of VND73,319 million. The Bank made allowance in accordance with Circular 48.
- (iv) Including in balance of purchase of fixed assets as at 31 December 2021 and 31 December 2020 is VND48,000 million of ABBA deposit to Minh Hieu Seafood Joint Stock Company for real estate purchasing. However, procedures for transferring ownership to ABBA have not been completed. In 2016, ABBA filed a lawsuit to Gia Rai People's Court for refund of the deposit or completing ownership transfer process. At the date of this report, the case has not been adjudicated. The Bank made fully allowance in accordance with Circular 48.
- (v) The receivable relates to the amount that the Bank has disbursed to An Binh Real Estate Joint Stock Company ("ABLand") to rent a building as its head office. This receivable is interest-free and have no defined collection date. The Bank made full allowance for this receivable.
- (vi) The receivable relates to the Bank's deposit to purchase shares of Vien Dong Pharmaceutical Joint Stock Company ("DVD"). The Bank transferred this amount to An Binh Securities Joint Stock Company ("ABS") on the second issuance of DVD's share in 2010 but the transaction was not successful. As at 31 December 2021, ABS has not made refund of this amount to the Bank. Therefore, the Bank made full allowance for this deposit in accordance with Circular 48.

17.2 Interest and fees receivable

	<i>Ending balance</i> VND million	<i>Beginning balance</i> VND million
Interest receivable from loans in VND	305,513	282,208
Interest receivable from available-for-sale securities	271,440	338,276
Interest receivable from held-to-maturity securities	115,759	101,515
Interest, fees receivables from swap contracts	61,051	37,514
Interest, fees receivables from forward contracts	8,512	9,148
Interest receivable from entrusted investments	3,404	2,483
Interest receivable from loans in foreign currencies	2,034	1,811
Interest receivable from deposits in foreign currencies	288	321
Interest receivable from deposits in VND	975	3,683
Receivable Fees	2	-
	768,978	776,959

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17. OTHER ASSETS (continued)

17.3 Other assets

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Foreclosed assets awaiting for resolution (i)	596,967	596,967
Prepaid and deferred expenses (ii)	441,780	509,339
Entrusted investments (iii)	238,000	280,000
Other assets	6,404	6,402
	1,283,151	1,392,708

(i) This account represents collaterals of customers having overdue debts which were foreclosed by the Bank. The Bank is in progress to resolve those foreclosed assets in accordance with the regulations of the SBV.

(ii) Prepaid and deferred expenses mainly include the purchase of tools, utilities, service prepaid expenses, property rental, data transmission line rentals, maintenance and repair expenses. Details are as follow:

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Prepaid office rental expenses	289,093	355,230
Prepaid expenses related to interest rate swap contracts	10,542	38,488
Prepaid interest expenses for customer deposits	1,266	3,460
Other prepaid expenses	140,879	112,161
	441,780	509,339

(iii) Entrusted investments including:

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Capital contribution investment with Geleximco (*)	38,000	80,000
Capital contribution investment with Tan Hoang Cau Joint Stock Company (**)	200,000	200,000
	238,000	280,000

(*) This is a capital contribution with Geleximco to exploit and build block C of Le Trong Tan urban area project. In 2021, the Bank and its subsidiaries earned interest rates ranging from 8.70% per annum to 9.60% per annum (2020: from 9.60% per annum to 10.70% per annum), interest is paid annually and will be due on 12 September 2022.

(**) This is capital contribution investment with Tan Hoang Cau Joint Stock Company to build the commercial service center and office building at 36 Hoang Cau Street, O Cho Dua Ward, Dong Da District, Hanoi. In 2021, the entrusted investments earned an interest rate of 10.00% p.a. (2020: from 10.00% p.a. to 10.80% p.a.), interest paid semi-annually. The investment will be due on 19 November 2024.

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17. OTHER ASSETS (continued)

17.4 Provision for other assets

Provision for other assets include provision for impairment of doubtful receivables and overdue advances.

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Provision for other assets	222,608	204,694

Changes in provision for other assets during the year are as follow:

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Beginning balance	204,694	175,771
Provision reversal for credit risk bearing assets	(302)	(304)
Provision charged for other assets	18,216	29,227
Ending balance	222,608	204,694

18. DUE TO AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

18.1 Due to other credit institutions

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Demand deposits	32,493	27,384
In VND	32,365	27,199
In foreign currencies	128	185
Term deposits	19,862,200	22,877,100
In VND	14,061,880	22,877,100
In foreign currencies	5,800,320	-
	19,894,693	22,904,484

Interest rates applicable to term deposits of other credit institutions at the end of the year are as follows:

	<i>31 December 2021 % per annum</i>	<i>31 December 2020 % per annum</i>
Term deposits in VND	1.60 - 2.10	0.15 - 1.05
Term deposit in foreign currencies	0.01 - 0.25	Not applicable

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18. DUE TO AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS (continued)

18.2 Borrowings from other credit institutions

	Ending balance VND million	Beginning balance VND million
Borrowings from domestic credit institutions in VND	2,679,276	1,748,320
<i>In which: Loan discounted, re-discounted</i>	2,406,876	1,580,458
Borrowings from domestic and foreign credit institutions in foreign currencies	4,841,076	1,849,897
	7,520,352	3,598,217

Interest rates applicable to borrowings from other credit institutions at the end of the year are as follows:

	31 December 2021 % per annum	31 December 2020 % per annum
In VND	1.20 - 4.70	0.17 - 5.00
In foreign currencies	0.20 - 3.23	1.34 - 3.25

19. DUE TO CUSTOMERS

19.1 Analysis by type of deposits

	Ending balance VND million	Beginning balance VND million
Demand deposits	11,075,462	12,498,186
Demand deposits in VND	10,598,128	11,911,176
Demand deposits in foreign currencies	476,030	585,699
Demand savings deposits in VND	159	193
Demand savings deposits in foreign currencies	1,145	1,118
Term deposits	56,251,538	59,138,174
Term deposits in VND	29,075,767	25,872,142
Term deposits in foreign currencies	-	120,094
Term savings deposits in VND	26,648,212	32,397,246
Term savings deposits in foreign currencies	527,559	748,692
Specialised capital deposits	71,657	484,192
Specialised capital deposits in VND	20,484	19,234
Specialised capital deposits in foreign currencies	51,173	464,958
Margin deposits	441,075	387,671
Margin deposits in VND	427,613	374,754
Margin deposits in foreign currencies	13,462	12,917
	67,839,732	72,508,223

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19. DUE TO CUSTOMERS (continued)

19.1 Analysis by type of deposits (continued)

Interest rates applicable to customer deposits at the end of the year are as follows:

	31 December 2021 % per annum	31 December 2020 % per annum
Demand deposits in VND	0.20	0.20
Demand savings deposits in VND	0.00	0.00
Demand deposits in foreign currencies	0.00	0.00
Demand savings deposits in foreign currencies	0.00	0.00
Term deposits in VND	0.20 - 8.20	0.20 - 8.30
Term savings deposits in VND	0.20 - 8.30	0.20 - 12.00
Term deposits in foreign currencies	0.00	0.00
Term savings deposits in foreign currencies	0.00	0.00

In case term deposits are withdrawn before the maturity date, the demand interest rate shall be applied.

