

Joint Stock Commercial Bank for Foreign Trade of Vietnam

Interim consolidated financial statements
for the six-month period ended 30 June 2022



Joint Stock Commercial Bank for Foreign Trade of Vietnam

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Joint Stock Commercial Bank for Foreign Trade of Vietnam
Bank's 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 15th time on 14 April 2022.

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

Mr. Pham Quang Dung	Chairman	Appointed on 30 August 2021
Mr. Do Viet Hung	Member	Appointed on 26 April 2019
Mr. Nguyen Manh Hung	Member	Re-appointed on 27 April 2018
Mr. Nguyen My Hao	Member	Re-appointed on 27 April 2018
Mr. Pham Anh Tuan	Member	Re-appointed on 27 April 2018
Mr. Hong Quang	Member	Appointed on 27 April 2018
Mr. Truong Gia Binh	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 at the date of this report are:

Mr. Nguyen Thanh Tung	Deputy CEO In charge of the Board of Management	Appointed on 30 August 2021
Mr. Pham Manh Thang	Deputy CEO	Re-appointed on 10 March 2019
Ms. Nguyen Thi Kim Oanh	Deputy CEO	Re-appointed on 26 December 2019
Ms. Dinh Thi Thai	Deputy CEO	Re-appointed on 9 June 2020
Ms. Phung Nguyen Hai Yen	Deputy CEO	Appointed on 15 December 2017
Mr. Le Quang Vinh	Deputy CEO	Appointed on 15 December 2017
Mr. Dang Hoai Duc	Deputy CEO	Appointed on 1 April 2019
Mr. Shorijo Mizoguchi	Deputy CEO	Appointed on 23 April 2021
Mr. Nguyen Viet Cuong	Deputy CEO	Appointed on 26 April 2022

Members of the Supervisory Board during the period and at the date of this report are:

Mr. Lai Huu Phuoc	Head 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
Ms. Tran My Hanh	Member	Appointed on 29 April 2022



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

Chief Accountant	Mr. Le Hoang Tung Appointed on 15 December 2017
Legal Representative	Since 30 August 2021 Mr. Pham Quang Dung Title: Chairman of the Board of Directors
Authorised signature on financial statements	Since 29 September 2021 Ms. Phung Nguyen Hai Yen Title: Deputy CEO
The Bank's Head Office	198 Tran Quang Khai Street Hoan Kiem District, Hanoi, Vietnam
Auditor	Ernst & Young Vietnam Limited

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") is pleased to present this report and the interim consolidated financial statements of the Bank and its subsidiaries for the six-month period ended 30 June 2022.

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

The Board of Management is responsible for the interim consolidated financial statements of each financial period which give a true and fair view of the interim consolidated financial position of the Bank and its subsidiaries, and of their interim consolidated results of operations and their interim consolidated cash flows for the period. In preparing the interim consolidated 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, subject to any material departures disclosed and explained in the interim consolidated financial statements; and
- prepare the interim consolidated 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 which disclose, with reasonable accuracy at any time, the interim consolidated 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 interim consolidated financial statements.

Statement by the Board of Management

The Board of Management does hereby state that, in its opinion, the accompanying interim consolidated financial statements give a true and fair view of the interim consolidated financial position of the Bank and its subsidiaries as at 30 June 2022, and of the interim consolidated results of their operations and their interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions issued by the State Bank of Vietnam and the statutory requirements relevant to the preparation and presentation of the interim consolidated financial statements.

For and on behalf of the Board of Management:



Ms. Phung Nguyen Hai Yen
Deputy CEO

Hanoi, 29 August 2022

Reference: 60755043/23046448-HN/SX

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

We have reviewed the accompanying interim consolidated financial statements of Joint Stock Commercial Bank for Foreign Trade of Vietnam (“the Bank”) and its subsidiaries as prepared on 29 August 2022 and set out on pages 6 to 62 which comprise the interim consolidated statement of financial position as at 30 June 2022, the interim consolidated income statement and the interim consolidated cash flow statement for the six-month period then ended and the notes thereto.

Management's responsibility

The Bank's management is responsible for the preparation and fair presentation of the interim consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions issued by the State Bank of Vietnam and the statutory requirements relevant to the preparation and presentation of the interim consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of interim consolidated 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 interim consolidated 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.

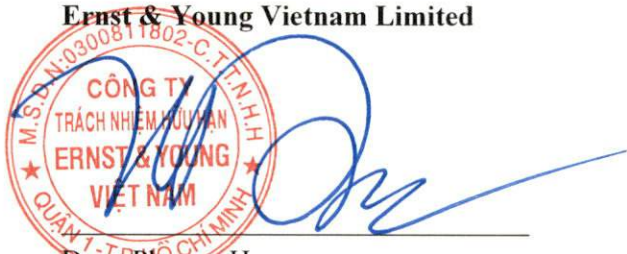
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view, in all material respects, of the interim consolidated financial position of the Bank and its subsidiaries as at 30 June 2022, and of the interim consolidated results of their operations and their interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions issued by the State Bank of Vietnam and the statutory requirements relevant to the preparation and presentation of the interim consolidated financial statements.

Other matter

The interim consolidated financial statements of the Bank and its subsidiaries for the six-month period ended 30 June 2021 were reviewed by another audit firm which expressed an unmodified conclusion on those financial statements on 13 August 2021. In addition, the consolidated financial statements of the Bank and its subsidiaries as at 31 December 2021 were audited by this auditor who issued unqualified opinion on those financial statements on 21 March 2022.

Ernst & Young Vietnam Limited



Dang Phuong Ha
Deputy General Director
Audit Practising Registration
Certificate No. 2400-2018-004-1

Hanoi, Vietnam

29 August 2022

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Interim consolidated statement of financial position
as at 30 June 2022

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

No.	Items	Note	30/6/2022 VND million	31/12/2021 VND million
A	ASSETS			
I	Cash, gold, silver and gemstones		15,097,807	18,011,766
II	Balances with the State Banks		28,813,961	22,506,711
III	Balances with and loans to other credit institutions		255,536,982	225,764,546
1	Balances with other credit institutions		206,455,463	181,036,981
2	Loans to other credit institutions		50,081,519	48,727,565
3	Provision for balances with and loans to other credit institutions		(1,000,000)	(4,000,000)
IV	Trading securities	4	3,150,052	2,766,098
1	Trading securities		3,187,225	2,822,531
2	Provision for trading securities		(37,173)	(56,433)
V	Derivatives and other financial assets		-	303,202
VI	Loans to customers		1,066,990,245	934,774,287
1	Loans to customers	5	1,100,852,163	960,749,955
2	Provision for loans to customers	6	(33,861,918)	(25,975,668)
VIII	Investment securities	7	191,407,933	170,604,700
1	Available-for-sale securities		101,203,452	71,122,502
2	Held-to-maturity securities		90,293,045	99,657,595
3	Provision for investment securities		(88,564)	(175,397)
IX	Capital contributions, long-term investments		2,380,804	2,346,176
2	Investments in joint ventures	8(a)	788,086	748,895
3	Investments in associates	8(b)	8,121	10,820
4	Other long-term investments		1,659,597	1,661,461
5	Provision for long-term investments		(75,000)	(75,000)
X	Fixed assets		8,103,519	8,626,043
1	Tangible fixed assets		5,249,947	5,552,624
a	Cost		13,797,299	13,725,160
b	Accumulated depreciation		(8,547,352)	(8,172,536)
3	Intangible fixed assets		2,853,572	3,073,419
a	Cost		4,617,993	4,622,229
b	Accumulated amortisation		(1,764,421)	(1,548,810)
XII	Other assets		30,199,661	28,969,058
1	Receivables		18,005,150	15,796,141
2	Accrued interest and fee receivables		7,156,290	7,149,313
3	Deferred tax assets		7,927	7,137
4	Other assets		5,035,736	6,020,487
5	Provision for other assets		(5,442)	(4,020)
	TOTAL ASSETS		1,601,680,964	1,414,672,587

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
Interim consolidated statement of financial position
as at 30 June 2022 (continued)

