



Joint Stock Commercial Bank for Foreign Trade of Vietnam

Consolidated Interim Financial Statements
for the six-month period ended
30 June 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 13 th time on 16 January 2019.

Members of the Board of Directors during the period and until the issuance date of the consolidated interim financial statements

Mr. Nghiem Xuan Thanh	Chairman	Retired on 3 July 2021
Mr. Do Viet Hung	Member	Appointed on 26 April 2019
	In-charge of the Board of Directors	Appointed on 3 July 2021
Mr. Pham Quang Dung	Member	Re-appointed on 27 April 2018
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 period and until the issuance date of the consolidated interim financial statements

Mr. Pham Quang Dung	Chief Executive Officer ("CEO")	Re-appointed on 1 November 2019
Mr. Dao Minh Tuan	Deputy CEO	Re-appointed on 15 June 2017
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. Nguyen Thanh Tung	Deputy CEO	Appointed on 1 April 2019
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 period and until the issuance date of the consolidated interim 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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Authorised signature on financial statements <i>(According to Letter of Authorisation No. 64/UQ-VCB-CSTCKT dated 4 March 2020)</i>	Since 4 March 2020 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 consolidated interim financial statements of the Bank and its subsidiaries for the six-month period ended 30 June 2021.

The Board of Management’s responsibility in respect of the consolidated interim financial statements

The Board of Management is responsible for the consolidated interim financial statements which give a true and fair view of the consolidated interim financial position of the Bank and its subsidiaries, and of their consolidated interim results of operations and their consolidated interim cash flows for the period. In preparing the consolidated interim 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 consolidated interim financial statements; and
- Prepare the consolidated interim financial statements on the going concern basis unless it is inappropriate to presume that the Bank and its subsidiaries 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 its subsidiaries 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 its subsidiaries and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement of the Board of Management

The Board of Management does hereby state that, in its opinion, the accompanying consolidated interim financial statements give a true and fair view of the consolidated interim financial position of the Bank and its subsidiaries as at 30 June 2021, and of their consolidated interim results of operations and their consolidated interim cash flows for the six-month period 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 interim financial reporting.

For and on behalf of the Board of Management:



Ms. Phung Nguyen Hai Yen
Deputy CEO

Hanoi, 13 August 2021



KPMG Limited
46th Floor, Keangnam Landmark 72
E6 Pham Hung Road, Me Tri Ward
South Tu Liem District, Hanoi, Vietnam
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INTERIM FINANCIAL STATEMENTS REVIEW REPORT

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

We have reviewed the accompanying consolidated interim financial statements of Joint Stock Commercial Bank for Foreign Trade of Vietnam ("the Bank") and its subsidiaries, which comprise the consolidated interim balance sheet as at 30 June 2021, the consolidated interim statements of income and cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Bank's Board of Management on 13 August 2021, as set out on pages 6 to 57.

The Board of Management's responsibility

The Bank's Board of Management is responsible for the preparation and fair presentation of these consolidated interim 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 interim financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation and presentation of consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2410 - *Review of interim financial information performed by the independent auditor of the entity*.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view, in all material respects, of the consolidated financial position of Joint Stock Commercial Bank for Foreign Trade of Vietnam and its subsidiaries as at 30 June 2021 and of their consolidated results of operations and their consolidated cash flows for the six-month period 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 interim financial reporting.



Wang Toon Kim
Practicing Auditor Registration
Certificate No. 0557-2018-007-1
Deputy General Director
Hanoi, 13 August 2021

Truong Vinh Phuc
Practicing Auditor Registration
Certificate No. 1901-2018-007-1



No.	Items	Note	30/6/2021 VND million	31/12/2020 VND million
A	ASSETS			
I	Cash on hand, gold, silver and gemstones		13,132,285	15,095,394
II	Balances with the State Banks		23,485,760	33,139,373
III	Balances with and loans to other credit institutions		185,877,601	267,969,645
1	Balances with other credit institutions		164,585,658	204,713,783
2	Loans to other credit institutions		22,291,943	64,255,862
3	Allowance for balances with and loans to other credit institutions		(1,000,000)	(1,000,000)
IV	Trading securities	4	3,182,256	1,954,061
1	Trading securities		3,221,327	1,991,861
2	Allowance for trading securities		(39,071)	(37,800)
VI	Loans to customers		897,798,104	820,545,467
1	Loans to customers	5	921,948,437	839,788,261
2	Allowance for loans to customers	6	(24,150,333)	(19,242,794)
VIII	Investment securities	7	147,996,760	156,931,097
1	Available-for-sale securities		49,339,958	42,148,831
2	Held-to-maturity securities		99,230,545	115,382,544
3	Allowance for investment securities		(573,743)	(600,278)
IX	Capital contributions, long-term investments		2,281,134	2,239,006
2	Investments in joint-ventures	8(a)	754,888	714,935
3	Investments in associates	8(b)	13,423	11,248
4	Other long-term investments		1,587,823	1,587,823
5	Allowance for long-term investments		(75,000)	(75,000)
X	Fixed assets		8,317,891	8,539,362
1	Tangible fixed assets		5,363,219	5,411,139
a	Cost		13,221,132	12,866,189
b	Accumulated depreciation		(7,857,913)	(7,455,050)
3	Intangible fixed assets		2,954,672	3,128,223
a	Cost		4,213,943	4,211,880
b	Accumulated amortisation		(1,259,271)	(1,083,657)
XII	Other assets		22,107,315	19,816,687
1	Receivables		9,714,405	6,668,595
2	Accrued interest and fee receivables		6,187,719	7,206,125
3	Deferred tax assets		909,210	909,263
4	Other assets		5,300,001	5,036,638
5	Allowance for other assets		(4,020)	(3,934)
	TOTAL ASSETS		1,304,179,106	1,326,230,092

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Consolidated interim balance sheet as at 30 June 2021 (continued)

Form B02a/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

No.	Items	Note	30/6/2021 VND million	31/12/2020 VND million
B	LIABILITIES AND OWNERS' EQUITY			
I	Amounts due to the Government and the State Banks	9	9,077,476	41,176,995
II	Deposits and borrowings from other credit institutions	10	84,188,617	103,583,833
1	Deposits from other credit institutions		80,671,606	100,916,433
2	Borrowings from other credit institutions		3,517,011	2,667,400
III	Deposits from customers	11	1,051,273,660	1,032,113,567
IV	Derivative financial instruments and other financial liabilities		30,621	52,031
V	Funds for finance, entrusted investments and entrusted loans		9,884	14,679
VI	Valuable papers issued	12	21,398,107	21,240,197
VII	Other liabilities		33,261,223	33,953,811
1	Accrued interest and fee payables		9,366,261	9,797,834
3	Other liabilities	13	23,894,962	24,155,977
	TOTAL LIABILITIES		1,199,239,588	1,232,135,113
VIII	Owners' equity			
1	Capital		42,518,184	42,428,821
a	Charter capital		37,088,774	37,088,774
c	Share premium		4,995,389	4,995,389
g	Other capital		434,021	344,658
2	Reserves		14,916,935	14,925,803
3	Foreign exchange differences		1,708	5,103
5	Retained profits		47,408,227	36,650,228
a	Previous years' retained profits		36,545,544	22,803,530
b	Current period's/year's retained profits		10,862,683	13,846,698
6	Non-controlling interest		94,464	85,024
	TOTAL OWNERS' EQUITY	15(a)	104,939,518	94,094,979
	TOTAL LIABILITIES AND OWNERS' EQUITY		1,304,179,106	1,326,230,092

The accompanying notes are an integral part of these consolidated interim financial statements