19.2 Analysis by customers and type of business

	Ending balance VND million	Beginning balance VND million
Business households and individual	32,075,367	36,182,339
Other joint stock companies	15,442,139	12,822,018
Other limited companies	10,477,194	8,717,734
Other state-owned companies	4,028,647	10,263,347
One-member limited liability companies of which 100% charter capital is held by the State	1,975,751	137,932
Foreign invested companies	1,386,630	1,517,921
Limited liability companies with two or more members of which more than 50% of the charter capital is held or coordinated by the State	821,300	1,032,419
The state-owned joint stock company	359,392	278,120
Public administrative units, agencies of the Communist Party, unions and associations	210,888	224,206
Private companies	40,376	14,046
Cooperatives and inter-cooperatives	17,858	35,381
Partnership companies	6,528	-
Others	997,662	1,282,760
	67,839,732	72,508,223

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20. GRANTS, ENTRUSTED FUNDS AND LOANS EXPOSED TO RISKS

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
In VND (i)	102,652	167,949
In foreign currencies (ii)	455,909	769,803
	558,561	937,752

(i) This balance represents funds received from the SBV to assist enterprises in the acquisition of capital assets. These funds have terms from 36 months to 120 months, with interest rate of 3.91% p.a. (31 December 2020: 4.18% p.a.).

(ii) This balance denominated in foreign currencies represents funds received from two organisations, DEG - Deutsche Investitions-und Entwicklungsgesellschaft mbH (under the German Rehabilitation Bank) and Norfund - The Norwegian Investment Fund for Developing Countries with the aim to support women-owned small and medium enterprises. These funds have a term of 60 months, with interest rate of 3.25% p.a. (31 December 2020: from 3.42% p.a. to 3.43% p.a.).

21. VALUABLE PAPERS ISSUED

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Certificate of deposits in VND	5,930	5,205,930
Less than 12 months	-	5,200,000
From 5 years or more	5,930	5,930
Bonds in VND	11,400,000	400,000
From 12 months to less than 5 years	11,000,000	-
From 5 years or more	400,000	400,000
	11,405,930	5,605,930

Interest rates applicable to valuable papers issued at the end of the year are as follows:

	<i>31 December 2021 % per annum</i>	<i>31 December 2020 % per annum</i>
Certificate of deposits in VND		
Less than 12 months	Not applicable	2.80 - 3.00
From 5 years or more	7.57	8.73
Bonds in VND		
From 12 months to less than 5 years	2.80 - 4.00	Not applicable
From 5 years or more	8.00	8.00

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22. OTHER LIABILITIES

22.1 Interest and fees payable

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Interest on saving deposits in VND	514,451	821,491
Interest on deposits in VND	503,988	468,023
Interest on swap contracts	176,747	54,000
Interest on valuable papers in VND	153,479	19,065
Interest on forward contracts	67,315	22,402
Interest on borrowings in foreign currencies	8,173	7,701
Interest on borrowings in VND	1,110	167
Interest on grants, entrusted funds in foreign currencies	669	1,227
Interest on saving deposits in foreign currencies	133	3
Interest on grants, entrusted funds in VND	39	63
	1,426,104	1,394,142

22.2 Other payables

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Internal payables	214,449	199,393
Payables to employees	171,298	155,743
Bonus and welfare fund	43,151	43,650
External payables	339,327	228,752
Payables pending for settlement	149,217	51,635
Taxes payable to the State Budget	113,657	54,439
Payables to customers	39,077	73,197
Unearned revenue	20,933	40,968
Receipts from debts sold	15,719	7,487
Dividend payables	724	1,026
Other payables	8,595	3,958
Excess funds waiting resolution	1,156	1,001
Other payables	7,439	2,957
	562,371	432,103

22.3 Bonus and welfare fund

Movements of the bonus and welfare fund during the year are as follows:

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Beginning balance	43,650	5,315
Attribute	33,430	49,087
Utilization during the year	(33,929)	(10,752)
Ending balance	43,151	43,650

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23. STATUTORY OBLIGATIONS

	<i>Beginning balance</i>	<i>Movement during the year</i>		<i>Ending balance</i>
	<i>VND million</i>	<i>Payables</i>	<i>Paid</i>	<i>VND million</i>
		<i>VND million</i>	<i>VND million</i>	
Value added tax	4,847	48,428	(41,152)	12,123
Corporate income tax	45,637	398,831	(347,781)	96,687
Other taxes	3,955	60,056	(59,164)	4,847
	54,439	507,315	(448,097)	113,657

23.1 Current corporate income tax

The Bank and its subsidiaries have the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits for the current year (previous year: 20%).

The Bank and its subsidiaries' tax returns are subject to examination by the taxation authorities. Since the application of tax laws and regulations to many types of transactions are susceptible to varying interpretations, amounts reported in the consolidate financial statements could be changed at a later date upon final determination by the taxation authorities.

The current tax payable is based on taxable profit for the current year. Taxable income differs from profit as reported in the consolidate income statement since it excludes taxable income or deductible expenses in prior years due to the differences between the Bank and its subsidiaries' accounting policies and the current income tax policies, and also excludes non-taxable income or non-deductible expenses. The current CIT payables are calculated based on the statutory tax rates applicable at the consolidate balance sheet date.

Current CIT during the year is calculated as follows:

	<i>Current year</i>	<i>Previous year</i>
	<i>VND million</i>	<i>VND million</i>
Profit before tax	1,958,809	1,403,197
CIT expense at rate of 20%	391,762	280,639
<i>Add:</i>		
- Non-deductible expenses	11,492	9,543
<i>Less:</i>		
- Income from dividends	(1,322)	(845)
- Reduced CIT expense	(3,101)	(3,797)
CIT expenses for the year	398,831	285,540

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24. OWNERS' EQUITY

24.1 Statement of changes in owners' equity

Items	Charter capital VND million	Share premium VND million	Fund for capital expenditure VND million	Capital supplementary reserve VND million	Financial reserve VND million	Investment and development fund VND million	Other reserves VND million	Retained earnings VND million	Total VND million
Beginning balance	5,713,114	-	994	198,883	565,338	27,840	19,158	2,386,022	8,911,349
Capital increase during the year (*)	1,256,885	34,279	-	-	-	-	-	-	1,291,164
Net profit for the year	-	-	-	-	-	-	-	1,559,978	1,559,978
Appropriation to reserves	-	-	-	82,340	158,818	4,905	-	(246,063)	-
Appropriation to bonus and welfare funds	-	-	-	-	-	-	-	(33,430)	(33,430)
Ending balance	6,969,999	34,279	994	281,223	724,156	32,745	19,158	3,666,507	11,729,061

(*) During the year, the Bank increased its charter capital by VND1,256,885 million according to the Resolution of the General Meeting of Shareholders of the Bank dated 29 April 2021 through 2 issuances: (1) issuing 114,262,271 shares for existing shareholders, the issue price was VND10,000/share at issue rate 20% of the charter capital as at 31 December 2020; and (2) issued 11,426,227 shares, equivalent to 2% of charter capital as at 31 December 2020, to employees under the Employee Stock Ownership Plan (ESOP) at an issue price of VND13,000/share.

