

**VIETNAM JOINT STOCK COMMERCIAL BANK FOR
INDUSTRY AND TRADE**

(Incorporated in the Socialist Republic of Vietnam)

**REVIEWED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

For the 6-month period ended 30 June 2023

In accordance with Vietnamese Accounting Standards, accounting
regime applicable to credit institutions in Vietnam and legal
regulations relating to interim consolidated financial reporting


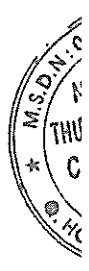


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STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Vietnam Joint Stock Commercial Bank for Industry and Trade (the "Bank") presents this report together with the Bank's interim consolidated financial statements for the 6-month period ended 30 June 2023.

The members of the Board of Directors, Board of Supervisors, Board of Management and the Chief Accountant of the Bank during the period and to the date of this report are as follows:

Board of Directors

Mr. Tran Minh Binh	Chairman
Mr. Nguyen Duc Thanh	Member
Ms. Nguyen Thi Bac	Independent Member
Ms. Tran Thu Huyen	Member
Mr. Nguyen The Huan	Member
Ms. Pham Thi Thanh Hoai	Member
Mr. Tran Van Tan	Member
Mr. Le Thanh Tung	Member
Mr. Masashige Nakazono	Member
Mr. Koji Iriguchi	Member (appointed on 02 June 2023)
Mr. Masahiko Oki	Member (resigned on 02 June 2023)

Board of Supervisors

Ms. Le Anh Ha	Chief Supervisor
Ms. Nguyen Thi Anh Thu	Member
Ms. Pham Thi Thom	Member

Board of Management and Chief Accountant

Mr. Nguyen Hoang Dung	Deputy General Director in charge of the Board of Management
Mr. Nguyen Tran Manh Trung	Deputy General Director
Mr. Le Duy Hai	Deputy General Director
Mr. Hoang Ngoc Phuong	Deputy General Director
Mr. Do Thanh Son	Deputy General Director
Mr. Tran Cong Quynh Lan	Deputy General Director
Mr. Nguyen Dinh Vinh	Deputy General Director
Ms. Le Nhu Hoa	Deputy General Director
Mr. Koji Iriguchi	Deputy General Director (appointed on 02 June 2023)
Mr. Masahiko Oki	Deputy General Director (resigned on 02 June 2023)
Mr. Nguyen Hai Hung	Chief Accountant

Authorized person for signing financial statements

Mr. Nguyen Tran Manh Trung	Deputy General Director (According to Authorization letter No.699/UQ-HDQT-NHCT18 of the Chairman of the Board of Directors on 01 June 2022)
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STATEMENT OF THE BOARD OF MANAGEMENT (Continued)

THE BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY

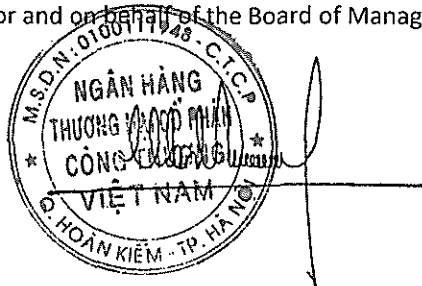
The Board of Management of the Bank is responsible for preparing the interim consolidated financial statements, which give a true and fair view of the interim consolidated financial position of the Bank as at 30 June 2023, and of its interim consolidated financial performance and its interim consolidated cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to interim consolidated financial reporting. In preparing these 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 principles have been followed, subject to any material departures disclosed and explained in the interim consolidated financial statements;
- Prepare the interim consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the interim consolidated financial statements so as to minimize errors and frauds.

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 that the interim consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to interim consolidated financial reporting. The Board of Management is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Management confirms that the Bank has complied with the above requirements in preparing these interim consolidated financial statements.

For and on behalf of the Board of Management,



Nguyen Tran Manh Trung
Deputy General Director

Hanoi, 14 August 2023

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No: 0207/VN1A-HN-BC

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To:
The Shareholders
The Board of Directors and the Board of Management
Vietnam Joint Stock Commercial Bank for Industry and Trade

We have reviewed the accompanying interim consolidated financial statements of Vietnam Joint Stock Commercial Bank for Industry and Trade (the "Bank"), prepared on 14 August 2023 as set out from page 05 to page 56, which comprise the interim consolidated statement of financial position as at 30 June 2023, the interim consolidated income statement and the interim consolidated cash flow statement for the 6-month period then ended, and a summary of significant accounting policies and other explanatory information.

Board of Management's Responsibility

The Bank's Board of Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to interim consolidated financial reporting and for such internal control as the Board of Management determines is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express a conclusion on these accompanying interim consolidated financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements (VSRE) 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

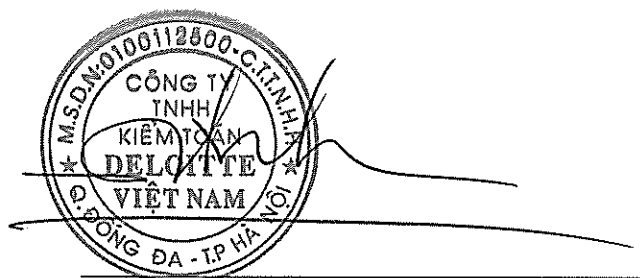
A review of interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese 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.



REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 present fairly, in all material respects, the interim consolidated financial position of the Bank as at 30 June 2023, and its interim consolidated financial performance and its interim consolidated cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to interim consolidated financial reporting.



Khúc Thị Lan Anh

Deputy General Director

Audit Practising Registration Certificate

No. 0036-2023-001-1

DELOITTE VIETNAM AUDIT COMPANY LIMITED

14 August 2023

Hanoi, S.R. Viet Nam

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

Unit: VND Million

NO. ITEMS	Notes	Closing balance	Opening balance
A. ASSETS			
I. Cash, gold and gemstones		10,173,535	11,066,956
II. Balances with the State Bank of Vietnam ("SBV")		23,584,485	29,727,110
III. Placements with and loans to other credit institutions		230,782,730	242,431,953
1. Placements with other credit institutions		210,462,034	222,454,660
2. Loans to other credit institutions		20,320,696	19,977,293
IV. Trading securities	5	1,441,612	1,406,183
1. Trading securities		1,622,489	1,622,967
2. Provisions for impairment of trading securities		(180,877)	(216,784)
V. Derivative financial instruments and other financial assets	6	1,370,944	3,058,727
VI. Loans to customers		1,330,128,708	1,245,057,876
1. Loans to customers	7	1,359,356,681	1,274,821,709
2. Provisions for credit losses of loans to customers	8	(29,227,973)	(29,763,833)
VII. Investment securities	9	193,231,588	180,312,848
1. Available-for-sale investment securities	9.1	192,015,273	178,685,028
2. Held-to-maturity investment securities	9.2	1,266,778	1,696,778
3. Provisions for impairment of investment securities		(50,463)	(68,958)
VIII. Capital contribution, long-term investments	10	3,269,660	3,519,441
1. Investments in joint ventures	10.1	3,053,379	3,303,160
2. Other long-term investments		234,462	234,462
3. Provisions for impairment of long-term investments		(18,181)	(18,181)
IX. Fixed assets		9,867,790	10,202,191
1. Tangible fixed assets		5,842,698	6,047,480
a. Cost		16,302,762	16,190,830
b. Accumulated depreciation		(10,460,064)	(10,143,350)
2. Intangible assets		4,025,092	4,154,711
a. Cost		6,779,253	6,779,297
b. Accumulated amortisation		(2,754,161)	(2,624,586)
X. Other assets	11	56,253,470	81,646,479
1. Other receivables	11.1	39,818,158	65,993,812
2. Interest and fee receivables		13,307,358	12,399,295
3. Other assets	11.2	3,189,426	3,314,998
4. Provisions for impairment of other assets	11.3	(61,472)	(61,626)
TOTAL ASSETS		1,860,104,522	1,808,429,764

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2023

Unit: VND Million

NO. ITEMS	Notes	Closing balance	Opening balance
B. LIABILITIES AND OWNERS' EQUITY			
I. Borrowings from the Government and the SBV	12	5,438,198	104,779,302
1. Deposits and borrowings from the Government and the SBV		5,438,198	104,779,302
II. Deposits and borrowings from other credit institutions	13	263,937,809	209,429,843
1. Deposits from other credit institutions	13.1	218,049,015	139,932,528
2. Borrowings from other credit institutions	13.2	45,888,794	69,497,315
III. Deposits from customers	14	1,310,048,451	1,249,176,034
IV. Grants, trusted funds and borrowings where the Bank bears risks	15	2,406,112	2,392,201
V. Valuable papers issued	16	112,618,359	91,370,419
VI. Other liabilities		47,595,220	43,114,308
1. Accrued fee and interest expenses		29,355,619	21,587,660
2. Deferred tax liabilities		112	112
3. Other payables and liabilities	17	17,159,416	20,487,746
4. Other provisions		1,080,073	1,038,790
TOTAL LIABILITIES		1,742,044,149	1,700,262,107
VII. Capital and reserves	19	118,060,373	108,167,657
1. Contributed capital		57,868,215	57,868,215
a. Charter capital		48,057,506	48,057,506
b. Share premium		8,974,677	8,974,677
c. Other capital		836,032	836,032
2. Reserves		16,085,751	16,074,632
3. Foreign exchange reserves		6,860	120,993
4. Retained earnings		43,293,999	33,364,370
5. Non-controlling interests		805,548	739,447
TOTAL LIABILITIES AND OWNERS' EQUITY		1,860,104,522	1,808,429,764

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2023

Unit: VND Million

OFF-BALANCE-SHEET ITEMS

NO. ITEMS	Notes	Closing balance	Opening balance
1. Credit guarantees	28	7,758,874	7,692,271
2. Foreign exchange transactions commitments	28	430,721,587	260,355,738
Foreign currency purchase commitments		2,517,160	1,994,153
Foreign currency sale commitments		2,734,595	1,903,759
Cross currency swap contracts		425,469,832	256,457,826
3. Letters of credit (L/C) commitments	28	59,711,887	73,681,359
4. Other guarantees	28	84,881,226	78,231,151
5. Other commitments	28	54,524,954	53,105,344
6. Uncollected interest income and fees		9,370,682	8,353,544
7. Bad debts written-off		133,336,431	116,947,615
8. Other properties and valuable papers		128,858,945	105,915,412