No.	Items	Note	30/6/2021 VND million	31/12/2020 VND million
OFF-BALANCE SHEET ITEMS				
1	Credit guarantees		1,490,910	654,296
2	Foreign exchange commitments		131,720,422	116,656,912
	Foreign currency buying commitments		8,985,672	53,984,032
	Foreign currency selling commitments		8,865,761	62,672,880
	Swap commitments		113,868,989	-
4	Letters of credit		60,756,717	45,980,494
5	Other guarantees		55,032,284	50,892,327
6	Other commitments		762,265	680,372

Hanoi, 13 August 2021

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

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Consolidated interim statement of income
for the six-month period ended 30 June 2021

Form B03a/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

No.	Items	Note	Six-month period ended 30/6/2021 VND million	Six-month period ended 30/6/2020 VND million
1	Interest and similar income	17	35,042,744	34,938,760
2	Interest and similar expenses	18	(13,864,753)	(17,827,120)
I	Net interest income		21,177,991	17,111,640
3	Fee and commission income		5,799,748	4,116,301
4	Fee and commission expenses		(1,933,498)	(1,833,301)
II	Net fee and commission income		3,866,250	2,283,000
III	Net gain from trading of foreign currencies		2,028,608	1,928,598
IV	Net gain/(loss) from trading securities	19	90,149	(21,084)
5	Other income		1,642,003	1,611,586
6	Other expenses		(270,091)	(286,482)
VI	Net other income		1,371,912	1,325,104
VII	Income from capital contributions and equity investments	20	53,987	391,783
	TOTAL OPERATING INCOME		28,588,897	23,019,041
VIII	TOTAL OPERATING EXPENSES	21	(9,515,403)	(8,028,309)
IX	Net operating profit before allowance for credit losses		19,073,494	14,990,732
X	Allowance for credit losses		(5,500,066)	(4,008,666)
XI	PROFIT BEFORE TAX (CARRIED TO THE NEXT PAGE)		13,573,428	10,982,066

The accompanying notes are an integral part of these consolidated interim financial statements

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Consolidated interim statement of income
for the six-month period ended 30 June 2021 (continued)

Form B03a/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

No.	Items	Note	Six-month period ended 30/6/2021 VND million	Six-month period ended 30/6/2020 VND million
XI	PROFIT BEFORE TAX (BROUGHT FROM THE PREVIOUS PAGE)		13,573,428	10,982,066
7	Current corporate income tax expenses		(2,701,179)	(1,785,075)
8	Deferred corporate income tax expenses		(53)	(398,722)
XII	Corporate income tax expenses		(2,701,232)	(2,183,797)
XIII	NET PROFIT AFTER TAX		10,872,196	8,798,269
XIV	Non-controlling interest		(9,513)	(10,015)
XVI	Net profit attributable to the Bank's shareholders		10,862,683	8,788,254
XV	Basic earnings per share (VND/share)	16	2,929	2,370

Hanoi, 13 August 2021

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 consolidated interim financial statements

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Consolidated interim statement of cash flows
for the six-month period ended 30 June 2021 (Direct method)

Form B04a/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

No.	Items	Six-month period ended 30/6/2021 VND million	Six-month period ended 30/6/2020 VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Interest and similar income received	36,061,149	36,217,593
02	Interest and similar expenses paid	(14,296,327)	(17,251,419)
03	Net fee and commission income received	3,026,700	2,283,000
04	Net receipts and payments from trading activities (foreign currencies, gold and securities)	1,881,611	1,712,539
05	(Other expenses paid)/other income received	(221,000)	123,979
06	Receipts from recovery of bad debts previously written off	1,590,443	1,198,712
07	Payments to employees and for other operating activities	(7,949,175)	(6,328,491)
08	Corporate income tax paid during the period	(3,704,353)	(2,545,392)
	Net cash flows from operating activities before changes in operating assets and liabilities	16,389,048	15,410,521
	(Increase)/decrease in operating assets		
09	Balances with and loans to other credit institutions	14,344,345	3,989,509
10	Trading securities	7,731,406	2,264,754
11	Derivative financial instruments and other financial assets	-	98,312
12	Loans to customers	(82,160,176)	(36,037,531)
13	Utilisation of allowance for credit losses	(618,003)	-
14	Other operating assets	(3,459,029)	(1,079,517)
	Increase/(decrease) in operating liabilities		
15	Amounts due to the Government and the State Banks	(32,099,519)	(82,039,710)
16	Deposits and borrowings from other credit institutions	(19,395,216)	(25,212,848)
17	Deposits from customers	19,160,093	52,789,989
18	Valuable papers issued	157,910	(89,792)
19	Funds for finance, entrusted investments and entrusted loans	(4,795)	(2,501)
20	Derivative financial instruments and other financial liabilities	(21,410)	59,126
21	Other operating liabilities	3,256,686	9,792,143
22	Payments from reserves	(1,553,663)	(1,042,283)
I	Net cash flows from operating activities	(78,272,323)	(61,099,828)

The accompanying notes are an integral part of these consolidated interim financial statements

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Consolidated interim statement of cash flows
for the six-month period ended 30 June 2021
(Direct method – continued)

Form B04a/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

No.	Items	Six-month period ended 30/6/2021 VND million	Six-month period ended 30/6/2020 VND million
CASH FLOWS FROM INVESTING ACTIVITIES			
01	Payments for purchases of fixed assets	(357,006)	(435,048)
02	Proceeds from disposals of fixed assets	3,019	2,789
03	Payments for disposals of fixed assets	(550)	(376)
08	Collections from investments in other entities	-	515,577
09	Dividends and profits received from equity investments and capital contributions	10,058	13,327
II	Net cash flows from investing activities	(344,479)	96,269
CASH FLOWS FROM FINANCING ACTIVITIES			
03	Payments of dividends	(747,619)	(747,619)
III	Net cash flows from financing activities	(747,619)	(747,619)
IV	Net cash flows during the period	(79,364,421)	(61,751,178)
V	Cash and cash equivalents at the beginning of the period	292,582,702	272,270,535
VII	Cash and cash equivalents at the end of the period (Note 22)	213,218,281	210,519,357

Hanoi, 13 August 2021

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 consolidated interim financial statements

These notes form an integral part of, and should be read in conjunction with, the accompanying consolidated interim 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 Authority for Planning and Investment and Enterprise Code No. 0100112437 was reissued for the thirteenth time on 16 January 2019.

The principal activities of the Bank in accordance with Decision No. 2719/QD-NHNN dated 27 December 2011, Decision No. 2182/QD-NHNN dated 26 October 2015, 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 amending and supplementing to Establishment and Operation Licence No. 138/GP-NHNN on the contents of the Bank's operations are to 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 Authority for 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 thirteenth 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/QD-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.

	At 30/6/2021 and 31/12/2020	
	Number of shares	%
Shares owned by the Government of Vietnam	2,774,353,387	74.80%
Shares owned by foreign strategic shareholder (Mizuho Bank Ltd., Japan)	556,334,933	15.00%
Shares owned by other shareholders	378,189,128	10.20%
	3,708,877,448	100%

(c) **Location and network**

The Bank's Head Office is located at 198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam. As at 30 June 2021, the Bank had one (1) Head Office, one (1) Vietcombank Human Resources Development and Training College, two (2) Cash Processing Centers, one hundred and sixteen (116) branches nationwide, four (4) local subsidiaries, three (3) overseas subsidiaries, two (2) joint-ventures, one (1) associate, one (1) representative office located in the United States of America, one (1) representative office located in Singapore and one (1) representative office located in Ho Chi Minh City (As at 31 December 2020, the Bank had one (1) Head Office, one (1) Vietcombank Human Resources Development and Training College, two (2) Cash Processing Centers, one hundred and sixteen (116) branches nationwide, four (4) local subsidiaries, three (3) overseas subsidiaries, two (2) joint-ventures, one (1) associate, one (1) representative office located in the United States of America, one (1) representative office located in Singapore and one (1) representative office located in Ho Chi Minh City).