24.2 The Bank's shareholders

	Ending balance		Beginning balance	
	Shares	Value VND million	Shares	Value VND million
Malayan Banking Berhad	114,265,019	1,142,650	114,265,019	1,142,650
Hanoi Export - Import Company ("Geleximco")	89,066,897	890,669	74,222,415	742,224
International Finance Corporation ("IFC")	57,155,477	571,555	57,155,477	571,555
Other shareholders	436,512,460	4,365,125	325,668,444	3,256,685
	696,999,853	6,969,999	571,311,355	5,713,114
				100.00

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24. OWNERS' EQUITY (continued)

24.3 Shares

Details of the Bank's shares are as follows:

	31 December 2021 Shares	31 December 2020 Shares
Number of authorized shares	696,999,853	571,311,355
Number of issued shares	696,999,853	571,311,355
- Ordinary shares	696,999,853	571,311,355
Number of shares in circulation	696,999,853	571,311,355
- Ordinary shares	696,999,853	571,311,355

25. BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit after tax attributable to ordinary shareholders of the Bank (after adjusted for appropriation of bonus and welfare reserves) by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of outstanding ordinary shares in issue during the previous year is adjusted in proportion to change in the number of outstanding ordinary shares without changing the source of funds with the assumption of such event occurred at the beginning of the reporting period.

Information for basic earnings per share calculation of the Bank are as follows:

	Current year	Previous year (restated)
Net profit attributable to shareholders of the Bank (VND million)	1,559,978	1,117,657
Adjustment for appropriation to bonus and welfare funds (VND million) (*)	-	(33,430)
Net profit attributable to shareholders for basic earnings per share calculation (VND million)	1,559,978	1,084,227
Weighted average number of outstanding ordinary shares (excluded treasury shares) (shares)	579,074,928	571,311,355
Basic earnings per share (VND/share)	2,694	1,898

(*) As at the reporting date, the Bank and its subsidiaries do not estimate certainly the profit which is attributed to bonus and welfare funds for the year ended 31 December 2021 since the Shareholders' Committee have not made decision on proportionately allocating profit after tax for the current year.

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26. INTEREST AND SIMILAR INCOME

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Interest income from loans to customers and other credit institutions	5,472,048	5,597,335
Interest income from trading and investing debt securities	806,180	885,763
Interest income from guarantee services	103,202	98,644
Interest income from deposits	48,420	58,867
Interest income from entrusted investments	24,559	29,329
Other income from credit activities	12,850	14,688
	6,467,259	6,684,626

27. INTEREST AND SIMILAR EXPENSES

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Interest expense on deposits	3,068,231	3,963,600
Interest expense on valuable papers	240,844	181,490
Interest expense on borrowings	93,527	157,775
Expenses for other credit activities	94	215
	3,402,696	4,303,080

28. NET FEES AND COMMISSION INCOME

	<i>Current year</i> <i>VND million</i>	<i>Previous year</i> <i>VND million</i>
Fees and commission income	611,076	383,392
Settlement services	293,921	182,840
Early termination fee	65,333	50,386
Bancassurance	41,011	47,236
Mortgage consulting services	20,124	22,070
Trust and agent services	6,207	6,365
Treasury services	4,091	4,864
Consultancy services	-	1,178
Others	180,389	68,453
Fees and commission expenses	(258,837)	(189,565)
Settlement services	(117,135)	(73,156)
Postal and telecommunication	(24,826)	(22,880)
Treasury services	(19,574)	(18,943)
Consultancy services	(12,446)	(13,751)
Trust and agent services	(12,859)	(7,157)
Brokerage commissions	(16,602)	(5,584)
Others	(55,395)	(48,094)
	352,239	193,827

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29. NET GAIN FROM TRADING OF FOREIGN CURRENCIES

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Income from foreign exchange	2,034,533	742,110
Income from spot foreign exchange	1,409,615	278,787
Income from currency derivative instruments	624,918	463,323
Expense from foreign exchange	(1,622,487)	(440,021)
Expense from spot foreign exchange	(199,135)	(30,314)
Expense from currency derivative instruments	(1,423,352)	(409,707)
	412,046	302,089

30. NET GAIN FROM SECURITIES HELD FOR TRADING

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Gain from dealing of securities held for trading	267,373	6,724
Loss from trading of securities held for trading	(17,162)	(14)
Provision charged for securities held for trading	(1,027)	(206)
	249,184	6,504

31. NET GAIN FROM INVESTMENT SECURITIES

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Gain from trading of available-for-sale securities	273,881	855,444
Loss from trading of available-for-sale securities	(18,456)	(120,164)
Provision (charged)/reversed for available-for-sale securities	(47,297)	24,107
Provision charged for held-to-maturity securities	(5,250)	(1,763)
	202,878	757,624

32. NET GAIN/(LOSS) FROM INVESTMENTS IN OTHER ENTITIES

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Dividend income		
- From long-term investments	6,608	4,222
Gain/(loss) from disposal of long-term investments	77,512	(14,833)
	84,120	(10,611)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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33. NET GAIN FROM OTHER OPERATING ACTIVITIES

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Other operating income	235,134	188,571
Collection of bad debts previously written-off	182,675	119,364
Income from debt purchase activities	29,212	21,426
Reversal of operating expenses	5,289	22,137
Other income from bancassurance	-	9,000
Income from IFC	4,616	5,291
Income from disposals of assets	1,949	1,047
Other income	11,393	10,306
Other operating expenses	(64,441)	(44,650)
Loss from interest rates swaps	(37,524)	(37,196)
Sponsoring expenses	(24,147)	(6,023)
Other expenses	(2,770)	(1,431)
	170,693	143,921

34. OPERATING EXPENSES

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Personnel expenses	991,083	928,879
Salaries and allowances	875,468	806,300
Salary related contributions	69,208	72,204
Lunch allowances	34,421	35,249
Others	11,986	15,126
Asset expenditure	494,552	472,511
Expense for office rental	257,699	239,667
Expense for repairing and maintenance	115,194	107,536
Depreciation and amortization charges	89,243	92,088
Purchasing tools and supplies	27,702	29,392
Assets insurance expenses	4,714	3,828
Administrative expenses	344,228	456,933
Meeting and conference expenses	119,031	177,831
Insurance expense for customer deposits	50,527	53,356
Expenses for publishing documents, advertising	47,456	42,878
Utilities expenses	42,900	40,137
Materials and printing expenses	19,941	24,339
Postage and telecommunication expenses	8,166	9,655
Travelling expenses	7,099	12,197
Audit and inspection expenses	1,775	895
Other taxes and fees	1,529	1,780
Education and training expenses	680	10,464
Provision charged for other assets	18,216	29,227
Diminution provision for long-term investment	(16,654)	16,654
Other expenses	43,562	37,520
	1,829,863	1,858,323

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35. CASH AND CASH EQUIVALENT

Cash and cash equivalents included in the consolidated cash flow statement comprises the following balances in the consolidated balance sheet:

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Cash on hand	485,554	579,345
Balances with the State Bank of Vietnam	4,400,485	996,258
Demand deposits with other credit institutions	1,788,828	5,311,239
Due from other credit institutions with term of less than 3 months	15,119,496	19,483,851
	21,794,363	26,370,693

36. EMPLOYEES' INCOME

	<i>Current year</i>	<i>Previous year</i>
I. Total average number of employees (persons)	4,490	4,291
II. Employees' income (VND million)		
1. Total salary	700,520	679,277
2. Bonus	142,136	137,182
3. Other income	70,779	33,230
4. Total income (1+2+3)	913,435	849,689
5. Average monthly salary (VND million/person)	13,00	13,19
6. Average monthly income (VND million/person)	16,95	16,50

37. COLLATERALS AND MORTGAGES

37.1 Assets and valuable papers taken for mortgage, pledge, discount and re-discount

Types and book value of collaterals of customers at the end of the year are as follows:

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Land and properties	109,388,980	102,187,813
Inventories	1,627,570	820,229
Machinery and equipment	6,648,158	6,351,015
Valuable papers	35,014,032	35,382,248
Other assets	43,967,572	29,853,831
	196,646,312	174,595,136

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37. COLLATERALS AND MORTGAGES (continued)

37.1 *Assets and valuable papers taken for mortgage, pledge, discount and re-discount* (continued)

Assets and valuable papers of other credit institutions taken for mortgage, pledge and discount at the end of the year are as follows:

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Valuable papers	1,965,911	3,572,390

37.2 *Assets and valuable papers of the Bank mortgaged, pledged and discounted, re-discounted*

Breakdown of the Bank's financial assets mortgaged, pledged and discounted for borrowings or securities transferred under purchase and repurchases agreements with SBV and other credit institutions are as follows:

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Valuable papers	2,406,876	1,580,458

38. CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of business, the Bank and its subsidiaries are parties to financial instruments which are recorded as consolidated off-balance sheet items. These financial instruments mainly comprise guarantee commitments and commercial letters of credit. These instruments involve elements of credit risk besides the items recognized in the consolidated balance sheet.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss when any other party to a financial instrument fails to perform in accordance with the terms of the contract.

Financial guarantees are conditional commitments issued by the Bank and its subsidiaries to guarantee the performance of a customer to a third-party including guarantee for borrowings, settlement, and performing contracts and bidding. The credit risk involved in issuing guarantees is essentially the same as that involved in extending loans to other customers.

Commercial at sight letters of credit represents a financing transaction by the Bank and its subsidiaries to its customer who is usually the buyer/importer of goods and the beneficiary is typically the seller/exporter. Credit risk from this type of letters of credit is limited as the merchandise shipped serves as collateral for the transaction.

Deferred payment letters of credits represent the amounts at risk should the contract be fully affected but the client defaults in repayment to the beneficiary. Deferred payment letters of credit that defaulted by clients are recognized by the Bank and its subsidiaries as granting of a compulsory loan with a corresponding liability representing the financial obligation of the Bank and its subsidiaries to pay the beneficiaries and to fulfil the guarantor obligation.

The Bank and its subsidiaries require margin deposits to support credit-related financial instruments when it is deemed necessary. The margin deposit required varies from nil to 100% of the value of a commitment granted, depending on the creditworthiness of clients as assessed by the Bank and its subsidiaries.

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38. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

The currency trading commitments are commitments to purchase, sell at spot and currency forward and swap commitments. Commitments to purchase, sell at spot are commitments to purchase, sell currency according to exchange rate dealt and payment within 2 (two) days since transaction date. Commitments on forward purchase/sale of foreign currency are the commitments where the Bank commits to carry out the purchase/sale of a foreign currency volume in Vietnam dong or in another foreign currency at a determined forward rate the transaction date. Currency swap commitments are commitments to purchase and sell with the same notional principal amount (only two currencies used for transaction) to one client, including one transaction for term payment at spot and one transaction for term payment in the future with the exchange rate of both transactions determined at spot transaction date.

Details of outstanding commitments and contingent liabilities at the end of the year are as follows:

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Foreign exchange commitments	348,211,785	153,781,044
- <i>Buying foreign currencies commitments</i>	<i>80,810,186</i>	<i>20,428,496</i>
- <i>Selling foreign currencies commitments</i>	<i>80,777,940</i>	<i>20,403,616</i>
- <i>Cross currency swap contracts</i>	<i>186,623,659</i>	<i>112,948,932</i>
Letters of credit	595,132	763,010
- <i>At sight letters of credit</i>	<i>293,297</i>	<i>512,672</i>
- <i>Deferred letters of credit</i>	<i>301,835</i>	<i>250,338</i>
Irrevocable loan commitments	42,645	34,501
Other guarantees	5,263,690	4,895,559
- <i>Settlement guarantees</i>	<i>902,368</i>	<i>797,675</i>
- <i>Performance guarantees</i>	<i>455,991</i>	<i>609,344</i>
- <i>Bidding guarantees</i>	<i>271,567</i>	<i>285,787</i>
- <i>Other guarantees</i>	<i>3,633,764</i>	<i>3,202,753</i>
Other commitments	1,291,825	2,464,767
	355,405,077	161,938,881
Less: Margin deposits	(441,074)	(387,671)
Contingent liabilities and commitments	354,964,003	161,551,210

39. RELATED PARTY TRANSACTIONS

Related party transactions include all transactions undertaken with other entities to which the Bank and its subsidiaries are related. Parties are considered as related parties if one party is able to control over or significantly influence to the other party in making decision of financial and operational policies. A party is deemed to be related to the Bank and its subsidiaries if:

(a) Directly, or indirectly through one or more intermediaries, the party:

- ▶ controls, is controlled by, or is under common control with the Bank and its subsidiaries (including parents and subsidiaries);
- ▶ has an interest (owing 5% or more of the charter capital or voting share capital) in the Bank and its subsidiaries that gives it significant influence over the Bank and its subsidiaries;
- ▶ has joint control over the Bank and its subsidiaries;

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39. RELATED PARTY TRANSACTIONS (continued)

- (b) The party is a joint venture in which the Bank and its subsidiaries are ventures (owning over 11% of the charter capital or voting share capital but is not a subsidiary of the Bank and its subsidiaries);
- (c) The party is a member of the key management personnel (including Financial Director and party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any person referred to in (c) or (d).