Prepared by



Tran Thi Thu Huong
Deputy Head of Financial
Accounting Department

Approved by



Nguyen Hai Hung
Chief Accountant

Approved by



Nguyen Tran Manh Trung
Deputy General Director

14 August 2023

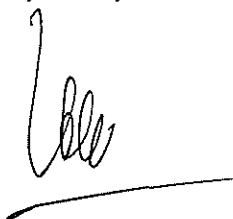
INTERIM CONSOLIDATED INCOME STATEMENT

For the 6-month period ended 30 June 2023

Unit: VND Million

NO.	ITEMS	Notes	Current period	Prior period
1.	Interest and similar income	20	66,876,837	47,191,315
2.	Interest and similar expenses	21	(41,453,196)	(25,032,525)
I.	Net interest income		25,423,641	22,158,790
3.	Income from services		6,243,278	5,148,863
4.	Expenses on services		(2,458,428)	(2,310,503)
II.	Net profit from services		3,784,850	2,838,360
III.	Net gain from trading foreign currencies		2,349,416	1,597,299
IV.	Net gain from trading securities	22.1	229,524	56,493
V.	Net gain/(loss) from investment securities	22.2	16,856	(1,707)
5.	Other operating income		3,281,798	3,588,267
6.	Other operating expenses		(483,693)	(599,435)
VI.	Net profit from other activities		2,798,105	2,988,832
VII.	Income from capital contribution, equity investments	23	187,583	372,804
VIII.	Operating expenses	24	(9,057,270)	(8,093,357)
IX.	Net profit from operating activities before credit provision expenses		25,732,705	21,917,514
X.	Provision expenses for credit losses		(13,202,174)	(10,309,956)
XI.	Profit before tax		12,530,531	11,607,558
7.	Current corporate income tax expense	25	(2,435,675)	(2,228,795)
XII.	Corporate income tax expense		(2,435,675)	(2,228,795)
XIII.	Profit after corporate income tax		10,094,856	9,378,763
XIV.	Non-controlling interests		85,173	69,443
XV.	Profit attributable to the owners of the Bank		10,009,683	9,309,320
XVI.	Basic earnings per share (VND)	26	2,083	1,937

Prepared by



Tran Thi Thu Huong
Deputy Head of Financial
Accounting Department

Approved by



Nguyen Hai Hung
Chief Accountant

Approved by



Nguyen Tran Manh Trung
Deputy General Director

14 August 2023

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

INTERIM CONSOLIDATED CASH FLOW STATEMENT

For the 6-month period ended 30 June 2023

Unit: VND Million

NO. ITEMS	Current period	Prior period
CASH FLOW FROM OPERATING ACTIVITIES		
01. Interest and similar income received	65,760,659	46,533,294
02. Interest and similar expenses paid	(33,307,061)	(21,111,893)
03. Income received from service	3,489,207	2,700,684
04. Net cash received from trading foreign currencies, gold and securities	2,541,394	1,580,043
05. Other income	335,209	4,245,281
06. Cash recovered from bad debts written off or compensated by provision for credit losses	2,014,323	2,131,979
07. Payments to employees and for operating management	(8,701,662)	(7,717,602)
08. Corporate income tax paid for the period	(4,069,548)	(1,834,771)
Net cash from operating profit before movements in assets and working capital	28,062,521	26,527,015
Changes in operating assets	(62,370,283)	(146,739,270)
09. Decrease/(Increase) in placements with and loans to other credit institutions	8,606,837	(17,204,154)
10. (Increase)/Decrease in trading securities	(742,159)	632,407
11. Decrease/(Increase) in derivatives and other financial assets	1,687,783	(6,027,282)
12. (Increase) in loans to customers	(84,534,972)	(107,815,813)
13. (Decrease) in provision for credit losses	(13,738,034)	(4,483,807)
14. Decrease/(Increase) in other operating assets	26,350,262	(11,840,921)
Changes in operating liabilities	36,785,317	146,563,576
15. (Decrease)/Increase in borrowings from the Government and the SBV	(99,341,104)	26,184,408
16. Increase in deposits and borrowings from other credit institutions	54,507,966	78,343,074
17. Increase in deposits from customers	60,872,417	43,719,349
18. Increase in valuable papers issued (excluding issued valuable papers charged to financial activities)	21,247,940	950,003
19. Increase/(Decrease) in grants, trusted funds and borrowings where the Bank bears risks	13,911	(67,617)
20. (Decrease) in other operating liabilities	(515,813)	(2,565,641)
I. Net cash generated by operating activities	2,477,555	26,351,321

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

INTERIM CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the 6-month period ended 30 June 2023

Unit: VND Million

NO. ITEMS	Current period	Prior period
CASH FLOWS FROM INVESTING ACTIVITIES		
01. Acquisition of fixed assets	(306,472)	(201,102)
02. Proceeds from sales, disposals of fixed assets	2,848	7,798
03. Expenses on sales, disposal of fixed assets	(296)	(535)
04. Investments in other entities	-	6,200
05. Dividends and profit received from long-term investments in other entities	34,833	56,431
II. Net cash (used in) investing activities	(269,087)	(131,208)
CASH FLOWS FROM FINANCING ACTIVITIES		
01. Dividends paid	-	(3,844,600)
III. Net cash (used in) financing activities	-	(3,844,600)
IV. Net increase in cash	2,208,468	22,375,513
V. Cash and cash equivalents at the beginning of the period	244,298,220	164,376,586
VI. Effects of changes in foreign exchange rates	(129,292)	(104,999)
VII. Cash and cash equivalents at the end of the period (Note 27)	246,377,396	186,647,100

Prepared by



Tran Thi Thu Huong
Deputy Head of Financial
Accounting Department

Approved by



Nguyen Hai Hung
Chief Accountant

Approved by



Nguyen Tran Manh Trung
Deputy General Director

14 August 2023

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the accompanying interim consolidated financial statements

1. GENERAL INFORMATION

Vietnam Joint Stock Commercial Bank for Industry and Trade (herein referred to as "the Bank" or "VietinBank") is a joint stock commercial bank incorporated and registered in the Socialist Republic of Vietnam.

Establishment and operation

The Bank was incorporated on the basis of equitizing Vietnam Bank for Industry and Trade, a State-owned commercial bank that was incorporated under the name of Vietnam Industrial and Commercial Bank in accordance with Decree No. 53/ND-HDBT dated 26 March 1988 of the Council of Ministers on the organization of the State Bank of Vietnam ("SBV"). The Bank was officially renamed Vietnam Bank for Industry and Trade in accordance with Decision No. 402/CT dated 14 November 1990 granted by the Chairman of the Council of Ministers and remodelled to become a State Corporation under Decision No. 285/QĐ-NH5 dated 21 September 1996 of the Governor of the SBV. On 25 December 2008, Vietnam Bank for Industry and Trade successfully carried out its initial public offering.

On 03 July 2009, the Bank was equitized and renamed Vietnam Joint Stock Commercial Bank for Industry and Trade according to Establishment and Operation License No. 142/GP-NHNN dated 03 July 2009 issued by the SBV and Business Registration Certificate No. 0103038874 dated 03 July 2009 issued by Hanoi Authority for Planning and Investment. The latest (12th) amended Enterprise Registration Certificate No. 0100111948 was issued by Hanoi Authority for Planning and Investment on 08 September 2021. On 17 June 2022, the SBV granted Establishment and Operation License No. 13/GP-NHNN to replace the Establishment and Operation License No. 142/GP-NHNN dated 03 July 2009 and amending and supplementing decisions relating thereto from 2017 to 2021.

The Bank was established to carry out banking activities under its Establishment and Operation License and Enterprise Registration Certificate, including receiving demand deposits, term deposits, savings deposits and other types of deposits; credit granting; opening current accounts for customers; providing domestic payment services; opening accounts; organizing internal payment and joining the national interbank payment system; providing cash management, banking and financial advisory services; services of managing, preserving assets, leasing cabinets, safe boxes; participating in bidding, purchasing and selling for Treasury bills, negotiable instruments, Government bonds, SBV bills and other valuable papers on the money market; buying and selling Government bonds and corporate bonds; issuing certificates of deposit, promissory notes, treasury bills and bonds to mobilize capital according to the provisions of Law on credit institutions, Law on securities, the Government's regulations and the SBV's guidance; borrowing capital from the SBV in the form of refinancing according to the provisions of the Laws of the SBV and the SBV's guidance; having borrowings to/from and deposits at/from other credit institutions, branches of foreign banks, domestic and foreign financial institutions according to the provisions of law and the SBV's guidance; carrying out capital contribution, shares acquisition according to the provisions of law and the SBV's guidance; acting as trustor, trustee and agent in banking-related activities, insurance business and asset management according to the provisions of law and the SBV's guidance; trading and providing foreign exchange services on the domestic and international market within the scope prescribed by the SBV; trading, supplying interest rate derivatives; providing securities depository and gold trading services; e-wallet; supplying commodity price derivative products; investing in Government bond futures contracts.

Charter capital

The Bank's charter capital under the Establishment and Operation License No. 142/GP-NHNN dated 03 July 2009 is VND 11,252,973 million, of which State-owned capital is VND 10,040,855 million and capital raised from the Initial Public Offering is VND 1,212,118 million.

On 18 October 2010, the Bank completed its share issuance with 391,931,841 shares additionally issued, of which 76,848,603 shares were issued in form of share dividend payment and 315,083,238 shares were sold to the Bank's shareholders.

On 10 March 2011, the Bank completed its share issuance to a strategic shareholder with the total number of newly issued shares of 168,581,013.

On 28 December 2011, the Bank completed its share issuance to the existing shareholders with the total number of newly issued shares of 337,162,100.