(d) **Subsidiaries, joint-ventures and associates**

Subsidiaries

As at 30 June 2021 and 31 December 2020:

Subsidiaries	Operating Licence	Business sector	Ownership percentage of the Bank
Vietcombank Financial Leasing Company Limited	Operating Licence No. 66/GP-NHNN dated 31 October 2017 granted by the SBV	Financial leasing	100%
Vietcombank Securities Company Limited	Operating Licence No. 09/GPHDKD dated 24 April 2002, the most recent amendment is Operating Licence No. 63/GPDC-UBCK dated 29 December 2017 granted by the State Securities Commission of Vietnam ("SSC")	Securities	100%
Vietnam Finance Company Limited in Hong Kong ("Vinafico")	Business Registration No. 58327 dated 10 February 1978 issued by Hong Kong Monetary Authority	Financial services	100%
Vietcombank Remittance Company Limited	Enterprise Registration Certificate No. 0314633162 dated 20 September 2017 granted by Ho Chi Minh City Department of Investment and Planning	Receipt of foreign exchange	100%
Vietcombank Laos Limited	Operating Licence No. 88/BOL dated 25 May 2018 granted by Bank of the Lao P.D.R	Banking	100%
Vietcombank Money Inc.	Business Registration No. E0321392009-6 dated 15 June 2009 granted by the Authority of the State of Nevada, United States	Foreign exchange remittance	87.5%
Vietcombank Tower 198 Ltd.	Investment Licences No. 1578/GP dated 30 May 1996 and the most recent amendment dated 1 March 2019 granted by the Ministry of Planning and Investment	Office leasing	70%

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Notes to the consolidated interim financial statements
for the six-month period ended 30 June 2021 (continued)

Form B05a/TCTD-HN
(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

The Bank and its subsidiaries are hereinafter referred to as “Vietcombank”.

Joint-ventures

As at 30 June 2021 and 31 December 2020:

Joint-ventures	Operating 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 granted by the Ministry of Planning and the most recent Amended Licence No. 2458/GCND2/41/1 dated 28 December 2012	Office leasing	52%
Vietcombank Fund Management	Establishment and Operating Licence No. 06/UBCK-GPHDQLQ dated 2 December 2005 granted by the State Securities Commission of Vietnam and the most recent Amended Licence No. 17/GPDC-UBCK dated 9 February 2018	Investment fund management	51%

Associates

As at 30 June 2021 and 31 December 2020:

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

(e) Number of employees

As at 30 June 2021, Vietcombank had 21,079 employees (31 December 2020: 20,062 employees).

2. Summary of significant accounting policies

The following significant accounting policies have been adopted by Vietcombank in the preparation and presentation of these consolidated interim financial statements.

Except as described in Note 2(h)(ii), the accounting policies that have been adopted by Vietcombank in the preparation of these consolidated interim financial statements are consistent with those adopted in the preparation of the most recent consolidated annual financial statements.

(a) Purpose of preparing the consolidated interim financial statements

The Bank has subsidiaries as disclosed in Note 1(d). The Bank has prepared these consolidated interim 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 separate interim financial statements of the Bank for the six-month period ended 30 June 2021 ("the separate interim financial statements"), which were issued on 13 August 2021.

(b) Basis of financial statement preparation

The consolidated interim 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 interim financial reporting.

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

(c) Accounting period

Vietcombank's annual accounting period is from 1 January to 31 December. These consolidated interim financial statements are prepared for the six-month period ended 30 June 2021.

(d) Foreign currency transactions

All transactions are recorded in their original currencies. Monetary items denominated in currencies other than VND are translated into VND at the exchange rates prevailing at the reporting date. Non-monetary items denominated in foreign currencies are translated into VND at the exchange rate at the dates of the transactions.

Foreign exchange differences arising during the period are recorded in the consolidated interim statement of income.

In order to prepare the consolidated interim financial statements with consolidation method for the subsidiaries and equity method for the associates and joint-ventures of which their accounting currencies are not VND, assets, liabilities and equity accounts of those subsidiaries, associates and joint-ventures are translated to VND at spot exchange rates at the end of the accounting period, and the income and expenses are translated to VND at the average exchange rate for the accounting period. Exchange differences arising from the translation are recognised in equity in the consolidated interim balance sheet.



(e) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Bank. The control exists when the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing the control, potential voting rights that presently are exercisable are taken into account. The interim financial statements of subsidiaries are included in the consolidated interim financial statements from the date that the control commences until the date that the control ceases.

Inter-company balances, transactions and profit/loss on transactions between the subsidiaries and the Bank are eliminated in full when preparing the consolidated interim financial statements. The accounting policies of subsidiaries have been changed if necessary to ensure the consistency with the policies adopted by the Bank.

Non-controlling interest is the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Bank.

(ii) Associates and joint-ventures

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

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.

The Bank adopts the equity method in accounting for its investments in associates and joint ventures in the consolidated interim financial statements. The Bank's share of post-acquisition profits or losses of its associates and joint-ventures is recognised in the consolidated interim statement of income. When the Bank's share of losses in associates and joint-ventures equals or exceeds the cost of its investments in the associates and joint-ventures, the Bank does not recognise further losses in its consolidated interim financial statements, unless it has obligations to pay on behalf of the associates and joint-ventures. Accounting policies of associates and joint-ventures have been changed where necessary to ensure consistency with the policies adopted by the Bank.

(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 CIs with original term to maturity not exceeding three months from the original date of placement or lending; investments securities with recoverability or maturity not exceeding three months 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 current deposits, 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 Circular No. 02/2013/TT-NHNN dated 21 January 2013 of the State Bank of Vietnam on classification of assets, level and method of allowance making, and use of allowance against credit risks in banking activities of credit institutions and foreign banks' branches ("Circular 02") and Circular No. 09/2014/TT-NHNN dated 18 March 2014 of the SBV on amending and supplementing a number of articles of Circular 02 ("Circular 09"). Accordingly, Vietcombank has made specific allowance for term deposits with and loans to other credit institutions in accordance with the accounting policy described in Note 2(h)(ii).

According to Circular 02, Vietcombank 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 consolidated interim balance sheet at the outstanding amount of principal at the reporting date.

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

Debt classification for loans to customers is made in accordance with the method disclosed in Note 2(h)(ii) and allowance for credit risk of loans to customers is made in accordance with Circular 02 and Circular 09.

(ii) Specific allowance for credit risk

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. In that case, should classifications of a debt in accordance with Article 10 and Clause 1 of Article 11, Circular 02 differ, the debt is to be classified into the group of higher risk.

Since 1 January 2015, the Bank uses 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, Vietcombank shall adjust its classification of debts and off-balance commitments following the debt groups provided by CIC.

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Notes to the consolidated interim financial statements
for the six-month period ended 30 June 2021 (continued)

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(Issued in accordance with
Circular No. 49/2014/TT-NHNN
dated 31 December 2014)

Specific allowance is calculated based on the following allowance rates corresponding to debt principal less the discounted value of collateral assets:

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

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

Since 13 January 2020, Vietcombank has applied Circular No. 01/2020/TT-NHNN (“Circular 01”) issued by the SBV regulating credit institutions and foreign bank branches to reschedule the debt repayment term, exempting, reducing interests and fees, keeping debt group unchanged in order to support customers affected by Covid-19 pandemic. Accordingly, for customers with obligations of paying principals and/or interest during the period from 23 January 2020 to the day after 03 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 due to decrease in revenue, profit caused by the effect of Covid-19 pandemic, Vietcombank is allowed to reschedule the repayment period for these debts while maintaining the same debt group as classified at most recent date before 23 January 2020.

