



Joint Stock Commercial Bank for Foreign Trade of Vietnam

Separate Financial Statements
for the year ended 31 December 2021



Joint Stock Commercial Bank for Foreign Trade of Vietnam

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Joint Stock Commercial Bank for Foreign Trade of Vietnam

Bank Information

Establishment and Operation Licence

Establishment and Operation Licence No. 138/GP-NHNN dated 23 May 2008 issued by the State Bank of Vietnam, Decision No. 2719/QD-NHNN dated 27 December 2011, Decision No. 523/QD-NHNN dated 22 March 2012, Decision No. 1547/QD-NHNN dated 6 August 2014, Decision No. 2182/QD-NHNN dated 26 October 2015, Decision No. 95/QD-NHNN dated 18 January 2017, Decision No. 891/QD-NHNN dated 8 May 2017, Decision No. 2293/QD-NHNN dated 31 October 2017, Decision No. 300/QD-NHNN dated 21 February 2019 and Decision No. 2447/QD-NHNN dated 25 November 2019 promulgated by the State Bank of Vietnam amending and supplementing the operations of Joint Stock Commercial Bank for Foreign Trade of Vietnam.

Business Registration Certificate

Business Registration Certificate with Enterprise Code No. 0103024468 issued by Hanoi Department of Planning and Investment on 2 June 2008, with Enterprise Code No. 0100112437 being amended 14th time on 6 September 2021.

Members of the Board of Directors during the year and until the issuance date of the separate financial statements

Mr. Pham Quang Dung	Chairman	Appointed on 30 August 2021
Mr. Nghiem Xuan Thanh	Chairman	Resigned on 3 July 2021
Mr. Do Viet Hung	Member	Appointed on 26 April 2019
Mr. Nguyen Manh Hung	Member	Re-appointed on 27 April 2018
Mr. Nguyen My Hao	Member	Re-appointed on 27 April 2018
Mr. Eiji Sasaki	Member	Dismissed on 23 April 2021
Mr. Pham Anh Tuan	Member	Re-appointed on 27 April 2018
Mr. Hong Quang	Member	Appointed on 27 April 2018
Mr. Truong Gia Binh	Independent Member	Appointed on 27 April 2018
Mr. Shorijo Mizoguchi	Member	Appointed on 23 April 2021

Members of the Board of Management during the year and until the issuance date of the separate financial statements

Mr. Pham Quang Dung	Chief Executive Officer ("CEO")	Resigned on 30 August 2021
Mr. Nguyen Thanh Tung	Deputy CEO In-charge of the Board of Management	Appointed on 30 August 2021
Mr. Dao Minh Tuan	Deputy CEO	Retired on 1 December 2021
Mr. Pham Manh Thang	Deputy CEO	Re-appointed on 10 March 2019
Ms. Nguyen Thi Kim Oanh	Deputy CEO	Re-appointed on 26 December 2019
Ms. Dinh Thi Thai	Deputy CEO	Re-appointed on 9 June 2020
Mr. Eiji Sasaki	Deputy CEO	Dismissed on 23 April 2021
Ms. Phung Nguyen Hai Yen	Deputy CEO	Appointed on 15 December 2017
Mr. Le Quang Vinh	Deputy CEO	Appointed on 15 December 2017
Mr. Dang Hoai Duc	Deputy CEO	Appointed on 1 April 2019
Mr. Shorijo Mizoguchi	Deputy CEO	Appointed on 23 April 2021

Joint Stock Commercial Bank for Foreign Trade of Vietnam
Bank Information (continued)

Members of the Supervisory Board during the year and until the issuance date of the separate financial statements

Mr. Lai Huu Phuoc	Chair of the Board	Appointed on 4 November 2020
Ms. La Thi Hong Minh	Member	Re-appointed on 27 April 2018
Ms. Do Thi Mai Huong	Member	Re-appointed on 27 April 2018

Chief Accountant	Mr. Le Hoang Tung Appointed on 15 December 2017
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Legal Representative	Since 30 August 2021 Mr. Pham Quang Dung Title: Chairman of the Board of Directors
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Authorised signature on financial statements <i>(According to Letter of Authorisation No. 337/UQ-VCB-CSTCKT dated 29 September 2021)</i>	Since 29 September 2021 Ms. Phung Nguyen Hai Yen Title: Deputy CEO
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The Bank's Head Office	198 Tran Quang Khai Street Hoan Kiem District, Hanoi, Vietnam
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Auditor	KPMG Limited Vietnam
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Joint Stock Commercial Bank for Foreign Trade of Vietnam Report of the Board of Management

The Board of Management of Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank") presents this report and the accompanying separate financial statements of the Bank for year ended 31 December 2021.

The Board of Management's responsibility in respect of the separate financial statements

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

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed or not, subject to any material departures disclosed and explained in the separate financial statements; and
- Prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue their business.

The Board of Management is responsible for ensuring that proper accounting records are kept to disclose, with reasonable accuracy at any time, the financial position of the Bank and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Bank 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 separate financial statements.

Statement of the Board of Management

The Board of Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Bank as at 31 December 2021, and of its separate results of operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

For and on behalf of the Board of Management:



Ms. Phung Nguyen Hai Yen
Deputy CEO

Hanoi, 21 March 2022



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

**To: The Shareholders
Joint Stock Commercial Bank for Foreign Trade of Vietnam**

We have audited the accompanying separate financial statements of Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank"), which comprise the separate balance sheet as at 31 December 2021, the separate statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank's Board of Management on 21 March 2022, as set out on pages 6 to 78.

The Board of Management's responsibility

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

Auditor's responsibility

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

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

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





Auditor's Opinion

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



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

Hanoi, 21 March 2022

A blue ink signature of Trương Vinh Phúc.

Trương Vinh Phúc
Practicing Auditor Registration
Certificate No. 1901-2018-007-1

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Separate balance sheet as at 31 December 2021

Form B02/TCTD
(Issued under Circular No.
49/2014/TT-NHNN dated 31
December 2014)

No.	Items	Note	31/12/2021 VND million	31/12/2020 VND million
A	ASSETS			
I	Cash on hand, gold, silver and gemstones	4	17,930,467	15,059,581
II	Balances with the State Bank of Vietnam	5	22,310,992	33,009,681
III	Balances with and loans to other credit institutions	6	227,554,511	268,938,448
1	Balances with other credit institutions		179,461,016	201,896,086
2	Loans to other credit institutions		52,093,495	68,042,362
3	Allowance for balances with and loans to other credit institutions		(4,000,000)	(1,000,000)
IV	Trading securities	7	779,371	62,623
1	Trading securities		799,376	62,623
2	Allowance for trading securities		(20,005)	-
V	Derivative financial instruments and other financial assets	8	303,202	-
VI	Loans to customers		926,140,726	813,701,003
1	Loans to customers	9	952,018,701	832,876,112
2	Allowance for loans to customers	10	(25,877,975)	(19,175,109)
VIII	Investment securities	11	170,396,896	156,923,184
1	Available-for-sale securities		71,014,312	42,140,641
2	Held-to-maturity securities		99,557,595	115,382,544
3	Allowance for investment securities		(175,011)	(600,001)
IX	Capital contributions, long-term investments		5,703,686	5,511,728
1	Investments in subsidiaries	12(a)	3,560,600	3,442,280
2	Investments in joint-ventures	12(b)	545,515	545,515
3	Investments in associates	12(c)	11,110	11,110
4	Other long-term investments	12(d)	1,661,461	1,587,823
5	Allowance for long-term investments	12(e)	(75,000)	(75,000)
X	Fixed assets		8,372,476	8,230,592
1	Tangible fixed assets	13	5,312,658	5,118,663
a	Cost		12,768,914	11,926,789
b	Accumulated depreciation		(7,456,256)	(6,808,126)
3	Intangible fixed assets	14	3,059,818	3,111,929
a	Cost		4,563,318	4,154,324
b	Accumulated amortisation		(1,503,500)	(1,042,395)
XII	Other assets		27,341,287	19,365,737
1	Receivables	15(a)	14,140,828	6,171,215
2	Accrued interest and fee receivables	15(b)	6,955,958	7,081,361
3	Deferred tax assets	15(c)	-	902,392
4	Other assets	15(d)	6,244,501	5,210,814
5	Allowance for other assets	15(d)	-	(45)
	TOTAL ASSETS		1,406,833,614	1,320,802,577

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

No.	Items	Note	31/12/2021 VND million	31/12/2020 VND million
B	LIABILITIES AND OWNERS' EQUITY			
I	Amounts due to the Government and the State Bank of Vietnam	16	9,468,116	41,176,995
II	Deposits and borrowings from other credit institutions	17	105,578,800	101,597,542
1	Deposits from other credit institutions		104,878,800	101,597,542
2	Borrowings from other credit institutions		700,000	-
III	Deposits from customers	18	1,136,759,508	1,032,263,551
IV	Derivative financial instruments and other financial liabilities	8	-	52,031
V	Funds for finance, entrusted investments and entrusted loans	19	7,707	14,679
VI	Valuable papers issued	20	17,413,979	21,369,849
VII	Other liabilities		31,082,225	32,139,734
1	Accrued interest and fee payables	21(a)	9,328,950	9,800,017
3	Other liabilities	21(b)	21,753,275	22,339,717
	TOTAL LIABILITIES		1,300,310,335	1,228,614,381
VIII	Owners' equity			
1	Capital		42,084,575	42,084,575
a	Charter capital		37,088,774	37,088,774
c	Share premium		4,995,389	4,995,389
g	Other capital		412	412
2	Reserves		17,799,503	14,620,338
5	Retained profits		46,639,201	35,483,283
a	Previous years' retained profits		30,678,442	22,005,205
b	Current year's retained profits		15,960,759	13,478,078
	TOTAL OWNERS' EQUITY	22(a)	106,523,279	92,188,196
	TOTAL LIABILITIES AND OWNERS' EQUITY		1,406,833,614	1,320,802,577

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Separate balance sheet as at 31 December 2021 (continued)

Form B02/TCTD
(Issued under Circular No.
49/2014/TT-NHNN dated 31
December 2014)

No.	Items	31/12/2021 VND million	31/12/2020 VND million
OFF-BALANCE SHEET ITEMS			
1	Credit guarantees	2,447,477	654,296
2	Foreign exchange commitments	81,044,022	116,656,912
	<i>Foreign currency buying commitments</i>	3,470,214	53,984,032
	<i>Foreign currency selling commitments</i>	3,466,305	62,672,880
	<i>Swap transaction commitments</i>	74,107,503	-
4	Letters of credit	65,378,199	45,980,494
5	Other guarantees	51,576,893	50,892,327
6	Other commitments	-	626,103

Hanoi, 21 March 2022

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen



Deputy Director of
Financial and Accounting
Policy Department



Chief Accountant




Deputy CEO

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

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Separate statement of income for the year ended 31 December 2021

Form B03/TCTD
(Issued under Circular No.
49/2014/TT-NHNN dated 31
December 2014)

No.	Items	Note	2021 VND million	2020 VND million
1	Interest and similar income	24	69,938,237	68,609,167
2	Interest and similar expenses	25	(28,177,488)	(32,835,752)
I	Net interest income		41,760,749	35,773,415
3	Fee and commission income	26	10,517,314	10,194,466
4	Fee and commission expenses	26	(3,702,596)	(3,873,806)
II	Net fee and commission income	26	6,814,718	6,320,660
III	Net gain from trading of foreign currencies	27	4,374,657	3,905,896
IV	Net loss from trading securities	28	(14,205)	(34,812)
V	Net loss from investment securities	29	(86,287)	-
5	Other income	30	3,046,437	2,535,553
6	Other expenses	30	(698,962)	(744,421)
VI	Net other income	30	2,347,475	1,791,132
VII	Income from capital contributions and equity investments	31	143,876	449,322
	TOTAL OPERATING INCOME		55,340,983	48,205,613
VIII	TOTAL OPERATING EXPENSES	32	(17,153,469)	(15,747,767)
IX	Net operating profit before allowance for credit losses		38,187,514	32,457,846
X	Allowance for credit losses	33	(11,730,793)	(9,931,677)
XI	PROFIT BEFORE TAX (CARRIED TO THE NEXT PAGE)		26,456,721	22,526,169

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

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Separate statement of income for the year ended 31 December 2021
(continued)

Form B03/TCTD
(Issued under Circular No.
49/2014/TT-NHNN dated 31
December 2014)

No.	Items	Note	2021 VND million	2020 VND million
XI	PROFIT BEFORE TAX (BROUGHT FROM THE PREVIOUS PAGE)		26,456,721	22,526,169
7	Current corporate income tax expense	34(a)	(4,363,395)	(4,984,816)
8	Deferred income tax expense	34(b)	(902,392)	502,392
XII	Corporate income tax expenses		(5,265,787)	(4,482,424)
XIII	NET PROFIT AFTER TAX		21,190,934	18,043,745

Hanoi, 21 March 2022


Prepared by:

Approved by:


Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen


Deputy Director of
Financial and Accounting
Policy Department


Chief Accountant


Deputy CEO



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

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Separate statement of cash flows
for the year ended 31 December 2021 (Direct method)

Form B04/TCTD
(Issued under Circular No.
49/2014/TT-NHNN dated 31
December 2014)