On 13 April 2012, the Bank completed its share issuance to the existing shareholders with the total number of new issued shares of 598,782,376.

On 14 May 2013, the Bank completed its share issuance to Bank of Tokyo-Mitsubishi UFJ, Ltd. with the total number of newly issued shares of 644,389,811.

On 22 October 2013, the Bank completed its share issuance to the existing shareholders with the total number of newly issued shares of 457,260,208.

On 21 July 2021, the Bank completed its share issuance to the existing shareholders for dividend payment purpose with the total number of newly issued shares of 1,082,346,053.

Accordingly, as at 30 June 2023, the Bank's charter capital is VND 48,057,506 million.

Operating network

The Head Office of the Bank is located at 108 Tran Hung Dao Street, Hoan Kiem District, Hanoi, Vietnam. As at 30 June 2023, the Bank has one (01) Head Office; two (02) local representative offices (in Da Nang and Ho Chi Minh City) and (01) overseas representative office in Myanmar; eight (08) administrative units including: one (01) School of Human Resource Development and Training; one (01) Card centre; one (01) Trade Finance Centre; five (05) Cash management centres; one hundred and fifty seven (157) branches and nine hundred and fifty seven (957) transaction offices (including two (02) overseas branches).

Subsidiaries

As at 30 June 2023, the Bank has seven (07) subsidiary companies and one (01) subsidiary bank as follows:

No.	Name	Operating Licence	Nature of business	Proportion of ownership
1	VietinBank Leasing Company Limited	License of Establishment and Operation No. 53/1998/QĐ-NHNN5 dated 26 January 1998 issued by the SBV and the 1 st Business Registration Certificate No. 0101047075/GP dated 31 August 2009 by Hanoi Authority for Planning and Investment, the 11 th amendment dated 01 June 2022	Finance and banking	100%

No.	Name	Operating Licence	Nature of business	Proportion of ownership
2	VietinBank Securities Joint Stock Company	Establishment and Operation License No. 107/UBCK-GP dated 01 July 2009 issued by the State Securities Commission and Amended License No. 62/GPDC-UBCK dated 01 August 2023	Securities activities	75.6%
3	VietinBank Debt Management and Asset Exploitation Company Limited	Business Registration Certificate No. 0302077030/GP dated 20 July 2010 issued by Department of Planning and Investment of Ho Chi Minh City, the 6 th amendment dated 12 January 2021	Asset management	100%
4	VietinBank Insurance Joint Stock Corporation	Establishment and Operation License No. 21/GP-KDBH dated 12 December 2002 issued by the Ministry of Finance and Amended License No. 21/GPDC33/KDBH dated 03 March 2022 by the Ministry of Finance	Non-life insurance	73.4%
5	VietinBank Gold and Jewellery Trading Company Limited	Enterprise Registration Certificate No. 0105011873/GP dated 25 November 2010 granted by Hanoi Authority for Planning and Investment, the 9 th amendment dated 19 December 2022	Trading, producing and refining gold, silver, precious stones	100%
6	VietinBank Fund Management Company Limited	Establishment and Operation License No. 50/UBCK-GP dated 26 October 2010 issued by State Securities Commission and Amended License No. 105/GPDC-UBCK dated 03 November 2022	Fund management	100%
7	VietinBank Global Money Transfer Company Limited	Enterprise Registration Certificate No. 0105757686 dated 03 January 2012 issued by Hanoi Authority for Planning and Investment, the 1 st amendment dated 13 March 2015	Monetary transfer intermediary	100%
8	VietinBank Lao Limited	Enterprise Registration Certificate No. 068/NHCHDCNDL dated 08 July 2015 granted by Bank of the Lao P.D.R	Finance and banking	100%

Employees

The total number of employees of the Bank and its subsidiaries as at 30 June 2023 was 24,746 (as at 31 December 2022: 25,119).

2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD

Accounting convention

The accompanying interim consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost principle and in accordance with the Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to interim consolidated financial reporting. However, due to the Bank's large scale of operation, for the purpose of preparing these interim consolidated financial statements, the figures are rounded to and presented in millions of Vietnam Dong (VND Million). This presentation does not materially impact the interim consolidated financial statements in terms of the interim consolidated financial position, the interim consolidated results of operations and interim consolidated cash flows of the Bank. With regard to the number of shares, the Bank presented the items in Note 19.3.

The accompanying interim consolidated financial statements are not intended to present the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Accounting period

The Bank's financial year begins on 01 January and ends on 31 December. The accompanying interim consolidated financial statements were prepared for the 6-month period ended 30 June 2023.

3. APPLICATION OF NEW GUIDELINES

Circular No. 02/2023/TT-NHNN dated 23 April 2023

On 23 April 2023, the State Bank of Vietnam ("SBV") issued Circular No. 02/2023/TT-NHNN ("Circular 02") providing instructions for credit institutions and foreign bank branches on debt rescheduling and debt category maintaining to assist customers in difficulty.

Some major changes in Circular 02 that have an impact on the Bank's interim consolidated financial statements in the accounting period include:

- Regulations on the conditions of debts whose repayment terms of principal and/or interest are rescheduled and on maintaining debt categories and classifying debts after rescheduling the repayment term; and
- Regulations on making provision for debts whose repayment terms of principal and/or interest are rescheduled according to this Circular.

Circular 02 took effect from 24 April 2023 onwards. The Bank has applied Circular 02 in the preparation and presentation of the interim consolidated financial statements for the 6-month period ended 30 June 2023.

Circular No. 18/2022/TT-NHNN dated 26 December 2022

On 26 December 2022, the State Bank of Vietnam issued Circular No. 18/2022/TT-NHNN ("Circular 18") amending and supplementing a number of articles of Circular No. 09/2015/TT-NHNN ("Circular 09") dated 17 July 2015 of the State Bank of Vietnam stipulating the debt trading of credit institutions and foreign bank branches. Circular 18 took effect from 09 February 2023 onwards.

Some major changes in this Circular that have an impact on the Bank's interim consolidated financial statements in the accounting period include:

- Amending a number of articles of Circular 09 on the principles of debt trading; debt valuation; management of traded debts and financial handling, accounting for traded debts;
- Supplementing a number of articles of Circular 09 on debt trading in case the debt buyer has not fully paid the debt purchase amount and management and supervision of a debt partially sold or sold to multiple buyers;
- Replacing some phrases, clauses and articles of Circular 09.

The Bank has applied these circulars in the preparation and presentation of the interim consolidated financial statements for the 6-month period ended 30 June 2023.

Law on Insurance Business No. 08/2022/QH15 dated 16 June 2022

On 16 June 2022, the National Assembly promulgated the Law on Insurance Business No. 08/2022/QH15 ("Law No. 08") regulating the organization and operation of insurance business; rights and obligations of entities and individuals involving in insurance; State management of insurance business activities. The Law No. 08 replaces the Law on Insurance Business No. 24/2000/QH10, Law No. 61/2010/QH12 and the Law No. 42/2019/QH14 from 01 January 2023 onwards, except for a number of provisions which take effect from 01 January 2028 onwards.

The Bank's Board of Management has fully applied regulations of Law No. 08 and believed that the application of Law No. 08 has no material effect on the interim consolidated financial statements of the Bank for the 6-month period ended 30 June 2023.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted by the Bank in the preparation of these interim consolidated financial statements, are as follows:

Estimates

The preparation of the interim consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to interim consolidated financial reporting requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the interim consolidated financial statements and the reported amounts of revenues and expenses during the operating period. Although these accounting estimates are based on the Board of Management's best knowledge, actual results may differ from those estimates and assumptions.

Basis of consolidation

The interim consolidated financial statements incorporate the interim separate financial statements of the Bank and the interim financial statements of the enterprises/bank controlled by the Bank (its subsidiaries) for the 6-month period ended 30 June 2023. Control is achieved when the Bank has the power to govern the financial and operating policies of investee enterprises so as to obtain benefits from their activities.

The operating results of subsidiaries acquired or disposed of during the period are included in the interim consolidated income statement from the effective date of acquisition or up to the effective date of disposal. When necessary, adjustments are made to the interim financial statements of subsidiaries to bring the accounting policies used in line with those used by the Bank. All internal transactions and balances between the Bank and its subsidiaries and among subsidiaries are eliminated in full on consolidation.

Non-controlling interests consist of the value of those non-controlling interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance in subsidiaries' net asset value.

Business combinations

On acquisition, the assets, liabilities and contingent liabilities of the subsidiaries are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is recognized in the consolidated results of the accounting period in which the acquisition of subsidiaries occurred.

The non-controlling interests are initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

Investments in joint ventures

A joint venture is a contractual arrangement whereby the Bank and other parties undertake an economic activity that is subject to joint control, i.e., the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control. Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Bank reports its interests in jointly controlled entities using the equity method. According to the equity method, investments in joint ventures are initially stated at historical cost. Subsequently, interests in joint ventures are adjusted by post-acquisition changes in the Bank's share of the net assets of the joint ventures.

Foreign currencies

According to the Bank's accounting system, all transactions are recorded in original currencies. At the time of the interim consolidated financial statements, monetary assets and liabilities denominated in foreign currencies are translated into VND using the average buying and selling spot exchange rates at the close of business of the period-end date if the difference between this rate and the weighted average buying and selling exchange rate of the same day is less than 1% (see details of foreign currency rates applied as at 30 June 2023 in Note 36). Otherwise, the Bank uses the weighted average buying and selling exchange rates ruling at the period-end date for conversion. Income and expenses arising in foreign currencies of the Bank are converted into VND at the exchange rates of the transaction dates. Foreign exchange differences arising from the re-evaluation of monetary assets and liabilities from foreign currencies into VND are recognized to the interim consolidated income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash, gold, gemstones, current accounts at the SBV, treasury bills and other short-term valuable papers that are qualified for being discounted at the SBV, current accounts, time deposits with term of three months or less from the deposit date at other credit institutions and securities investment with the original maturity of three months or less from the transaction date.

Placements with and loans to other credit institutions

Placements with and loans to other credit institutions are disclosed and presented at their principal amounts outstanding at the end of the reporting period.