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

No.	Items	Note	30/6/2022 VND million	31/12/2021 VND million
B	LIABILITIES AND SHAREHOLDERS' EQUITY			
I	Amount due to the Government and the State Bank of Vietnam	9	61,020,549	9,468,116
1	Deposits and borrowings from the Government and the State Bank of Vietnam		61,020,549	9,468,116
II	Deposits and borrowings from other credit institutions	10	171,676,891	109,757,777
1	Deposits from other credit institutions		159,084,451	104,043,817
2	Borrowings from other credit institutions		12,592,440	5,713,960
III	Customer deposits	11	1,195,391,576	1,135,323,913
IV	Derivatives and other financial liabilities		19,457	-
V	Fund for finance, entrusted investments and entrusted loans		5,485	7,707
VI	Valuable papers issued	12	14,367,033	17,387,747
VII	Other liabilities		36,210,276	33,609,934
1	Accrued interest and fee payables		10,960,439	9,326,334
2	Other liabilities	13	25,249,837	24,283,600
	TOTAL LIABILITIES		1,478,691,267	1,305,555,194
VIII	Shareholders' equity			
1	Capital		52,665,213	42,428,821
a	Charter capital		47,325,166	37,088,774
c	Share premium		4,995,389	4,995,389
g	Other capital		344,658	344,658
2	Fund of institutions		18,171,942	18,173,068
3	Foreign exchange differences		(1,782)	(5,109)
4	Retained earnings		52,056,550	48,433,500
a	Previous years' retained earnings		38,157,412	31,826,728
b	Current period's/year's retained earnings		13,899,138	16,606,772
5	Non-controlling interest		97,774	87,113
	TOTAL SHAREHOLDERS' EQUITY	15(a)	122,989,697	109,117,393
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,601,680,964	1,414,672,587

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
Interim consolidated statement of financial position
as at 30 June 2022 (continued)

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

No.	Items	Note	30/6/2022 VND million	31/12/2021 VND million
OFF-BALANCE SHEET ITEMS				
1	Credit guarantees		2,194,712	2,447,477
2	Foreign exchange commitments		102,458,696	81,044,022
	<i>Foreign exchange commitments - buy</i>		6,855,324	3,470,214
	<i>Foreign exchange commitments - sell</i>		6,963,778	3,466,305
	<i>Swap commitments</i>		88,639,594	74,107,503
3	Letters of credit		110,426,429	65,378,199
4	Other guarantees		54,722,026	51,576,893
5	Other commitments		197,733	196,990
6	Uncollected interest and fee receivables		940,399	911,618
7	Bad debts written-off		55,443,492	55,195,565
8	Other assets and receipts		388,991,662	351,544,901

Hanoi, 29 August 2022

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen

*Deputy Director of
Financial and Accounting
Policy Department*

Chief Accountant

Deputy CEO



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

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Interim consolidated income statement
for the six-month period ended 30 June 2022

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 30/6/2022 VND million	Six-month period ended 30/6/2021 VND million
1	Interest and similar income	17	40,009,184	35,042,744
2	Interest and similar expenses	18	(15,236,126)	(13,864,753)
I	Net interest and similar income		24,773,058	21,177,991
3	Fee and comission income		5,702,775	5,799,748
4	Fee and comission expenses		(2,297,318)	(1,933,498)
II	Net fee and comission income		3,405,457	3,866,250
III	Net gain from trading of foreign currencies		2,993,580	2,028,608
IV	Net gain from trading securities	19	35,153	90,149
V	Net gain from investments securities		84,715	-
5	Other income		1,589,799	1,642,003
6	Other expenses		(224,900)	(270,091)
VI	Net other income		1,364,899	1,371,912
VII	Income from capital contributions and equity investments	20	48,840	53,987
	TOTAL OPERATING INCOME		32,705,702	28,588,897
VIII	OPERATING EXPENSES	21	(10,324,968)	(9,515,403)
IX	Net operating profit before provision for credit losses		22,380,734	19,073,494
X	Provision expense for credit losses		(5,007,391)	(5,500,066)
XI	TOTAL PROFIT BEFORE TAX (CARRIED TO THE NEXT PAGE)		17,373,343	13,573,428

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
Interim consolidated income statement
for the six-month period ended 30 June 2022 (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 30/6/2022 VND million	Six-month period ended 30/6/2021 VND million
XI	PROFIT BEFORE TAX (BROUGHT FROM THE PREVIOUS PAGE)		17,373,343	13,573,428
7	Current corporate income tax expense		(3,464,754)	(2,701,179)
8	Deferred corporate income tax expense		768	(53)
XII	Corporate income tax expense		(3,463,986)	(2,701,232)
XIII	NET PROFIT AFTER TAX		13,909,357	10,872,196
XIV	Non-controlling interest		(10,219)	(9,513)
XVI	Net profit attributable to the Bank's shareholders		13,899,138	10,862,683
XV	Earnings per share (VND/share)	16	2,937	2,295

Hanoi, 29 August 2022

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen

*Deputy Director of
Financial and Accounting
Policy Department*

Chief Accountant

Deputy CEO



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

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Interim consolidated cash flow statement
for the six-month period ended 30 June 2022 (Direct method)

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

No.	Items	Note	Six-month period ended 30/6/2022 VND million	Six-month period ended 30/6/2021 VND million
CASH FLOWS FROM OPERATING ACTIVITIES				
01	Interest and similar income received		40,003,510	36,061,149
02	Interest and similar expenses paid		(13,628,817)	(14,296,327)
03	Net fee and commission income received		2,565,907	3,026,700
04	Net receipts from foreign currencies, gold, and securities trading activities		3,186,553	1,881,611
05	Other expenses paid		(125,896)	(221,000)
06	Receipts from recovery of bad debts previously written off		1,487,840	1,590,443
07	Payments to employees and for other operating activities		(8,469,571)	(7,949,175)
08	Corporate income tax paid during the period		(3,017,570)	(3,704,353)
Net cash flows from operating activities before changes in operating assets and liabilities			22,001,956	16,389,048
(Increase)/decrease in operating assets				
09	Balance with and loans to other credit institutions		(2,071,544)	14,344,345
10	Trading securities		(2,272,594)	7,731,406
11	Derivatives and other financial assets		303,202	-
12	Loans to customers		(140,102,208)	(82,160,176)
13	Utilisation of provision for credit losses		(124,683)	(618,003)
14	Other operating assets		(1,400,186)	(3,459,029)
Increase/(decrease) in operating liabilities				
15	Amount due to the Government and the SBV		51,552,433	(32,099,519)
16	Deposits and borrowings from other credit institutions		61,919,114	(19,395,216)
17	Customers deposits		60,067,663	19,160,093
18	Valuable papers issued		(3,020,349)	157,910
19	Funds for finance, entrusted investments and entrusted loans		(2,222)	(4,795)
20	Derivatives and other financial liabilities		19,457	(21,410)
21	Other operating liabilities		4,768,712	3,256,686
22	Payments from reserves		(1,358,338)	(1,553,663)
I	Net cash flows from/(used in) operating activities		50,280,413	(78,272,323)

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
Interim consolidated statement of cash flows
for the six-month period ended 30 June 2022
(Direct method – continued)

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

No.	Items	Note	Six-month period ended 30/6/2022 VND million	Six-month period ended 30/6/2021 VND million
CASH FLOWS FROM INVESTING ACTIVITIES				
01	Purchases of fixed assets		(67,903)	(357,006)
02	Proceeds from disposals of fixed assets		5,716	3,019
03	Payments for disposals of fixed assets		(2,761)	(550)
08	Proceeds from investments in other entities		1,864	-
09	Dividends and interest received from long-term investments and capital contributions		14,578	10,058
II	Net cash flows used in investing activities		(48,506)	(344,479)
CASH FLOWS FROM FINANCING ACTIVITIES				
03	Dividend paid to shareholders		(3,329,224)	(747,619)
III	Net cash flows used in financing activities		(3,329,224)	(747,619)
IV	Net cash flows during the period		46,902,683	(79,364,421)
V	Cash and cash equivalents at the beginning of the period		232,553,995	292,582,702
VII	Cash and cash equivalents at the end of the period	22	279,456,678	213,218,281

Hanoi, 29 August 2022

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong

Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen



Deputy Director of
Financial and Accounting
Policy Department



Chief Accountant




Deputy CEO

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

These notes form an integral part of, and should be read in conjunction with, the accompanying interim consolidated 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 fifteenth time on 14 April 2022.