No.	Items	2021 VND million	2020 VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Interest and similar income received	70,063,639	69,508,397
02	Interest and similar expenses paid	(28,662,770)	(33,107,206)
03	Net fee and commission income received	5,135,618	6,320,660
04	Net receipts from trading activities (foreign currencies, gold and securities)	4,547,134	3,477,724
05	Other expenses paid	(542,083)	(631,604)
06	Receipts from bad debts previously written off	2,884,567	2,417,915
07	Payments to employees and for other operating activities	(16,050,745)	(14,313,556)
08	Corporate income tax paid during the year	(5,708,091)	(4,588,766)
	Net cash flows from operating activities before changes in operating assets and liabilities	31,667,269	29,083,564
	(Increase)/decrease in operating assets		
09	Balances with and loans to other credit institutions	(12,111,648)	4,940,252
10	Trading securities	(13,785,475)	10,825,659
11	Derivative financial instruments and other financial assets	(303,202)	98,312
12	Loans to customers	(119,142,589)	(103,930,718)
13	Utilisation of allowance for credit losses	(2,538,370)	(2,781,111)
14	Other operating assets	(8,865,107)	1,344,345
	Increase/(decrease) in operating liabilities		
15	Amounts due to the Government and the State Bank of Vietnam	(31,708,879)	(51,188,811)
16	Deposits and borrowings from other credit institutions	3,981,258	29,073,549
17	Deposits from customers	104,495,957	103,733,147
18	Valuable papers issued	(3,956,846)	(1,852)
19	Funds for finance, entrusted investments and entrusted loans	(6,972)	(5,752)
20	Derivative financial instruments and other financial liabilities	(52,031)	52,031
21	Other operating liabilities	283,588	6,880,527
22	Payments from reserves	(2,764,093)	(1,847,728)
I	Net cash flows (used in)/generated from operating activities	(54,807,140)	26,275,414

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

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Separate statement of cash flows
for the year ended 31 December 2021 (Direct method – continued)

Form B04/TCTD
(Issued under Circular No.
49/2014/TT-NHNN dated 31
December 2014)

No.	Items	2021 VND million	2020 VND million
CASH FLOWS FROM INVESTING ACTIVITIES			
01	Payments for purchases of fixed assets	(1,604,109)	(2,986,441)
02	Proceeds from disposals of fixed assets	6,192	7,874
03	Payments for disposals of fixed assets	(1,201)	(3,053)
04	Payments for investments in other entities	(201,822)	-
05	Collections from investments in other entities	13,791	605,274
06	Dividends and profits received from equity investments and capital contributions	139,949	114,048
II	Net cash flows used in investing activities	(1,647,200)	(2,262,298)
CASH FLOWS FROM FINANCING ACTIVITIES			
01	Payments of dividends to shareholders	(1,869,048)	(2,967,102)
III	Net cash flows used in financing activities	(1,869,048)	(2,967,102)
IV	Net cash flows during the year	(58,323,388)	21,046,014
V	Cash and cash equivalents at the beginning of the year	291,166,400	270,120,386
VII	Cash and cash equivalents at the end of the year (Note 35)	232,843,012	291,166,400

Hanoi, 21 March 2022

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen

*Deputy Director of
Financial and Accounting
Policy Department*

Chief Accountant

Deputy CEO



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

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

1. Reporting entity

(a) Establishment and operations

Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank") was established upon the transformation from a state-owned commercial bank following the approval of the Prime Minister on the equitisation plan of the Bank for Foreign Trade of Vietnam and in accordance with other relevant regulations. The Bank was granted Establishment and Operation Licence No. 138/GP-NHNN dated 23 May 2008 by the State Bank of Vietnam ("the SBV") for a period of 99 years, Business Registration Certificate No. 0103024468 dated 2 June 2008 by Hanoi Department of Planning and Investment and Enterprise Code No. 0100112437 was reissued for the fourteenth time on 6 September 2021.

The principal activities of the Bank in accordance with Decision No. 2719/QĐ-NHNN dated 27 December 2011, Decision No. 2182/QĐ-NHNN dated 26 October 2015, Decision No. 891/QĐ-NHNN dated 8 May 2017, Decision No. 2293/QĐ-NHNN dated 31 October 2017, Decision No. 300/QĐ-NHNN dated 21 February 2019 and Decision No. 2447/QĐ-NHNN dated 25 November 2019 amending and supplementing to Establishment and Operation Licence No. 138/GP-NHNN on the contents of the Bank's operations include mobilise and receive short, medium and long-term deposits from organisations and individuals; lend to organisations and individuals up to the nature and capability of the Bank's capital resources; conduct settlement and cash services; provide other banking services as approved by the SBV; invest in associates, joint-ventures and other companies; invest in stocks and bonds and real-estate business in accordance with the relevant regulations; trade in and supply interest rates derivatives and commodity price derivatives in accordance with the relevant regulations; purchase debts; trade in and provide foreign exchange services in the domestic and international markets in accordance with the relevant regulations of the SBV.

(b) Charter capital

Under Establishment and Operation Licence No. 138/GP-NHNN dated 23 May 2008 issued by the SBV and Business Registration Certificate No. 0103024468 dated 2 June 2008 issued by Hanoi Department of Planning and Investment, the Bank's charter capital was VND12,100,860,260,000. Under Enterprise Registration Certificate with Enterprise Code No. 0100112437 was reissued for the 13th time on 16 January 2019 and the amendment of Establishment and Operation Licence No. 138/GP-NHNN of Joint Stock Commercial Bank for Foreign Trade of Vietnam under Decision No. 300/QĐ-NHNN dated 21 February 2019 of the SBV, the Bank's charter capital was VND37,088,774,480,000. The par value of share is VND10,000.

	31/12/2021		31/12/2020	
	Number of shares	%	Number of shares	%
Shares owned by the Government of Vietnam	2,774,353,387	74.80%	2,774,353,387	74.80%
Shares owned by foreign strategic shareholder (Mizuho Bank Ltd., Japan)	556,334,933	15.00%	556,334,933	15.00%
Shares owned by other shareholders	378,189,128	10.20%	378,189,128	10.20%
	3,708,877,448	100%	3,708,877,448	100%

Joint-ventures

As at 31 December 2021 and 31 December 2020:

Joint-ventures	Operation Licence	Business sector	Ownership percentage of the Bank
Vietcombank – Bonday – Ben Thanh Joint-venture Company Limited	Investment Licence No. 2458/GP dated 7 February 2005 issued by the Ministry of Planning and Investment and the most recent amendment No. 2458/GCND2/41/1 dated 28 December 2012	Office leasing	52%
Vietcombank Fund Management	Establishment and Operation Licence No. 06/UBCK-GPHDQLQ dated 2 December 2005 issued by the State Securities Commission of Vietnam and the most recent amendment No. 17/GPDC-UBCK dated 9 February 2018	Investment fund management	51%

Associates

As at 31 December 2021 and 31 December 2020:

Associates	Operation Licence	Business sector	Ownership percentage of the Bank
Vietcombank – Bonday Joint-venture Company Limited	Investment Licence No. 283/GP dated 5 December 1991 issued by the Ministry of Planning and Investment and the most recent amendment No. 283/GPDC4 dated 4 March 2002	Office leasing	16%

(e) **Number of employees**

As at 31 December 2021, Vietcombank had 20,982 employees (31 December 2020: 19,518 employees).

2. Summary of significant accounting policies

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

(a) Purpose of preparing the separate financial statements

The Bank has subsidiaries as disclosed in Note 1(d) and Note 12(a). The Bank has prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specified under Circular No. 96/2020/TT-BTC dated 16 November 2020 issued by the Ministry of Finance on disclosure of information on the securities market ("Circular 96"). In addition, as required by Circular 96, the Bank has also prepared the consolidated financial statements of the Bank and its subsidiaries for the year ended 31 December 2021 ("the consolidated financial statements"), which were issued on 21 March 2022.

Users of the separate financial statements should read them together with the consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Bank and its subsidiaries.

(b) Basis of financial statement preparation

The separate financial statements, presented in Vietnam Dong ("VND") and rounded to the nearest million VND ("VND million"), have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions ("CIS") issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

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

(c) Annual accounting period

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

(d) Changes in accounting policies

On 30 July 2021, the State Bank of Vietnam issued Circular No. 11/2021/TT-NHNN regulating on classification of assets, allowance level, credit loss allowance calculation method, and utilisation of allowance for credit losses in operations of credit institutions and foreign banks' branches ("Circular 11"). Circular 11 replaces Circular No. 02/2013/TT-NHNN dated 21 January 2013 of the SBV on classification of assets, allowance level, credit loss allowance calculation method, and utilisation of allowance for credit losses in operations of credit institutions and foreign banks' branches ("Circular 02") and Circular No. 09/2014/TT-NHNN dated 18 March 2014 of the SBV on amending and supplementing certain articles of Circular 02 ("Circular 09"). Circular 11 takes effect from 1 October 2021.

Effective from 1 October 2021, the Bank has prospectively adopted applicable requirements of Circular 11. The changes in accounting policies of the Bank and effects on the separate financial statements, if any, due to the prospective adoption of requirements of Circular 11 are disclosed in Note 2(h).

(e) Foreign currency transactions

All transactions are recorded in their original currencies. Monetary assets and liabilities denominated in currencies other than VND are converted into VND at the exchange rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are converted into VND at the exchange rate at the dates of transactions. Income and expenses in foreign currencies are converted into VND in the separate statement of income at the spot exchange rates at the dates of transactions.

Foreign exchange differences arising during the year are recorded in the separate statement of income at the end of the annual accounting period.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with the SBV, treasury bills and other short-term valuable papers which are eligible for discounting with the SBV, balances with and loans to other credit institutions with original term to maturity not exceeding three months from the original date of placement or lending; investment securities with recoverability period or maturity term of not exceeding three months from the purchase date that are readily convertible into known amounts of cash, and that are subjected to an insignificant risk of change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(g) Balances with and loans to other credit institutions

Balances with other credit institutions, (except for demand deposits and deposit with Vietnam Bank for Social Policies according to SBV's regulation of State credit institutions maintaining deposit balance with Vietnam Bank for Social Policies) are term deposits with other credit institutions and foreign bank branches with original terms to maturity of not exceeding three months.

Loans to other credit institutions are loans with original terms to maturity of not exceeding twelve months.

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

Term deposits with and loans to other credit institutions are stated at the amount of the outstanding principal less any specific allowance for credit risk.

Debt classification of term deposits with and loans to other credit institutions and allowance for credit risk thereof is made in accordance with the requirements of Circular 11 from 1 October 2021 and of Circular 02 and Circular 09 prior to 1 October 2021. Accordingly, the Bank classifies debts and makes specific allowance for term deposits with and loans to other credit institutions in accordance with the accounting policy described in Note 2(h).

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

(h) Loans to customers

(i) Loans to customers

Loans to customers are stated in the separate balance sheet at the outstanding amount of principal at the reporting date.

Allowance for credit risk of loans to customers is recorded and presented in a separate line in the separate balance sheet. Allowance for credit risk comprises specific allowance for credit risk and general allowance for credit risk.

(ii) Debt classification

Prior to 1 October 2021

The Bank performed debt classification for loans to customers in accordance with the requirements of Circular 02 and Circular 09.

Since 1 January 2010, the Bank has applied Article 7, Decision No. 493/2005/QĐ-NHNN dated 22 April 2005 issued by the SBV to make debt classification based on the qualitative method as approved by the SBV. However, according to Circular 02, the Bank is required to classify debts and off-balance sheet commitments in accordance with both Article 10 and Clause 1 of Article 11, Circular 02. Accordingly, in case the classification of a debt in accordance with Article 10 and Clause 1 of Article 11, Circular 02 is different, the debt shall be classified into the group of higher risk.

Since 1 January 2015, the Bank has used the information from Credit Information Center ("CIC") about the debt group of customers at the time of debt classification to adjust the debt group, off-balance sheet commitments. If a customer's debts and off-balance sheet commitments are classified in a debt group that has a lower risk than the debt groups provided in CIC's list, the Bank shall adjust its classification of debts and off-balance commitments following the debt groups provided by CIC.

From 1 October 2021

The Bank performs debt classification for loans to customers in accordance with the requirements of Circular 11.

Since 1 January 2010, the Bank has applied Article 7, Decision No. 493/2005/QĐ-NHNN dated 22 April 2005 issued by the SBV to make debt classification based on the qualitative method as approved by the SBV. According to Circular 11, the Bank continues to classify debts based on qualitative method in accordance with the approval letter of the SBV and classify debts and off-balance sheet commitments in accordance with both Article 10 and Clause 1 of Article 11, Circular 11. Accordingly, in case the classification of a debt in accordance with Article 10 and Clause 1 of Article 11, Circular 11 is different, the debt shall be classified into the group of higher risk.

Since 1 January 2015, the Bank has used the information from Credit Information Center ("CIC") about the debt group of customers at the time of debt classification to adjust the debt group, off-balance sheet commitments. If a customer's debts and off-balance sheet commitments are classified in a debt group that has a lower risk than the debt groups provided in CIC's list, the Bank shall adjust its classification of debts and off-balance commitments following the debt groups provided by CIC.

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

Prior to 17 May 2021

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

From 17 May 2021 to before 7 September 2021

The Bank has applied Circular No. 03/2021/TT-NHNN dated 2 April 2021 ("Circular 03") issued by the SBV amending and supplementing certain articles of Circular 01. Accordingly, the customers whose loans were disbursed before 10 June 2020 and incurred obligations of paying principals and/or interest during the period from 23 January 2020 to 31 December 2021; and those customers are unable to pay the principal and/or interest in accordance to the payment schedules specified in signed loan contracts/agreements due to decrease in revenue, income caused by Covid-19 pandemic, the Bank is allowed to reschedule loan repayment term, exempt or reduce interest and fees, and keep the debt group unchanged as classified in accordance with Circular 02 as follows:

Loan disbursement timing	Period of debt payment obligation occurrence	Overdue status	Period of overdue occurrence	Principle of keeping debt group unchanged
Before 23/1/2020	From 23/1/2020 to 31/12/2021	Not past due or overdue up to 10 days	From 30/3/2020 to before 31/12/2021	Keeping the debt group unchanged as classified at the most recent date before 23/1/2020.
		Overdue	From 23/1/2020 to 29/3/2020	
From 23/1/2020 to before 10/6/2020		Not past due or overdue up to 10 days	From 17/5/2021 to before 31/12/2021	Keeping the debt group unchanged as classified at the most recent date before the date of first rescheduling loan repayment period.
		Overdue	From 23/1/2020 to before 17/5/2021	Keeping the debt group unchanged as classified at the most recent date before the date the loan becomes overdue.