The credit risk classification for placements with and loans to other credit institutions and the corresponding provisioning shall comply with the provisions of Circular No. 11/2021/TT-NHNN dated 30 July 2021 ("Circular 11") of the SBV. Accordingly, the Bank makes specific provisions for deposits (except for current accounts and placements with Vietnam Bank for Social Policies in accordance with the regulations of the SBV on maintaining balance of deposits at Vietnam Bank for Social Policies of state credit institutions) at other credit institutions and foreign bank branches as prescribed by law, and making deposits at overseas credit institutions and loans to other credit institutions in a similar way to those for loans to customers.

Derivatives

Foreign currency forward and swap contracts

For foreign currency forward and swap contracts, the difference between equivalent VND amounts of foreign currency purchase/sale commitments using the forward exchange rate and the spot exchange rate as at effective date of the contract is recognized immediately at the effective date of the contract under "Interest and fee receivables" item or "Interest and fee payables" item in the interim consolidated statement of financial position. The difference is subsequently allocated to "Net gain/(loss) from foreign currency trading" item over the term of the contract.

As at the date of the interim consolidated financial statements, commitments of foreign currency forward contracts and swap contracts are revaluated and exchange differences arising from the revaluation of foreign currency dominated balances of these contracts are recognized in the interim consolidated income statement.

Interest rate swap contracts

Commitments of one-currency-interest-rate swap contracts are not recorded in the interim consolidated statement of financial position. For two-currency-interest-rate swap contracts with nominal principal swap, commitments are recognized in the interim consolidated statement of financial position. Income and expenses arising from interest rate effects are recorded on the accrual basis. For two-currency-interest-rate swap contracts without nominal principal swap, commitments are recognized in the interim consolidated statement of financial position at the date of principal exchange. Income and expenses arising from interest rate effects are recorded on the accrual basis.

Loans to customers

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

Finance lease

The value of finance lease assets is initially recognized at the asset value stated in the lease contract less the amount advanced by customers and substantially recorded at the actual principal balance less provision for finance lease at the end of the accounting period. Income from finance leases is amortized based on the lease interest rate and the net balance of the finance lease to the item "Interest and similar income" during the lease term.

Provision for credit losses

Classification of loans and provision for credit losses

In accordance with Circular 11, credit institutions are required to implement loan classification and credit risk provisioning. Loan classification and credit risk provisioning in compliance with Circular 11 are applied to Assets (hereinafter referred to as "debts") including:

- Loans;
- Finance leasing;
- Discounts, rediscounts of negotiable instruments and other valuable papers;
- Factoring;
- Credit facilities in the form of credit card issuance;
- Payments on behalf under off-balance-sheet commitments;
- Amounts for purchase and entrustment of purchase of corporate bonds (including bonds issued by other credit institutions) which have not yet been listed on stock exchanges nor registered for trading on the UPCoM trading system (hereinafter referred to as unlisted bonds), excluding the purchase of unlisted bonds with trusted funds to which the trustee bears the risk;
- Credit granting entrustment;
- Deposits (except for current accounts and deposits at Vietnam Bank for Social Policies in accordance with regulations of the SBV on maintaining balance of deposits at Vietnam Bank for Social Policies of state credit institutions) at other credit institutions and foreign bank branches as prescribed by law, and deposits at overseas credit institutions;
- Debt sale and purchase according to the State Bank's regulations on buying and selling debt;
- Repos of Government bonds in the stock market in accordance with law on issuance, registration, depository, listing and trading of Government debt securities in the stock market;
- Purchase of promissory notes, bills and certificates of deposit issued by other credit institutions and foreign bank branches.

Accordingly, customers' loans are determined to be the highest of risk group as classified under Article 10 and Article 11 of Circular 11 and customers' highest debt group at credit institutions provided by the Credit Information Center ("CIC") of the SBV at the time of loan classification.

The Bank and its subsidiaries maintain the debt group for certain loans as stipulated in Circular No. 10/2015/TT-NHNN dated 22 July 2015 and Circular No. 25/2018/TT-NHNN dated 24 October 2018 of the SBV amending and supplementing a number of articles of Circular No. 10/2015/TT-NHNN guiding the implementation of some contents of the Government's Decree No. 55/2015/ND-CP dated 09 June 2015 ("Decree 55") on credit policies for agricultural and rural development; Circular No. 01/2020/TT-NHNN dated 13 March 2020 ("Circular 01") on debt rescheduling, exemption or reduction of interest and fees,

maintaining debt categories at credit institutions and branches of foreign banks to assist customers affected by Covid-19 pandemic; Circular No. 03/2021/TT-NHNN dated 02 April 2021 ("Circular 03") amending and supplementing a number of articles of Circular 01; Circular No. 14/2021/TT-NHNN ("Circular 14") amending and supplementing a number of articles of Circular 01, Circular No. 02/2023/TT-NHNN ("Circular 02") dated 23 April 2023 providing instructions for credit institutions and foreign bank branches on debt rescheduling and debt category maintaining to assist customers in difficulty and other documents of the SBV on debt classification and risk provisioning.

Loans are classified by risk level into following groups: Standard, Special mention, Substandard, Doubtful and Loss. Loans classified as either Substandard, Doubtful or Loss are considered as bad debts. Loan classification and provision for credit losses will be made at the end of each month and recognised in the following month. Provision for credit losses as at 30 June is recognized in the interim consolidated income statement for that period.

The specific provision as at 30 June is calculated by subtracting the discounted value of collateral from the remaining loan balance multiplied by the specific provision rate based on the loan classification result at the period-end. The specific provision rate for each debt group according to Circular 11 is prescribed as follows:

Group	Category	Provision rate
1	Standard	0%
2	Special mention	5%
3	Substandard	20%
4	Doubtful	50%
5	Loss	100%

In accordance with Circular 03, the Bank is required to make a specific provision for customers whose debts are rescheduled or granted interest and fees exemption or reduction as prescribed by this Circular as follows:

- Up to 31 December 2021: by at least 30% of the specific provision to be additionally made;
- Up to 31 December 2022: by at least 60% of the specific provision to be additionally made; and
- Up to 31 December 2023: 100% of the specific provision to be additionally made.

Under Circular 02, the Bank is required make specific provision for debts to customers whose repayment terms of the remaining principle balance are rescheduled as prescribed by this Circular as follows:

- Up to 31 December 2023: by at least 50% of the specific provision to be additionally made; and
- Up to 31 December 2024: 100% of the specific provision to be additionally made.

The additional specific provision is specified in Circular 03 and Circular 02.

In accordance with Circular 11, a general provision is made for credit losses which are yet to be identified during the loan classification and specific provisioning process as well as in cases where the Bank encounters potential financial difficulty due to the deterioration in loan quality. Accordingly, the Bank is required to fully make and maintain a general provision at 0.75% of total loan balance which are classified in groups 1 to 4, excluding deposits at domestic credit institutions, foreign bank branches in Vietnam in accordance with law and at overseas credit institutions; loans, termed purchase of valuable papers among credit institutions and foreign bank branches in Vietnam; purchases of promissory notes, bills, certificates of deposit or bonds issued locally by other credit institutions and foreign bank branches; and repurchase agreements of Government bonds in accordance with Circular 11.

Write-off of bad debts

Provisions are recognized in the interim consolidated income statement as an expense and used to write off bad debts. In accordance with Circular 11, the Bank must set up Risk Management Committee to write off bad debts if they are classified into Group 5, or if borrowers are either liquidated or bankrupted legal entities or deceased or missing people.

Classification of off-balance-sheet commitments

The Bank classifies guarantee, acceptances of payment and irrevocable loan commitments and other credit risk bearing commitments (collectively referred to as "off-balance-sheet commitments") into groups as stipulated in Article 09, Article 10 or Article 11 of Circular 11. Accordingly, off-balance-sheet commitments are classified by risk level into the following groups: Current, Special mention, Substandard, Doubtful and Loss.

The Bank does not make general and specific provisions for off-balance-sheet commitments in accordance with the guidance of Circular 11.

Investments

Trading securities

Trading securities include debt securities and equity securities that the Bank and/or its subsidiaries has acquired and held for the purpose of reselling in the short term to gain profit on price variance. Trading securities are recognized at cost at the date of transaction and subsequently recorded at cost during the holding period. Interest and cash dividends derived from trading securities are recognized on a cash basis in the interim consolidated income statement.

These securities are subject to impairment review at the date of the interim consolidated financial statements. Provisions for securities that are stipulated in the scope of Circular 11 (as described in the summary of significant accounting policies for "Provision for credit losses") are made in accordance with Circular 11. Provisions for impairment of securities that are not stipulated in the scope of Circular 11 are made when their carrying values are higher than their market values determined in accordance with prevailing accounting regulations. Provision for impairment is recognized in the interim consolidated income statement as "Net gain/ (loss) from trading securities".

Investment securities

Available-for-sale investment securities

Available-for-sale securities include debt and equity securities that are acquired by the Bank and/or its subsidiaries for investment and available-for-sale purposes, not frequently traded but can be sold at any time they are profitable. For equity securities, the Bank is neither the founding shareholder nor the strategic partner of the investees through a written agreement on the assignment of its personnel to the Board of Directors/Board of Management.

Available-for-sale equity securities are recognized at cost at the transaction date and subsequently recorded at cost during the holding period.

Available-for-sale debt securities are initially recognized at par value at the transaction date. Accrued interest before the acquisition date (for debt securities with interest payment in arrears) or interest income received upfront awaiting amortization (for debt securities with interest payment in advance) is recorded in a separate account. Any discount or premium, which is the difference between the cost and the amount equal to par value plus (+) accrued interest before the acquisition date (if any) or minus (-) interest received upfront awaiting amortization (if any), is also recorded in a separate account.

During the term of those securities in subsequent period, these securities are recorded at par value, and the discount/premium (if any) is amortized into the interim consolidated income statement using the straight-line method over the estimate remaining term of securities. The interest received during the securities term is recorded as follows: accumulative interest income before the purchasing date is recorded as a decrease from the cost of such securities and the same amount is credited into the accrued interest income; *accumulative interest income after the purchasing date is recognised as the Bank's income on an accrual basis*. Interest received in advance is recorded as income from securities investment using the straight-line method over the period of securities investment.