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. According to the Business Registration Certificate No. 0100112437 was reissued for the fifteenth time on 14 April 2022 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 replacing Decision No. 95/QD-NHNN dated 18 January 2017, the Bank's charter capital was VND47,325,165,710,000. The par value of share is VND10,000.

	30/06/2022		31/12/2021	
	Number of shares	%	Number of shares	%
Shares owned by the Government of Vietnam	3,540,074,921	74.80%	2,774,353,387	74.80%
Shares owned by foreign strategic shareholder (Mizuho Bank Ltd.,)	709,883,374	15.00%	556,334,933	15.00%
Shares owned by other shareholders	482,558,276	10.20%	378,189,128	10.20%
	4,732,516,571	100%	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 2022, the Bank had one (1) Head Office, one (1) Vietcombank Human Resources Development and Training College, two (2) Cash Processing Centers, one hundred and twenty one (121) branches nationwide, four (4) local subsidiaries in Vietnam, 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 2022 and 31 December 2021:

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 and the most recent amendment dated 27 December 2021 granted by Ho Chi Minh City Authority for Investment and Planning	Receipt of foreign exchange remittance	100%

Joint Stock Commercial Bank for Foreign Trade of Vietnam
198 Tran Quang Khai Street, Hoan Kiem District, Hanoi, Vietnam
Notes to the interim consolidated financial statements
for the six-month period ended 30 June 2022 (continued)

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

Vietcombank Laos Limited	Operating Licence No. 88/BOL dated 25 May 2018 granted by Bank of the Lao PDR	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%

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

Joint-ventures

As at 30 June 2022 and 31 December 2021:

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 2022 and 31 December 2021:

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 2022, Vietcombank had 22,370 employees (31 December 2021: 21,670 employees).

2. Summary of significant accounting policies

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

(a) Purpose of preparing the interim consolidated financial statements

The Bank has subsidiaries as disclosed in Note 1(d). The Bank has prepared these interim consolidated financial statements to meet the prevailing requirements in relation to disclosure of information, specifically Circular No. 96/2020/TT-BTC 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 interim separate financial statements of the Bank for the six-month period ended 30 June 2022 ("the interim separate financial statements"), which were issued on 15 August 2022.

(b) Basis of preparation

The interim consolidated 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 for Credit Institutions ("CIS") issued by the State Bank of Vietnam and the statutory requirements relevant to the preparation and presentation of the interim consolidated financial statements.

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

(c) Accounting period

Vietcombank's annual accounting period is from 1 January to 31 December. These interim consolidated financial statements are prepared for the six-month period ended 30 June 2022.

(d) Changes in accounting policies

The accounting policies adopted by the Bank in preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2021 and the interim consolidated financial statements for the six-month period ended 30 June 2021, except for:

Circular No. 11/2021/TT-NHNN regulating the classification of assets, rates and the methods of setting up risk provisions and the use of provisions against credit risks in banking activity of credit institutions and foreign bank branches ("Circular 11")

On 30 July 2021, the SBV issued Circular 11 which is effective from 1 October 2021 to replace Circular 02/2013/TT-NHNN date 21 January 2013 and Circular 09/2014/TT-NHNN date 18 March 2014. Main changes by Circular 11 include:

- Amend regulation on date and steps of loan classification and provision processes. Accordingly, at least once per month, within the first seven (7) days of the month, credit institutions and foreign bank branches implement its loan classification and provision for loans outstanding at the end of the last day of the previous month. At the same time, credit institutions and foreign bank branches are required to adjust its own classification and corresponding provision based on loan classification provided by CIC;

- Amend and supplement some regulations on quantitative criteria of loan classifications and determination of deductible value of collateral used for making provision for credit loss;
- Supplement list of assets whose general provision is not required to be made for, including treasury bills, certificate of deposits, bonds issued by other domestic credit institutions/foreign bank branches and Government bonds under sell and repurchase transactions.

Circular No. 14/2021/TT-NHNN ("Circular 14") on amending and supplementing Circular No. 01/2020/TT-NHNN ("Circular 01") dated 13 March 2020 of the Governor of the State Bank of Vietnam providing regulations on loan restructuring, interest and/or fees exemption or reduction and debt classification retention for credit institutions and foreign bank branches to assist customers affected by the COVID-19 pandemic.

On 7 September 2021, the SBV issued Circular 14 which is effective from 7 September 2021 accordingly to amend and supplement some articles of Circular 01 with the main changes include:

- Revise and supplement condition for loans whose payment terms are restructured or whose interest and fee are reduced or exempted but classifications are remained;
- Supplement regulation on making specific provision and additional provision for borrowers having loans with payment terms are restructured or interest and fee are reduced or exempted as Circular regulated.

Circular No. 24/2022/TT-BTC ("Circular 24") dated 7 April 2022 on amending and supplementing a number of articles of Circular 48/2019/TT-NHNN dated 8 August 2019 of the Ministry of Finance providing regulations on making and settlement of provisions for devaluation of inventory, losses of financial investments and bad debts and warranty for products, goods, services or construction works at enterprises.

Circular 24 takes effect from 25 May 2022, amending and supplementing regulations on the provisioning requirement. Accordingly, securities subject to the provisioning requirement are types of securities issued by domestic business entities in accordance with law; under the ownership of enterprises; listed or registered for trades to be performed on the domestic securities market; freely traded on the market at the actual price determined at the time of completion of annual financial statements which is less than the book value of investments in securities.

Government bonds, Government-guaranteed bonds and municipal bonds are exempted from such provisioning requirement.

Circular No. 27/2021/TT-NHNN ("Circular 27") on amending and supplementing to several articles in the chart of accounts of credit institutions attached with the Decision 479/2004/QĐ-NHNN dated 29 April 2004 ("Decision 479") and the financial reporting policies applicable to credit institutions attached with Decision 16/2007/QĐ-NHNN dated 18 April 2007 by the Governor of the State Bank of Vietnam ("Decision 16").

On 31 December 2021, the SBV issued Circular 27 which is effective from 1 April 2022, amending and supplementing several articles in the chart of account of credit institutions and the financial reporting regime for credit institutions issued as attachment to Decision 479 and Decision 16. Main changes by Circular 27 include:

- Amending and supplementing several accounts in chart of accounts applicable to credit institutions;
- Amending and supplementing several items in financial statements and some notes to the financial statements in forms B02a/TCTD-HN, B03a/TCTD-HN, B05a/TCTD-HN;
- Replacing the names of the financial statement forms and replacing, abolishing some other phrases previously prescribed in Decision 16.

(e) Foreign currency transactions

According to accounting system in Vietcombank, all transactions are recorded in original currencies. Monetary assets and liabilities denominated in foreign currencies are translated into VND using the exchange rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated into VND at the exchange rate at the transactions date. Income and expenses arising in foreign currencies are converted into VND in the interim consolidated income statement at the spot exchange rates at the transactions date.

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

In order to prepare the interim consolidated 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 converted to VND at spot exchange rates at the reporting date, and the interim consolidated income statement are converted to VND at the average exchange rate for the accounting period. Exchange differences arising from the conversion are recognised in equity in the interim consolidated statement of financial position.

(f) 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 interim consolidated financial statements from the date that the control commences until the date that the control ceases.

Inter-company balances, transactions and incomes/expenses on transactions between the subsidiaries and the Bank are eliminated in full when preparing the interim consolidated 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 interim consolidated financial statements. The Bank's share of post-acquisition profits or losses of its associates and joint-ventures from the date that it commences until the date that significant influence or joint control ceases and is recognised in the interim consolidated income statement. 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 interim consolidated 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.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with the SBV, Government treasury bills and other short-term valuable papers eligible for rediscounting with the SBV, balances with and loans to other credit institutions with an original maturity of not more than three months from the transaction date, securities with recovery or maturity period of not more than three months from date of purchase which are readily convertible into defined amounts of cash and that are subject to an insignificant risk of change in value, and held for the purpose of meeting short-term payment commitments rather than for investment or other purposes.

(h) Balances with and loans to other credit institutions

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

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

Current 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 provision for credit risk.