From 7 September 2021

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

Loan disbursement timing	Period of debt payment obligation occurrence	Overdue status	Period of overdue occurrence	Principle of keeping debt group unchanged
Before 23/1/2020	From 23/1/2020 to 30/6/2022	Not past due or overdue up to 10 days	From 30/3/2020 to 30/6/2022	Keeping the debt group unchanged as classified at the most recent date before 23/1/2020.
From 23/1/2020 to before 1/8/2021		Not past due or overdue up to 10 days	From 17/5/2021 to before 17/7/2021 or from 7/9/2021 to 30/6/2022	Keeping the debt group unchanged as classified at the most recent date before the date of first rescheduling loan repayment period.
Before 23/1/2020		Overdue	From 23/1/2020 to 29/3/2020	Keeping the debt group unchanged as classified at the most recent date before 23/1/2020.
From 23/1/2020 to before 10/6/2020		Overdue	From 23/1/2020 to before 17/5/2021	Keeping the debt group unchanged as classified at the most recent date before the date the loan becomes overdue.
From 10/6/2020 to before 1/8/2021		Overdue	From 17/7/2021 to before 7/9/2021	

For the loan balances having rescheduled repayment term, interest exempted or reduced and debt group being kept unchanged during the restructured term and their repayment period is not further rescheduled by the Bank in accordance with prevailing regulations, the Bank classifies these debts in accordance with Circular 11, taking into account the number of times of rescheduling repayment period and keeping debt group unchanged.

(iii) Specific allowance for credit risk

Prior to 1 October 2021

In accordance with the requirements of Circular 02, specific allowance for credit risk of debts at the end of each quarter is determined based on the allowance rates corresponding to the results of debt classification and outstanding principals of debts at the last working day of each quarter (for the last quarter of the annual accounting period, specific allowance for credit risk is determined based on the allowance rates corresponding to the results of debt classification and outstanding principals of debt at the last working day of the second month of the last quarter of the annual accounting period) less allowed value of collateral assets.

From 1 October 2021

In accordance with the requirements of Circular 11, specific allowance for credit risk of debts at the end of each month is determined based the allowance rates corresponding to the results of debt classification and outstanding principals of debts at the last day of the month less allowed value of collateral assets.

Specific allowance is calculated based on the following allowance rates corresponding to the outstanding principals of debts less allowed value of collateral assets:

	<u>Allowance rate</u>
Group 1 – Current debts	0%
Group 2 – Special mentioned debts	5%
Group 3 – Sub-standard debts	20%
Group 4 – Doubtful debts	50%
Group 5 – Loss debts	100%

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

For the loans having rescheduled repayment term, exempted or reduced interest and fees in order to support customers affected by Covid-19 pandemic, the Bank determines and recognises the additional specific allowance for the entire outstanding loan balance of customers, including the loan balances having rescheduled repayment term, exempted or reduced interest according to the results of debt classification in accordance with Circular 11 (without applying the provision of keeping debt group unchanged under Circular 03) as follows:

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

As at 31 December 2021, the Bank has made 100% the additional amount of specific allowance mentioned as above.

(iv) General allowance for credit risk

Prior to 1 October 2021

The Bank made general allowance at 0.75% total outstanding principals at the last working day of each quarter (for the last quarter of the annual accounting period, a general allowance for credit risk is determined at 0.75% of total outstanding principals at the last working day of the second month of the last quarter of the annual accounting period) of the debts classified in Group 1 to Group 4.

From 1 October 2021

The Bank makes general allowance at 0.75% total outstanding principals at the last day of each month of the debts classified in Group 1 to Group 4.

(v) Bad debts written-off

According to Circular 11, the Bank writes off bad debts in the following cases:

- Borrowers who are dissolved, bankrupted under legal regulations (in case of legal entities); or are deceased or missing (in case of individuals);
- Debts are classified into Group 5.

(i) **Investments**

(i) Trading securities

Trading securities are debt securities, equity securities and other securities which are bought and held for the purpose of reselling within one year to earn capital gains.

Trading securities are initially recognised at cost. They are subsequently measured at the lower of book value and market price. Gains or losses from the sales of trading securities are recognised in the separate statement of income.

(ii) Investment securities

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

Available-for-sale securities

Available-for-sale securities are debt securities, equity securities or other securities, which are acquired for an indefinite period and may be sold at any time. For equity securities, the investee is not a subsidiary, associate or joint-venture of the Bank and the Bank is neither a founding shareholder nor a strategic partner; nor has the impact on the enterprise's planning and determining of financial and operating policies under agreements to appoint personnel to the Members' Council/Board of Directors/Board of Management.

Post-acquisition interest income from available-for-sale debt securities is recognised in the separate statement of income on an accrual basis.

Held-to-maturity securities

Held-to-maturity securities are debt securities, with fixed or determinable payments and maturities where the Bank's management has the positive intention and ability to hold until maturity.

Post-acquisition interest income from held-to-maturity securities is recognised in the separate statement of income on an accrual basis.

Investment securities are initially recognised at cost, including transaction costs and other directly attributable costs. They are subsequently measured at amortised cost less allowance for investment securities. Premiums and discounts arising from purchases of debt securities are amortised in the separate statement of income using the straight-line method over the period from the purchase dates to the maturity dates.

Available-for-sale debt securities and held-to-maturity securities which are unlisted corporate bonds except for bonds issued by credit institution are classified and made allowance for credit risk in accordance with the requirements of Circular 11 as described at Note 2(h). For other available-for-sale investment securities, allowance for diminution in the value of securities is made if their market price decreases to below their cost. For other held-to-maturity securities, allowance for diminution in the value of securities is made when there is indication of prolonged decline in securities prices or there is certain evidence that it is difficult for the Bank to fully recover the investment amount.

(iii) Capital contributions and long-term investments

Investments in subsidiaries, joint-ventures and associates

Subsidiaries are entities that fall in one of the followings:

- The Bank or the Bank and its related parties hold more than 50% of charter capital or more than 50% share capital with voting rights in that entity;
- The Bank has the power, directly or indirectly, to appoint most of or all of the members of the Board of Directors, the Members' Council or General Director of the entity;
- The Bank has the power to amend, supplement to the entity's charter;
- The Bank and its related parties control, directly or indirectly, the resolution and decision of the annual general shareholders' meeting, the Board of Directors, the Members' Council of the entity.

Joint-ventures are those entities to which the Bank has joint control, established by contractual agreements and require unanimous consent of all joint-venture investors for the entity's strategic financial and operating decisions.

Associates are those entities to which the Bank has significant influence, but not control, over their financial and operating policies.

Investments in subsidiaries, joint-ventures and associates are stated at cost less allowance for diminution in value. Allowance for diminution of investments for investment are made if the investee has suffered a loss which may cause the Bank to lose its invested capital, unless there is evidence that the value of the investment has not been diminished. Allowance for diminution of investments are reversed when the investee subsequently made profit to offset previously loss for which the allowance had been made. Allowances are reversed only to the extent that the carrying amount of investments does not exceed their carrying amount assuming no allowances have been recognised.

Other long-term investments

Other long-term investments represent the Bank's equity investments in other enterprises where the Bank owns less than 11% of voting rights and is either a founding shareholder or a strategic partner; or has influences on the enterprise's planning and determining of financial and operating policies under agreements to appoint personnel to the Members' Council/Board of Directors/Board of Management but the Bank does not have control or significant influence over the investees.

Other long-term investments include equity securities and other long-term capital contributions which are intended to hold for more than one year (except for capital contributions and investments into joint-ventures, associates and subsidiaries).

Other long-term investments are initially recognised at cost less allowance for diminution in the value of investments.

For investments in unlisted equity securities, the allowance for diminution in the value of long-term investments is made for the local economic entity owned by the Bank at the end of the annual accounting period which has signs of decrease in value compared to the Bank's carrying value in accordance with Circular No. 48/2019/TT-BTC dated 8 August 2019 issued by the Ministry of Finance ("Circular 48"). Accordingly, the allowance amount for the investment is the difference between the owners' actual contributed capital at the economic entity receiving capital contribution and actual equity of the economic entity at the time of calculating allowance multiplied (x) by the actual percentage of capital contributed into the economic entity by the Bank at the time of calculating allowance. For investments in listed securities or investments whose market price can be determined reliably, allowance is made based on the securities' market price when their carrying amounts are higher than their market prices.



(j) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specific date in the future (repos) are still recognised in the separate financial statements. The corresponding cash received from these agreements is recognised in the separate balance sheet as a liability. The difference between the sale price and repurchase price is amortised in the separate statement of income over the term of the agreement using the straight-line method.

Securities purchased under agreements to resell at a specific date in the future are not recognised in the separate financial statements. The corresponding cash paid under these agreements is recognised in the separate balance sheet as a loan to customer. The difference between the purchase price and resale price is amortised in the separate statement of income over the term of the agreement using the straight-line method.

(k) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use on the site where it is located.

In accordance with Circular No. 45/2013/TT-BTC dated 25 April 2013 issued by the Ministry of Finance ("Circular 45") guiding the framework of management, use and depreciation of fixed assets, assets shall be considered as fixed assets if they meet all of the following three criteria:

- It is certain to gain future economic benefits from the use of such assets;
- The useful life of assets is above one year;
- Historical costs of the assets must be determinable reliably, with a minimum value of VND 30,000,000.

Expenditures incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to the separate statement of income for the year in which the costs are incurred. In case it can be clearly demonstrated that these expenditures have resulted in an increase in the expected future economic benefits obtained from the use of these tangible fixed assets beyond their originally assessed standard level of performance, the expenditures will be capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

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

• Buildings and structures	25 years
• Machinery and equipment	3 – 5 years
• Motor vehicles and means of transmission	6 years
• Other tangible fixed assets	4 years

(I) **Intangible fixed assets**

(i) Land use rights

According to Circular 45, intangible fixed assets recognised as land use rights comprise:

- The land use rights granted by the State with land use fee or receiving the transfer of legal land use rights (including definite and indefinite land use rights);
- The rights to use the leased land before the effective date of the Land Law 2003 but the rent has been paid for the leasing time or paid in advance for many years and the remaining paid land lease term is at least five years and granted with certificate of land use rights by the competent authority.

The initial cost of land use rights is determined as the total amount paid to have the land use rights plus costs of site clearance, ground levelling, registration fee (excluding costs of construction on that land) or the value of land use rights as contributed capital.

Land use rights not recognised as intangible assets comprise:

- Land use rights granted by the State without land use fee;
- Land lease rent paid one time for the entire lease term (the land lease time after the effective date of the Land Law 2003 without certificate of land use rights granted), the rent is amortised into the business expenses by the number of lease periods;
- Land lease rent paid annually, the rent is recorded into the business expenses in the year in proportion to the rent annually paid.

According to Circular 45, intangible fixed assets which are indefinite term land use rights with land use fee or receiving the indefinite term land use rights are not amortised.

For the intangible fixed assets which are the value of definite land use rights or the leased land use rights, the amortisation period is the period permitted for the use of land of the Bank.

(ii) Copyrights, patents and other intangible fixed assets

Copyrights, patents and other intangible fixed assets are stated at cost less accumulated amortisation. These intangible fixed assets are amortised on a straight-line basis over the period ranging from 3 to 4 years.

(m) **Other assets**

Except for receivables from uncollectible income as presented in Note 2(t)(iv), allowance for overdue other assets which are not classified as assets bearing credit risk are made in accordance with Circular 48 and Circular No. 200/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014 ("Circular 200"). Accordingly, allowance for these assets is based on their overdue period or estimated irrevocable loss for debts that are not due but the Bank has collected evidence to identify that debtor has become bankrupt, filing for bankruptcy or has absconded; or being prosecuted, detained or tried by law enforcement bodies or serving a sentence; or suffering from a serious illness (certified by the hospital); deceased; or those remains irrecoverable after the Bank filing a lawsuit due to its debtor had fled from his/her residence; the debt which has been sued for debt collection by the Bank but the case has been suspended.

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

For other assets that are classified as assets with credit risk, the Bank classifies and makes allowance similarly to loans to customers as described in Note 2(h).

(n) **Deposits and borrowings from other credit institutions**

Deposits and borrowings from other credit institutions are stated at cost.

(o) **Deposits from customers**

Deposits from customers are stated at cost.

(p) **Valuable papers issued**

Valuable papers issued are stated at cost and accumulated amortised premiums or discounts. Cost of valuable papers issued includes the proceeds from the issuance less directly attributable costs.

(q) Severance allowance

Under the Vietnamese Labour Code, when an employee who has worked for the Bank for 12 months or more ("the eligible employees") voluntarily terminates his/her labour contract, the Bank is required to pay the eligible employee severance allowance calculated based on years of service until 31 December 2008 and employee's average monthly salary of the latest six-month period until termination. Before 2012, provision for severance allowance had been provided based on employees' years of service and their current salary level.

On 24 October 2012, the Ministry of Finance issued Circular No. 180/2012/TT-BTC ("Circular 180") guiding the financial treatment for redundancy allowance to employees of enterprises. Circular 180 provides that, in preparation of financial statements for the year 2012, if an enterprise's provision for severance allowance still has the outstanding balance, the enterprise must reverse the balance to other income for the year 2012 and must not carry forward the balance to the following year. Accordingly, the Bank reversed the outstanding balance of provision for severance allowance. This change in accounting policy has been applied prospectively from 2012.