Periodically, available-for-sale securities are subject to impairment review. Provisions for securities that are stipulated in the scope of Circular 11 (as described in the summary of significant accounting policies for "Provision for credit losses") are made in accordance with Circular 11. Provisions for impairment of securities that are not stipulated in the scope of Circular 11 are made when their carrying values are higher than their market values determined in accordance with prevailing accounting regulations. Provision for impairment is recorded in the interim consolidated income statement as "Net gain/(loss) from investment securities".

Held-to-maturity investment securities

Held-to-maturity investment securities are debt securities that the Bank purchases for investment purposes to gain interest and the Bank and/or its subsidiaries has intention and capacity to hold the securities until maturity. Held-to-maturity securities have determinable value and fixed maturity dates. In case of being sold before maturity, they will be reclassified as trading or available-for-sale securities. Held-to-maturity investment securities are recognized similarly to available-for-sale debt securities.

Periodically, held-to-maturity securities are subject to impairment review. Provisions for securities that are fallen within the scope of Circular 11 (as described in the summary of significant accounting policies for "Provision for credit losses") are made in accordance with Circular 11. Provisions for impairment of securities that are not fallen within the scope of Circular 11 are made when their carrying values are higher than their market values determined in accordance with prevailing accounting regulations. Provision for impairment is recorded in the interim consolidated income statement as "Net gain/(loss) from investment securities".

Reclassification

According to Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 by the SBV, reclassification after the transaction date is made only once for each item of investment securities. In special cases or in case a large number of securities have to be reclassified (greater than or equal to 50% of the total value of the portfolio), the Bank will disclose the effect of reclassification on total assets, liabilities, equity, income and expenses of the Bank in the interim consolidated financial statements.

Other long-term investments

Other long-term investments represent capital investments of the Bank and/or its subsidiaries in other enterprises at which the Bank and/or its subsidiaries either owns less than 11% of the voting rights and is a founding shareholder; or a strategic partner; or is capable of controlling, to some extent, the process of initiating and approving financial and operating policies of the investees, which is evidenced by a written agreement on delegating personnel for representation in the Board of Directors/Board of Management. These investments are initially recognized at cost at the transaction date and always carried at that cost during the subsequent holding period.

Provision for impairment of capital contribution, long-term investments

Provision for impairment of investments in capital contribution, long-term investments are made when the investee is operating at loss in accordance with prevailing accounting regulations.

Provision for impairment of capital contribution, long-term investments are recognized as an operating expense in the interim consolidated income statement. In case an investment is made in listed shares or the fair value of an investment is reliably determined, the provision is made based on the market value of the stock (similar to the provision for impairment of trading securities).

Recognition

The Bank and/or its subsidiaries recognizes investment securities and other investments at the date when the Bank and/or its subsidiaries performs the contractual terms (transaction-date based policy). Investment securities and other investments are initially recognized at cost. After initial recognition, investment securities and other investments are recognized under the above accounting policies.

Derecognition

Investment securities and other investments are derecognized when the rights to receive cash flows from the investments end or when the Bank and/or its subsidiaries transfers to the buyer the significant risks and rewards associated with the ownership of these investments.

Repurchase and Reverse Repurchase Agreements

Securities sold under agreements to be repurchased at a specific date in the future (repos) are recorded in the interim consolidated financial statements. The corresponding cash received from these agreements is recognized in the interim consolidated statement of financial position as a borrowing and the difference between the sale price and the repurchase price is allocated to the interim consolidated income statement over the agreement validity period using the straight-line method based on the contractual interest rate.

Securities purchased under agreements to be resold at a specific date in the future (reverse repos) are not recognized in the interim consolidated financial statements. The corresponding cash paid under these agreements is recognized in the interim consolidated statement of financial position as a loan and the difference between the purchase price and resale price is amortized into the interim consolidated income statement over the agreement validity period using the straight-line method based on the contractual interest rate.

Trust activities and trusted funds

The value of trusted funds is recorded when the trust contracts have been signed and trusted funds have been realised. Rights and obligations of the trustor and trustee relating to profit and profit sharing, trust fee, other rights and obligations are in compliance with the terms of the signed contracts. The assets that are held under custody services are not considered as assets of the Bank and/or its subsidiaries and therefore, they are not recognized in the interim consolidated statement of financial position of the Bank.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of tangible fixed asset comprises all the Bank and/or its subsidiaries purchase price plus any directly attributable costs of bringing the asset to working conditions for its intended use.

Costs related to additions and improvements are capitalized and expenditures for maintenance and repairs are charged to the interim consolidated income statement when incurred. When assets are sold or disposed of, their cost and accumulated depreciation are written off from the interim consolidated statement of financial position and any gains or losses resulting from their disposals are recorded in the interim consolidated income statement.

Intangible assets

Intangible assets are stated at cost less accumulated amortization. The cost of an intangible asset comprises all the Bank and/or its subsidiaries expenditures paid to acquire the asset until it is put into use.

Expenditures for improvements of intangible assets are capitalized. The expenditures related to intangible assets incurred after initial recognition and evaluated with certainty, increasing the economic benefits of the intangible assets compared to the initial activity level, are capitalized. Other expenditures related to intangible assets incurred after initial recognition are charged to the interim consolidated income statement. When intangible assets are sold or disposed, their cost and accumulated amortization are written off and any gains or losses resulting from their disposals are recorded in the interim consolidated income statement.

Leasing

A lease is classified as a finance lease when significant rights and risks relating to ownership of the leased item are transferred to the lessee. All leases other than finance leases are classified as operating leases.

Operating lease assets are recognized off the interim consolidated statement of financial position. Rentals under operating leases are recorded in "Operating expenses" on a straight-line basis over the lease term.

Depreciation and amortization

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

<u>Assets</u>	<u>Estimated useful lives (Years)</u>
Buildings and structures	05 - 40
Machinery and equipment	03 - 07
Motor vehicles and transmission equipment	06 - 08
Management tools, equipment and other tangible fixed assets	04 - 25
Computer software and other intangible assets	03 - 08

Land use rights are not amortized if they are granted by the Government of Vietnam for an indefinite term. Land use rights with definite term are amortized over the granted term.

Prepaid expenses

Prepaid expenses include actual expenses that have arisen but are related to the results of production and business activities of many accounting periods. Prepaid expenses comprise prepaid office rentals and other prepaid expenses.

Office rentals represent the office rental paid in advance. *Prepaid office rental is allocated to the interim consolidated income statement using the straight-line method over the rental period.*

Other prepaid expenses include repair, maintenance costs for assets, costs of tools and supplies issued for consumption prepaid service charges and other prepaid expenses, which are expected to provide future economic benefits to the Bank. These expenses are capitalized as prepaid expenses and are allocated to the interim consolidated income statement using the straight-line method over the period of three years or less in accordance with prevailing accounting regulations.

Receivables

Receivables other than those from credit activities in the Bank's operation are initially recognized at cost and subsequently recorded at cost. Other receivables are subject to impairment review based on the overdue status of the outstanding receivables or based on the expected loss for the following cases: institutional debtors who have fallen into bankruptcy or have been in the process of dissolution; or individual debtors who are missing, escaping, prosecuted, on trial or passed away even though receivables are not overdue. Provision expense incurred is recorded as "Operating expenses" in the interim consolidated income statement during the period.

Provision rates for doubtful receivables are applied in accordance with the prevailing accounting regulations.

Other provisions

Other provisions are recognized when the Bank and its subsidiaries has a present obligation as a result of a past event, and it is probable that the Bank will be required to settle that obligation. Other provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the accounting period.

Capital and reserves

Common shares

Common shares are classified as owners' equity.

Share premium

When capital is received from shareholders, the difference between selling price and par value is recorded as share premium in owners' equity. Incurred expenses that directly relate to the issuance of common shares are recognized as a decrease in share premium.

Treasury shares

When issued shares are repurchased, the aggregate amount paid, including expenses that directly relate to the repurchase of shares, after deducting taxes, is recorded as treasury shares and stated as a decrease in owners' equity.

Reserves

Reserves are used for specific purposes and are appropriated from the Bank's profit after tax based on the regulated ratios in the following sequence:

- Charter capital supplementary reserve: 5% of profit after tax but not exceeding the Bank's charter capital;
- Financial reserve fund: 10% of profit after tax;
- Bonus fund for the Board of Management, bonus and welfare fund are established in accordance with the decision of the General Shareholders' Meeting;
- Other reserves: established in accordance with current regulations and the Decisions of the General Shareholders' Meeting.

Reserves at the subsidiaries are made under the Bank's policy, except for those for the following subsidiaries, which are made in accordance with relevant legal regulations:

- VietinBank Securities Joint Stock Company and VietinBank Fund Management Company Limited: reserves are appropriated from their net profit after tax according to Circular No. 114/2021/TT-BTC dated 17 December 2021 ("Circular 114") annulling entirely Circular No. 146/2014/TT-BTC dated 06 October 2014 ("Circular 146") issued by the Ministry of Finance. Accordingly:
 - The balance of the supplementary charter capital reserve built up according to the provisions of Circular 146 is used to supplement the charter capital in accordance with the provisions of Law on Securities No. 54/2019/QH14 dated 26 November 2019 issued by the National Assembly ("Law on Securities No. 54"), related guiding documents and the Charter on organization and operation of these companies;
 - The balance of the operational risk and financial reserve built up according to the provisions of Circular 146 is used to supplement the charter capital or in accordance with decision of the General Shareholders' Meeting, Board of Members or Chairman/President in accordance with the provisions of Law on Securities No. 54, related guiding documents and the Charter on organization and operation of these companies, ensuring that the financial safety ratios are met as prescribed by securities law.
- VietinBank Insurance Joint Stock Corporation: reserves are appropriated from its net profit after tax according to Decree No. 73/2016/ND-CP dated 01 July 2016 issued by the Government at the following rate:
 - Statutory reserve fund: 5% of profit after tax, not exceeding 10% of the Company's charter capital.