Significant transactions with related parties in the year are as follows:

<i>Related party</i>	<i>Transactions</i>	<i>Current year VND million</i>	<i>Previous year VND million</i>
Major shareholders and related parties of major shareholders			
Ha Noi Export - Import Company	Demand deposits received	725,979	3,337,701
	Withdrawal from demand deposits	(725,979)	(3,335,931)
	Term deposits received	-	98
	Withdrawal from term deposits	-	(7,879)
	Interest expenses for deposits	-	(678)
	Income from capital contribution investment	4,282	7,581
	Increase in capital contribution investment	8,000	11,000
	Capital contribution investment collected	50,000	-
Malayan Banking Berhad - Malaysia	Demand deposits received	35,501	98,722
	Withdrawal from demand deposits	(33,754)	(94,986)
	Term deposits received	1	(3,622)
	Withdrawal from term deposits	-	3,142
	Interest received from deposits	1	17
	Interest expenses for deposits	(1)	(654)
	Income from derivative and financial instruments	4,180	5,753
	Expenses for derivative and financial instruments	(284)	(419)
International Finance Corporation	Borrowings	-	3,820,964
	Principals paid	(842,769)	(4,716,165)
	Interests paid	(8,516)	(85,502)
Related companies of Ha Noi Export - Import Company	Demand deposits received	28,736,023	34,814,292
	Withdrawal from demand deposits	(29,519,274)	(33,831,264)
	Term deposits received	3,173,132	1,754,334
	Withdrawal from term deposits	(3,207,853)	(927,402)
	Interest expenses for deposits	(1,557)	(28,488)
	Income from capital contribution investment	20,278	21,748

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39. RELATED PARTY TRANSACTIONS (continued)

Significant transactions with related parties in the year are as follows (continued):

<i>Related party</i>	<i>Transactions</i>	<i>Current year VND million</i>	<i>Previous year VND million</i>
Other related parties			
Board of Directors	Demand deposits received	75,943	1,360,897
	Withdrawal from demand deposits	(70,756)	(1,360,379)
	Term deposits received	3	24
	Withdrawal from term deposits	(103)	(319)
	Saving deposits received	476	523,753
	Withdrawal from saving deposits	(14,030)	(211,702)
	Interest expenses for deposits	(1,780)	(8,922)
	Remuneration expenses	(32,812)	(29,066)
Board of Management	Demand deposits received	32,056	60,467
	Withdrawal from demand deposits	(32,101)	(60,179)
	Term deposits received	39	5,877
	Withdrawal from term deposits	(1,045)	(5,978)
	Saving deposits received	-	561
	Withdrawal from saving deposits	-	(720)
	Collection of loan principals	-	152
	Interest income from loans	-	3
	Interest expenses for deposits	(57)	(271)
	Interest expenses for valuable papers	(4)	(17)
	Salaries and allowances	(21,257)	(13,953)
Board of Supervision	Demand deposits received	9,964	19,864
	Withdrawal from demand deposits	(10,887)	(20,107)
	Term deposits received	3	1,210
	Withdrawal from term deposits	(821)	(1,448)
	Saving deposits received	7	698
	Withdrawal from saving deposits	(80)	(2,215)
	Interest expenses for deposits	(18)	(160)
	Remuneration expenses	(3,352)	(3,187)

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39. RELATED PARTY TRANSACTIONS (continued)

Receivables and payables with related parties at the end of the year are as follows:

		Receivables/(Payables)	
Related party	Transactions	Ending balance VND million	Beginning balance VND million
Major shareholders and related parties of major shareholders			
Ha Noi Export - Import Company	Deposits	(327)	(269)
	Receivable from sale of ABS shares	35,855	35,855
	Rental deposits	7,437	21,151
	Shares owning	(890,669)	(742,224)
	Capital contribution investment	38,000	80,000
	Interest receivable from capital contribution investment	1,015	2,372
Malayan Banking Berhad - Malaysia	Deposits	(6,614)	(4,830)
	Shares owning	(1,142,650)	(1,142,650)
	Due from Malayan Banking Berhad	2,202	2,199
International Finance Corporation	Borrowings	(835,666)	(1,693,464)
	Accrual interest expenses for borrowings	(3,522)	(7,037)
	Shares owning	(571,555)	(571,555)
Related companies of Ha Noi Export - Import Company	Deposits	(186,825)	(1,871,809)
	Accrual interest expenses for deposits	(113)	(16,650)
Other related parties			
Board of Directors	Deposits	(490,798)	(508,029)
	Accrual interest expenses	(1,923)	(7,214)
Board of Management	Deposits	(5,573)	(3,972)
	Accrual interest expenses	(151)	(149)
Board of Supervision	Deposits	(1,539)	(1,951)
	Accrual interest expenses	(23)	(73)

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

	<i>Domestic VND million</i>	<i>Overseas VND million</i>	<i>Total VND million</i>
Assets as at 31 December 2021			
Due from and loans to other credit institutions	20,886,751	515,367	21,402,118
Securities held for trading - gross	4,876,884	-	4,876,884
Derivative and financial instruments (Total transaction value amount to contract)	173,588,437	-	173,588,437
Loans to customers - gross	68,983,645	354	68,983,999
Purchased debts - gross	153,234	-	153,234
Investment securities - gross	17,328,218	-	17,328,218
Long-term investments - gross	116,936	-	116,936
Liabilities as at 31 December 2021			
Due to and borrowings from other credit institutions	25,335,867	2,079,178	27,415,045
Due to customers	67,625,840	213,892	67,839,732
Grants, entrusted funds and loans exposed to risks	102,652	455,909	558,561
Valuable papers issued	11,405,930	-	11,405,930
Off-balance-sheet commitments as at 31 December 2021	355,405,077	-	355,405,077

41. FINANCIAL RISK MANAGEMENT

Risk is inherent in the Bank and its subsidiaries' activities and is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank and its subsidiaries' continuing profitability and each individual within the Bank and its subsidiaries are accountable for the risk prevention within his or her responsibilities. The Bank and its subsidiaries are exposed to credit risk, liquidity risk and market risk (then being subdivided into trading and non-trading risks). The Bank and its subsidiaries are also subject to various operational risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Bank and its subsidiaries' policies are to monitor those business risks through the Bank and its subsidiaries' strategic planning process.

(i) Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks. However, each separate member shall be responsible for managing and monitoring risks.

(ii) Board of Directors

The Board of Directors is responsible for monitoring the overall risk management process within the Bank and its subsidiaries.

41. FINANCIAL RISK MANAGEMENT (continued)

(iii) Risk Management Committee

Risk Management Committee advises the Board of Directors in the promulgation of procedures and policies under their jurisdiction relating to risk management in the Bank and its subsidiaries' activities.

Risk Management Committee analyses and provides warnings on the potential risks that may affect the Bank and its subsidiaries' operation and preventive measures in the short term as well as long term.

Risk Management Committee reviews and evaluates the appropriateness and effectiveness of the risk management of procedures and policies of the Bank and its subsidiaries to make recommendations to the Board of Directors on the improvement of procedures, policies and operational strategies.

(iv) Board of Supervision

The Board of Supervision has the responsibility to control the overall risk management process within the Bank and its subsidiaries.

(v) Internal Audit

According to the annual internal audit plan, business processes throughout the Bank and its subsidiaries are audited annually by the internal audit function, which examines both the adequacy of the procedures and compliance with the Bank and its subsidiaries' procedures. Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the Board of Supervision.

(vi) Risk measurement and reporting systems

The Bank and its subsidiaries' risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models.

Monitoring and controlling of risks is primarily performed based on limits established by the Bank and its subsidiaries in compliance with the State Bank of Vietnam's regulations. These limits reflect the business strategy and market environment of the Bank and its subsidiaries as well as the level of risk that the Bank and its subsidiaries are willing to accept.