(r) Bonus and welfare fund

Bonus and welfare fund is appropriated from profit after tax in accordance with the Resolution of the General Meeting of Shareholders and recorded as liabilities in the separate balance sheet. The bonus and welfare fund is used for the purposes specified in Decree No. 93/2017/ND-CP dated 7 August 2017 issued by the Government ("Decree 93").

(s) Capital and reserves

(i) Ordinary shares

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

(ii) Share premium

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

(iii) Treasury shares

Before 1 January 2021, when shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognized as a reduction from equity. Repurchased shares are classified as treasury shares under equity. When treasury shares are sold for reissue subsequently, cost of the reissued shares is determined on a weighted average basis. Any difference between the amount received and the cost of the shares reissued is presented within share premium.

From 1 January 2021, treasury shares are recognised only in respect of repurchased shares which are aggregated fractions of share arising when the Bank issues shares to pay dividends or issues shares from equity reserves in accordance with an approved issuance plan, or repurchased odd-lots of shares as requested by the shareholders. In all other cases, when shares recognized as equity are repurchased, their par value amount is recognized as a reduction to share capital. The difference between the par value and the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is included in share premium.

This change in accounting policy has been applied prospectively from 1 January 2021 due to change in applicable laws and regulations on buying back shares.

(iv) Reserves

Reserves are used for specific purposes and appropriated from net profit after tax of the Bank at prescribed rates as below:

- Supplementary charter capital reserve: 5% of net profit after tax. According to Decree 93, the maximum balance for this reserve does not exceed the Bank's charter capital.
- Financial reserve: 10% of net profit after tax. The maximum balance for this reserve is not specified under Decree 93.
- Investment and development fund and other funds: appropriated following the resolutions of the General Meeting of Shareholders and in accordance with prevailing regulations.

The remaining net profits after tax, after appropriation to reserves and dividends payment are recorded as retained profits of the Bank.

(t) **Income and expenses**

(i) Interest income and interest expenses

The Bank recognises interest income from debts classified in Group 1 – Current debts as defined in Note 2(h) on an accrual basis. Interest receivable from debts being kept debt group as Group 1 – Current debts as a result of applying Circular 01, Circular 03 and Circular 14 or adopting the State's regulations and interest receivable from debts classified in Group 2 to Group 5 are recognised in the separate statement of income upon receipt (cash basis).

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

(ii) Fee and commission income and cash dividend income

Fee and commission income are recognised in the consolidated statement of income on an accrual basis.

Cash dividends from investment activities are recognised in the separate statement of income when the Bank's right to receive dividend is established.

(iii) Share dividends

In accordance with Circular 200, share dividends distributed from retained profits, share premium and reserves in equity of joint stock companies are not recorded as an income in the separate statement of income. Instead, the additional shares received are reflected as increase in the number of shares held by the Bank.

(iv) Uncollectible income

According to Circular No. 16/2018/TT-BTC dated 7 February 2018 issued by the Ministry of Finance, receivables that are recognised as income but uncollectible at the due date are reversed as a reduction of income if the due date is within the same annual accounting period, or recorded as an expense if the due date is not within the annual accounting period, and must be monitored on the off-balance sheet for following-up on collection. When the receivable is collected, the Bank will record it in other income.

(u) Operating leases

Payments made under operating leases are recognised in the separate statement of income on a straight-line basis over the term of the lease.

(v) Corporate income tax

Corporate income tax comprises of current and deferred tax. Corporate income tax is recognised in the separate statement of income except that it relates to items recognised directly to equity, in which case it is recognised in equity.

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

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

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

(w) Related parties

Related parties of the Bank include:

- The parent company or the credit institution considered as the parent company of the Bank;
- The Bank's subsidiaries;
- The entity that has the same parent company or parent credit institution with the Bank;
- Management personnel or members of the Supervisory Board of the parent company or parent credit institution of the Bank;
- Individuals or organisations which have the authority to appoint management personnel or members of the Supervisory Board of the parent company or parent credit institution of the Bank;
- Management personnel or members of the Supervisory Board of the Bank;
- Entities or organisations which have the authority to appoint management personnel, members of the Supervisory Board of the Bank;
- Wives, husbands, parents, children (including foster parents, foster children, parents-in-law, sons-in-law, daughters-in-law, step parents, step children), siblings (including half siblings), brothers-in-law, sisters-in-law of management personnel, members of the Supervisory Board, capital contributors or shareholders who hold at least 5% of charter capital or share capital with voting rights of the Bank;
- Individuals or organisations that hold at least 5% of charter capital or share capital with voting rights of the Bank; and
- Authorised representatives of owners of contributed capital and shares of the Bank.

The Government of Vietnam, through the State Bank of Vietnam, is a shareholder of the Bank. Therefore, in these separate financial statements, some Government agencies, including the Ministry of Finance and the State Bank of Vietnam are considered as related parties of the Bank.

(x) Segment reporting

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

(y) Off-balance sheet items

(i) Foreign exchange contracts

The Bank enters into foreign exchange forward and swap contracts which enable customers to transfer, modify or reduce their foreign exchange risk or other market risks and also are used for the Bank's business purpose.

Forward contracts are commitments to either purchase or sell a designated currency at a specific future date for a specific exchange rate and cash settlement. Forward contracts are recorded at nominal values at transaction dates and are subsequently revaluated at the reporting date. Differences on revaluation are recognised under "Foreign exchange differences" in the equity and are recorded in the separate statement of income at the end of the annual accounting period. Differences between the amount in VND of the foreign currency amounts which are committed to buy/sell at forward rate and spot rate are recognised in the separate statement of income on a straight-line basis over the term of the forward contracts.

Currency swap contracts are commitments to settle in cash at a future date based on differences between specified exchange rates, calculated on the notional principal amount. Premiums/discounts arising from the difference of the spot exchange rate at the effective date of the contracts and the forward exchange rate will be recognised on the effective date of the contracts as an asset if they are positive or as a liability if they are negative in the separate balance sheet. The difference is amortised to the separate statement of income on a straight-line basis over the term of the swap contracts.

(ii) Interest swap contracts

Interest swap contracts are commitments to settle in cash the notional principal amounts at the interest amount based on floating or fixed interest rates. The value of commitment in interest rate swap contracts is not recognised on the separate balance sheet. The difference of swap interest rates is recognised in the separate statement of income on an accrual basis.

(iii) Commitments and contingent liabilities

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

According to Circular 11, the Bank, for management purpose, has to classify guarantees, payment acceptances and irrevocable lending commitments with specific effective date into 5 groups, similar to loans to customers (Note 2(h)).

(z) **Offsetting**

Financial assets and liabilities are offset and the net amounts are reported in the separate balance sheet if, and only if, the Bank has currently enforceable legal rights to offset the recognised amounts and the Bank has an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. Presentation of financial instruments in accordance with Circular No. 210/2009/TT-BTC

During its business operations, the Bank regularly enters into contracts which give rise to financial assets, financial liabilities and equity instruments.

Financial assets of the Bank mainly include:

- Cash;
- Balances with the State Bank of Vietnam;
- Balances with and loans to other credit institutions;
- Loans to customers;
- Trading securities;
- Investment securities;
- Capital contributions, long-term investments;
- Derivative financial instruments and other financial assets; and
- Other financial assets.

Financial liabilities of the Bank mainly include:

- Amounts due to the Government and the State Bank of Vietnam;
- Deposits and borrowings from other credit institutions;
- Deposits from customers;
- Funds for finance, entrusted investments and entrusted loans;
- Valuable papers issued;
- Derivative financial instruments and other financial liabilities; and
- Other financial liabilities.

(a) **Classification of financial assets and liabilities**

Only for the disclosure purpose in the separate financial statements, the Bank classifies financial assets and financial liabilities in accordance with Circular No. 210/2009/TT-BTC dated 6 November 2009 issued by the Ministry of Finance ("Circular 210").

Financial assets are classified as:

- Financial assets held for trading;
- Held-to-maturity investments;
- Loans and receivables; and
- Available-for-sale financial assets.

Financial liabilities are classified as:

- Financial liabilities held for trading; and
- Financial liabilities carried at amortised cost.

(b) **Measurement and disclosures of fair value**

In accordance with Circular 210, the Bank has to disclose the fair value of financial assets and financial liabilities to compare with the book value of those financial assets and financial liabilities as disclosed in Note 43(b).

The disclosure of fair value of the financial instruments is only for the disclosure purpose in Note 43(b). The financial instruments of the Bank are still recognised and recorded in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the SBV and the relevant statutory requirements applicable to financial reporting as described in the notes above.

Fair value is the amount for which an asset could be exchanged, or a liability settled, among knowledgeable, willing parties in an arm's length transaction on the measurement date.

When an active market exists for a financial instrument, the Bank measures the fair value of that instrument using its quoted price in the active market. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions.

In case there is not enough information to utilise valuation techniques, fair value of the financial instruments without quoted market prices in the active market are deemed not to have been reliably measured and therefore, not disclosed.

4. Cash on hand, gold, silver and gemstones

	31/12/2021 VND million	31/12/2020 VND million
Cash on hand in VND	14,633,162	12,834,761
Cash on hand in foreign currencies	3,296,832	2,224,326
Valuable papers in foreign currencies	473	494
	17,930,467	15,059,581

5. Balances with the State Bank of Vietnam

	31/12/2021 VND million	31/12/2020 VND million
Demand deposits in VND	11,152,128	26,402,965
Demand deposits in USD	11,158,864	6,606,716
	<u>22,310,992</u>	<u>33,009,681</u>

Balances with the SBV consist of compulsory reserve ("CRR") balance and current deposits balance exceeding CRR.

The average balance of the demand deposits of the Bank with the SBV must not be less than the periodic balance of CRR. The amount of CRR during the CRR maintenance period is calculated by their respective CRR rates applicable to the Bank for each type of deposits during CRR maintenance period multiplied by the average balances of reservable deposits hold during the reserve computation period corresponding to that type of deposits.

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

Type of deposits	31/12/2021	31/12/2020
Demand deposits and deposits in VND with terms of less than 12 months	3%	3%
Deposits in VND with terms of 12 months and above	1%	1%
Demand deposits and deposits in foreign currencies with terms of less than 12 months	8%	8%
Deposits in foreign currencies with terms of 12 months and above	6%	6%
Deposits from overseas credit institutions in foreign currencies	1%	1%

The interest rates of current account at the year-end were as follows:

Type of deposits	31/12/2021	31/12/2020
Within compulsory reserve in VND	0.5%/p.a	0.5%/p.a
Within compulsory reserve in USD	0%/p.a	0%/p.a
Over compulsory reserve in VND	0%/p.a	0%/p.a
Over compulsory reserve in USD	0%/p.a	0.05%/p.a

6. Balances with and loans to other credit institutions

	31/12/2021 VND million	31/12/2020 VND million
Balances with other credit institutions		
Demand deposits in VND	3,219	3,150
Demand deposits in foreign currencies	39,184,110	45,362,604
Term deposits in VND	101,865,836	117,193,558
Term deposits in foreign currencies	38,407,851	39,336,774
	<u>179,461,016</u>	<u>201,896,086</u>
Loans to other credit institutions		
Loans in VND	45,083,446	63,496,208
Loans in foreign currencies	7,010,049	4,546,154
	<u>52,093,495</u>	<u>68,042,362</u>
Allowance for balances with and loans to other credit institutions	(4,000,000)	(1,000,000)
	<u>227,554,511</u>	<u>268,938,448</u>

Balances with and loans to other credit institutions by debt group were as follows:

	31/12/2021 VND million	31/12/2020 VND million
Current debts	188,367,182	223,572,694
Loss debts	4,000,000	1,000,000
	<u>192,367,182</u>	<u>224,572,694</u>

Movements in allowance for balances with and loans to other credit institutions during the year were as follows:

	2021 VND million	2020 VND million
Opening balance	1,000,000	3,000,000
Allowance made/(reversed) during the year (Note 33)	3,000,000	(2,000,000)
Closing balance	<u>4,000,000</u>	<u>1,000,000</u>

7. Trading securities

	31/12/2021 VND million	31/12/2020 VND million
Debt securities		
Government bonds	799,376	62,623
Allowance for trading securities	(20,005)	-
Total trading securities	779,371	62,623

Trading securities by listing status were as follows:

	31/12/2021 VND million	31/12/2020 VND million
Debt securities		
Listed	799,376	62,623

Movements in allowance for trading securities during the year were as follows:

	2021 VND million	2020 VND million
Opening balance	-	-
Allowance made during the year (Note 28)	20,005	-
Closing balance	20,005	-

8. Derivative financial instruments and other financial assets

	31/12/2021		31/12/2020	
	Contract value	Carrying value	Contract value	Carrying value
	VND million	Assets/ (liabilities) VND million	VND million	Assets/ (liabilities) VND million
Currency derivative financial instruments				
Currency swap contracts	73,505,048	190,674	105,690,304	(69,164)
Currency forward contracts	23,984,714	112,528	13,207,615	17,133
	97,489,762	303,202	118,897,919	(52,031)

9. Loans to customers

	31/12/2021 VND million	31/12/2020 VND million
Loans to local economic entities and individuals	948,138,586	830,326,399
Discounted bills and transferrable valuable papers	3,879,226	2,549,713
Loans given to make payments on behalf of customers	889	-
	952,018,701	832,876,112

Loan portfolio by debt group was as follows:

	31/12/2021 VND million	31/12/2020 VND million
Current debts	942,426,159	824,897,063
Special mentioned debts	3,493,497	2,789,066
Sub-standard debts	743,995	668,690
Doubtful debts	965,564	223,161
Loss debts	4,389,486	4,298,132
	952,018,701	832,876,112

Loan portfolio by term was as follows:

	31/12/2021 VND million	31/12/2020 VND million
Short-term debts	504,123,297	432,309,365
Medium-term debts	36,853,649	39,268,605
Long-term debts	411,041,755	361,298,142
	952,018,701	832,876,112

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
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Loan portfolio by type of borrowers was as follows:

	31/12/2021	31/12/2020
	VND million	VND million
State-owned enterprises	59,887,784	66,747,087
Limited companies	168,335,994	153,841,380
Foreign invested enterprises	65,544,746	51,262,330
Co-operative and private companies	2,817,871	2,652,075
Individuals and individual business households	444,524,086	378,871,650
Others	210,908,220	179,501,590
	952,018,701	832,876,112

Loan portfolio by industry sector was as follows:

	31/12/2021	31/12/2020
	VND million	VND million
Processing and manufacturing	200,514,031	175,678,911
Trading and services	151,837,857	202,518,943
Construction	86,303,088	70,898,950
Electricity, gas, water processing and supplying	59,500,501	40,227,575
Transportation, logistics and communication	28,272,993	26,530,408
Agriculture, forestry and aquaculture	25,074,762	17,057,291
Mining	14,981,933	14,515,105
Hospitality	16,894,103	10,143,542
Others	368,639,433	275,305,387
	952,018,701	832,876,112

10. Allowance for loans to customers

	31/12/2021 VND million	31/12/2020 VND million
General allowance	7,075,791	5,859,047
Specific allowance	18,802,184	13,316,062
	<u>25,877,975</u>	<u>19,175,109</u>

Movements in general allowance for loans to customers during the year were as follows:

	2021 VND million	2020 VND million
Opening balance	5,859,047	5,249,429
Allowance made during the year (Note 33)	1,216,744	609,618
Closing balance	<u>7,075,791</u>	<u>5,859,047</u>

Movements in specific allowance for loans to customers during the year were as follows:

	2021 VND million	2020 VND million
Opening balance	13,316,062	4,934,700
Allowance made during the year (Note 33)	8,025,326	11,162,582
Allowance utilised for writing-off bad debts	(2,538,370)	(2,781,111)
Foreign exchange difference	(834)	(109)
Closing balance	<u>18,802,184</u>	<u>13,316,062</u>

11. Investment securities

	31/12/2021 VND million	31/12/2020 VND million
Available-for-sale securities (a)	70,928,025	41,947,163
Held-to-maturity securities (b)	99,468,871	114,976,021
	170,396,896	156,923,184

(a) Available-for-sale securities

	31/12/2021 VND million	31/12/2020 VND million
Government bonds	30,327,312	9,444,422
Debt securities issued by other local credit institutions	40,687,000	32,696,219
	71,014,312	42,140,641
Allowance for available-for-sale securities (i)	(86,287)	(193,478)
Total available-for-sale securities	70,928,025	41,947,163

(i) Details of allowance for available-for-sale securities:

	31/12/2021 VND million	31/12/2020 VND million
General allowance for unlisted corporate bonds	-	193,478
Allowance for diminution in value of available-for-sale securities	86,287	-

Movements in general allowance for unlisted corporate bonds during the year were as follows:

	2021 VND million	2020 VND million
Opening balance	193,478	124,125
Allowance (reversed)/made during the year (Note 33)	(193,478)	69,353
Closing balance	-	193,478

Movements in allowance for diminution in value of available-for-sale securities during the year were as follows:

	2021 VND million	2020 VND million
Opening balance	-	-
Allowance made during the year (Note 29)	86,287	-
Closing balance	86,287	-

(b) Held-to-maturity securities

	31/12/2021 VND million	31/12/2020 VND million
Government bonds	40,325,603	59,001,448
Debt securities issued by other local credit institutions	47,402,241	51,041,344
Debt securities issued by local economic entities	11,829,751	5,339,752
	99,557,595	115,382,544
Allowance for held-to-maturity securities (ii)	(88,724)	(406,523)
Total held-to-maturity securities	99,468,871	114,976,021

(ii) Details of allowance for held-to-maturity securities:

	31/12/2021 VND million	31/12/2020 VND million
General allowance for unlisted corporate bonds	88,724	406,523

Movements in general allowance for unlisted corporate bonds during the year were as follows:

	2021 VND million	2020 VND million
Opening balance	406,523	316,399
Allowance (reversed)/made during the year (Note 33)	(317,799)	90,124
Closing balance	88,724	406,523



Debt classification of unlisted investment securities as assets with credit risk:

	31/12/2021 VND million	31/12/2020 VND million
Current debts	98,402,751	86,417,752

12. Capital contributions, long-term investments

(a) Investments in subsidiaries

At 31 December 2021:

	Business sector	Ownership percentage (%)	Cost VND million
Vietcombank Financial Leasing Company Limited	Finance lease	100%	500,000
Vietcombank Securities Company Limited	Securities	100%	700,000
Vietnam Finance Company Limited in Hong Kong	Financial services	100%	235,222
Vietcombank Remittance Company Limited	Receipt of foreign exchange	100%	30,000
Vietcombank Laos Limited	Banking	100%	1,820,400
Vietcombank Money Inc.	Foreign exchange remittance	87.5%	204,978
Vietcombank Tower 198 Ltd	Office leasing	70%	70,000
			3,560,600

At 31 December 2020:

	Business sector	Ownership percentage (%)	Cost VND million
Vietcombank Financial Leasing Company Limited	Finance lease	100%	500,000
Vietcombank Securities Company Limited	Securities	100%	700,000
Vietnam Finance Company Limited in Hong Kong	Financial services	100%	116,902
Vietcombank Remittance Company Limited	Receipt of foreign exchange	100%	30,000
Vietcombank Laos Limited	Banking	100%	1,820,400
Vietcombank Money Inc.	Foreign exchange remittance	87.5%	204,978
Vietcombank Tower 198 Ltd	Office leasing	70%	70,000
			3,442,280

(b) Investments in joint-ventures

At 31 December 2021 and 31 December 2020:

	Business sector	Ownership percentage (%)	Cost VND million
Vietcombank – Bonday – Ben Thanh Joint- venture Company Limited (i)	Office leasing	52%	410,365
Vietcombank Fund Management (i)	Investment fund management	51%	135,150
			<hr/> 545,515 <hr/>

- (i) The Bank owns 52% of the total contributed capital of Vietcombank – Bonday – Ben Thanh Joint-venture Company Limited and 51% of the total contributed capital of Vietcombank Fund Management. These companies' charters require a consensus among related parties on all important decisions on the companies' operational and financial matters. Hence, owning more than half of the companies' contributed capital does not mean that the Bank has control over these companies. The investments in these two companies are classified into "Investments in joint-ventures" rather than "Investments in subsidiaries".

(c) Investments in associates

At 31 December 2021 and 31 December 2020:

	Business sector	Ownership percentage (%)	Cost VND million
Vietcombank – Bonday Joint-venture Company Limited	Office leasing	16%	11,110
			<hr/>

The Bank has significant influence through its participation in this company's Members' Council, but limited control over the financial and operating policies of this company. Therefore, the investment in the above company is classified into "Investments in associates" rather than "Other long-term investments".

(d) Other long-term investments

At 31 December 2021:

	Business sector	Ownership percentage (%)	Cost VND million
Vietnam Export – Import Commercial Joint Stock Bank	Banking	4.50%	319,907
Military Commercial Joint Stock Bank	Banking	4.35%	802,269
Small and Medium Enterprises Credit Guarantee Fund	Credit guarantee services	0.80%	1,864
Petrolimex Insurance Corporation	Insurance	8.03%	67,900
Vietnam Credit Information Joint Stock Company	Credit information services	6.64%	7,962
Vietnam Infrastructure Development and Financial Investment JSC.	Highway investment	1.97%	75,000
National Payment Corporation of Vietnam	Card and settlement services	1.83%	4,400
Vietnam Airlines JSC.	Aviation	1.02%	379,223
SWIFT, MASTER and VISA	Card and settlement services	-	2,936
			1,661,461

At 31 December 2020:

	Business sector	Ownership percentage (%)	Cost VND million
Vietnam Export – Import Commercial Joint Stock Bank	Banking	4.50%	319,907
Military Commercial Joint Stock Bank	Banking	4.31%	802,269
Small and Medium Enterprises Credit Guarantee Fund	Credit guarantee services	0.80%	1,864
Petrolimex Insurance Corporation	Insurance	8.03%	67,900
Vietnam Credit Information Joint Stock Company	Credit information services	6.64%	7,962
Vietnam Infrastructure Development and Financial Investment JSC.	Highway investment	1.97%	75,000
National Payment Corporation of Vietnam	Card and settlement services	1.83%	4,400
Vietnam Airlines JSC.	Aviation	1.04%	305,585
SWIFT, MASTER and VISA	Card and settlement services	-	2,936
			1,587,823

(e) Allowance for long-term investments

	31/12/2021 VND million	31/12/2020 VND million
Allowance for other long-term investments	75,000	75,000

Movements in allowance for other long-term investments during the year were as follows:

	2021 VND million	2020 VND million
Opening balance	75,000	75,573
Allowance reversed during the year (Note 32)	-	(573)
Closing balance	75,000	75,000

13. Tangible fixed assets

Year ended 31 December 2021:

	Buildings and structures	Machinery and equipment	Motor vehicles and means of transmission	Others	Total
	VND million	VND million	VND million	VND million	VND million
Cost					
Opening balance	5,055,456	4,336,840	1,104,603	1,429,890	11,926,789
Additions during the year	407,977	556,453	101,391	140,724	1,206,545
- Purchases	407,977	544,358	101,391	132,094	1,185,820
- Other increases	-	12,095	-	8,630	20,725
Decreases during the year	(99,951)	(224,827)	(22,684)	(16,958)	(364,420)
- Disposals	(6,439)	(224,827)	(19,972)	(16,958)	(268,196)
- Other decreases	(93,512)	-	(2,712)	-	(96,224)
Closing balance	5,363,482	4,668,466	1,183,310	1,553,656	12,768,914
Accumulated depreciation					
Opening balance	1,190,364	3,804,640	719,282	1,093,840	6,808,126
Additions during the year	220,371	414,031	102,214	179,529	916,145
- Charges for the year	219,907	383,033	102,214	170,678	875,832
- Other increases	464	30,998	-	8,851	40,313
Decreases during the year	(6,492)	(224,827)	(19,972)	(16,724)	(268,015)
- Disposals	(6,439)	(224,827)	(19,972)	(16,724)	(267,962)
- Other decreases	(53)	-	-	-	(53)
Closing balance	1,404,243	3,993,844	801,524	1,256,645	7,456,256
Net book value					
Opening balance	3,865,092	532,200	385,321	336,050	5,118,663
Closing balance	3,959,239	674,622	381,786	297,011	5,312,658

Included in tangible fixed assets were assets costing VND5,132,364 million which were fully depreciated as of 31 December 2021 but still in use (31 December 2020: VND4,729,179 million).

14. Intangible fixed assets

Year ended 31 December 2021:

	Land use rights VND million	Copyrights and patents VND million	Others VND million	Total VND million
Cost				
Opening balance	2,475,081	1,664,030	15,213	4,154,324
Additions during the year	10,702	407,587	-	418,289
- Purchases	10,702	407,587	-	418,289
Decreases during the year	(8,620)	(675)	-	(9,295)
- Disposals	-	(664)	-	(664)
- Other decreases	(8,620)	(11)	-	(8,631)
Closing balance	2,477,163	2,070,942	15,213	4,563,318
Accumulated amortisation				
Opening balance	89,844	952,551	-	1,042,395
Charges for the year	15,825	445,946	-	461,771
Decreases during the year	-	(666)	-	(666)
- Disposals	-	(664)	-	(664)
- Other decreases	-	(2)	-	(2)
Closing balance	105,669	1,397,831	-	1,503,500
Net book value				
Opening balance	2,385,237	711,479	15,213	3,111,929
Closing balance	2,371,494	673,111	15,213	3,059,818

Included in intangible fixed assets were assets costing VND699,309 million which were fully depreciated as of 31 December 2021, but still in use (31 December 2020: VND647,480 million).