Since 17 May 2021, Vietcombank 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, Vietcombank is allowed to reschedule loan repayment period, 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 23/01/2020	From 23/01/2020 to 31/12/2021	Not past due or overdue up to 10 days	From 30/03/2020 to before 31/12/2021	Keeping the debt group unchanged as classified at the most recent date before 23/01/2020.
From 23/01/2020 to before 10/06/2020		Overdue	From 23/01/2020 to 29/03/2020	
		Not past due or overdue up to 10 days	From 17/05/2021 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 23/01/2020 to before 17/05/2021	Keeping the debt group unchanged as classified at the most recent date before the date the loan becomes overdue.

For the loan balances with rescheduled repayment period, interest exempted or reduced and debt group being kept unchanged according to the restructured term and their repayment period is not further rescheduled by Vietcombank in accordance with prevailing regulations: Vietcombank classifies the debts and makes allowance for credit risk in accordance with Circular 02 taking into account the number of times of rescheduling repayment period and keeping debt group unchanged.

At the same time, Vietcombank determines and recognises the additional specific allowance for the entire outstanding loan balance of customers, including the loan balances with rescheduled repayment period, interest exempted or reduced according to the results of debt classification in accordance with Circular 02 (without applying the provision of keeping debt group unchanged under Circular 03) as follows:

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

(iii) General allowance for credit risk

Vietcombank is required to make a general allowance of 0.75% of total outstanding balances of debts which are classified into Groups 1 to 4 as at the last working day of each quarter. For the fourth quarter of the year, a general allowance is made at 0.75% of total outstanding balances of debts which are classified into Groups 1 to 4 as at the last working day of November.

(iv) Bad debts written-off

According to Circular 02, Vietcombank 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 consolidated interim statement of income.

(ii) Investment securities

Investment securities are classified into two categories: available-for-sale and held-to-maturity investment securities. Vietcombank classifies investment securities on their 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 acquisition date.

Available-for-sale investment securities

Available-for-sale investment 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 Vietcombank and Vietcombank 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 consolidated statement of income on an accrual basis.

Held-to-maturity investment securities

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

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

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

In addition, according to Circular 02 and Circular 09, investment securities which are unlisted corporate bonds (including bonds issued by other local credit institutions on the secondary market) are subject to debt classification and allowance for credit risk in a manner similar to loans to customers described in 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 investment 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 Vietcombank to fully recover the investment.

(iii) Capital contributions and long-term investments

Other long-term investments represent Vietcombank's equity investments in other enterprises where Vietcombank 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 Vietcombank 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.

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



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 Vietcombank at the end of the accounting period which has signs of decrease in value compared to the Vietcombank'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 Vietcombank 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 consolidated interim financial statements. The corresponding cash received from these agreements is recognised in the consolidated interim balance sheet as a liability. The difference between the sale price and repurchase price is amortised in the consolidated interim 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 consolidated interim financial statements. The corresponding cash paid under these agreements is recognised in the consolidated interim balance sheet as a loan to customer. The difference between the purchase price and resale price is amortised in the consolidated interim 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 VND30,000,000.

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 consolidated interim statement of income for the period 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 with 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 operating expenses by the number of lease periods;
- Land lease rent paid annually, the rent is recorded into the operating expenses in the period in proportion to the rent annually paid.

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

For the intangible fixed assets which are the value of land use rights with term or the leased land use rights, the period of depreciation is the period permitted for land use of Vietcombank.

(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 3-4 years.

(m) Other assets

Except for receivables from uncollectible income as presented in Note 2(t), 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 other assets is based on their overdue period or estimated irrevocable loss for debts that are not due but Vietcombank 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 Vietcombank but the case has been suspended.

<i>Overdue period</i>	<i>Allowance rate</i>
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, Vietcombank classifies and makes allowance similarly to loans to customers 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 Vietcombank for 12 months or more ("the eligible employees") voluntarily terminates his/her labour contract, Vietcombank 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. This circular 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, Vietcombank 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 funds is appropriated from profit after tax in accordance with the Resolution of the General Meeting of Shareholders and recorded as liabilities in the consolidated interim 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 issuance price and the par value of the shares is recorded in share premium under equity.

(iii) Treasury shares

When the Bank repurchases its ordinary shares, the total paid amount including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are recognised as treasury shares and presented as a deduction from equity.

(iv) Reserves

Reserves are used for specific purposes and appropriated from net profit after tax of the Bank and Vietcombank Finance Leasing Company Limited ("VCBL") at prescribed rates as below:

- Supplementary charter capital reserve: 5% of net profit after tax of each entity. According to Decree 93, the maximum balance for this reserve does not exceed charter capital of the Bank/VCBL.
- Financial reserve: 10% of net profit after tax of each entity. 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/Members' Council and in accordance with prevailing regulations.

The remaining net profit after tax, after appropriation to reserves and dividends payment, is recorded as retained profits.

Vietcombank Securities Company Limited ("VCBS") appropriates net profit after tax to reserves in accordance with Circular No. 146/2014/TT-BTC issued by the Ministry of Finance on 6 October 2014 as follows:

- Supplementary charter capital reserve: 5% of net profit after tax and does not exceed 10% of VCBS's charter capital.
- Financial reserve: 5% of net profit after tax and does not exceed 10% of VCBS's charter capital.

(v) Foreign exchange differences

Foreign exchange differences are differences arising when interim financial statements in foreign currencies of overseas subsidiaries are translated to VND for the purpose of preparing consolidated interim financial statements.

(t) Income and expenses

(i) Interest income and interest expenses

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

Interest expenses are recognised on an accrual basis.

(ii) Fee and commission and dividend income in cash

Fee and commission are recognised on an accrual basis.

Cash dividends from investment activities are recognised in the consolidated interim statement of income when Vietcombank'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 consolidated interim statement of income. Instead, the additional shares received are reflected as increase in the number of shares held by Vietcombank.

(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 accounting period, or recorded as an expense if the due date is not within the accounting period, and must be monitored on the off-balance sheet for following-up on collection. When the receivable is collected, Vietcombank will record it in other income.

(u) Leases

(i) Lessee

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

(ii) Lessor

Vietcombank recognises finance leased assets as "Loans to customers" in the consolidated interim balance sheet at the net value of the investment defined in the lease contract. Income from finance leases are recognised as "Income from interest and similar income". Instalment income is amortised over the lease term using interest rate over the net investment of the leased assets. The debt classification of finance lease receivables is made in accordance with the quantitative method as stipulated in Article 10 of Circular 02.

Vietcombank recognises operating lease assets in the consolidated interim balance sheet. Rental income is recognised on a straight-line basis over the lease term regardless of payment method. Expenses occurred during the leasing period, including depreciation expenses are recognised as operating expenses for the period.



(v) Taxation

Corporate income tax comprises of current and deferred tax. Corporate income tax is recognised in the consolidated interim 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 period, using tax rates enacted at the end of the accounting period, and any adjustment to tax payables in respect of the previous periods.

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 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 Vietcombank include:

- Individuals or organisations which have the authority to appoint management personnel, members of the Supervisory Board of the parent company or parent credit institution of Vietcombank;
- Management personnel or members of the Supervisory Board of the Bank;
- Companies or organisations that 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, son-in-law, daughter-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 Bank; and
- Authorised representatives of owners of contributed capital, shares of the Bank.

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

(x) Segment reporting

A segment is a distinguishable component of Vietcombank 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

Vietcombank 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 Vietcombank'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 consolidated interim statement of income at the end of the 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 consolidated interim 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 immediately on the effective date of the contracts as an asset if they are positive or as a liability if they are negative in the consolidated balance sheet. This difference is amortised to the consolidated 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 consolidated interim balance sheet. The difference of swap interest rates is recognised in the consolidated interim statement of income on an accrual basis.

(iii) Commitments and contingent liabilities

Vietcombank has credit commitments arising from its regular lending activities. These commitments are unutilised loans and overdraft facilities which are approved. Vietcombank 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 02 and Circular 09, Vietcombank, 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 consolidated interim balance sheet if, and only if, Vietcombank has currently enforceable legal rights to offset the recognised amounts and Vietcombank has an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(aa) Basic earnings per share

Vietcombank presents basic earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank (after adjustment for appropriation to bonus and welfare funds) by the weighted average number of ordinary shares outstanding during the period.