Loan classification of term deposits with and loans to other credit institutions and provision for credit risk thereof is made in accordance with the requirements of Circular No. 11/2021/TT-NHNN issued by the SBV on 30 July 2021, stipulating the classification of assets, rates and method of setting up risk provision and the use of provisions against credit risks in banking activity of credit institutions and foreign bank branches. Accordingly, Vietcombank has made specific provision for term deposits with and loans to other credit institutions in accordance with the accounting policy described in Note 2(i).

According to Circular 11, Vietcombank is not required to make general provision for balances with and loans to other credit institutions.

(i) Loans to customers

(i) Loans to customers

Loans to customers are stated in the interim consolidated statement of financial position at the principal amounts outstanding as at the reporting date.

Provision for credit loss on loans to customers is accounted and presented in a separate line on the interim consolidated statement of financial position. Provision for credit loss comprises specific provision for credit risk and general provision for credit risk.

(ii) Loan classification

Prior to 1 October 2021

Vietcombank performed loan classification for loans to customers in accordance with the requirements of Circular No. 02/2013/TT-NHNN dated 21 January 2013 issued by SBV on classification of assets, levels and method of setting up of risk provisions, and use of provisions against credit risks in the banking activity of credit institutions, foreign banks' branches ("Circular

02”) and Circular No. 09/2014/TT-NHNN dated 18 March 2014 issued by SBV on amending, supplementing a number of Articles of the Circular 02 (“Circular 09”).

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

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

From 1 October 2021

Vietcombank performs loans classification for loan to customers in accordance with the requirements of Circular 11.

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

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

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

Prior to 17 May 2021

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 loan 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 3 months from the day the Prime Minister declares the end of the Covid-19 pandemic, and the borrowers are not able to repay the principal and/or interest in accordance with the payment schedules specified in the signed loan contract/agreement 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 loan group as classified at most recent date before 23 January 2020.

From 17 May 2021 to before 7 September 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 loan 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 loan 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 loan group unchanged as classified at the most recent date before 23/01/2020.
		Overdue	From 23/01/2020 to 29/03/2020	
From 23/01/2020 to before 10/06/2020		Not past due or overdue up to 10 days	From 17/05/2021 to before 31/12/2021	Keeping the loan 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 loan group unchanged as classified at the most recent date before the date the loan becomes overdue.

From 7 September 2021

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

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

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

(iii) Specific provision for credit risk

Prior to 1 October 2021

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

From 1 October 2021

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

Specific provision is calculated based on the following provision rates corresponding to the outstanding principals of loans less deductible value of collaterals:

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

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

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

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

(iv) General provision for credit risk

Prior 1 to October 2021

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

From 1 October 2021

Vietcombank makes general provision at 0.75% total outstanding principals at the last day of each month of the loans classified in Group 1 to Group 4.

(v) Bad debts written-off

According to Circular 11, 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.

(j) Investments

(i) Trading securities

Trading securities are debt securities, equity securities and other securities acquired and held for the purpose of reselling within one year to gain profit on price variances.

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 interim consolidated income statement.

(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 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 income statement on an accrual basis.

Held-to-maturity investment securities

Held-to-maturity securities are debt securities, with fixed or determinable payments and maturities. Vietcombank has the positive intention and ability to hold until maturity.

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

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

Provision for investment securities

Investment securities which are unlisted corporate bonds except for bonds issued by credit institution are classified and made provision for credit risk in accordance with the requirements of Circular 11 as described at Note 2(i). For other available-for-sale investment securities, provision for diminution in the value of securities is made if their market price decreases to below their cost. For other held-to-maturity securities, provision 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 amount.

According to Circular 24, Vietcombank is not required to make provision for Government bonds, Government-guaranteed bonds and municipal bonds from the fiscal year 2022.

(iii) 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 (except for capital contributions and investments into joint-ventures, associates and subsidiaries).

Other long-term investments are initially recognised at cost less provision 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 annual accounting period which has signs of decrease in value compared to 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 provision amount for the investment is the difference between the parties' actual investment capital at the economic entity receiving capital contribution and actual equity capital of economic entity at the time of provisioning multiplied (x) by the actual rate of chartered capital (%) of Vietcombank at the economic entity at the time of provisioning. For an investment in listed securities or investments which market price can be determined reliably, provision is made based on the securities' market price.

(k) Repurchase and reverse repurchase agreements

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

(l) 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 reliably determinable, 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 interim consolidated income statement 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 calculated on a straight-line basis over the estimated useful life of each asset as follows:

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

(m) **Intangible fixed assets**

(i) Land use rights

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

- 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 leveling, 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 of:

- Land use rights granted by the State without land use fee;
- For lease of land whose payment is made 1 time at the beginning for the entire lease period (the land is leased after the effective date of Law on lands 2003, whose land use right certificated is not grant), the lease payment is amortised gradually to operating expenses of the Bank over the lease term;
- In case lease payment is made annually, rental fee is accounted into operating expense of the period in accordance with the annual lease payment.

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

For the intangible fixed assets which are the value of definite land use rights with term or the leased land use rights, the amortisation period 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 the period ranging from 3 to 4 years.

(n) Other assets

Except for receivables from uncollectible income as presented in Note 2(t), provision for overdue 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, provision 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>Provision 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 provision similarly to loans to customers described in Note 2(i).

(o) Deposits and borrowings from other credit institutions

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

(p) Deposits from customers

Deposits from customers are stated at cost.

(q) 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.

(r) 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.

(s) 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 interim consolidated statement of financial position. The bonus and welfare fund are used for the purposes specified in Decree No. 93/2017/ND-CP dated 7 August 2017 issued by the Government ("Decree 93").

(t) 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

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

(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 rate 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 rate for this reserve is not specified in 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 relevant statutory requirement.

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 converted to VND for the purpose of preparing interim consolidated financial statements.

(u) 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(i) on accrual basis. Interest receivable from debts being kept loan group as Group 1 – Current debt as a result of adopting Circular 01 and Circular 03 or the implementation of the State's policies and interest receivable from debts classified in Group 2 to Group 5 are recognised in the interim consolidated income statement upon receipt.

Interest expenses are recorded on accrual basis.

(ii) Fee and commission income and cash dividend income

Fee and commission income are recognised on an accrual basis.

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

(iv) Recognition of receivables not yet collected

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 not yet collected at the due date are recorded 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. Upon actual receipt of these receivables, Vietcombank recognised them in other income.

(v) Leases

(i) Lessee

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

(ii) Lessor

Vietcombank recognises finance leased assets as "Loans to customers" in the interim consolidated statement of financial position at the net value of the investment defined in the lease contract. Financial leases are recognized as principal outstanding for loans to customers and income from finance leases is 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 loan classification of finance lease receivables is made in accordance with the quantitative method as stipulated in Article 10 of Circular 11 from 1 October 2021 and Article 10 of Circular 02 before 1 October 2021.

Vietcombank recognises operating lease assets in the interim consolidated statement of financial position. Operating lease 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.

(w) Corporate income tax

Corporate income tax comprises of current and deferred tax. Corporate income tax is recognised in the interim consolidated income statement 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.

(x) Related parties

Related parties of Vietcombank include:

- Individuals or organisations which have the authority to appoint managers or members of the Supervisory Board of the parent company of Vietcombank;
- Management personnel or members of the Supervisory Board of the Bank;
- Companies or organisations which have the authority to appoint management personnel, members of the Supervisory Board of the Bank;
- Wives, husbands, parents, children (including foster parents, foster children, parents-in-law, 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
- Representatives for the Bank's paid-in capital and shares.

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

(y) 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.

(z) Off-balance sheet items

(i) Currency contracts

Vietcombank involves in currency forward and currency swap contracts to facilitate customers' transferring, adjusting or reducing foreign exchange risk or other market risks, and also serve Vietcombank's business purposes.

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 is recorded in the interim consolidated income statement 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 interim consolidated income statement 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 statement of financial position. This difference is amortised to the consolidated income statement on a straight-line basis over the term of the swap contracts.

(ii) Interest swap contracts

Interest swap contracts are commitments to settle interest amounts based on a floating rate or a fixed rate calculated on the same notional amount. The value of commitment in interest rate swap contracts is not recognised on the interim consolidated statement of financial position. Differences in interest rate swaps are recognized in the consolidated income statement 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 11, 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 to management purpose (Note 2(i)).