15. Other assets

(a) Receivables

	31/12/2021 VND million	31/12/2020 VND million
Internal receivables	1,680,789	1,653,800
External receivables (i)	12,460,039	4,517,415
	14,140,828	6,171,215

(i) External receivables

	31/12/2021 VND million	31/12/2020 VND million
Advances for purchases of fixed assets	1,155,796	800,898
Receivables from the State Budget in relation to the interest subsidy program	338,989	325,088
Overpaid corporate income tax (Note 37)	307	72
Deductible value added tax (Note 37)	92	2,828
Advances for other taxes (Note 37)	2	230
Construction in progress (*)	302,160	449,157
Receivables from L/C paid in advance	8,805,446	2,289,583
Other receivables	1,857,247	649,559
	12,460,039	4,517,415

(*) Details of construction in progress are follows:

	31/12/2021 VND million	31/12/2020 VND million
Construction in progress	302,160	449,157
<i>In which, major constructions:</i>	<i>226,949</i>	<i>88,986</i>
Dong Thap Branch's office project	40,858	30,431
Phu Tho Branch's office project	36,968	20,111
Bac Lieu Branch's office project	35,761	23,972
Thai Binh Branch's office project	32,730	1,893
Vung Tau Branch's office project	30,631	3,396
Tan Dinh Branch's office project	26,912	2,470
Hoan Kiem Branch's office project	17,998	2,259
Binh Duong Branch's office project	2,028	1,986
Dong Binh Duong Branch's office project	1,707	1,457
Ho Chi Minh City Branch's office project	1,356	1,011

(b) Accrued interest and fee receivables

	31/12/2021 VND million	31/12/2020 VND million
From loans to customers	2,324,826	2,360,752
From balances with and loans to other credit institutions	481,991	110,086
From investment securities	3,935,108	4,488,456
From derivative transactions	212,234	120,257
Fees receivable	1,799	1,810
	<u>6,955,958</u>	<u>7,081,361</u>

(c) Deferred tax assets

	31/12/2021 VND million	31/12/2020 VND million
Deferred tax assets arising from deductible temporary differences	-	902,392
	<u>-</u>	<u>902,392</u>

(d) Other assets

	31/12/2021 VND million	31/12/2020 VND million
Prepaid expenses for office and fixed assets rental	851,491	872,931
Materials	152,913	139,487
Advances for card payments	2,347,368	1,289,754
Prepaid land rental costs	715,347	726,733
Other assets	2,177,382	2,181,909
	<u>6,244,501</u>	<u>5,210,814</u>
Allowance for other assets	-	(45)
	<u>6,244,501</u>	<u>5,210,769</u>

16. Amounts due to the Government and the State Bank of Vietnam

	31/12/2021 VND million	31/12/2020 VND million
Borrowings from the State Bank of Vietnam	1,749,584	2,347,294
Borrowings on the credit files basis	1,415,715	1,800,563
Other borrowings	333,869	546,731
Deposits from the State Treasury	7,694,274	36,393,923
Demand deposits in VND	201,329	463,641
Demand deposits in foreign currencies	492,945	513,282
Term deposits in VND	7,000,000	35,417,000
Deposits from the State Bank of Vietnam	24,258	2,435,778
	9,468,116	41,176,995

17. Deposits and borrowings from other credit institutions

	31/12/2021 VND million	31/12/2020 VND million
Deposits from other credit institutions	104,878,800	101,597,542
Demand deposits in VND	17,351,132	7,284,474
Demand deposits in foreign currencies	39,851,169	42,270,729
Term deposits in VND	41,380,931	33,600,000
Term deposits in foreign currencies	6,295,568	18,442,339
Borrowings in VND from other CIs	700,000	-
	105,578,800	101,597,542

18. Deposits from customers

	31/12/2021 VND million	31/12/2020 VND million
Demand deposits	367,894,452	307,223,544
Demand deposits in VND	292,282,649	238,401,802
Demand deposits in gold, foreign currencies	75,611,803	68,821,742
Term deposits	731,279,416	693,870,041
Term deposits in VND	660,343,325	615,206,265
Term deposits in gold, foreign currencies	70,936,091	78,663,776
Deposits for specific purposes	31,642,014	27,325,921
Margin deposits	5,943,626	3,844,045
	1,136,759,508	1,032,263,551

Deposits from customers by customer type were as follows:

	31/12/2021 VND million	31/12/2020 VND million
Economic entities	570,996,375	522,644,829
Individuals	565,763,133	509,618,722
	1,136,759,508	1,032,263,551

19. Funds for finance, entrusted investments and entrusted loans

	31/12/2021 VND million	31/12/2020 VND million
Funds for finance, entrusted investments and entrusted loans in VND	7,707	14,679

20. Valuable papers issued

	31/12/2021 VND million	31/12/2020 VND million
Certificates of deposit		
Medium-term in VND	115	115
Bills and bonds		
Short-term in VND	47	47
Short-term in foreign currencies	30	30
Medium-term in VND	6,413,775	10,369,645
Medium-term and long-term in foreign currencies	12	12
Long-term in VND	11,000,000	11,000,000
	17,413,979	21,369,849

21. Other liabilities

(a) Accrued interest and fee payables

	31/12/2021 VND million	31/12/2020 VND million
Interest expense for deposits from customers	8,788,802	9,350,773
Interest expense for deposits and borrowings from other credit institutions	64,802	18,021
Interest expense for valuable papers issued	347,900	365,347
Interest expense for derivative financial instruments	127,446	65,876
	9,328,950	9,800,017

(b) Other liabilities

	31/12/2021 VND million	31/12/2020 VND million
Internal payables (i)	3,681,407	3,858,936
External payables (ii)	14,030,441	14,080,262
Bonus and welfare funds	4,041,427	4,400,519
	21,753,275	22,339,717

Joint Stock Commercial Bank for Foreign Trade of Vietnam
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Notes to the separate financial statements
for the year ended 31 December 2021 (continued)

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49/2014/TT-NHNN dated 31
December 2014)

(i) *Internal payables*

	31/12/2021 VND million	31/12/2020 VND million
Payables to employees	2,962,937	3,197,817
Other liabilities	718,470	661,119
	3,681,407	3,858,936

(ii) *External payables*

	31/12/2021 VND million	31/12/2020 VND million
Tax payables (Note 37)	755,977	2,146,393
- Corporate income tax payable	555,720	1,900,141
- Value added tax payable	61,311	123,374
- Other taxes payable	138,946	122,878
Unearned income	5,038,224	6,717,799
Payables for construction and acquisition of fixed assets	1,491,780	1,212,030
Deposits in custody relating to pending payments	512,661	196,884
Other payables to customers	924,538	834,760
Other pending items in settlement	147,418	204,272
Payables to the State Budget in relation of interest subsidy program	64,528	64,528
Borrowings from the Ministry of Finance	806,617	906,194
Dividends payable (*)	3,329,224	747,619
Other payables	959,474	1,049,783
	14,030,441	14,080,262

(*) On 5 January 2022, the Bank fully paid cash dividend of 2020 to the shareholders in accordance with Resolution No. 609A/NQ-VCB-HDQT dated 9 December 2021 of the Board of Directors.

22. Owners' equity

(a) Changes in owners' equity

	Charter capital VND million	Share premium VND million	Other capital VND million	Supplementary charter capital reserve VND million	Reserves		Retained profits VND million	Total VND million
					Financial reserve VND million	Total VND million		
Balance at 1/1/2021	37,088,774	4,995,389	412	4,897,572	9,722,766	14,620,338	35,483,283	92,188,196
Net profit for the year	-	-	-	-	-	-	21,190,934	21,190,934
Statutory reserves temporarily appropriated for 2021	-	-	-	1,059,547	2,119,093	3,178,640	(3,178,640)	-
Bonus and welfare funds temporarily appropriated for 2021	-	-	-	-	-	-	(2,051,535)	(2,051,535)
Adjustments for the appropriation of statutory reserves and bonus and welfare fund according to the Resolution of General Meeting of Shareholders	-	-	-	3,590	7,180	10,770	(353,991)	(343,221)
Dividends in cash of 2020 to shareholders (Note 23)	-	-	-	-	-	-	(4,450,653)	(4,450,653)
Utilisation of reserves during the year	-	-	-	-	(10,245)	(10,245)	-	(10,245)
Other movements	-	-	-	-	-	-	(197)	(197)
Balance at 31/12/2021	37,088,774	4,995,389	412	5,960,709	11,838,794	17,799,503	46,639,201	106,523,279

(b) Details of shareholders of the Bank

	31/12/2021		31/12/2020	
	VND million	%	VND million	%
Ordinary shares				
The Government of Vietnam	27,743,534	74.80%	27,743,534	74.80%
Foreign strategic shareholder (Mizuho Bank Ltd., Japan)	5,563,349	15.00%	5,563,349	15.00%
Other shareholders	3,781,891	10.20%	3,781,891	10.20%
	37,088,774	100%	37,088,774	100%

The Bank's authorised and issued share capital is as follows:

	31/12/2021		31/12/2020	
	Number of shares	VND million	Number of shares	VND million
Authorised share capital	3,708,877,448	37,088,774	3,708,877,448	37,088,774
Issued share capital				
Ordinary shares	3,708,877,448	37,088,774	3,708,877,448	37,088,774
Outstanding shares in circulation				
Ordinary shares	3,708,877,448	37,088,774	3,708,877,448	37,088,774

All ordinary shares of the Bank have a par value of VND10,000.

23. Dividends

In accordance with Resolution No. 14/TN2021/NQ-DHDCD dated 23 April 2021, the Bank's General Shareholders approved for the authorisation to the Bank's Board of Directors to implement profit distribution of 2020 following to official opinion of the SBV. On 9 December 2021, the Bank's Board of Directors issued Resolution No. 609/NQ-VCB-HDQT approving dividend distribution plan of 2020 with dividend in cash of 12% par value, equivalent to VND4,450,653 million and share dividend equivalent to VND8,565,378 million. Also on 9 December 2021, the Bank's Board of Directors issued Resolution No. 609A/NQ-VCB-HDQT approving implementation plan for paying cash dividend of 2020 and share dividend of 2019. The Bank fully paid cash dividend of 2020 to shareholders (12%) on 5 January 2022 and completed the payment of share dividend of 2019 (27.6%) on 6 January 2022.

24. Interest and similar income

	2021 VND million	2020 VND million
Interest income from loans to customers	59,065,515	56,011,981
Interest income from deposits	1,616,824	2,231,386
Interest income from trading and investing in debt securities	8,042,683	9,315,363
- from investment securities	7,980,833	9,197,858
- from trading securities	61,850	117,505
Fees from guarantee activities	476,100	448,022
Other income from credit activities	737,115	602,415
	<u>69,938,237</u>	<u>68,609,167</u>

25. Interest and similar expenses

	2021 VND million	2020 VND million
Interest expense on deposits	26,620,075	31,162,828
Interest expense on borrowings	80,315	105,633
Interest expense on valuable papers issued	1,427,773	1,499,633
Other expenses on credit activities	49,325	67,658
	<u>28,177,488</u>	<u>32,835,752</u>

26. Net fee and commission income

	2021 VND million	2020 VND million
Fee and commission income from		
Settlement services	5,911,275	5,959,181
Treasury services	68,340	74,593
Entrustment and agency activities	2,161	853
Other services	4,535,538	4,159,839
	10,517,314	10,194,466
Fee and commission expenses for		
Settlement services	(2,983,731)	(3,177,379)
Treasury services	(119,558)	(109,932)
Telecommunication services	(136,648)	(125,174)
Entrustment and agency activities	(12,085)	(6,107)
Other services	(450,574)	(455,214)
	(3,702,596)	(3,873,806)
	6,814,718	6,320,660

27. Net gain from trading of foreign currencies

	2021 VND million	2020 VND million
Gains from trading of foreign currencies		
From spot currency to contracts	8,201,406	6,843,687
From currency derivative financial instruments	451,852	650,399
From foreign exchange differences	370,112	471,478
From revaluation of derivative contracts	669,968	6,541
	9,693,338	7,972,105
Losses on trading of foreign currencies		
From spot currency to contracts	(3,357,381)	(2,913,034)
From currency derivative financial instruments	(1,374,802)	(1,068,516)
From foreign exchange differences	(536,789)	(39,127)
From revaluation of derivative contracts	(49,709)	(45,532)
	(5,318,681)	(4,066,209)
	4,374,657	3,905,896

28. Net loss from trading securities

	2021 VND million	2020 VND million
Income from trading securities	55,947	79,014
Expenses for trading securities	(50,147)	(113,826)
Allowance made for trading securities (Note 7)	(20,005)	-
	<u>(14,205)</u>	<u>(34,812)</u>

29. Net loss from investment securities

	2021 VND million	2020 VND million
Allowance made for available-for-sale investment securities (Note 11(a))	(86,287)	-

30. Net other income

	2021 VND million	2020 VND million
Other income		
Income from recoveries of loans previously written off	2,884,567	2,417,915
Income from interest rate swap transactions	-	195
Other income	161,870	117,443
	<u>3,046,437</u>	<u>2,535,553</u>
Other expenses		
Expenses on interest rate swap transactions	(206,197)	(117,968)
Expenses on debts trading activities	(138)	(171)
Expenses on social activities	(426,725)	(301,184)
Other expenses	(65,902)	(325,098)
	<u>(698,962)</u>	<u>(744,421)</u>
	<u>2,347,475</u>	<u>1,791,132</u>

31. Income from capital contributions and equity investments

	2021 VND million	2020 VND million
Dividend income from equity investments (Note 34(a))	139,949	114,048
Profit from disposals of equity investments	3,927	335,274
	<u>143,876</u>	<u>449,322</u>

32. Operating expenses

	2021 VND million	2020 VND million
Tax, duties and fees	241,752	241,875
Salaries and related expenses	9,296,127	8,371,053
Of which:		
- Salary and allowances (Note 36)	8,229,791	7,461,292
- Contributions based on salary	705,773	670,118
- Other allowances	3,212	3,621
Expenses on assets	3,505,399	2,991,781
Of which:		
- Depreciation of fixed assets	1,337,603	1,098,119
Administrative expenses	3,399,117	3,511,915
Insurance expense for deposits from customers	711,074	631,716
Allowance reversed for other long-term investments (Note 12(e))	-	(573)
	<u>17,153,469</u>	<u>15,747,767</u>

33. Allowance for credit losses

	2021 VND million	2020 VND million
Allowance for balances with and loans to other credit institutions		
Allowance made/(reversed) (Note 6)	3,000,000	(2,000,000)
General allowance for loans to customers		
Allowance made (Note 10)	1,216,744	609,618
Specific allowance for loans to customers		
Allowance made (Note 10)	8,025,326	11,162,582
General allowance for unlisted corporate bonds		
Allowance (reversed)/made for available-for-sale securities (Note 11(a))	(193,478)	69,353
Allowance (reversed)/made for held-to-maturity securities (Note 11(b))	(317,799)	90,124
	11,730,793	9,931,677

34. Corporate income tax

(a) Reconciliation of effective tax rate

	2021 VND million	2020 VND million
Profit before tax	26,456,721	22,526,169
<i>Adjustments:</i>		
Dividends received during the year (Note 31)	(139,949)	(114,048)
Non-deductible expenses	1,563	4,511,958
Reversal of non-deductible expenses of the prior year	(4,511,958)	(2,000,000)
Taxable income	21,806,377	24,924,079
Corporate income tax rate	20%	20%
Corporate income tax of the Bank	4,361,275	4,984,816
Income tax payable on profits received from overseas subsidiaries	2,120	-
Current corporate income tax expense for the year	4,363,395	4,984,816

(b) Deferred corporate income tax expense

	2021 VND million	2020 VND million
Deferred corporate income tax expense/(benefit) arising from deductible temporary differences	902,392	(502,392)

(c) Applicable tax rates

The Bank has an obligation to pay the Government income tax at the rate of 20% of taxable profits. Corporate income tax computation is subject to review and approval by tax authorities.