- VietinBank Lao Limited: statutory reserve fund, investment and development fund and other funds are appropriated from VietinBank Lao Limited's net profit after tax according to Amended Law on Commercial Banks on 07 December 2018 published by the Lao National Assembly at the following rates:
 - Statutory reserve fund: 10% of profit after tax;
 - Investment and development fund: established in accordance with the owner's approval.

These reserves are built up at the end of the financial year.

Revenue and expenses

Interest and similar income/expenses

Interest income and interest expenses are recognized in the interim consolidated income statement on the accrual basis. The accrued interest income arising from the loans that are classified from group 2 to group 5 in accordance with Circular 11, accrued interest income on loans restructured and maintained as Standard loan groups (group 1) as prescribed in Circular 01, Circular 03, Circular 14, Circular 02 and Decree 55 will not be recognized in the interim consolidated income statement. Accrued interest income on such loans is recorded as an off-balance-sheet item and is recognized in the interim consolidated income statement upon actual receipt.

Income and expenses from interest on securities investments are recorded on the accrual basis. Accrued interest income of securities that are fallen within the scope of Circular 11 and classified from group 2 upwards is not recognized in the interim consolidated income statement for the period. These accruals are recorded as off-balance-sheet items and are only recognized in the interim consolidated income statement upon actual receipt.

Insurance income and expenses

For direct premium insurance transactions

Gross direct premiums are recognized in accordance with Circular No. 50/2017/TT-BTC by the Ministry of Finance effective from 01 July 2017 ("Circular 50"). Accordingly, gross direct premiums are recognized when one of the following conditions is met: (1) the agreement has been entered into by the insurer and the insured, who have fully paid premiums; (2) there is evidence that the insurance contract has been signed and the insured has fully paid the premiums; and (3) the insurance contract is signed and there is an agreement between the insurer and the insured for delayed payment of insurance premium, and in this case, the insurer will still record the premium amount as an income for the current year even though the amount has not been paid by the insured. The premium payment period is no longer than 30 days from the effective date of the insurance policy.

In the case of the periodic payment, the insurer records income from insurance premiums of the first payment period when the policy is effective and only records revenue from insurance premiums of the next payment periods when the insured has fully paid the insurance premium as per the policy. In case the insured has not fully paid the insurance premium as agreed in the contract, the insurance contract shall be automatically terminated at the end of the insurance premium payment term.

The prepaid premium before the due date as at the end of the operating period is recognized in the "Other payables and liabilities" item in the interim consolidated statement of financial position. Premium return and premium reduction are considered as revenue deduction and must be recorded separately. At the period end, these amounts are net-off to gross written premium to calculate net written premium in the "Income from services" item in the interim consolidated income statement.

Insurance claim expenses are recognized when the claim documents are completed and approved by the authorized person. In case that the final claim amount has not been finalized, but the insurer is certain that the loss is within its insured liabilities and has paid an advance to the customer as per their request, such advance would also be recognized as claim expense. The claims which have not been approved as at the consolidated balance sheet date are considered as outstanding claims and included in claim reserves.

The commission expense of each product is calculated at a percentage based on the direct premium stated in Circular 50. Commission expenses are allocated and recognized in the interim consolidated income statement corresponding with the premium earned.

For reinsurance transactions

(i) Reinsurance ceded

Reinsurance premium ceded under treaty reinsurance agreements are recognized when gross written premiums within the scope of the treaty agreements are recognized.

Reinsurance premium ceded under facultative reinsurance agreements is recognized when the facultative reinsurance agreement has been signed and when gross written premiums within the scope of the facultative agreements are recognized.

Claim receipts from ceded policies is recognized when there is evidence of liability on the part of the reinsurer.

Commission on reinsurance ceded and other related revenue are recognized corresponding to reinsurance premium ceded incurred during the period. At the end of accounting period, the reinsurance commission equivalent to the insurance commission which is not included in premium of the current period corresponding to unearned premium of reinsurance ceded shall be determined and allocated to the subsequent accounting periods based on registered method of unearned premium reserve.

(ii) Reinsurance assumed

Reinsurance assumed under treaty reinsurance:

- Revenue and expenses relating to reinsurance assumed under treaty reinsurance are recognized when the statement of account is received from the cedants.

Reinsurance assumed under facultative reinsurance:

- Reinsurance premium assumed is recognized when the facultative reinsurance has been signed and a statement of account (for each facultative reinsurance agreement) has been received from the cedants;
- Claim expenses for reinsurance assumed is recognized when the liability under agreement arises and when a statement of account has been sent to the reinsurer; and;
- Commission on reinsurance assumed is recognized when the reinsurance premium is ceded and when a statement of account has been sent to the reinsurer. At the end of accounting period, the part of insurance commission which is not included in expense of the period corresponding to unearned premium of reinsurance assumed shall be determined and allocated to the subsequent periods based on registered method for unearned premium reserve.

Income from service charges and commissions

Income from service charges and commissions is recognized on the accrual basis.

Income from guarantee and L/C commitment activities

Income from guarantee and L/C commitment activities is recognized on the accrual and allocation bases.

Income from securities trading

Income from securities trading is recognized as difference between selling price and cost of securities sold.

Recognition of dividends and profits received

Cash dividends and profits received from investment and capital contributions activities are recorded in the interim consolidated income statement when the Bank's right to receive dividends and profits has been established. Share dividends, which are distributed from profits of joint stock companies, are recognized neither as an increase in the value of received shares nor financial income in the interim consolidated financial statements but are only used for tracking the increase in the number of shares according to Circular No. 200/2014/TT-BTC dated 22 December 2014 issued by the Ministry of Finance.

Revenue from other services

When the contract results can be determined reliably, revenue will be recognized based on the level of work completion. If the contract results cannot be determined reliably, revenue will only be recognized at the recoverable level of the recorded expenses.

Recognition of uncollectible receivables

According to Circular No. 16/2018/TT-BTC dated 07 February 2018 issued by the Ministry of Finance, receivables recognized as accrued income but subsequently assessed to be not recoverable or not yet recoverable at the due date are recorded as reduction in revenue if the income has been accrued in the same financial year or recorded as other expenses if accrued in different financial year/operating period and monitored off-balance-sheet for collection. Upon actual receipt of these receivables, the Bank recognizes them as income according to the nature of the income in the consolidated income statement.

Expenses recognition principle

According to Circular 16, only incurred economic transactions which are deductible expenses in accordance with regulations of law on corporate income tax are recorded in the interim consolidated income statement by the Bank.

Taxation

Corporate income tax expense represents the sum of the current corporate income tax expense and deferred tax.

The current corporate income tax expense is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the interim consolidated income statement because it excludes items of income or expense that are taxable or deductible in other periods (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognized on temporary differences between carrying amounts of assets and liabilities in the interim consolidated financial statements and the corresponding tax bases. Deferred tax liabilities are generally recognized for all taxable temporary differences unless they occurred from the initial recognition of an asset or liability of a transaction which has no impact on accounting profit or taxable profit/(loss) at the transaction date. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited to the interim consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to corporate income taxes levied by the same tax authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

The determination of the current corporate income tax expense is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

Employee benefits

Post-employment benefits

Post-employment benefits are paid to retired employees of the Bank and its subsidiaries in Vietnam by the Social Insurance Agency, a government-affiliated agency. The Bank and its subsidiaries in Vietnam are required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 17.5% of the employee's monthly basic salary for their working period. In addition, the Bank shall pay a subsidy of 02 months of additional salary based on job positions with the average key performance indicator ("KPI") of the six consecutive months before retirement.

Severance allowance

According to Article 46 of Labour Code No. 45/2019/QH14 effective from 01 January 2021, the Bank and its subsidiaries in Vietnam are responsible to pay severance allowance for employees who have regularly been working at the Bank for 12 months or more, with half-month salary allowance for each working year (clauses 1, 2, 3, 4, 6, 7, 9 and 10 of Article 34 of the Labor Code), except for those who are eligible for receiving pension under the provisions of the law on social insurance and those as specified at Point e, Clause 1, Article 36 of the Labor Code 2019. The working period used for calculation of severance allowance excludes the period that employees benefit from unemployment insurance in accordance with regulations and the working period that employees have received severance allowance and retrenchment benefits from employers. The salary as the basis for calculation of severance allowance shall be the average salary of the last 06 months under the employment contract before the termination of labor.

Unemployment insurance

According to Circular No. 28/2015/TT-BLDTBXH dated 31 July 2015 of the Ministry of Labor - War Invalids and Social Affairs guiding the implementation of Article 52 of the Employment Law 2013 and Decree No. 28/2015/ND-CP of the Government dated 12 March 2015 regulating the implementation of the Employment Law on unemployment insurance, from 01 January 2009, the Bank and its subsidiaries in Vietnam are obliged to pay unemployment insurance to eligible employees at 1% of their salary fund allocated for unemployment insurance.

Related parties

The parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making decisions on financial and operating policies. A party is considered a related party with the Bank if:

- (a) Directly or indirectly through one or more intermediaries, the party:
 - Controls, or is controlled by, or is under common control by the Bank (including the holding company and its subsidiaries);
 - Contributes capital to the Bank and therefore has significant influence over the Bank;
 - Has joint control over the Bank;
- (b) The party is a joint venture or an associate of which the Bank is a venturer or an investor;
- (c) The party has a key management personnel who is also a member of the Board of Directors, Board of Management, and Board of Supervisors of the Bank;
- (d) The party is a close member of the family of any individual referred to in (a) or (c); or
- (e) The party is an entity that is, directly or indirectly controlled, jointly controlled or significantly influenced by, or of which, significant voting power in such entity resides with, any individual referred to in (c) or (d).