(aa) Offsetting

Financial assets and liabilities are offsetted and the net amounts are reported in the interim consolidated statement of financial position 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.

(bb) 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 interim consolidated 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 interim consolidated 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) Recognition

Financial assets and financial liabilities are recognized in the statement of financial position if and only if Vietcombank enters into a contractual relationship for the supply of the relevant financial instrument. Vietcombank recognizes financial assets and financial liabilities at the date Vietcombank signs and performs in accordance with the effective contract terms (transaction date accounting).

(c) Derecognition

Vietcombank derecognizes financial assets when and only when the right to receive cash flows from the financial asset terminates or Vietcombank has transferred substantially all risks and rewards of ownership of the financial asset. A financial liability is derecognised only when the liability has been paid (the obligation has been fulfilled, canceled or expired).

(d) 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, 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

	30/6/2022	31/12/2021
	VND million	VND million
Debt securities		
Government bonds	2,076,082	1,493,814
Bonds issued by other local credit institutions	498,179	499,364
Securities issued by local economic entities	440,294	499,000
Equity securities		
Equity securities issued by other credit institutions	27	77,084
Equity securities issued by local economic entities	172,643	253,269
	3,187,225	2,822,531
Provision for trading securities	(37,173)	(56,433)
	3,150,052	2,766,098

5. Loans to customers

	30/6/2022	31/12/2021
	VND million	VND million
Loans to local economic entities and individuals	1,091,735,049	951,443,830
Discounted bills and valuable papers	3,137,659	3,879,226
Finance lease receivables	4,649,785	4,376,120
Loans given to make payments on behalf of customers	889	889
Loans to foreign organisations and individuals	1,328,781	1,049,890
	1,100,852,163	960,749,955

Analysis of loan portfolio by quality:

	30/6/2022	31/12/2021
	VND million	VND million
Current debt	1,088,187,647	951,130,994
Special mention debt	5,951,273	3,497,833
Sub-standard debt	1,360,317	743,995
Doubtful debt	664,359	965,987
Loss debt	4,688,567	4,411,146
	1,100,852,163	960,749,955

Analysis of loan portfolio by original maturity:

	30/6/2022	31/12/2021
	VND million	VND million
Short-term debt	597,051,197	508,285,894
Medium-term debt	47,618,778	40,535,854
Long-term debt	456,182,188	411,928,207
	1,100,852,163	960,749,955

6. Provision for loans to customers

	30/6/2022 VND million	31/12/2021 VND million
General provision	8,119,392	7,113,487
Specific provision	25,742,526	18,862,181
	33,861,918	25,975,668

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

	Six-month period ended 30/6/2022 VND million	Year ended 31/12/2021 VND million
Opening balance	7,113,487	5,895,579
Provision made during the period/year	1,005,677	1,217,908
Foreign currency translation difference	228	-
Closing balance	8,119,392	7,113,487

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

	Six-month period ended 30/6/2022 VND million	Year ended 31/12/2021 VND million
Opening balance	18,862,181	13,347,215
Provision made during the period/year	7,003,832	8,054,170
Provision utilised for writing-off bad debts	(124,683)	(2,538,370)
Foreign exchange translation difference	1,196	(834)
Closing balance	25,742,526	18,862,181

7. Investment securities

	30/6/2022 VND million	31/12/2021 VND million
Available-for-sale securities (a)	101,201,494	71,035,829
Held-to-maturity securities (b)	90,206,439	99,568,871
	191,407,933	170,604,700
(a) Available-for-sale securities		
	30/6/2022 VND million	31/12/2021 VND million
Available-for-sale securities		
<i>Debt securities</i>		
Government bonds	33,152,762	30,327,312
Treasury bills, SBV bills	18,808,500	-
Debt securities issued by other local credit institutions	49,134,000	40,687,000
Debt securities issued by other local economic institutions	100,000	100,000
<i>Equity securities</i>		
Equity securities issued by other local economic entities	8,190	8,190
	101,203,452	71,122,502
Provision for available-for-sale securities	(1,958)	(86,673)
Total available-for-sale securities	101,201,494	71,035,829
(b) Held-to-maturity securities		
	30/6/2022 VND million	31/12/2021 VND million
Held-to-maturity securities		
Government bonds	39,195,688	40,325,603
Debt securities issued by other local credit institutions	39,589,105	47,502,241
Debt securities issued by local economic entities	11,508,252	11,829,751
	90,293,045	99,657,595
Provision for held-to-maturity securities	(86,606)	(88,724)
Total held-to-maturity securities	90,206,439	99,568,871

8. Capital contributions, long-term investments

(a) Investments in joint ventures

As at 30 June 2022:

	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	614,722
Vietcombank Fund Management (i)	Investment fund management	51%	135,150	173,364
			545,515	788,086

As at 31 December 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	577,574
Vietcombank Fund Management (i)	Investment fund management	51%	135,150	171,321
			545,515	748,895

- (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 2022:

	Business sector	Ownership percentage (%)	Cost VND million	Carrying value VND million
Vietcombank – Bonday Joint-venture Company Limited	Office leasing	16%	11,110	8,121

As at 31 December 2021:

	Business sector	Ownership percentage (%)	Cost VND million	Carrying value VND million
Vietcombank – Bonday Joint-venture Company Limited	Office leasing	16%	11,110	10,820

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

	30/6/2022 VND million	31/12/2021 VND million
Borrowings from the State Bank of Vietnam	1,476,026	1,749,584
Borrowings on the credit files basis	1,215,567	1,415,715
Other borrowings	260,459	333,869
Deposits from the State Treasury	59,075,763	7,694,274
Demand deposits in VND	785,401	201,329
Demand deposits in foreign currencies	503,362	492,945
Term deposits in VND	57,787,000	7,000,000
Deposits from the State Bank of Vietnam	468,760	24,258
	61,020,549	9,468,116

10. Deposits and borrowings from other credit institutions

	30/6/2022 VND million	31/12/2021 VND million
Deposits from other credit institutions	159,084,451	104,043,817
Demand deposits in VND	47,125,124	17,340,108
Demand deposits in foreign currencies	57,837,954	39,719,757
Term deposits in VND	50,350,000	40,870,931
Term deposits in foreign currencies	3,771,373	6,113,021
Borrowings from other credit institutions	12,592,440	5,713,960
Borrowings in VND	4,166,890	5,713,960
Borrowings in foreign currencies	8,425,550	-
	171,676,891	109,757,777

11. Deposits from customers

	30/6/2022 VND million	31/12/2021 VND million
Demand deposits	402,345,278	367,149,083
Demand deposits in VND	321,490,908	291,799,494
Demand deposits in gold, foreign currencies	80,854,370	75,349,589
Term deposits	772,303,382	730,223,470
Term deposits in VND	700,512,366	659,247,019
Term deposits in gold, foreign currencies	71,791,016	70,976,451
Deposits for specific purposes	11,326,512	31,642,014
Margin deposits	9,416,404	6,309,346
	1,195,391,576	1,135,323,913

12. Valuable papers issued

	30/6/2022 VND million	31/12/2021 VND million
Certificates of deposit	115	115
Medium-term in VND	115	115
Bills and bonds	14,366,918	17,387,632
Short-term in VND	47	47
Short-term in foreign currencies	31	30
Medium-term in VND	3,413,853	6,413,775
Medium-term in foreign currencies	14	12
Long-term in VND	10,952,973	10,973,768
	14,367,033	17,387,747

13. Other liabilities

	30/6/2022 VND million	31/12/2021 VND million
Internal payables	4,893,180	3,748,978
External payables	17,591,273	16,461,244
Bonus and welfare fund	2,765,384	4,073,378
	25,249,837	24,283,600