35. Cash and cash equivalents

	31/12/2021 VND million	31/12/2020 VND million
Cash on hand, gold, silver and gemstones	17,930,467	15,059,581
Balances with the State Bank of Vietnam	22,310,992	33,009,681
Balances with and loans to other credit institutions with original term not exceeding 3 months	192,601,553	243,097,138
	232,843,012	291,166,400

36. Employees' benefits

	2021	2020
Total number of employees (person)	20,982	19,518
Employees' income		
Total salary and allowance (VND million) (Note 32)	8,229,791	7,461,292
Monthly average income/person (VND million)	32.69	31.86

37. Obligations to the State Budget

	Balance as at 1/1/2021 VND million	Movement during the year		Balance as at 31/12/2021		
		Incurred VND million	Paid VND million	Payables VND million	Advances VND million	Total VND million
Value added tax	120,546	507,295	(566,622)	61,311	(92)	61,219
Current corporate income tax	1,900,069	4,363,435	(5,708,091)	555,720	(307)	555,413
In which:						
- Corporate income tax of the Bank	1,900,141	4,363,395	(5,707,816)	555,720	-	555,720
- Adjustments on tax of previous years	(14)	39	(275)	-	(250)	(250)
- Vinafco's tax obligation in 2008	(58)	1	-	-	(57)	(57)
Other taxes	122,648	1,258,117	(1,241,821)	138,946	(2)	138,944
	2,143,263	6,128,847	(7,516,534)	755,977	(401)	755,576

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

Assets and valuable papers received for pledging, mortgaging and discount, re-discount

	31/12/2021 VND million	31/12/2020 VND million
Deposits	138,675,691	123,910,591
Valuable papers	63,004,723	92,972,313
Real estate	1,162,010,080	956,523,665
Other collaterals	267,480,790	266,491,999
	<u>1,631,171,284</u>	<u>1,439,898,568</u>

39. Contingent liabilities and other commitments

In the normal course of business, the Bank is a party to financial instruments which are recorded as off-balance sheet items. These financial instruments mainly comprise financial guarantees and letters of credit. These instruments involve elements of credit risk in excess of the amounts recognised in the separate balance sheet.

Credit risk for off-balance sheet financial instruments is defined as the possibility of incurring a loss because any other counterparty to a financial instrument fails to discharge its contractual obligations.

Financial guarantees are conditional commitments issued by the Bank to guarantee transactions of its customers with third parties including loan guarantee, payment guarantee, performance guarantee and bid guarantee. Such guarantees expose the Bank to similar credit risk to loans to customers.

Commercial at sight letters of credit represent a financing transaction by the Bank to its customers where the customer is usually the buyer/importer of goods and the beneficiary is typically the seller/exporter. Credit risk is limited as the imported merchandise serves as collaterals for the transaction.

Deferred payment letters of credit contain the risk of customers not making payment to their beneficiaries upon contract performance. When deferred payment letters of credit are defaulted by customers, the Bank recognises a compulsory loan to a customer and at the same time a corresponding liability representing the financial obligation of the Bank to pay the beneficiaries and to fulfil the guarantor obligations.

The Bank normally requires margin deposits to support credit-related financial instruments as necessary. The margin deposits ratio required varies from 0% to 100% of the value of a commitment granted depending on the creditworthiness of customers as assessed by the Bank.

40. Significant transactions and balances with related parties

(a) Significant transactions with related parties

	Relationship	2021 VND million Income/(expense)	2020 VND million Income/(expense)
The State Bank of Vietnam	Representative of owner		
Interest income from deposits		107,034	147,042
Interest expense on deposits and borrowings		(70,677)	(107,008)
The Ministry of Finance	Related party of owner		
Interest expense on deposits		(120,582)	(539,434)
Interest expense on borrowings		(18,870)	(34,167)
Vietcombank Financial Leasing Company Limited	Subsidiary		
Interest income from loan granted		74,114	89,366
Interest expense on deposits		(3,086)	(159)
Operating lease expenses		-	(36,325)
Fee and commission income		2,592	2,537
Vietcombank Securities Company Limited	Subsidiary		
Interest expense on deposits		(92)	(59)
Fee and commission income		8,595	2,589
Vietcombank Tower 198 Ltd.	Subsidiary		
Interest expense on deposits		(11,036)	(11,030)
Office rental expenses		(106,815)	(105,936)
Profits distributed to the Bank		40,249	44,364
Vietnam Finance Company Limited in Hong Kong	Subsidiary		
Interest income from deposits		730	1,997
Vietcombank Remittance Company Limited	Subsidiary		
Interest expense on deposits		(5,886)	(1,152)
Vietcombank Laos Limited	Subsidiary		
Interest expense on deposits		(1)	(6)

(b) Significant balances with related parties

	Relationship	31/12/2021 VND million	31/12/2020 VND million
		Receivable/(payable)	
The State Bank of Vietnam	Representative		
Deposits at the SBV	of owner	22,310,992	33,009,681
Deposits and borrowings from the SBV		(1,773,842)	(4,783,072)
The Ministry of Finance	Related party		
Deposits at the Bank	of owner	(7,694,274)	(36,393,923)
Borrowings from the Ministry of Finance		(806,617)	(906,194)
Mizuho Bank Ltd., Japan	Strategic		
Deposits at Mizuho Bank Ltd., Japan	shareholder	1,910,189	9,711,861
Deposits from Mizuho Bank Ltd., Japan		(694,909)	(4,236,034)
Vietcombank Financial Leasing Company Limited	Subsidiary		
Loans to VCBL		3,365,930	3,786,500
Deposits at the Bank		(862,558)	(756,306)
Vietcombank Securities Company Limited	Subsidiary		
Deposits at the Bank		(229,764)	(12,738)
Bonds issued by the Bank		(26,232)	(197,952)
Vietcombank Tower 198 Ltd	Subsidiary		
Deposits at the Bank		(234,932)	(242,180)
Office rental fee paid in advance		(72,155)	(70,895)
Vietnam Finance Company Limited in Hong Kong	Subsidiary		
Deposits at Vinafico		2,226,019	804,561
Vietcombank Money Inc.	Subsidiary		
Deposits at the Bank		(895)	(8)
Advanced payment through TNMonex		168,771	112,375
Vietcombank Remittance Company Limited	Subsidiary		
Deposits at the Bank		(1,491,251)	(378,548)
Payables to the Bank		1,319,935	261,044
Vietcombank Laos Limited	Subsidiary		
Deposits at the Bank		(55,508)	(16,192)

41. Disclosure of remuneration for members of the Board of Directors and members of the Supervisory Board and salary for members of the Board of Management

Remuneration for members of the Board of Directors and members of the Supervisory Board and salary for members of the Board of Management incurred and paid from the salary fund during the year were as follows:

	2021 VND million	2020 VND million
Members of the Board of Directors	13,678	13,792
Members of the Supervisory Board	3,860	3,651
Members of the Board of Management	17,348	14,710
	34,886	32,153

The average salary in 2021 of the Bank's responsible managers (including the Chairman of the Board of Directors, members of the Board of Directors, CEO, Deputy CEO, Chief Accountant, members of the Supervisory Board) is VND203 million/person/month, the average remuneration of independent members of the Board of Directors is VND40.6 million/month. The salary fund for managers in 2021 is VND48.72 billion.

The above salary level was approved by the SBV under Official Letter No. 5580/NHNN-TCCB dated 3 August 2021 regarding the 2021 salary budget of Joint Stock Commercial Bank for Foreign Trade of Vietnam.

42. Segment reporting

Year ended 31 December 2021

	The North (*)	The Central and Highland	The South	Elimination	Total
	VND million	VND million	VND million	VND million	VND million
1 Interest and similar income	87,412,734	16,632,624	48,468,351	(82,575,472)	69,938,237
2 Interest and similar expenses	(71,708,479)	(9,966,676)	(29,077,805)	82,575,472	(28,177,488)
I Net interest income	15,704,255	6,665,948	19,390,546	-	41,760,749
3 Fee and commission income	7,543,187	753,894	2,762,300	(542,067)	10,517,314
4 Fee and commission expenses	(4,114,217)	(38,053)	(92,393)	542,067	(3,702,596)
II Net fee and commission income	3,428,970	715,841	2,669,907	-	6,814,718
III Net gain from trading of foreign currencies	2,878,519	169,193	1,326,945	-	4,374,657
IV Net loss from trading securities	(14,205)	-	-	-	(14,205)
V Net loss from investment securities	(86,287)	-	-	-	(86,287)
5 Other income	1,347,846	623,009	1,075,582	-	3,046,437
6 Other expenses	(505,524)	(85,168)	(108,270)	-	(698,962)
VI Net other income	842,322	537,841	967,312	-	2,347,475
VII Income from capital contributions and equity investments	143,876	-	-	-	143,876
Total operating income	22,897,450	8,088,823	24,354,710	-	55,340,983
VIII Total operating expenses	(11,026,730)	(1,695,398)	(4,431,341)	-	(17,153,469)
IX Net operating profit before allowance for credit losses	11,870,720	6,393,425	19,923,369	-	38,187,514
X Allowance for credit losses	(9,165,599)	(537,820)	(2,027,374)	-	(11,730,793)
XI Profit before tax	2,705,121	5,855,605	17,895,995	-	26,456,721
7 Current corporate income tax expense	386,925	(1,171,121)	(3,579,199)	-	(4,363,395)
8 Deferred income tax expense	(902,392)	-	-	-	(902,392)
XII Corporate income tax expenses	(515,467)	(1,171,121)	(3,579,199)	-	(5,265,787)
XIII Profit after tax	2,189,654	4,684,484	14,316,796	-	21,190,934

(*)

As at 31 December 2021, the Head Office, located in the North, incurred some operating expenses for the whole system which were not allocated to other components within the Bank.

The main business activity of the Bank is provision of the finance/banking services.

43. Disclosure of financial instruments

(a) Collateral disclosure

The Bank does not hold collaterals which are allowed to be sold or re-pledged in the absence of default by the owner of the collaterals.

(b) Fair value disclosure

Circular 210 requires disclosures on fair value measurement method and related information of financial assets and financial liabilities for the purpose of comparing the carrying values and fair values.

The following table presents carrying value and fair value of the Bank's financial assets and liabilities as at 31 December 2021:

43. Disclosures of financial instruments (continued)

(b) Fair value disclosure (continued)

As at 31 December 2021

As at 31 December 2021		Carrying value - gross					Fair value VND million
	Held for trading VND million	Held to maturity VND million	Loans and receivables VND million	Available for sale VND million	Recognised at amortised cost VND million	Total of carrying value VND million	
Financial assets							
I	-	-	17,930,467	-	-	17,930,467	17,930,467
II	-	-	22,310,992	-	-	22,310,992	22,310,992
III	-	-	231,554,511	-	-	231,554,511	(*)
IV	799,376	-	-	-	-	799,376	(*)
V	303,202	-	-	-	-	303,202	(*)
VI	-	-	952,018,701	-	-	952,018,701	(*)
VIII	-	99,557,595	-	71,014,312	-	170,571,907	(*)
IX	-	-	-	1,661,461	-	1,661,461	(*)
XII	-	-	21,874,898	-	-	21,874,898	(*)
	1,102,578	99,557,595	1,245,689,569	72,675,773	-	1,419,025,515	
Financial liabilities							
I	-	-	-	-	115,046,916	115,046,916	(*)
II	-	-	-	-	1,136,759,508	1,136,759,508	(*)
IV	-	-	-	-	7,707	7,707	(*)
V	-	-	-	-	17,413,979	17,413,979	(*)
VI	-	-	-	-	14,235,967	14,235,967	(*)
	-	-	-	-	1,283,464,077	1,283,464,077	

(*) Due to insufficient information for valuation techniques, fair value of these financial assets and liabilities without an active market is not reliably estimated, and therefore is not disclosed.

43. Disclosures of financial instruments (continued)

(c) Risk management policies for financial instruments

The Board of Directors has the highest authority and responsibilities for the Bank's financial risk management to facilitate its sustainable growth.

Having taken those responsibilities, the Board of Directors appropriately promulgates risk management policies and strategies for each period, establishes risk limits, directly approves high-value business transactions in accordance with legal and internal requirements for each period, and determines organisational structure and key personnel positions.

Risk management strategies and policies of the Board of Directors are adhered to the Bank's charter and General Shareholders' Meeting resolution for each period.

The Risk Management Committee was established by the Board of Directors to assist the Board of Directors in managing all risks that may arise from the Bank's day-to-day business operations.

The Asset and Liability Credit and Operational Risk Committee ("ALCO") was established and chaired by the Chief Executive Officer. ALCO members are key personnel of the Bank being in-charge of risk management.