If new shares issued during the period only change the number of shares without changing the equity, Vietcombank will adjust the weighted average number of ordinary shares outstanding during the period presented in the consolidated interim financial statements, which leads to corresponding adjustment for EPS.

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

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

Financial assets of Vietcombank mainly include:

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

Financial liabilities of Vietcombank mainly include:

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

(a) Classification of financial assets and liabilities

Only for the disclosure purpose in the consolidated interim financial statements, Vietcombank 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, Vietcombank 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 25(b).

The disclosure of fair value of the financial instruments is only for the disclosure purpose in Note 25(b). The financial instruments of Vietcombank are still recognised and recorded 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 interim 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, Vietcombank 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. Trading securities

	30/6/2021 VND million	31/12/2020 VND million
Debt securities		
Government bonds	2,291,032	1,126,417
Bonds issued by other local credit institutions	401,894	200,124
Securities issued by local economic entities	238,251	339,250
Equity securities		
Equity securities issued by other credit institutions	47,404	29,437
Equity securities issued by local economic entities	242,746	296,633
	3,221,327	1,991,861
Allowance for trading securities	(39,071)	(37,800)
	3,182,256	1,954,061

5. Loans to customers

	30/6/2021 VND million	31/12/2020 VND million
Loans to local economic entities and individuals	913,051,911	832,010,220
Discounted bills and transferrable valuable papers	3,617,609	2,549,713
Finance lease receivables	4,456,290	4,608,056
Loans to foreign organisations and individuals	822,627	620,272
	<u>921,948,437</u>	<u>839,788,261</u>

Loan portfolio by debt group was as follows:

	30/6/2021 VND million	31/12/2020 VND million
Current debts	909,451,426	831,765,014
Special mentioned debts	5,632,069	2,793,678
Sub-standard debts	917,672	668,690
Doubtful debts	757,478	223,292
Loss debts	5,189,792	4,337,587
	<u>921,948,437</u>	<u>839,788,261</u>

Loan portfolio by term was as follows:

	30/6/2021 VND million	31/12/2020 VND million
Short-term debts	483,640,933	434,373,690
Medium-term debts	43,116,128	43,091,944
Long-term debts	395,191,376	362,322,627
	<u>921,948,437</u>	<u>839,788,261</u>

6. Allowance for loans to customers

	30/6/2021 VND million	31/12/2020 VND million
General allowance	6,596,290	5,895,579
Specific allowance	17,554,043	13,347,215
	<u>24,150,333</u>	<u>19,242,794</u>

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

	Six-month period ended 30/6/2021 VND million	Year ended 31/12/2020 VND million
Opening balance of the period/year	5,895,579	5,282,328
Allowance made during the period/year	701,517	613,274
Foreign currency translation difference	(806)	(23)
Closing balance of the period/year	<u>6,596,290</u>	<u>5,895,579</u>

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

	Six-month period ended 30/6/2021 VND million	Year ended 31/12/2020 VND million
Opening balance	13,347,215	4,951,309
Allowance made during the period/year	4,825,084	11,201,979
Allowance utilised for writing-off of bad debts	(618,003)	(2,805,965)
Foreign exchange translation difference	(253)	(108)
Closing balance	<u>17,554,043</u>	<u>13,347,215</u>

7. Investment securities

	30/6/2021 VND million	31/12/2020 VND million
Available-for-sale securities (a)	49,085,828	41,955,076
Held-to-maturity securities (b)	98,910,932	114,976,021
	147,996,760	156,931,097
(a) Available-for-sale securities		
	30/6/2021 VND million	31/12/2020 VND million
Available-for-sale securities		
<i>Debt securities</i>		
Government bonds	16,385,142	9,444,422
Debt securities issued by other local credit institutions	32,946,626	32,696,219
<i>Equity securities</i>		
Equity securities issued by other local economic entities	8,190	8,190
	49,339,958	42,148,831
Allowance for available-for-sale securities	(254,130)	(193,755)
Total available-for-sale securities	49,085,828	41,955,076
(b) Held-to-maturity securities		
	30/6/2021 VND million	31/12/2020 VND million
Held-to-maturity securities		
Government bonds	54,482,274	59,001,448
Debt securities issued by other local credit institutions	38,311,519	51,041,344
Debt securities issued by local economic entities	6,436,752	5,339,752
	99,230,545	115,382,544
Allowance for held-to-maturity securities	(319,613)	(406,523)
Total held-to-maturity securities	98,910,932	114,976,021

8. Capital contributions, long-term investments

(a) Investments in joint ventures

As at 30 June 2021:

	Business sector	Ownership percentage (%)	Cost VND million	Carrying value VND million
Vietcombank – Bonday – Ben Thanh Joint-venture Company Limited (i)	Office leasing	52%	410,365	592,539
Vietcombank Fund Management (i)	Investment fund management	51%	135,150	162,349
			<u>545,515</u>	<u>754,888</u>

As at 31 December 2020:

	Business sector	Ownership percentage (%)	Cost VND million	Carrying value VND million
Vietcombank – Bonday – Ben Thanh Joint-venture Company Limited (i)	Office leasing	52%	410,365	552,840
Vietcombank Fund Management (i)	Investment fund management	51%	135,150	162,095
			<u>545,515</u>	<u>714,935</u>

- (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".

(b) **Investments in associates**

As at 30 June 2021:

	Business sector	Ownership percentage (%)	Cost VND million	Carrying value VND million
Vietcombank – Bonday Joint-venture Company Limited	Office leasing	16%	11,110	13,423

As at 31 December 2020:

	Business sector	Ownership percentage (%)	Cost VND million	Carrying value VND million
Vietcombank – Bonday Joint-venture Company Limited	Office leasing	16%	11,110	11,248

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".

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

	30/6/2021 VND million	31/12/2020 VND million
Borrowings from the State Bank of Vietnam	1,658,940	2,347,294
Borrowings on the credit files basis	1,237,589	1,800,563
Other borrowings	421,351	546,731
Deposits from the State Treasury	1,235,739	36,393,923
Demand deposits in VND	574,670	463,641
Demand deposits in foreign currencies	661,069	513,282
Term deposits in VND	-	35,417,000
Deposits from the State Bank of Vietnam	6,182,797	2,435,778
	9,077,476	41,176,995

10. Deposits and borrowings from other credit institutions

	30/6/2021 VND million	31/12/2020 VND million
Deposits from other credit institutions	80,671,606	100,916,433
Demand deposits in VND	6,016,786	6,654,782
Demand deposits in foreign currencies	45,608,901	42,123,289
Term deposits in VND	18,898,975	33,600,000
Term deposits in foreign currencies	10,146,944	18,538,362
Borrowings from other credit institutions	3,517,011	2,667,400
Borrowings in VND	3,027,600	2,667,400
Borrowings in foreign currencies	489,411	-
	84,188,617	103,583,833

11. Deposits from customers

	30/6/2021 VND million	31/12/2020 VND million
Demand deposits	316,926,782	307,026,182
Demand deposits in VND	246,592,795	238,209,238
Demand deposits in gold, foreign currencies	70,333,987	68,816,944
Term deposits	701,997,003	693,604,644
Term deposits in VND	626,452,103	614,908,265
Term deposits in gold, foreign currencies	75,544,900	78,696,379
Deposits for specific purposes	26,405,960	27,325,921
Margin deposits	5,943,915	4,156,820
	1,051,273,660	1,032,113,567