Information compiled from all business activities is examined and processed in order to analyse, control and early identify risks. This information is presented and explained to the Board of Management, Board of Directors, and the department heads. The report includes aggregate credit exposure, credit metric forecasts, limit exceptions, liquidity ratios and risk profile changes. The Board of Directors assesses the appropriateness of the allowance for credit losses on a quarterly basis. The Board of Directors receives a comprehensive risk report quarterly which is designed to provide all the necessary information to assess and conclude on the risks of the Bank and its subsidiaries.

For all levels throughout the Bank and its subsidiaries, specifically tailored risk reports are prepared and distributed in order to ensure that all business departments have access to extensive, necessary and up-to-date information.

41. FINANCIAL RISK MANAGEMENT (continued)

(vii) Risk reduction

The Bank and its subsidiaries have actively used collateral to mitigate credit risk.

(viii) Excessive risk concentration

Concentrations arise when a number of counterparties of the Bank and its subsidiaries are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would affect the group of customers' payment obligations or payment receipt rights when due under changes in economic, political or other conditions.

These above concentrations indicate the relative sensitivity of the Bank and its subsidiaries' performance to the developments of a particular industry or geographic allocation.

In order to avoid excessive concentrations of risk, the Bank and its subsidiaries' policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risk are controlled and managed accordingly. Selective hedging is used within the Bank and its subsidiaries in respect of the industries and other related factors

42. CREDIT RISK

Credit risk is the risk that the Bank and its subsidiaries will incur a loss because its customers or counterparties fail to discharge their contractual obligations.

The Bank and its subsidiaries manage and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank and its subsidiaries have established a credit quality review process to provide early identification of possible changes in the financial position and creditworthiness of counterparties based on qualitative and quantitative indicators. Counterparty's limits are established by the use of a credit rating system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision.

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42. CREDIT RISK (continued)

42.1 Maximum exposure to credit risk before collateral held or other credit enhancements

The maximum exposures to credit risk relating to each group of financial assets, which are equivalent to their book values on the consolidate balance sheet, are listed below:

	Ending balance VND million	Beginning balance VND million
Credit risk exposures of balance sheet items		
Due from and loans to other credit institutions	21,402,118	28,459,280
Securities held for trading - debt securities	4,876,884	2,001,459
Derivative financial instruments	115,879	-
Loans to customers		
- Individuals	33,154,317	29,222,971
- Corporates	35,829,682	34,070,180
Purchased debts	153,234	153,234
Investment securities		
- Debt securities - available-for-sale	8,818,554	7,537,965
- Debt securities - held-to-maturity	1,908,423	1,897,094
Other financial assets	2,036,950	2,558,353
Credit risk exposures of off-balance sheet items		
Financial guarantees	595,132	763,010
Letters of credit	5,263,690	4,895,559

This table presents the worst scenario which the Bank and its subsidiaries will incur the maximum credit exposures as at 31 December 2021 and 31 December 2020, without taking into account of any collateral held or their credit enhancements.

42.2 Financial assets neither past due nor impaired

The Bank and its subsidiaries' financial assets which are neither past due nor impaired comprise loans to customers classified as Group 1 in accordance with Circular 11; securities, receivables and other financial assets which are not past due and no provision is required in accordance with Circular 48. The Bank and its subsidiaries determine that the Bank and its subsidiaries have absolutely capacity to fully and timely recover these financial assets in the futures.

42.3 Financial assets past due but not impaired

The age of financial assets past due but not impaired as at 31 December 2021 is presented below:

	Past due				
	Less than 90 days VND million	From 91 to 180 days VND million	From 181 to 360 days VND million	More than 360 days VND million	Total VND million
Loans to customers	290,386	74,283	62,707	289,036	716,412

42. CREDIT RISK (continued)

42.3 Financial assets past due but not impaired (continued)

Loans that are overdue but not impaired are overdue loans but not required to make provisions as the Bank and its subsidiaries hold all collaterals in the form of counterparty deposits, real estate, movable assets, valuable papers and other types of collateral.

43. MARKET RISK

43.1 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair values of financial instruments. The Bank and its subsidiaries are exposed to interest rate risk as a result of mismatches of maturity dates or dates of interest rate re-pricing in respect of assets, liabilities and off-balance sheet instruments over a certain period. The Bank and its subsidiaries manage this risk by matching the dates of interest rate re-pricing of assets and liabilities through risk management strategies.

The effective interest rates on balances with the SBV, due from and loans to other credit institutions, loans to customers, due to and borrowings from other credit institutions, due to customers and valuable papers issued in currencies are presented in *Notes 6, 7, 10, 18, 19 and 21*.

Analysis of assets and liabilities based on interest rate re-pricing date

Re-pricing term of the effective interest rate is the remaining period from the date of the consolidated financial statements to the nearest re-pricing date of interest rate or remaining contractual term of assets and liabilities whichever is earlier.

The following assumptions and conditions are used in analysis of the re-pricing period of interest rates of the Bank's assets and liabilities:

- ▶ Cash on hand; securities held for trading, investment in equity securities and special bonds issued by VAMC; derivatives; long-term investment and other assets (including fixed assets, investment properties and other assets) and other liabilities are classified as non-interest bearing items;
- ▶ The re-pricing term of balances with the State Bank of Vietnam is demand deposit and considered as up to 1-month;
- ▶ The re-pricing term of investment securities - debt securities (excluding special bond issued by VAMC) is calculated based on the time to maturity from the consolidated financial statement date for each type of securities;
- ▶ The re-pricing term of borrowing from SBV; due from and loans to other credit institutions; loans to customers; entrusted funds; due to and borrowings from other credit institutions; due to customers are determined as follows:
 - Items which bear fixed interest rate during the contractual term: The re-pricing term is determined based on the time to maturity from the balance sheet date.
 - Items which bear floating interest rate: The re-pricing term is determined based on the time to the nearest interest rate re-pricing date from the balance sheet date.
- ▶ The re-pricing term of valuable papers issued is determined based on time to actual maturity date of each valuable paper.

The following table presents the interest re-pricing period of the Bank and its subsidiaries' assets and liabilities as at 31 December 2021:

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43. MARKET RISKS (continued)