Technical reserves for insurance activities

The technical reserves are calculated in accordance with Circular 50 and Official Letter approved by the Ministry of Finance including Official Letter No. 2821/BTC-QLBH dated 13 March 2018 and Official Letter No. 1916/BTC-QLBH dated 28 February 2022. Details are as follows:

Technical reserves for non-life insurance

Unearned premium reserve

For non-life insurance policies, reinsurance policies ("insurance policy"), unearned premium reserve is made based on the coefficient of the insurance policy duration, applying the 1/8 method for making premium provision on the basis of premium.

Claim reserve

For incurred and reported losses, claim reserves for direct insurance and assumed reinsurance and ceded reinsurance are made using the statistic of retention liabilities for each estimated loss incurred and reported.

For losses incurred but not reported ("IBNR"):

- Claim reserves for direct insurance and ceded reinsurance is made based on statistical ratio of claims incurred during 3 consecutive years;
- Claim reserves for assumed reinsurance and ceded reinsurance is made at 3% based on insurance premium of each insurance activity.

Catastrophe reserve

According to Vietnamese Accounting Standard ("VAS") No. 19 - Insurance Contract, catastrophe reserve for possible claims under contracts that are not in existence at the reporting date is no longer required. However, VietinBank Insurance Joint Stock Corporation follows the reserve policy in accordance with Circular 50, accordingly, catastrophe reserve for all types of insurance services is consistently made at 1% of total retained premiums for the period.

Technical reserve for health insurance

Mathematical reserve

- Regarding health insurance policies, reinsurance policies ("insurance policy") with a term of more than 1 year, mathematical reserve is made based on the coefficient of the insurance policy duration, applying the 1/8 method for making premium provision on the basis of insurance premium.
- Regarding health insurance policies, reinsurance policies ("insurance policies") which only cover death or total permanent disability, mathematical reserve is set aside based on a coefficient of the insurance policies duration, applying the daily method according to insurance premium.

Unearned premium reserve

For health insurance policies, reinsurance policies ("insurance policy") with a term of less than 01 year, unearned premium reserve is made based on the coefficient of the insurance policy duration, applying the 1/8 method for making premium provision on the basis of insurance premium.

Claim reserve

For incurred and reported losses, claim reserves for direct insurance and assumed reinsurance and ceded reinsurance are made using the statistic of retention liabilities for each estimated loss incurred and reported.

For losses incurred but not reported ("IBNR"):

- Claim reserves for direct insurance and ceded reinsurance is made based on statistical ratio of claims incurred during 3 consecutive years;
- Claim reserves for assumed reinsurance and ceded reinsurance is made at 3% based on insurance premium of each insurance activity.

Equalization reserve

Equalization reserve for health insurance is set up at 1% of retained premium in the period and recognised in catastrophe reserve account on the interim consolidated financial statement.

Offsetting

Financial assets and financial liabilities are offset and the net amounts are reported in the interim consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

The Bank is not allowed to offset reserves for direct insurance and assumed reinsurance against reserve for ceded reinsurance. Such reserves should be presented separately in the interim consolidated statement of financial position, in which unearned premiums reserve, claims reserve for direct insurance and assumed reinsurance and catastrophe reserve are recognized as liabilities in "Other payables and liabilities" item in the interim consolidated statement of financial position; while unearned premium reserve for outward reinsurance and claims reserve for ceded reinsurance are recognized as reinsurance assets in "Other assets" item in the interim consolidated statement of financial position.

5. TRADING SECURITIES

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
Debt securities	632,652	752,618
Government bonds	50,504	231,018
Debt securities issued by other local credit institutions	200	-
Debt securities issued by local business entities	581,948	521,600
Equity securities	989,837	870,349
Equity securities issued by other local credit institutions	364,378	387,238
Equity securities issued by local business entities	625,459	483,111
	<u>1,622,489</u>	<u>1,622,967</u>
Provisions for impairment of trading securities	(180,877)	(216,784)
Provision for impairment	(161,822)	(212,872)
General provision	(4,365)	(3,912)
Specific provision	(14,690)	-
	<u>1,441,612</u>	<u>1,406,183</u>

6. DERIVATIVES AND OTHER FINANCIAL ASSETS/(LIABILITIES)

	Net book value (at exchange rate as at the reporting date)		
	Assets	Liabilities	Net amount
	VND Million	VND Million	VND Million
As at 30/6/2023			
Currency derivative financial instruments	1,600,451	(137,634)	1,462,817
- <i>Forward contracts</i>	-	(137,634)	(137,634)
- <i>Swap contracts</i>	1,600,451	-	1,600,451
Interest rate derivative financial instruments	-	(91,873)	(91,873)
	1,600,451	(229,507)	1,370,944
As at 31/12/2022			
Currency derivative financial instruments	3,150,003	-	3,150,003
- <i>Forward contracts</i>	127,406	-	127,406
- <i>Swap contracts</i>	3,022,597	-	3,022,597
Interest rate derivative financial instruments	-	(91,276)	(91,276)
	3,150,003	(91,276)	3,058,727

7. LOANS TO CUSTOMERS

	Closing balance	Opening balance
	VND Million	VND Million
Loans to local economic entities and individuals	1,343,025,110	1,258,111,234
Discounting promissory notes and valuable papers	1,356,011	1,824,896
Finance leases	5,057,752	4,613,703
Payment made on behalf of customers	443,855	473,842
Loans by grants, investment trusts	20,584	28,238
Loans to foreign organisations and individuals	9,453,369	9,769,796
	1,359,356,681	1,274,821,709

Analysis of loan portfolio by quality

	Closing balance	Opening balance
	VND Million	VND Million
Current loans	1,306,904,943	1,229,062,260
Special mention loans	35,142,764	29,958,469
Sub-standard loans	8,484,589	7,305,070
Doubtful loans	3,414,663	2,261,011
Loss loans	5,409,722	6,234,899
	1,359,356,681	1,274,821,709

Analysis of loans portfolio by original term

	Closing balance	Opening balance
	VND Million	VND Million
Short-term loans (Up to 1 year)	864,449,890	772,203,915
Medium-term loans (From 1 to 5 years)	80,445,819	83,412,853
Long-term loans (Above 5 years)	414,460,972	419,204,941
	1,359,356,681	1,274,821,709

8. PROVISIONS FOR CREDIT LOSSES ON LOANS TO CUSTOMERS

Movements in provisions for credit losses on loans to customers for the 6-month period ended 30 June 2023 are as follows:

	<u>General provision</u>	<u>Specific provision</u>	<u>Total</u>
	<u>VND Million</u>	<u>VND Million</u>	<u>VND Million</u>
Opening balance	9,488,123	20,275,710	29,763,833
Provision made for the period	637,262	12,564,912	13,202,174
Provision used to write off bad debts for the period	-	(13,738,034)	(13,738,034)
Closing balance	<u>10,125,385</u>	<u>19,102,588</u>	<u>29,227,973</u>

Movements in provisions for credit losses on loans to customers for the 6-month period ended 30 June 2022 are as follows:

	<u>General provision</u>	<u>Specific provision</u>	<u>Total</u>
	<u>VND Million</u>	<u>VND Million</u>	<u>VND Million</u>
Opening balance	8,422,669	17,372,433	25,795,102
Provision made for the period	762,526	9,547,430	10,309,956
Provision used to write off bad debts for the period	-	(4,483,807)	(4,483,807)
Other adjustments	-	(95)	(95)
Closing balance	<u>9,185,195</u>	<u>22,435,961</u>	<u>31,621,156</u>

9. INVESTMENT SECURITIES

9.1. Available-for-sale investment securities

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
Debt securities	191,638,658	178,308,413
Government bonds	77,305,986	77,511,269
Debt securities issued by other local credit institutions	110,526,362	96,813,834
Debt securities issued by local economic entities	3,806,310	3,983,310
Equity securities	376,615	376,615
Equity securities issued by local economic entities	376,615	376,615
	<u>192,015,273</u>	<u>178,685,028</u>
Provisions for available-for-sale investment securities	(43,781)	(65,232)
Provisions for impairment	-	(35,357)
General provision	(28,548)	(29,875)
Specific provision	(15,233)	-
	<u>191,971,492</u>	<u>178,619,796</u>

9.2. Held-to-maturity investment securities

	Closing balance	Opening balance
	VND Million	VND Million
Debt securities	1,266,778	1,696,778
Government bonds	800,000	1,200,000
Debt securities issued by local economic entities	466,778	496,778
Provisions for held-to-maturity investment securities	(6,682)	(3,726)
General provision	(3,500)	(3,726)
Specific provision	(3,182)	-
	<u>1,260,096</u>	<u>1,693,052</u>

10. CAPITAL CONTRIBUTION, LONG-TERM INVESTMENTS

Analysis by type of investment

	Closing balance	Opening balance
	VND Million	VND Million
Investments in joint venture (see Note 10.1)	3,053,379	3,303,160
Other long-term investments	234,462	234,462
Provisions for impairment of long-term investments	(18,181)	(18,181)
	<u>3,269,660</u>	<u>3,519,441</u>

10.1. Investment in joint venture

	Closing balance			Opening balance		
	Cost equivalent	Net value of investment using equity method	Proportion of ownership interest	Cost equivalent	Net value of investment using equity method	Proportion of ownership interest
	VND Million	VND Million	%	VND Million	VND Million	%
Indovina Bank Ltd.	1,688,788	3,053,379	50	1,688,788	3,303,160	50
	<u>1,688,788</u>	<u>3,053,379</u>		<u>1,688,788</u>	<u>3,303,160</u>	

Indovina Bank Limited was established in Vietnam with the Head Office located in Ho Chi Minh City, whose main activity is providing banking services. This is a joint venture between the Bank and Cathay United Bank, a bank established in Taiwan. Indovina Bank Limited was granted Establishment and Operation License for Joint venture bank No. 101/GP-NHNN dated 11 November 2019 (replacing Operation License for Joint venture bank No. 08/NH-GP dated 29 October 1992) for the duration of 99 years with the charter capital of USD 193,000,000, equivalent to VND 3,377,500 million.

Since its establishment, as approved by the SBV, Indovina Bank Limited has made several capital increases, in which the value of capital contributed by the two parties to the joint venture increased but the proportion of contributed capital did not change. As at 30 June 2023, the charter capital of Indovina Bank Limited is USD 193,000,000, equivalent to VND 3,377,500 million.