ALCO is responsible for comprehensively monitoring and managing assets and liabilities in the consolidated and separate balance sheet of the Bank in order to maximise profit while minimising losses arising from negative market trends, manage liquidity risk and appropriately direct interest and foreign exchange rate schemes.

Within its authority, ALCO has the authority to make risk management decisions.

(i) Credit risk

The Bank is exposed to credit risk, which is the risk of incurring a loss because its customers or counterparties fail to discharge their contractual obligations. Credit exposures arise mainly in lending activities relating to loans to customers, and in investments in debt securities. Off-balance sheet financial instruments, such as loan commitments, also contain credit risk. The Bank controls and manages credit risk by setting up related policies and procedures, including the credit risk management policies and operational risk management policy by the Risk Management Committee and Credit Committee.

The Bank classifies loans to customers and other credit institutions, off-balance sheet commitments, entrusted loans and unlisted corporate bonds in accordance with Circular 11 (Note 2(h)), and regularly assesses credit risks of non-performing loans in order to have appropriate resolutions.

In order to manage credit risks, the Bank has established policies and procedures relating to credit risk management; established credit manuals; performed credit risk assessment; set up internal credit rating systems and loan classification and decentralised authorisation in credit activities.

43. Disclosures of financial instruments (continued)

(c) Risk management policies for financial instruments (continued)

(i) Credit risk (continued)

The Bank's maximum exposure amounts to credit risk as at 31 December 2021, excluding collaterals and credit risk mitigations as follows:

	Neither past due nor impaired VND million	Past due but not impaired VND million	Impaired and allowance made VND million	Total VND million
Balances with the SBV	22,310,992	-	-	22,310,992
Balances with and loans to other CIs – gross	227,554,511	-	4,000,000	231,554,511
Balances with other CIs	179,461,016	-	-	179,461,016
Loans to other CIs	48,093,495	-	4,000,000	52,093,495
Trading securities - gross	799,376	-	-	799,376
Loans to customers – gross	906,481,699	9,411,101	36,125,901	952,018,701
Investment securities – gross	170,571,907	-	-	170,571,907
Available-for-sale securities	71,014,312	-	-	71,014,312
Held-to-maturity securities	99,557,595	-	-	99,557,595
Other assets	21,874,898	-	-	21,874,898
	1,349,593,383	9,411,101	40,125,901	1,399,130,385

Description and the carrying value of collaterals held by the Bank at the reporting date are described in Note 38.

43. Disclosures of financial instruments (continued)

(c) Risk management policies for financial instruments (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will unexpectedly fluctuate due to changes in market interest rates.

The actual interest re-pricing term is the remaining term starting from the end of the annual accounting period to the nearest interest re-pricing date of the items in the separate balance sheet.

The following assumptions and conditions have been adopted in the analysis of actual interest re-pricing term of asset and liabilities items in the separate balance sheet of the Bank:

- Cash, gold, silver and gemstones, capital contributions, long-term investments, and other assets (including fixed assets and other assets) are classified as free of interest items;
- Trading securities being debt securities are classified as "Up to 1 month" items;
- The actual interest re-pricing terms of investment securities are subject to issuers' terms and conditions on interest rate of issuing institution for each security type;
- The actual interest re-pricing term of balances with and loans to other credit institutions, loans to customers, amounts due to the Government and the SBV, deposits and borrowings from other credit institutions, deposits from customers, funds for finance, entrusted investments, entrusted loans and other liabilities are identified as follows:
 - Items with fixed interest rate during the contractual term: the actual interest re-pricing term is based on the contractual maturity date subsequent to the end of the annual accounting period;
 - Items with floating interest rate: the actual interest re-pricing term is based on the nearest re-pricing term subsequent to the end of the annual accounting period.
- The actual interest re-pricing term of valuable papers issued is based on valuable papers' maturities and the Bank's interest rate for each issuance.

The following table presents the interest rate re-pricing terms of the Bank's assets and liabilities as at 31 December 2021:

43. Disclosures of financial instruments (continued)

(c) Risk management policies for financial instruments (continued)

(ii) Interest rate risk (continued)

	Overdue	Free of interest	Up to 1 month	From 1 to 3 months	From over 3 months to 6 months	From over 6 months to 12 months	From over 1 year to 5 years	Over 5 years	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Assets									
I Cash on hand, gold, silver and gemstones	-	17,930,467	-	-	-	-	-	-	17,930,467
II Balances with the State Bank of Vietnam	-	-	22,310,992	-	-	-	-	-	22,310,992
III Balances with and loans to other CIs – gross	-	-	185,663,256	34,883,903	7,715,554	3,291,798	-	-	231,554,511
IV Trading securities – gross	-	-	799,376	-	-	-	-	-	799,376
V Derivative financial instruments and other financial assets	-	303,202	-	-	-	-	-	-	303,202
VI Loans to customers – gross	14,972,458	-	167,469,848	309,463,962	258,348,067	98,516,340	98,299,142	4,948,884	952,018,701
VII Investment securities – gross	-	-	2,011,059	3,324,665	17,325,548	16,855,031	102,558,355	28,497,249	170,571,907
VIII Capital contributions, long-term investments – gross	-	5,778,686	-	-	-	-	-	-	5,778,686
IX Fixed assets	-	8,372,476	-	-	-	-	-	-	8,372,476
X Other assets – gross	-	27,341,287	-	-	-	-	-	-	27,341,287
Total assets	14,972,458	59,726,118	378,254,531	347,672,530	283,389,169	118,663,169	200,857,497	33,446,133	1,436,981,605
Liabilities									
I Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	-	-	104,687,768	8,751,536	1,225,548	382,064	-	-	115,046,916
II Deposits from customers	-	-	642,540,192	170,989,567	128,533,086	175,222,233	19,474,430	-	1,136,759,508
IV Funds for finance, entrusted investments and entrusted loans	-	-	-	-	-	-	7,707	-	7,707
V Valuable papers issued	-	-	459	-	3,000,000	6,048,750	2,999,770	5,365,000	17,413,979
VI Other liabilities	-	30,275,608	739,171	67,446	-	-	-	-	31,082,225
Total liabilities	-	30,275,608	747,967,590	179,808,549	132,758,634	181,653,047	22,481,907	5,365,000	1,300,310,335
Interest sensitivity gap – on balance sheet	14,972,458	29,450,510	(369,713,059)	167,863,981	150,630,535	(62,989,878)	178,375,590	28,081,133	136,671,270

43. Disclosures of financial instruments (continued)

(c) Risk management policies for financial instruments (continued)

(iii) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Bank was incorporated and operates in Vietnam, with VND as its reporting currency. The major currency in which the Bank transacts is VND. The Bank's loans to customers are mainly denominated in VND, USD and EUR. Some of the Bank's other assets and other liabilities are in currencies other than VND, USD and EUR. The Bank has set limits on currency positions based on its internal risk management system and relevant statutory requirements stipulated by the SBV. Currency positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

The followings are the major exchange rates applied by the Bank at the reporting date:

	Exchange rate as at	
	31/12/2021	31/12/2020
USD/VND	22,780	23,125
EUR/VND	25,969	28,499

The following table presents the Bank's assets and liabilities denominated in foreign currencies that were converted into VND as at 31 December 2021:

43. Disclosures of financial instruments (continued)

(c) Risk management policies for financial instruments (continued)

(iii) Currency risk (continued)

	VND	USD	EUR	Other currencies	Total
	VND million	VND million	VND million	VND million	VND million
Assets					
I Cash on hand, gold, silver and gemstones	14,633,161	2,636,116	340,080	321,110	17,930,467
II Balances with the State Bank of Vietnam	11,152,128	11,158,864	-	-	22,310,992
III Balances with and loans to other CIs – gross	146,952,501	72,304,164	3,763,009	8,534,837	231,554,511
IV Trading securities – gross	799,376	-	-	-	799,376
V Derivative financial instruments and other financial assets	37,484,864	(37,199,449)	71	17,716	303,202
VI Loans to customers – gross	838,505,846	112,088,025	1,424,830	-	952,018,701
VII Investment securities – gross	147,791,907	22,780,000	-	-	170,571,907
VIII Capital contributions, long-term investments – gross	5,778,686	-	-	-	5,778,686
IX Fixed assets	8,372,476	-	-	-	8,372,476
X Other assets – gross	25,839,511	1,491,802	1,417	8,557	27,341,287
Total assets	1,237,310,456	185,259,522	5,529,407	8,882,220	1,436,981,605

Liabilities

I Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	68,382,977	39,325,991	1,541,546	5,796,402	115,046,916
II Deposits from customers	985,506,187	144,155,175	4,096,044	3,002,102	1,136,759,508
IV Funds for finance, entrusted investments and entrusted loans	7,707	-	-	-	7,707
V Valuable papers issued	17,413,937	42	-	-	17,413,979
VI Other liabilities	29,711,805	1,231,938	86,977	51,505	31,082,225

Total liabilities

Total liabilities	1,101,022,613	184,713,146	5,724,567	8,850,009	1,300,310,335
Currency position on balance sheet	136,287,843	546,376	(195,160)	32,211	136,671,270

43. Disclosures of financial instruments (continued)

(c) Risk management policies for financial instruments (continued)

(iv) Liquidity risk

Liquidity risk occurs when the Bank fails to fulfil its financial commitments with customers or counterparties due to unavailability of funds or liquidity.

The maturity of assets and liabilities represents the remaining terms of these assets and liabilities from the end of the annual accounting period to the maturity date according to the underlying contractual agreements or term of issuance.

The following assumptions and conditions have been adopted in the preparation of the Bank's assets and liabilities maturity analysis in the separate balance sheet:

- Balances with the SBV are considered as current accounts with maturity less than one month, including the compulsory deposits;
- The maturity of trading securities is considered to have maturity of less than one month because they are held in the short term for profit taking on price differences;
- The maturity of investment securities is based on maturity dates of each securities established by the issuers of these financial instruments;
- The maturities of balances with and loans to other credit institutions and loans to customers are based on the contractual maturity date. The actual maturity may vary from the original contractual term when the loan/deposit contract is extended;
- The maturity of capital contributions, equity investments is considered to be over five years as equity investments have no specified maturity; and
- Deposits and borrowings from other credit institutions, deposits from customers, funds for finance, entrusted investments and entrusted loans, and valuable papers issued are determined based on either the nature of the loans, deposits and valuable papers issued or their contractual maturities. For example, demand deposits of other credit institutions at the Bank and current accounts of the Bank at other credit institutions paid upon customers' demand are considered to be demand deposits, the maturity of term deposits and borrowings is based on the contractual maturity date. In practice, such items may be rolled over and maintained for longer period.

The following table analyses the remaining terms to maturity of the Bank's assets and liabilities from 31 December 2021:



43. Disclosures of financial instruments (continued)

(c) Risk management policies for financial instruments (continued)

(iv) Liquidity risk (continued)

	Overdue	Current				Total
	Over 3 months VND million	Up to 3 months VND million	Up to 1 month VND million	From over 1 month to 3 months VND million	From over 1 year to 5 years VND million	Over 5 years VND million
Assets						
I Cash on hand, gold, silver and gemstones	-	-	17,930,467	-	-	17,930,467
II Balances with the State Bank of Vietnam	-	-	22,310,992	-	-	22,310,992
III Balances with and loans to other credit institutions – gross	-	-	185,663,256	34,883,903	10,332,042	231,554,511
IV Trading securities – gross	-	-	799,376	-	675,310	799,376
V Derivative financial instruments and other financial assets	-	-	-	303,202	-	303,202
VI Loans to customers – gross	2,277,094	12,695,364	57,925,671	181,941,880	151,176,899	952,018,701
VII Investment securities – gross	-	-	961,059	2,716,665	106,236,355	170,571,907
VIII Capital contributions, long-term investments – gross	-	-	-	-	-	5,778,686
IX Fixed assets	-	-	-	-	-	8,372,476
X Other assets – gross	-	-	-	27,341,287	-	27,341,287
Total assets	2,277,094	12,695,364	285,590,821	247,186,937	338,363,608	292,779,217
Liabilities						
I Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	-	-	104,354,126	8,753,113	1,634,460	43,120
II Deposits from customers	-	-	284,695,434	186,723,686	322,274,896	297,020,696
IV Funds for finance, entrusted investments and entrusted loans	-	-	-	-	-	7,707
V Valuable papers issued	-	-	905	-	3,000,000	8,624,324
VI Other liabilities	-	-	3,516,184	19,549,952	7,078,607	937,482
Total liabilities	-	-	392,566,649	215,026,751	333,987,963	306,625,622
Net liquidity gap	2,277,094	12,695,364	(106,975,828)	32,160,186	205,985,214	(13,846,405)
						1,436,981,605

44. Subsequent events

On 6 January 2022, the Bank completed the payment of share dividend from the retained profit of 2019 at the rate of 27.6%. According to the Report on results of shares issuance to pay dividends No. 2061/VCB-CLTG&TKTH dated 6 January 2021 of the Bank and Official Letter No. 218/UBCKNN-QLCB dated 12 January 2022 of the State Securities Commission of Vietnam in relation to the report on results of the shares issuance to pay dividends of the Bank, the number of shares distributed is 1,023,639,123 shares. Accordingly, the total number of shares after the share issuance to pay dividends is 4,732,516,571 shares.

Except for the above event, until the issuance date of these separate financial statements, there was no significant event subsequent to 31 December 2021 that may have material effect to financial position of the Bank and require adjustments or disclosures in the separate financial statements for the year ended 31 December 2021.

45. Approval of the separate financial statements

The separate financial statements were approved by the Board of Management of the Bank on 21 March 2022.

Hanoi, 21 March 2022

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen



Deputy Director of
Financial and Accounting
Policy Department



Chief Accountant



Deputy CEO