14. Obligations to the State Budget

	Balance at 1/1/2022	Movement during the period		Balance at 30/6/2022		
	VND million	Incurred VND million	Paid VND million	Payables VND million	Advances VND million	Total VND million
Value added tax	50,665	252,534	(271,014)	70,387	(38,202)	32,185
Corporate income tax	597,785	3,464,631	(3,017,570)	1,089,302	(44,456)	1,044,846
<i>In which:</i>						
- Corporate income tax of Vietcombank	597,444	3,464,754	(3,016,922)	1,089,674	(44,398)	1,045,276
- Adjustments on tax of previous years	398	(122)	(648)	(372)	-	(372)
- Vinafeco's tax obligation in 2008	(57)	(1)	-	-	(58)	(58)
Other taxes	172,722	1,015,849	(1,120,167)	68,404	-	68,404
	<u>821,172</u>	<u>4,733,014</u>	<u>(4,408,751)</u>	<u>1,228,093</u>	<u>(82,658)</u>	<u>1,145,435</u>

15. Owners' equity

(a) Statement of changes in equity

	Reserves							Foreign exchange differences VND million	Retained profits VND million	Non- controlling interest VND million	Total VND million
	Charter capital VND million	Share premium VND million	Other capital VND million	Supple- mentary charter capital reserve VND million	Financial reserve VND million	Development investment fund VND million	Total VND million				
Balance at 1/1/2022	37,088,774	4,995,389	344,658	6,052,831	12,049,576	70,661	18,173,068	(5,109)	48,433,500	87,113	109,117,393
Net profit for the period	-	-	-	-	-	-	-	-	13,899,138	10,219	13,909,357
Capital increased due to bonus shares issued in the period	10,236,392	-	-	-	-	-	-	-	(10,236,392)	-	-
Utilisation during the period	-	-	-	-	(496)	-	(496)	-	-	-	(496)
Adjustments for joint-ventures and associates accounted under equity method	-	-	-	-	-	-	-	-	2,230	-	2,230
Adjustments according to the Resolution of the subsidiary	-	-	-	(315)	(315)	-	(630)	-	(41,708)	-	(42,338)
Foreign exchange differences	-	-	-	-	-	-	-	3,327	-	442	3,769
Other changes	-	-	-	-	-	-	-	-	(218)	-	(218)
Balance at 30/6/2022	47,325,166	4,995,389	344,658	6,052,516	12,048,765	70,661	18,171,942	(1,782)	52,056,550	97,774	122,989,697

(b) Details of shareholders of the Bank

	30/6/2022	31/12/2021
	VND	VND
	million	million
Ordinary shares		
The Government of Vietnam	35,400,749	27,743,534
Foreign strategic shareholder (Mizuho Bank Ltd., Japan)	7,098,834	5,563,349
Other shareholders	4,825,583	3,781,891
	47,325,166	37,088,774

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

	30/06/2022		31/12/2021	
	Number of	VND million	Number of	VND million
	shares		shares	
Authorised share capital	4,732,516,571	47,325,166	3,708,877,448	37,088,774
Issued share capital				
Ordinary shares	4,732,516,571	47,325,166	3,708,877,448	37,088,774
Outstanding shares in circulation				
Ordinary shares	4,732,516,571	47,325,166	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 30/6/2022 VND million	Six-month period ended 30/6/2021 VND million (restated)
Net profit for the period (*)	13,899,138	10,862,683
Profit attributable to the ordinary shareholders during the period	13,899,138	10,862,683

(*) 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 30/6/2022 Shares	Six-month period ended 30/6/2021 Shares (restated)
Issued ordinary shares as at 1 January	3,708,877,448	3,708,877,448
Effect of share dividends (*)	1,023,639,123	1,023,639,123
Weighted average number of outstanding ordinary shares for the year	4,732,516,571	4,732,516,571

(*) According to the guidance in Vietnamese Accounting Standard No. 30, if the number of ordinary shares outstanding increases due to capitalization, issuance of bonus shares, split shares, or decreases due to stock consolidation, the company "Earnings per share" retrospectively adjusted for all reporting periods.

(c) Basic earnings per share

	Six-month period ended 30/6/2022	Six-month period ended 30/6/2021 (restated)
Basic earnings per share (VND/share)	2,937	2,295

17. Interest and similar income

	Six-month period ended 30/6/2022 VND million	Six-month period ended 30/6/2021 VND million
Interest income from loans to customers	34,112,133	29,198,235
Interest income from deposits	1,335,389	849,287
Interest income from trading and investing in debt securities:	3,740,723	4,201,306
- from investment securities	3,668,572	4,114,118
- from trading securities	72,151	87,188
Interest income from finance lease	162,333	160,147
Fees from guarantees activities	248,975	224,226
Other income from credit activities	409,631	409,543
	40,009,184	35,042,744

18. Interest and similar expenses

	Six-month period ended 30/6/2022 VND million	Six-month period ended 30/6/2021 VND million
Interest expense on deposits	14,507,925	13,000,804
Interest expense on borrowings	183,382	123,826
Interest expense on valuable papers issued	525,845	717,232
Other expenses on credit activities	18,974	22,891
	15,236,126	13,864,753

19. Net gain from trading securities

	Six-month period ended 30/6/2022 VND million	Six-month period ended 30/6/2021 VND million
Income from trading securities	78,315	125,826
Expenses on trading securities	(62,422)	(34,406)
Provision reversed/(made) for trading securities	19,260	(1,271)
	35,153	90,149

20. Income from capital contribution and equity investments

	Six-month period ended 30/6/2022 VND million	Six-month period ended 30/6/2021 VND million
Dividend income from equity investments	14,578	10,058
- <i>Dividend income from long-term investments</i>	12,640	9,423
- <i>Dividend income from trading securities</i>	1,938	635
Share of profits from equity investments in joint-ventures and associates	34,262	43,929
	48,840	53,987

21. Operating expenses

	Six-month period ended 30/6/2022 VND million	Six-month period ended 30/6/2021 VND million
Tax, duties and fees	105,645	98,625
Salaries and related expenses	4,477,380	4,367,978
<i>Of which:</i>		
- <i>Salary and allowances</i>	4,048,603	3,994,355
- <i>Contributions based on salary</i>	365,354	362,110
- <i>Other allowances</i>	3,863	2,736
Expenses on assets	1,518,353	1,257,019
<i>Of which:</i>		
- <i>Depreciation of fixed assets</i>	669,335	585,059
Administrative expenses	3,792,455	3,420,102
Insurance expense for deposits from customers	392,047	343,853
Other expenses	39,088	27,826
	10,324,968	9,515,403

22. Cash and cash equivalents

	30/6/2022 VND million	31/12/2021 VND million
Cash on hand, gold, silver and gemstones	15,097,807	18,011,766
Balances with the State Bank of Vietnam	28,813,961	22,506,711
Balances with and loans to other credit institutions with original term not exceeding 3 months	216,736,410	192,035,518
Securities with maturity or redemption term not exceeding 3 months from purchase date	18,808,500	-
	279,456,678	232,553,995

23. Significant transactions and balances with related parties

(a) Significant transactions with related parties

	Relationship	Six-month period ended 30/6/2022 VND million	Six-month period ended 30/6/2021 VND million
		Income/(expense)	
The State Bank of Vietnam			
Interest income from deposits	Representative of owner	48,603	43,925
Interest expense on deposits and borrowings		(29,490)	(39,119)
The Ministry of Finance			
Interest expense on deposits	Related party of owner	(325,953)	(102,593)
Interest expense on borrowings		(6,500)	(9,819)

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

(b) Significant balances with related parties

	Relationship	30/6/2022 VND million	31/12/2021 VND million
		Receivable/(payable)	
The State Bank of Vietnam	Representative		
Deposits at the SBV	of owner	28,613,895	22,311,693
Deposits and borrowings from the SBV		(1,944,786)	(1,773,842)
The Ministry of Finance	Related party of		
Deposits at the Vietcombank	owner	(59,075,763)	(7,694,274)
Borrowings from the Ministry of Finance		(758,804)	(806,617)
Mizuho Bank Ltd., Japan	Foreign strategic		
Deposits at Mizuho Bank Ltd., Japan	partner	9,614,880	1,910,189
Deposits from Mizuho Bank Ltd., Japan		(1,143,437)	(694,909)

24. Segment reporting

(a) Geographical segment

Six-month period ended 30 June 2022:

	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	50,307,551	9,253,805	27,041,018	66,500	(46,659,690)	40,009,184
2 Interest and similar expenses	(40,355,503)	(5,551,281)	(15,973,185)	(4,073)	46,647,916	(15,236,126)
I Net interest income	9,952,048	3,702,524	11,067,833	62,427	(11,774)	24,773,058
3 Fee and commission income	4,032,702	386,547	1,533,495	53,087	(303,056)	5,702,775
4 Fee and commission expenses	(2,450,184)	(16,807)	(47,926)	(15,768)	233,367	(2,297,318)
II Net fee and commission income	1,582,518	369,740	1,485,569	37,319	(69,689)	3,405,457
III Net gain from trading of foreign currencies	1,968,849	116,133	906,881	1,717	-	2,993,580
IV Net gain from trading securities	36,255	-	-	-	(1,102)	35,153
V Net gain from investment securities	84,715	-	-	-	-	84,715
5 Other income	427,039	396,489	743,430	22,841	-	1,589,799
6 Other expenses	(180,613)	(4,972)	(36,962)	(2,353)	-	(224,900)
VI Net other income	246,426	391,517	706,468	20,488	-	1,364,899
VII Income from capital contributions and equity investments	48,840	-	-	-	-	48,840
Total operating income	13,919,651	4,579,914	14,166,751	121,951	(82,565)	32,705,702
VIII Total operating expenses	(7,412,510)	(781,972)	(2,138,550)	(61,625)	69,689	(10,324,968)
IX Net operating profit before provision for credit losses	6,507,141	3,797,942	12,028,201	60,326	(12,876)	22,380,734
X Provision for credit losses	(3,239,210)	(553,576)	(1,203,752)	(10,853)	-	(5,007,391)
XI Profit before tax	3,267,931	3,244,366	10,824,449	49,473	(12,876)	17,373,343
7 Current corporate income tax expenses	(644,816)	(648,873)	(2,163,031)	(8,034)	-	(3,464,754)
8 Deferred corporate income tax expenses	768	-	-	-	-	768
XII Corporate income tax expenses	(644,048)	(648,873)	(2,163,031)	(8,034)	-	(3,463,986)
XIII Profit after tax	2,623,883	2,595,493	8,661,418	41,439	(12,876)	13,909,357

24. Segment reporting (continued)

(b) Business segment

Six-month period ended 30 June 2022:

	Banking financial services VND million	Non-banking financial services VND million	Securities VND million	Others VND million	Elimination VND million	Total VND million
1 Interest and similar income	86,126,604	196,844	316,632	28,794	(46,659,690)	40,009,184
2 Interest and similar expenses	(61,684,211)	(67,297)	(124,619)	(7,915)	46,647,916	(15,236,126)
I Net interest income	24,442,393	129,547	192,013	20,879	(11,774)	24,773,058
3 Fee and commission income	5,623,533	4,359	247,066	130,873	(303,056)	5,702,775
4 Fee and commission expenses	(2,441,946)	(736)	(54,278)	(33,725)	233,367	(2,297,318)
II Net fee and commission income	3,181,587	3,623	192,788	97,148	(69,689)	3,405,457
III Net gain from trading of foreign currencies	2,992,075	1,505	-	-	-	2,993,580
IV Net (loss)/gain from trading securities	(8,882)	-	45,137	-	(1,102)	35,153
V Net gain/(loss) from trading investment securitites	86,287	-	(1,572)	-	-	84,715
5 Other income	1,582,929	3,240	2,840	790	-	1,589,799
6 Other expenses	(198,892)	-	(26,008)	-	-	(224,900)
VI Net other income	1,384,037	3,240	(23,168)	790	-	1,364,899
VII Income from capital contributions and equity investments	46,902	-	1,938	-	-	48,840
Total operating income	32,124,399	137,915	407,136	118,817	(82,565)	32,705,702
VIII Total operating expenses	(10,135,321)	(68,714)	(135,090)	(55,532)	69,689	(10,324,968)
IX Net operating profit before provision for credit losses	21,989,078	69,201	272,046	63,285	(12,876)	22,380,734
X Provision for credit losses	(5,011,278)	3,887	-	-	-	(5,007,391)
XI Profit before tax	16,977,800	73,088	272,046	63,285	(12,876)	17,373,343
7 Current corporate income tax expenses	(3,386,179)	(13,979)	(55,019)	(9,577)	-	(3,464,754)
8 Deferred corporate income tax expenses	-	-	768	-	-	768
XII Corporate income tax expenses	(3,386,179)	(13,979)	(54,251)	(9,577)	-	(3,463,986)
XIII Profit after tax	13,591,621	59,109	217,795	53,708	(12,876)	13,909,357

25. Disclosures of financial instruments

(a) Collateral disclosure

Vietcombank does not hold collaterals which are allowed to be sold or re-pledged in case the owner of the property is still able to repay the debt.

(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 2022:

25. Disclosures of financial instruments (continued)

(b) Fair value disclosure (continued)

As at 30 June 2022:

As at 30 June 2022:		Carrying value - gross						Fair value VND million
		Held for trading	Held-to-maturity	Loans and receivables	Available-for-sale	Recognised at amortised cost	Total carrying value	
		VND million	VND million	VND million	VND million	VND million	VND million	
Financial assets								
I	Cash on hand, gold, silver and gemstones	-	-	15,097,807	-	-	15,097,807	15,097,807
II	Balances with the State Bank of Vietnam	-	-	28,813,961	-	-	28,813,961	28,813,961
III	Balances with and loans to other CIs	-	-	256,536,982	-	-	256,536,982	(*)
IV	Trading securities	3,187,225	-	-	-	-	3,187,225	(*)
VI	Loans to customers	-	-	1,100,852,163	-	-	1,100,852,163	(*)
VIII	Investment securities	-	90,293,045	-	101,203,452	-	191,496,497	(*)
IX	Capital contributions, long-term investments	-	-	-	1,659,597	-	1,659,597	(*)
XII	Other financial assets	-	-	23,119,330	-	-	23,119,330	(*)
		3,187,225	90,293,045	1,424,420,243	102,863,049	-	1,620,763,562	
Financial liabilities								
I	Amounts due to the Government and the SBV and deposits and borrowings from other credit institutions	-	-	-	-	232,697,440	232,697,440	(*)
II	Deposits from customers	-	-	-	-	1,195,391,576	1,195,391,576	(*)
III	Derivatives and other financial liabilities	19,457	-	-	-	-	19,457	(*)
IV	Funds for finance, entrusted investments and entrusted loans	-	-	-	-	5,485	5,485	(*)
V	Valuable papers issued	-	-	-	-	14,367,033	14,367,033	(*)
VI	Other financial liabilities	-	-	-	-	23,123,641	23,123,641	(*)
		19,457	-	-	-	1,465,585,175	1,465,604,632	

(*) 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 safe business limits, directly approves high-value business transactions in accordance with legal and Vietcombank 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 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 statement of financial position 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 11 (Note 2(i)), 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 2022, excluding collaterals and credit risk mitigations as follows:

	Neither past due nor impaired VND million	Past due but not impaired VND million	Impaired and provision made VND million	Total VND million
Deposit and loan to other credit institutions – gross	255,536,982	-	1,000,000	256,536,982
Deposit to other credit institutions	206,455,463	-	-	206,455,463
Loans to other credit institutions	49,081,519	-	1,000,000	50,081,519
Loans to customers – gross	1,066,594,687	17,773,963	16,483,513	1,100,852,163
Investment securities – gross	191,496,497	-	-	191,496,497
Available-for-sale securities	101,203,452	-	-	101,203,452
Held-to-maturity securities	90,293,045	-	-	90,293,045
Other assets	23,119,330	-	-	23,119,330
	1,536,747,496	17,773,963	17,483,513	1,572,004,972

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

	30/6/2022 VND million	31/12/2021 VND million
Deposits	156,918,111	138,879,634
Valuable papers	67,598,232	63,043,823
Real estate	1,330,095,315	1,162,890,412
Other collaterals	278,310,596	268,181,578
	1,832,922,254	1,632,995,447

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 interim consolidated statement of financial position.