12. Valuable papers issued

	30/6/2021 VND million	31/12/2020 VND million
Certificates of deposit	115	115
Medium-term in VND	115	115
Bills and bonds	21,397,992	21,240,082
Short-term in VND	47	47
Short-term in foreign currencies	30	30
Medium-term in VND	10,427,245	10,437,945
Medium-term in foreign currencies	12	12
Long-term in VND	10,970,658	10,802,048
	<u>21,398,107</u>	<u>21,240,197</u>

13. Other liabilities

	30/6/2021 VND million	31/12/2020 VND million
Internal payables	4,321,552	3,914,344
External payables	16,659,956	15,801,471
Bonus and welfare fund	2,913,454	4,440,162
	<u>23,894,962</u>	<u>24,155,977</u>

14. Obligations to the State Budget

	Balance at 1/1/2021 VND million	Movements during the period		Balance at 30/6/2021 VND million
		Incurred VND million	Paid VND million	
Value added tax	110,467	296,889	(379,087)	28,269
Corporate income tax	1,926,534	2,701,866	(3,704,353)	924,047
Other taxes	138,439	853,975	(824,775)	167,639
	<u>2,175,440</u>	<u>3,852,730</u>	<u>(4,908,215)</u>	<u>1,119,955</u>

15. Owners' equity

(a) Statement of changes in equity

	Charter capital	Share premium	Other capital	Reserves			Foreign exchange differences	Retained profits	Non-controlling interest	Total	
				Supple- mentary charter capital reserve	Financial reserve	Investment and development fund					Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	
Balance at 1/1/2021	37,088,774	4,995,389	344,658	4,961,163	9,893,979	70,661	14,925,803	5,103	36,650,228	85,024	94,094,979
Net profit for the period	-	-	-	-	-	-	-	-	10,862,683	9,513	10,872,196
Adjustments according to the Resolutions of the subsidiaries	-	-	-	(3,256)	(3,146)	-	(6,402)	-	(13,293)	-	(19,695)
Utilisation during the period	-	-	-	-	(2,466)	-	(2,466)	-	-	-	(2,466)
Increase of capital in the subsidiary	-	-	89,363	-	-	-	-	-	(89,363)	-	-
Foreign currency difference	-	-	-	-	-	-	-	(3,395)	-	(73)	(3,468)
Adjustment of equity-accounted joint ventures and associates	-	-	-	-	-	-	-	-	(1,801)	-	(1,801)
Other movements	-	-	-	-	-	-	-	-	(227)	-	(227)
Balance at 30/6/2021	37,088,774	4,995,389	434,021	4,957,907	9,888,367	70,661	14,916,935	1,708	47,408,227	94,464	104,939,518

(b) Details of shareholders of the Bank

	30/6/2021 VND million	31/12/2020 VND million
Ordinary shares		
The Government of Vietnam	27,743,534	27,743,534
Foreign strategic shareholder (Mizuho Bank Ltd., Japan)	5,563,349	5,563,349
Other shareholders	3,781,891	3,781,891
	37,088,774	37,088,774

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

	30/6/2021 and 31/12/2020	
	Number of shares	VND million
Authorised share capital	3,708,877,448	37,088,774
Issued share capital		
Ordinary shares	3,708,877,448	37,088,774
Outstanding shares in circulation		
Ordinary shares	3,708,877,448	37,088,774

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

16. Basic earnings per share

(a) Profit used for calculation of basic earnings per share

	Six-month period ended 30/6/2021 VND million	Six-month period ended 30/6/2020 VND million
Net profit for the period (*)	10,862,683	8,788,254
Profit attributable to the ordinary shareholders during the period	<u>10,862,683</u>	<u>8,788,254</u>

- (*) Bonus and welfare fund is appropriated at the year-end. Therefore, net profit after tax used for calculating earnings per share for the six-month period ended 30 June was not deducted the amount appropriated to bonus and welfare fund for the respective period.

(b) Weighted average number of ordinary shares

	Six-month period ended 30/6/2021 Shares	Six-month period ended 30/6/2020 Shares
Weighted average number of outstanding ordinary shares during the period	<u>3,708,877,448</u>	<u>3,708,877,448</u>

(c) Basic earnings per share

	Six-month period ended 30/6/2021	Six-month period ended 30/6/2020
Basic earnings per share (VND/share)	<u>2,929</u>	<u>2,370</u>

17. Interest and similar income

	Six-month period ended 30/6/2021 VND million	Six-month period ended 30/6/2020 VND million
Interest income from loans to customers	29,198,235	28,060,058
Interest income from deposits	849,287	1,524,750
Interest income from trading and investing in debt securities:	4,201,306	4,721,493
- from investment securities	4,114,118	4,588,195
- from trading securities	87,188	133,298
Interest income from finance lease	160,147	168,090
Fees from guarantee activities	224,226	215,160
Other income from credit activities	409,543	249,209
	35,042,744	34,938,760

18. Interest and similar expenses

	Six-month period ended 30/6/2021 VND million	Six-month period ended 30/6/2020 VND million
Interest expense on deposits	13,000,804	16,944,018
Interest expense on borrowings	123,826	102,799
Interest expense on valuable papers issued	717,232	750,577
Other expenses on credit activities	22,891	29,726
	13,864,753	17,827,120

19. Net gain/(loss) from trading securities

	Six-month period ended 30/6/2021 VND million	Six-month period ended 30/6/2020 VND million
Income from trading securities	125,826	52,394
Expenses for trading securities	(34,406)	(76,782)
Allowance (made)/reversed for trading securities	(1,271)	3,304
	90,149	(21,084)

20. Income from capital contribution and equity investments

	Six-month period ended 30/6/2021 VND million	Six-month period ended 30/6/2020 VND million
Dividend income from equity investments	10,058	13,327
- <i>Dividend income from long-term investments</i>	9,423	12,009
- <i>Dividend income from trading securities</i>	635	1,318
Income from disposals of equity investments	-	335,880
Share of profits from equity accounted investments in joint-ventures and associates	43,929	42,576
	53,987	391,783

21. Operating expenses

	Six-month period ended 30/6/2021 VND million	Six-month period ended 30/6/2020 VND million
Tax, duties and fees	98,625	88,441
Salaries and related expenses	4,367,978	4,307,964
<i>Of which:</i>		
- <i>Salary and allowances</i>	3,994,355	3,959,522
- <i>Contributions based on salary</i>	362,110	335,580
- <i>Other allowances</i>	2,736	3,301
Expenses on assets	1,257,019	1,118,621
<i>Of which:</i>		
- <i>Depreciation of fixed assets</i>	623,790	447,774
Administrative expenses	3,420,102	2,186,998
Insurance expense for deposits from customers	343,853	309,548
Other expenses	27,826	16,737
	9,515,403	8,028,309

22. Cash and cash equivalents

	30/6/2021 VND million	31/12/2020 VND million
Cash on hand, gold, silver and gemstones	13,132,285	15,095,394
Balances with the State Banks	23,485,760	33,139,373
Balances with and loans to other credit institutions with original term not exceeding 3 months	176,600,236	244,347,935
	<u>213,218,281</u>	<u>292,582,702</u>

23. Significant transactions and balances with related parties

(a) Significant transactions with related parties

	Relationship	Six-month period ended 30/6/2021 VND million	Six-month period ended 30/6/2020 VND million
		Income/(expense)	
The State Bank of Vietnam			
Interest income from deposits	Representative of owner	43,925	72,485
Interest expense on deposits and borrowings		(39,119)	(58,331)
The Ministry of Finance			
Interest expense on deposits	Related party of owner	(102,593)	(533,187)
Interest expense on borrowings		(9,819)	(18,066)

Remunerations for the Board of Directors and the Supervisory Board of the Bank did not exceed 0.27% profit after tax for the six-month period ended 30 June 2021 according to Resolution No. 14/TN2021/NQ-DHDCD dated 23 April 2021 of the General Meeting of Shareholders.