43.1 Interest rate risk (continued)

	Interest re-pricing period								Total VND million
	Overdue VND million	Non-interest bearing VND million	Up to 1 month VND million	1 - 3 months VND million	3 - 6 months VND million	6 - 12 months VND million	1 - 5 years VND million	Over 5 years VND million	
Assets									
Cash on hand	-	485,554	-	-	-	-	-	-	485,554
Balances with the SBV	-	-	4,400,485	-	-	-	-	-	4,400,485
Due from and loans to other credit institutions	-	-	16,352,235	5,049,883	-	-	-	-	21,402,118
Securities held for trading	-	4,876,884	-	-	-	-	-	-	4,876,884
Derivatives and other financial assets	-	115,879	-	-	-	-	-	-	115,879
Loans to customers - gross	3,103,408	-	-	65,880,591	-	-	-	-	68,983,999
Purchased debts - gross	-	-	-	153,234	-	-	-	-	153,234
Investment securities - gross	-	826,212	-	1,306,869	-	541,269	9,775,007	4,878,861	17,328,218
Long-term investments - gross	-	116,936	-	-	-	-	-	-	116,936
Fixed assets	-	913,863	-	-	-	-	-	-	913,863
Investment properties	-	68,734	-	-	-	-	-	-	68,734
Other assets - gross	269,770	2,935,860	-	38,000	-	200,000	-	-	3,443,630
Total assets	3,373,178	10,339,922	20,752,720	72,428,577	-	741,269	9,775,007	4,878,861	122,289,534
Liabilities									
Due to and borrowings from other credit institutions	-	-	20,048,473	5,822,727	515,091	889,047	104,978	34,729	27,415,045
Due to customers	-	-	23,010,287	16,555,410	15,871,731	11,492,387	899,254	10,663	67,839,732
Grants, entrusted funds and loans exposed to risks	-	-	373	545	692	2,816	542,372	11,763	558,561
Valuable papers issued	-	-	-	-	1,030	4,900	11,400,000	-	11,405,930
Other liabilities	-	1,988,475	-	-	-	-	-	-	1,988,475
Total liabilities	-	1,988,475	43,059,133	22,378,682	16,388,544	12,389,150	12,946,604	57,155	109,207,743
On-balance sheet interest sensitivity gap	3,373,178	8,351,447	(22,306,413)	50,049,895	(16,388,544)	(11,647,881)	(3,171,597)	4,821,706	13,081,791
Off-balance sheet interest sensitivity gap	-	-	-	-	1,291,825	-	-	-	1,291,825

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43. MARKET RISKS (continued)

43.2 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Bank and its subsidiaries are incorporated and operating in Vietnam with reporting currency as VND. The major currency of its transaction is also VND, some transactions are denominated in USD, EUR and other foreign currencies. The Bank and its subsidiaries have set limits to control the positions of the currencies. Positions are monitored on a daily basis and hedging strategies are used to ensure positions of the currencies are maintained within the established limits.

The exchange rates of key foreign currencies to VND at the reporting date are presented at *Note 47*.

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43. MARKET RISKS (continued)

43.2 Currency risk (continued)

The following table presents assets and liabilities in foreign currencies translated into VND as at 31 December 2021:

	EUR equivalent VND million	USD equivalent VND million	Other currencies equivalent VND million	Total VND million
Assets				
Cash on hand	631	23,390	559	24,580
Balances with the State Bank of Vietnam	-	9,913	-	9,913
Due from and loans to other credit institutions	54,327	12,607,804	1,155,619	13,817,750
Loans to customers - gross	272,310	2,221,759	-	2,494,069
Other assets - gross	212	108,468	374	109,054
Total assets	327,480	14,971,334	1,156,552	16,455,366
Liabilities				
Due to and borrowings from other credit institutions	-	10,641,504	20	10,641,524
Due to customers	15,349	1,047,078	6,941	1,069,368
Derivatives and other financial liabilities	310,176	3,783,009	1,129,850	5,223,035
Grants, entrusted funds and loans exposed to risks	-	455,909	-	455,909
Other liabilities	142	13,917	621	14,680
Total liabilities	325,667	15,941,417	1,137,432	17,404,516
Foreign exchange position on-balance sheet	1,813	(970,084)	19,121	(949,150)
Foreign exchange position off-balance sheet	-	(20,890)	(1,937)	(22,827)
Foreign exchange position on and off-balance sheet	1,813	(990,974)	17,184	(971,977)

43. MARKET RISK (continued)

43.3 Liquidity risk

Liquidity risk is the risk which the Bank and its subsidiaries have difficulties in meeting the obligations of financial liabilities. Liquidity risk occurs when the Bank and its subsidiaries cannot afford to settle debt obligations at the due dates in the normal or stress conditions. To manage the liquidity risk exposure, the Bank and its subsidiaries have diversified the mobilization of deposits from various sources in addition to its basic capital resources. In addition, the Bank and its subsidiaries have established policy for control of liquidity assets flexibly; monitor the future cash flows and daily liquidity. The Bank and its subsidiaries have also evaluated the estimated cash flows and the availability of current collateral assets in case of obtaining more deposits.

The maturity term of assets and liabilities is the remaining period of assets and liabilities as calculated from the balance sheet date to the settlement date in accordance with contractual terms and conditions.

The following assumptions and conditions are applied in the analysis of maturity of the Bank and its subsidiaries' assets and liabilities:

- ▶ Balances with the SBV are classified as demand deposits with maturity within one (1) month which include compulsory deposits;
- ▶ The maturity term of securities held for trading is considered within one month because of their high liquidity, investment securities - debt securities is calculated based on the maturity date of each kind of securities;
- ▶ The maturity term of granted, entrusted funds and loans exposed to risk, valuable papers issued, due from and loans to other credit institutions, loans to customers is determined based on the maturity date as stipulated in contracts. The actual maturity term may be altered because loan contracts may be extended;
- ▶ The maturity term of long-term investments and investment properties is considered as more than five (5) years because these investments do not have specific maturity date;
- ▶ The maturity term of due to and borrowings from other credit institutions, derivatives, due to customers and other financial liabilities are determined based on features of these items or the maturity date as stipulated in contracts. Vostro account and demand deposits are transacted as required by customers, and therefore, classified as current accounts. The maturity term of borrowings and term deposits is determined based on the maturity date in contracts. In practice, these amounts may be rolled over, and therefore, they may last beyond the original maturity date;
- ▶ The maturity term of a fixed asset is determined based on the remaining useful life of the asset.

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43. MARKET RISK (continued)

43.3 Liquidity risk (continued)

The following table presents assets and liabilities by relevant maturity based on remaining period calculated at 31 December 2021:

	Overdue		Current				Total VND million
	Above 3 months VND million	Up to 3 months VND million	Up to 1 month VND million	1 - 3 months VND million	3 - 12 months VND million	1 - 5 years VND million	Above 5 years VND million
Assets							
Cash on hand	-	-	485,554	-	-	-	485,554
Balances with the SBV	-	-	4,400,485	-	-	-	4,400,485
Due from and loans to other credit institutions	-	-	16,352,235	5,049,883	-	-	21,402,118
Securities held for trading - gross	-	-	4,876,884	-	-	-	4,876,884
Derivatives and other financial assets	-	-	29,856	-	131,468	-	161,324
Loans to customers - gross	1,422,507	1,680,900	4,563,375	11,476,742	21,629,706	7,088,498	68,983,999
Purchased debts - gross	-	-	-	-	-	-	153,234
Investment securities - gross	-	-	-	1,306,869	541,269	10,598,819	17,328,218
Long-term investments - gross	-	-	-	-	-	-	116,936
Fixed assets	-	-	4	81	4,437	113,639	913,863
Investment properties	-	-	-	-	-	-	68,734
Other assets - gross	269,770	-	1,118,493	50,694	1,032,346	690,251	3,443,630
Total assets	1,692,277	1,680,900	31,826,886	17,884,269	23,339,226	18,491,207	122,334,979
Liabilities							
Due to and borrowings from other credit institutions	-	-	20,048,473	5,822,727	1,404,138	104,978	27,415,045
Due to customers	-	-	23,010,285	16,555,410	27,364,120	899,254	67,839,732
Derivatives and other financial liabilities	-	-	-	45,445	-	-	45,445
Grants, entrusted funds and loans exposed to risks	-	-	373	545	3,508	542,372	558,561
Valuable papers issued	-	-	-	-	5,930	11,400,000	11,405,930
Other liabilities	-	-	1,988,475	-	-	-	1,988,475
Total liabilities	-	-	45,047,606	22,424,127	28,777,696	12,946,604	109,253,188
Net liquidity gap	1,692,277	1,680,900	(13,220,720)	(4,539,858)	(5,438,470)	5,544,603	13,081,791

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43. MARKET RISK (continued)

43.4 Market price risk

Except for the assets and liabilities presented above, the Bank and its subsidiaries have no other market price risks which have risk level accounting for 5% or more of net profit or the value of assets, liabilities accounting for 5% or more of total assets.