The following assumptions and conditions have been adopted in the analysis of actual interest re-pricing term of asset and liabilities items in the interim consolidated statement of financial position 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 deposits 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 2022:

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	-	15,097,807	-	-	-	-	-	-	15,097,807
II	Balances with the State Bank of Vietnam	-	-	28,813,961	-	-	-	-	-	28,813,961
III	Balances with and loans to other CIs – gross	-	110,593	184,426,495	37,238,462	11,593,532	23,167,900	-	-	256,536,982
IV	Trading securities – gross	-	172,670	3,014,555	-	-	-	-	-	3,187,225
VI	Loans to customers – gross	24,679,701	-	192,025,139	312,638,426	329,212,561	143,473,064	97,066,900	1,756,372	1,100,852,163
VII	Investment securities – gross	-	8,190	21,058,485	4,442,500	13,902,000	18,885,720	102,608,415	30,591,187	191,496,497
VIII	Capital contributions, long-term investments – gross	-	2,455,804	-	-	-	-	-	-	2,455,804
IX	Fixed assets	-	8,103,519	-	-	-	-	-	-	8,103,519
X	Other assets – gross	-	30,205,103	-	-	-	-	-	-	30,205,103
	Total assets	24,679,701	56,153,686	429,338,635	354,319,388	354,708,093	185,526,684	199,675,315	32,347,559	1,636,749,061
Liabilities										
I	Amounts due to the Government and the State Bank of Vietnam and deposits and borrowings from other CIs	-	-	161,625,662	64,956,800	4,923,624	1,191,354	-	-	232,697,440
II	Deposits from customers	-	150,331	639,944,041	147,489,968	171,033,408	230,363,649	6,397,876	12,303	1,195,391,576
III	Derivatives and other financial liabilities	-	19,457	-	-	-	-	-	-	19,457
IV	Funds for finance, entrusted investments and entrusted loans	-	-	-	-	-	5,157	328	-	5,485
V	Valuable papers issued	-	-	905	2,900,000	3,031,750	3,069,973	-	5,364,405	14,367,033
VI	Other liabilities	-	35,520,384	689,892	-	-	-	-	-	36,210,276
	Total liabilities	-	35,690,172	802,260,500	215,346,768	178,988,782	234,630,133	6,398,204	5,376,708	1,478,691,267
	Interest sensitivity gap – on statement of financial position	24,679,701	20,463,514	(372,921,865)	138,972,620	175,719,311	(49,103,449)	193,277,111	26,970,851	158,057,794
	Accumulation of interest-sensitive spreads	24,679,701	45,143,215	(327,778,650)	(188,806,030)	(13,086,719)	(62,190,168)	131,086,943	158,057,794	

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 and USD. Some of Vietcombank's other assets are in currencies other than VND and USD. Vietcombank has set limits on currency positions based on its internal risk management system and relevant statutory requirements stipulated by the State Bank of Vietnam. Currency positions are monitored on a daily basis and hedging strategies are 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	
	30/6/2022	31/12/2021
USD/VND	23,275	22,780
EUR/VND	24,488	25,969

The following table presents Vietcombank's assets and liabilities denominated in foreign currencies that were translated into VND as at 30 June 2022:

25. Disclosures of financial instruments (continued)

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

(iii) Currency risk (continued)

	USD	EUR	Other	Total
	VND million	VND million	currencies VND million	VND million
Assets				
I Cash on hand, gold, silver and gemstones	2,240,116	439,111	389,449	3,068,676
II Balances with the State Bank of Vietnam	9,954,208	-	142,223	10,096,431
III Balances with and loans to other CIs – gross	35,952,991	5,650,822	27,406,640	69,010,453
IV Derivatives and other assets	-	-	2,809	2,809
VI Loans to customers – gross	125,674,313	1,966,273	1,328,781	128,969,367
VII Investment securities – gross	23,275,000	-	-	23,275,000
VIII Fixed assets	34,792	-	5,164	39,956
X Other assets – gross	2,237,269	82,755	235,293	2,555,317
Total assets	199,368,689	8,138,961	29,510,359	237,018,009
Liabilities				
I Amounts due to the Government and the SBV and deposits and borrowings from other CIs	43,795,821	3,294,503	23,916,675	71,006,999
II Deposits from customers	150,133,320	4,554,322	3,104,355	157,791,997
III Derivatives and other financial liabilities	745,433	9,581	-	755,014
IV Valuable papers issued	45	-	-	45
V Other liabilities	30,313	99	203,987	234,399
Total liabilities	194,704,932	7,858,505	27,225,017	229,788,454
Currency position on statement of financial position	4,663,757	280,456	2,285,342	7,229,555

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 interim consolidated statement of financial position:

- 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 as prescribed by the issuer;
- 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 that the credit institutions bear the risk and the issuance of valuable papers 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 2022:

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	Over 5 years	
	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	-	-	15,097,807	-	-	-	-	15,097,807
II Balances with the State Bank of Vietnam	-	-	28,813,961	-	-	-	-	28,813,961
III Balances with and loans to other CIs – gross	-	-	184,537,088	37,238,461	34,248,945	512,488	-	256,536,982
IV Trading securities – gross	-	-	3,187,225	-	-	-	-	3,187,225
VI Loans to customers – gross	5,311,991	19,367,710	79,261,923	200,862,259	365,101,795	165,682,264	265,264,221	1,100,852,163
VII Investment securities – gross	-	-	22,858,485	6,472,000	40,962,719	81,209,605	39,993,688	191,496,497
VIII Capital contributions, long-term investments – gross	-	-	-	-	-	-	2,455,804	2,455,804
IX Fixed assets	-	-	-	-	-	-	8,103,519	8,103,519
X Other assets – gross	-	-	-	30,205,103	-	-	-	30,205,103
Total assets	5,311,991	19,367,710	333,756,489	274,777,823	440,313,459	247,404,357	315,817,232	1,636,749,061
Liabilities								
I Amounts due to the Government and the SBV and deposits and borrowings from other CIs	-	-	165,094,600	61,229,091	4,318,083	1,237,976	817,690	232,697,440
II Deposits from customers	-	-	265,284,865	161,605,365	416,095,877	29,685,687	322,719,782	1,195,391,576
III Derivatives and other financial liabilities	-	-	-	19,457	-	-	-	19,457
IV Funds for finance, entrusted investments and entrusted loans not bearing credit risk	-	-	-	-	5,157	328	-	5,485
V Valuable papers issued	-	-	905	-	3,000,000	2,788,750	8,577,378	14,367,033
VI Other liabilities	-	-	-	28,462,601	6,556,954	-	1,190,721	36,210,276
Total liabilities	-	-	430,380,370	251,316,514	429,976,071	33,712,741	333,305,571	1,478,691,267
Net liquidity gap	5,311,991	19,367,710	(96,623,881)	23,461,309	10,337,388	213,691,616	(17,488,339)	158,057,794

26. Event after the reporting date

Until the issuing date of the interim consolidated financial statements, there are no significant events occurring subsequent to 30 June 2022 that may significantly affect the interim consolidated financial position of Vietcombank and adjustments or disclosures are required to the interim consolidated financial statements for the six-month period ended 30 June 2022.

27. Seasonal or cyclical factors

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

Tax

The Bank's corporate income tax is calculated and settled independently at the end of the year in accordance with current tax regulations. Income tax expense for the period is calculated based on taxable income at a tax rate of 20%.

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. Corresponding figures due to changes in accounting policy

In accordance with Circular No. 27, the Bank added and restated a number of items to ensure comparability at 31 December 2021 as follows:

Off-balance sheet items:

	31/12/2021 VND million (Restated)	31/12/2021 VND million (Presented)	Reasons
Off-balance sheet items			
Uncollected interest and fee receivables	911,618	Not presented	Presented
Bad debt written-off	55,195,565	Not presented	according
Other assets and receipts	351,544,901	Not presented	Circular 27

29. Changes in accounting estimates

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

30. Changes in the composition of Vietcombank

There is no significant change in the composition of Vietcombank for the six-month period ended 30 June 2022 compared with the most recent consolidated annual financial statements.

31. Approval of the interim consolidated financial statements

The interim consolidated financial statements were approved by the Board of Management of the Bank on 29 August 2022.

Hanoi, 29 August 2022

Prepared by:

Approved by:

Ms. Nguyen Thi Thu Huong


Mr. Le Hoang Tung

Ms. Phung Nguyen Hai Yen


*Deputy Director of
Financial and Accounting
Policy Department*


Chief Accountant




Deputy CEO