Remunerations for the Board of Management of the Bank were paid following the Salary Regulation of the Bank.

23. Significant transactions and balances with related parties (continued)

(b) Significant balances with related parties

	Relationship	30/6/2021 VND million	31/12/2020 VND million
		Receivable/(payable)	
The State Bank of Vietnam			
Deposits at the SBV	Representative of owner	23,226,844	33,010,030
Deposits and borrowings from the SBV		(7,841,737)	(4,783,072)
The Ministry of Finance			
Deposits at the Bank	Related party of owner	(1,235,739)	(36,393,923)
Borrowings from the Ministry of Finance		(856,605)	(906,194)
Mizuho Bank Ltd., Japan			
Deposits at Mizuho Bank Ltd., Japan	Strategic shareholder	3,395,697	9,711,861
Deposits from Mizuho Bank Ltd., Japan		(4,214,914)	(4,236,034)

24. Segment reporting

(a) Geographical segment

Six-month period ended 30 June 2021:

	The North VND million	The Central and Highland VND million	The South VND million	Overseas VND million	Elimination VND million	Total VND million
1 Interest and similar income	42,351,759	8,036,357	23,614,113	47,102	(39,006,587)	35,042,744
2 Interest and similar expenses	(33,829,482)	(4,831,860)	(14,219,757)	(1,270)	39,017,616	(13,864,753)
I Net interest income	8,522,277	3,204,497	9,394,356	45,832	11,029	21,177,991
3 Fee and commission income	4,285,240	407,029	1,538,508	48,981	(480,010)	5,799,748
4 Fee and commission expenses	(2,282,962)	(16,663)	(44,160)	(15,594)	425,881	(1,933,498)
II Net fee and commission income	2,002,278	390,366	1,494,348	33,387	(54,129)	3,866,250
III Net gain from trading of foreign currencies	1,297,288	82,755	646,402	2,163	-	2,028,608
IV Net gain from trading securities	92,691	-	-	-	(2,542)	90,149
5 Other income	490,659	304,996	845,490	858	-	1,642,003
6 Other expenses	(198,413)	(48,488)	(23,190)	-	-	(270,091)
VI Net other income	292,246	256,508	822,300	858	-	1,371,912
VII Income from capital contributions and equity investments	53,987	-	-	-	-	53,987
VIII Total operating income	12,260,767	3,934,126	12,357,406	82,240	(45,642)	28,588,897
Total operating expenses	(6,936,513)	(690,446)	(1,901,740)	(40,813)	54,109	(9,515,403)
IX Net operating profit before allowance for credit losses	5,324,254	3,243,680	10,455,666	41,427	8,467	19,073,494
X Allowance for credit losses	(4,023,436)	(908,767)	(566,064)	(1,799)	-	(5,500,066)
XI Profit before tax	1,300,818	2,334,913	9,889,602	39,628	8,467	13,573,428
7 Current corporate income tax expenses	(249,308)	(466,983)	(1,977,920)	(6,968)	-	(2,701,179)
8 Deferred corporate income tax expenses	(53)	-	-	-	-	(53)
XII Corporate income tax expenses	(249,361)	(466,983)	(1,977,920)	(6,968)	-	(2,701,232)
XIII Profit after tax	1,051,457	1,867,930	7,911,682	32,660	8,467	10,872,196

(b) Business segment

Six-month period ended 30 June 2021:	Banking	Non-banking	Securities	Others	Elimination	Total
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TRƯỜNG ĐẠI HỌC SƯ PHẠM
ĐẠI HỌC QUỐC GIA VIỆT NAM

25. Disclosures of financial instruments

(a) Collateral disclosure

Vietcombank 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 value and fair value.

The following table presents carrying value and fair value of Vietcombank's financial assets and liabilities as at 30 June 2021:

25. Disclosures of financial instruments (continued)

(b) Fair value disclosure (continued)

As at 30 June 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 carrying value VND million
Financial assets								
I	Cash on hand, gold, silver and gemstones	-	-	13,132,285	-	-	13,132,285	13,132,285
II	Balances with the State Banks	-	-	23,485,760	-	-	23,485,760	23,485,760
III	Balances with and loans to other CIs	-	-	186,877,601	-	-	186,877,601	(*)
IV	Trading securities	3,221,327	-	-	-	-	3,221,327	(*)
VI	Loans to customers	-	-	921,948,437	-	-	921,948,437	(*)
VIII	Investment securities	-	99,230,545	-	49,339,958	-	148,570,503	(*)
IX	Capital contributions, long-term investments	-	-	-	1,587,823	-	1,587,823	(*)
XII	Other financial assets	-	-	15,892,643	-	-	15,892,643	(*)
		3,221,327	99,230,545	1,161,336,726	50,927,781	-	1,314,716,379	

Financial liabilities							
I	-	-	-	-	93,266,093	93,266,093	(*)
II	-	-	-	-	1,051,273,660	1,051,273,660	(*)
III	30,621	-	-	-	-	30,621	(*)
IV	-	-	-	-	9,884	9,884	(*)
V	-	-	-	-	21,398,107	21,398,107	(*)
VI	-	-	-	-	18,981,458	18,981,458	(*)
	30,621	-	-	-	1,184,929,202	1,184,959,823	

(*) 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.

25. Disclosures of financial instruments (continued)

(c) Risk management policies for financial instruments

The Board of Directors has the highest authority and responsibilities for Vietcombank'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 Vietcombank'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 Vietcombank'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 Vietcombank 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

Vietcombank 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. Vietcombank 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.

Vietcombank classifies loans to customers and other credit institutions, off-balance sheet commitments, entrusted loans and unlisted corporate bonds in accordance with Circular 02 and Circular 09 (Note 2(h)), and regularly assesses credit risks of non-performing loans in order to have appropriate resolutions.

In order to manage credit risks, Vietcombank 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.

25. Disclosures of financial instruments (continued)

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

(i) Credit risk (continued)

Vietcombank's maximum exposure amounts to credit risk as at 30 June 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 State Banks	23,485,760	-	-	23,485,760
Balances with and loans to other CIs – gross	185,877,601	-	1,000,000	186,877,601
Balances with other credit institutions	164,585,658	-	-	164,585,658
Loans to other credit institutions	21,291,943	-	1,000,000	22,291,943
Trading securities – gross	2,931,177	-	-	2,931,177
Loans to customers – gross	885,019,919	14,221,137	22,707,381	921,948,437
Investment securities – gross	148,562,313	-	-	148,562,313
Available-for-sale securities	49,331,768	-	-	49,331,768
Held-to-maturity securities	99,230,545	-	-	99,230,545
Other assets	15,892,643	-	-	15,892,643
	1,261,769,413	14,221,137	23,707,381	1,299,697,931

Types and carrying value of collaterals held by Vietcombank at the end of the accounting period are described as follows:

	30/6/2021 VND million	31/12/2020 VND million
Deposits	101,780,971	124,105,909
Valuable papers	42,826,144	93,030,576
Real estate	1,079,717,197	957,536,579
Other collaterals	261,430,182	266,888,049
	1,485,754,494	1,441,561,113

25. 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 accounting period to the nearest interest re-pricing date of the items in the consolidated interim 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 consolidated interim balance sheet of Vietcombank:

- 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 which are 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 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 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 Vietcombank’s assets and liabilities as at 30 June 2021:

25. 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	-	13,132,285	-	-	-	-	-	-	13,132,285
II Balances with the State Banks	-	-	23,485,760	-	-	-	-	-	23,485,760
III Balances with and loans to other CIs – gross	-	3,876	161,618,473	14,779,556	7,737,990	2,737,706	-	-	186,877,601
IV Trading securities – gross	-	290,150	2,931,177	-	-	-	-	-	3,221,327
VI Loans to customers – gross	18,700,948	-	158,297,878	281,264,644	249,660,490	103,268,961	105,092,252	5,663,264	921,948,437
VII Investment securities – gross	-	8,190	2,876,053	4,867,032	19,452,986	20,235,209	83,996,455	17,134,578	148,570,503
VIII Capital contributions, long-term investments – gross	-	2,356,134	-	-	-	-	-	-	2,356,134
IX Fixed assets	-	8,317,891	-	-	-	-	-	-	8,317,891
X Other assets – gross	-	22,111,335	-	-	-	-	-	-	22,111,335
Total assets	18,700,948	46,219,861	349,209,341	300,911,232	276,851,466	126,241,876	189,088,707	22,797,842	1,330,021,273

Liabilities									
I Amounts due to the Government and the State Banks and deposits and borrowings from other CIs	-	-	85,005,735	5,000,000	2,046,981	1,213,377	-	-	93,266,093
II Deposits from customers	-	150,707	555,067,058	146,447,340	149,002,357	194,308,885	6,282,425	14,888	1,051,273,660
III Derivative financial instruments and other financial liabilities	-	30,621	-	-	-	-	-	-	30,621
IV Funds for finance, entrusted investments and entrusted loans	-	-	-	-	-	-	9,884	-	9,884
V Valuable papers issued	-	-	64,205	-	10,979,450	3,120,000	5,869,452	1,365,000	21,398,107
VI Other liabilities	-	32,404,618	788,448	68,157	-	-	-	-	33,261,223
Total liabilities	-	32,585,946	640,925,446	151,515,497	162,028,788	198,642,262	12,161,761	1,379,888	1,199,239,588
Interest sensitivity gap – on balance sheet	18,700,948	13,633,915	(291,716,105)	149,395,735	114,822,678	(72,400,386)	176,926,946	21,417,954	130,781,685

25. 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 fluctuates 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 Vietcombank transacts is VND. Vietcombank's loans to customers are mainly denominated in VND, USD and EUR. Some of Vietcombank's other assets and other liabilities are in currencies other than VND, USD and EUR. Vietcombank 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 Vietcombank at the end of the accounting period:

	Exchange rate as at	
	30/6/2021	31/12/2020
USD/VND	23,020	23,125
EUR/VND	27,394	28,499

The following table presents Vietcombank's assets and liabilities denominated in foreign currencies that were translated into VND as at 30 June 2021:

25. 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	VND million	VND million	VND million	VND million	VND million
Assets										
I Cash on hand, gold, silver and gemstones	10,886,908	1,620,003		365,101		260,273		13,132,285		
II Balances with the State Banks	13,270,621	9,983,508		-		231,631		23,485,760		
III Balances with and loans to other CIs – gross	85,015,712	81,877,243		4,829,537		15,155,109		186,877,601		
IV Trading securities – gross	3,221,327	-		-		-		3,221,327		
VI Loans to customers – gross	811,896,755	108,849,369		376,344		825,969		921,948,437		
VII Investment securities – gross	114,040,503	34,530,000		-		-		148,570,503		
VIII Capital contributions, long-term investments – gross	2,356,134	-		-		-		2,356,134		
IX Fixed assets	8,275,381	34,949		-		7,561		8,317,891		
X Other assets – gross	20,459,055	1,073,116		113,394		465,770		22,111,335		
Total assets	1,069,422,396	237,968,188		5,684,376		16,946,313		1,330,021,273		

Liabilities										
I Amounts due to the Government and the SBV and deposits and borrowings from other CIs	30,176,975	49,304,435		1,729,408		12,055,275		93,266,093		
II Deposits from customers	899,325,370	145,472,232		3,842,599		2,633,459		1,051,273,660		
III Derivative financial instruments and other financial liabilities	(41,827,515)	41,855,932		1,059		1,145		30,621		
IV Funds for finance, entrusted investments and entrusted loans	9,884	-		-		-		9,884		
V Valuable papers issued	21,398,065	42		-		-		21,398,107		
VI Other liabilities	31,190,579	1,561,180		395,912		113,552		33,261,223		
Total liabilities	940,273,358	238,193,821		5,968,978		14,803,431		1,199,239,588		
Currency position on balance sheet	129,149,038	(225,633)		(284,602)		2,142,882		130,781,685		

25. Disclosures of financial instruments (continued)

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

(iv) Liquidity risk

Liquidity risk occurs when Vietcombank 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 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 Vietcombank's assets and liabilities maturity analysis in the consolidated interim balance sheet:

- Balances with the State Bank of Vietnam are considered as current accounts with maturity of 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 Vietcombank and current accounts of Vietcombank 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 Vietcombank's assets and liabilities as at 30 June 2021:

25. Disclosures of financial instruments (continued)

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

(iv) Liquidity risk (continued)

	Overdue		Current				Total
	Over 3 months	Up to 3 months	Up to 1 month	From over 1 month to 3 months	From over 3 months to 12 months	From over 1 year to 5 years	
	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Assets							
I Cash on hand, gold, silver and gemstones	-	-	13,132,285	-	-	-	13,132,285
II Balances with the State Banks	-	-	23,485,760	-	-	-	23,485,760
III Balances with and loans to other CIs – gross	-	-	161,622,349	14,779,556	8,951,902	1,523,794	186,877,601
IV Trading securities – gross	-	-	3,221,327	-	-	-	3,221,327
VI Loans to customers – gross	-	2,314,361	60,575,038	172,295,598	291,566,791	221,804,371	921,948,437
VII Investment securities – gross	-	-	1,705,052	3,801,032	33,780,196	87,094,645	22,189,578
VIII Capital contributions, long-term investments – gross	-	-	-	-	-	-	2,356,134
IX Fixed assets	-	-	-	-	-	-	8,317,891
X Other assets – gross	-	-	-	22,111,335	-	-	22,111,335
Total assets	2,314,361	16,386,587	263,741,811	212,987,521	334,298,889	245,624,130	254,667,974
							1,330,021,273
Liabilities							
I Amounts due to the Government and the SBV and deposits and borrowings from other CIs	-	-	84,584,770	5,004,157	1,764,556	1,841,895	70,715
II Deposits from customers	-	-	241,411,286	161,543,721	373,197,752	64,731,445	210,389,456
III Derivative financial instruments and other financial liabilities	-	-	-	30,621	-	-	-
IV Funds for finance, entrusted investments and entrusted loans	-	-	-	-	-	9,884	-
V Valuable papers issued	-	-	64,205	-	4,999,504	5,762,904	10,571,494
VI Other liabilities	-	-	-	32,404,618	-	-	856,605
Total liabilities	-	-	326,060,261	198,983,117	379,961,812	72,346,128	221,888,270
							1,199,239,588
Net liquidity gap	2,314,361	16,386,587	(62,318,450)	14,004,404	(45,662,923)	173,278,002	32,779,704
							130,781,685

26. Post balance sheet events

Until the issuance date of the consolidated interim financial statements, there were no significant events occurring subsequent to 30 June 2021 that may significantly affect the consolidated interim financial position of Vietcombank and require adjustments or disclosures to be made in the consolidated interim financial statements for the six-month period ended 30 June 2021.

27. Seasonal or cyclical factors

Vietcombank's operation results are not affected by seasonal or cyclical factors except for the following items:

Appropriation of reserves and fund

The appropriation of reserves as described in Note 2(s)(iv) and bonus and welfare fund will be made at the end of the annual accounting period.

28. Changes in accounting estimates

There was no significant change in accounting estimates made by Vietcombank in preparing these consolidated interim financial statements compared to those made in the most recent consolidated annual financial statements.

29. Changes in the composition of Vietcombank

There was no significant change in the composition of Vietcombank for the six-month period ended 30 June 2021 compared with the most recent consolidated annual financial statements.

30. Approval of the consolidated interim financial statements

The consolidated interim financial statements were approved by the Board of Management of the Bank on 13 August 2021.

Hanoi, 13 August 2021

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