44. OPERATING LEASE COMMITMENTS

	<i>Ending balance</i> <i>VND million</i>	<i>Beginning balance</i> <i>VND million</i>
Operating lease commitments	890,614	780,453
<i>In which:</i>		
- Within one (1) year	192,849	176,082
- From one (1) to five (5) years	555,096	486,584
- After five (5) years	142,669	117,787

45. SUPPLEMENTAL NOTES TO FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

The Circular 210 only provides for the presentation and disclosures of financial instruments; therefore, the concepts of financial assets, financial liabilities and related concepts are applied solely for the supplemental presentation. Assets, liabilities and equity of the Bank and its subsidiaries have been recognized and measured in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and the statutory requirements relevant to preparation and presentation of the consolidated financial statements.

45. SUPPLEMENTAL NOTES TO FINANCIAL ASSETS AND FINANCIAL LIABILITIES
(continued)

Financial assets

Financial assets of the Bank and its subsidiaries within the scope of Circular 210 comprise cash and gold, balances with the State Bank of Vietnam, due from and loans to other credit institutions, loans to customers, investment securities, receivables and other assets under currency derivative contracts.

According to Circular 210, financial assets are classified appropriately, for the purpose of disclosure in the consolidated financial statements, into one of the following categories:

► ***A financial asset at fair value through profit or loss***

Is a financial asset that meets either of the following conditions:

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

► ***Held-to-maturity investments:***

Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank and its subsidiaries have the positive intention and ability to hold to maturity other than:

- a) Those that the Bank and its subsidiaries upon initial recognition designated as at their fair value through profit or loss;
- b) Those that designated as available-for-sale;
- c) Those that satisfied the definitions of loans and receivables.

► ***Loans and receivables:***

Are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, not includes:

- a) Those that the Bank and its subsidiaries intend to sell immediately or in the near term, which shall be classified as held for trading, and those that the Bank and its subsidiaries upon initial recognition designate as at fair value through profit or loss;
- b) Those that the Bank and its subsidiaries upon initial recognition designate as available for sale; or
- c) Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

► ***Available for sale assets:***

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

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

45. SUPPLEMENTAL NOTES TO FINANCIAL ASSETS AND FINANCIAL LIABILITIES
(continued)

Financial liabilities

Financial liabilities of the Bank and its subsidiaries under the Circular 210 consist of borrowings from the Government and the State Bank of Vietnam, deposits and borrowings from other banks, due to customers, grants, entrusted funds and loans exposed to risks, valuable papers issued by the Bank and its subsidiaries, payables and other liabilities under monetary derivative contracts.

According to Circular 210/2009/TT-BTC, financial liabilities are classified appropriately, for the purpose of disclosure in the consolidated financial statements, into one of the following categories:

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

Is a financial liability that meets either of the following conditions:

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

► ***Financial liabilities at amortized cost***

Financial liabilities which are not categorized as at fair value through profit or loss will be classified as financial liabilities at amortized cost.

Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and reported at the net amount in the consolidated balance sheet if, and only if, the Bank and its subsidiaries have an enforceable legal right to offset financial assets against financial liabilities and the Bank and its subsidiaries have intention to settle on a net basis, or the realization of the assets and settlement of liabilities is made simultaneously.

Determine the fair value of financial instruments

The fair value of cash and short-term deposits approximate their carrying value due to short term maturity of these items.

45. SUPPLEMENTARY NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The carrying amount and fair value of the Bank and its subsidiaries' financial assets and liabilities are presented as at 31 December 2021 as follows:

	Book value					
	Financial assets at fair value through profit and loss VND million	Held to maturity VND million	Loans and receivables VND million	Available for sale VND million	Other assets and liabilities at amortized cost VND million	Total book value VND million
						Fair value VND million
Financial assets						
Cash on hand	-	-	-	-	485,554	485,554
Balances with the State Bank of Vietnam	-	-	-	-	4,400,485	4,400,485
Due from and loans to other credit institutions	-	-	4,489,794	-	16,912,324	21,402,118
Securities held for trading	4,875,651	-	-	-	-	4,875,651
Derivatives and other financial assets	115,879	-	-	-	-	115,879
Loans to customers	-	-	68,173,079	-	-	68,173,079
Purchased debts	-	-	152,085	-	-	152,085
Investment securities	-	1,728,915	-	15,282,483	-	17,011,398
Long-term investments	-	-	-	116,936	-	116,936
Other financial assets	-	-	-	-	2,036,950	2,036,950
	4,991,530	1,728,915	72,814,958	15,399,419	23,835,313	118,770,135
Financial liabilities						
Due to and borrowings from other credit institutions	-	-	-	-	27,415,045	27,415,045
Due to customers	-	-	-	-	67,839,732	67,839,732
Grants, entrusted funds and loans exposed to risks	-	-	-	-	558,561	558,561
Valuable papers issued	-	-	-	-	11,405,930	11,405,930
Other financial liabilities	-	-	-	-	1,639,436	1,639,436
	-	-	-	-	108,858,704	108,858,704

(*) As Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and related regulations of the State Bank of Vietnam have no specific guidance on the fair value determination, the fair value of these items cannot be determined.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

46. EVENTS AFTER THE CONSOLIDATED BALANCE SHEET DATE

On 11 February 2022, the Bank increased its charter capital by VND2,439 billion through the issuance of bonus shares to existing shareholders at issuance rate of 35% on the number of shares owned by shareholders as at 11 February 2022 (The last registration date finalizes the list of shareholders). The source used to issue bonus shares includes VND2,256 billion from undistributed profits and VND183 billion from capital supplementary reserve. Accordingly, the number of issued bonus shares were 243,947,229 common shares, charter capital of the Bank reached over VND9,409 billion.

There is no matter or circumstance that has arisen since the consolidated balance sheet date that requires adjustment or disclosure in the consolidated financial statements of the Bank and its subsidiaries.

47. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VIETNAM DONG AT THE END OF THE YEAR

	31 December 2021 VND	31 December 2020 VND
USD	22,800	23,095
EUR	25,848	28,415
GBP	30,762	31,500
JPY	199	223,92
AUD	16,518	17,782
CAD	17,880	18,047
NZD	15,563	16,692
SGD	16,852	17,469
CHF	25,822	26,205
HKD	2,922	2,980

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30 March 2022