11. OTHER ASSETS

11.1. Receivables

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
Construction in progress (i)	5,685,083	5,633,260
Purchases and major repair of fixed assets	1,047,451	935,649
External receivables	32,846,371	59,253,934
Internal receivables	239,253	170,969
	<u>39,818,158</u>	<u>65,993,812</u>

(i) Construction in progress

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
Constructions in the Northern area	5,389,502	5,359,085
Constructions in the Central area	151,999	144,036
Constructions in the Southern area	143,582	130,139
	<u>5,685,083</u>	<u>5,633,260</u>

11.2. Other assets

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
Materials and tools	200,828	169,493
Prepayments awaiting allocation	2,972,076	3,128,982
Other assets	16,522	16,523
	<u>3,189,426</u>	<u>3,314,998</u>

11.3. Provisions for impairment of other on-balance sheet assets

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
Provision for bad debts	45,973	45,699
Provision for devaluation of inventories	15,499	15,927
	<u>61,472</u>	<u>61,626</u>

12. BORROWINGS FROM THE GOVERNMENT AND THE SBV

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
Borrowings from the SBV	931,031	1,736,629
Loans under credit contracts	924,073	1,081,275
Borrowings for grants to State-owned enterprises	6,958	6,958
Discounting and rediscounting valuable papers	-	648,396
Current accounts held by the State Treasury	4,507,167	103,042,673
In VND	4,507,167	103,042,673
	<u>5,438,198</u>	<u>104,779,302</u>

13. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

13.1. Deposits from other credit institutions

	Closing balance	Opening balance
	VND Million	VND Million
Demand deposits	115,009,827	98,563,856
- In VND	91,318,001	50,738,812
- In foreign currencies	23,691,826	47,825,044
Term deposits	103,039,188	41,368,672
- In VND	96,434,000	38,387,000
- In foreign currencies	6,605,188	2,981,672
	218,049,015	139,932,528

13.2. Borrowings from other credit institutions

	Closing balance	Opening balance
	VND Million	VND Million
- In VND	9,761,798	8,542,533
<i>In which: Discounting, rediscounting borrowings</i>	1,147,446	-
- In foreign currencies	36,126,996	60,954,782
	45,888,794	69,497,315

14. DEPOSITS FROM CUSTOMERS

	Closing balance	Opening balance
	VND Million	VND Million
Demand deposits	239,171,189	243,525,291
- Demand deposits in VND	203,362,682	208,131,149
- Demand deposits in foreign currencies	35,808,507	35,394,142
Term deposits	1,064,486,492	999,060,030
- Term deposits in VND	1,026,994,815	965,635,265
- Term deposits in foreign currencies	37,491,677	33,424,765
Deposits for specific purposes	1,677,200	2,290,610
- Deposits for specific purposes in VND	1,096,091	1,470,044
- Deposits for specific purposes in foreign currencies	581,109	820,566
Margin deposits	4,713,570	4,300,103
- Margin deposits in VND	3,996,320	3,962,796
- Margin deposits in foreign currencies	717,250	337,307
	1,310,048,451	1,249,176,034

15. GRANTS, TRUSTED FUND AND BORROWINGS WHERE THE BANK BEARS RISKS

	Closing balance	Opening balance
	VND Million	VND Million
Grants, trusted funds and borrowings in VND	477,776	505,248
Grants, trusted funds and borrowings in foreign currencies	1,928,336	1,886,953
	2,406,112	2,392,201

16. VALUABLE PAPERS ISSUED

	Closing balance	Opening balance
	VND Million	VND Million
Valuable papers in VND	112,618,175	91,370,235
Par value	112,618,175	91,370,235
Valuable papers in foreign currencies	184	184
Par value	184	184
	<u>112,618,359</u>	<u>91,370,419</u>

Details of the term of issued valuable papers:

Type of valuable papers	Bill	Bearer bonds	Book-entry bonds	Certificate of deposit	Total
	VND Million	VND Million	VND Million	VND Million	VND Million
Closing balance					
Under 12 months					
- In VND	197	-	-	72,437,900	72,438,097
From 12 months to under 5 years					
- In VND	-	166	-	7,088,782	7,088,948
- In foreign currency	-	-	-	184	184
From 5 years and above					
- In VND	-	-	33,091,130	-	33,091,130
	<u>197</u>	<u>166</u>	<u>33,091,130</u>	<u>79,526,866</u>	<u>112,618,359</u>
Opening balance					
Under 12 months					
- In VND	197	-	-	43,000,000	43,000,197
From 12 months to under 5 years					
- In VND	-	166	-	12,043,642	12,043,808
- In foreign currency	-	-	-	184	184
From 5 years and above					
- In VND	-	-	36,326,230	-	36,326,230
	<u>197</u>	<u>166</u>	<u>36,326,230</u>	<u>55,043,826</u>	<u>91,370,419</u>

17. OTHER PAYABLES AND LIABILITIES

	Closing balance	Opening balance
	VND Million	VND Million
Internal payables	2,258,232	2,524,770
External payables (i)	13,310,682	15,366,185
Bonus and welfare funds	1,590,502	2,596,791
	<u>17,159,416</u>	<u>20,487,746</u>

(i) Details of external payables are as follows:

	Closing balance	Opening balance
	VND Million	VND Million
Payments/receipts on behalf of other organisations	2,695,274	3,896,715
Amount received on-behalf and deferred payment	72,116	84,460
Corporate income tax payables	1,286,363	2,922,556
Other pending payments	1,758,381	1,163,971
Unearned revenue	4,948,937	5,490,441
Other payables relating to securities activities	551,138	362,994
Other tax payables	118,144	275,055
Payables relating to trade finance activities	16,169	6,000
Interbank payables	551,871	805,824
Money transfer payables	1,168,480	224,454
Other payables	143,809	133,715
	13,310,682	15,366,185

18. THE BANK'S OBLIGATIONS TO THE STATE BUDGET

	Opening balance	Movement in the period		Closing balance
	VND Million	Payable VND Million	Paid VND Million	VND Million
a. Tax receivables				
Value added tax	-	-	2,249	2,249
Corporate income tax	2,344	2,344	-	-
Other taxes	-	-	900	900
	2,344	2,344	3,149	3,149
b. Tax payables				
Value added tax	81,886	292,580	315,331	59,135
Corporate income tax	2,922,556	2,433,331	4,069,524	1,286,363
Other taxes	193,169	621,745	755,905	59,009
	3,197,611	3,347,656	5,140,760	1,404,507

19. CAPITAL AND RESERVES

19.1. Movements in owners' equity

	Charter capital	Share premium	Other capital	Foreign exchange reserves	Investment and development fund	Financial reserve fund	Charter capital supplementary reserve	Retained earnings	Non- controlling interests	Total
	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million
Opening balance	48,057,506	8,974,677	836,032	120,993	75,825	10,628,682	5,370,125	33,364,370	739,447	108,167,657
Profit for the period	-	-	-	-	-	-	-	10,009,683	85,173	10,094,856
(Decrease) due to financial statement translation for consolidation purpose	-	-	-	(114,133)	(1,643)	(3,439)	-	(10,076)	-	(129,291)
Appropriation to reserves (*)	-	-	-	-	14,868	1,330	3	(16,201)	-	-
Appropriation to bonus and welfare fund and remunerations to the Board of Supervisor (*)	-	-	-	-	-	-	-	(53,862)	(19,072)	(72,934)
Others	-	-	-	-	-	-	-	85	-	85
Closing balance	48,057,506	8,974,677	836,032	6,860	89,050	10,626,573	5,370,128	43,293,999	805,548	118,060,373

(*) The appropriation to statutory reserves, bonus and welfare fund and remuneration to the Board of Supervisor according to Resolution of the Bank's subsidiaries made during 6-month period of 2023.

19.2. Details of the Bank's shares

	Closing balance		Opening balance	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
	VND Million	VND Million	VND Million	VND Million
Government capital	30,979,325	-	30,979,325	-
Contributed capital (shareholders, members)	17,078,181	-	17,078,181	-
Share premium	8,974,677	-	8,974,677	-
	57,032,183	-	57,032,183	-

19.3. Details of the Bank's shares

	Closing balance	Opening balance
Number of registered shares for issue (unit)	4,805,750,609	4,805,750,609
Number of shares in circulation (unit)	4,805,750,609	4,805,750,609
- Ordinary shares (unit)	4,805,750,609	4,805,750,609
- Preferred shares (unit)	-	-
Par value of shares in circulation (VND)	10,000	10,000

20. INTEREST AND SIMILAR INCOME

	Current period	Prior period
	VND Million	VND Million
Interest income from deposits	2,272,753	932,316
Interest income from loans to customers	59,279,057	41,974,310
Interest income from debt securities	4,089,068	3,284,709
Income from guarantee services	644,945	460,070
Interest income from finance leases	267,134	171,905
Other income from credit activities	323,880	368,005
	66,876,837	47,191,315

21. INTEREST AND SIMILAR EXPENSES

	Current period	Prior period
	VND Million	VND Million
Interest expense on deposits	35,903,208	21,739,446
Interest expense on borrowings	1,950,106	984,135
Interest expense on valuable papers issued	3,303,760	1,664,096
Expense on other credit activities	296,122	644,848
	41,453,196	25,032,525

22. NET GAIN FROM TRADING SECURITIES AND INVESTMENT SECURITIES

22.1. Net gain from trading securities

	Current period VND Million	Prior period VND Million
Income from trading securities	194,236	86,963
(Expense) for trading securities	(619)	(64,652)
Provision reversed for impairment of trading securities	35,907	34,182
Net gain from trading securities	229,524	56,493

22.2. Net gain/(loss) from investment securities

	Current period VND Million	Prior period VND Million
Income from trading investment securities	-	20,363
(Expense) for trading investment securities	(1,639)	(20,133)
Provision reversed/(made) for impairment of investment securities	18,495	(1,937)
Net gain/(loss) from trading investment securities	16,856	(1,707)

23. INCOME FROM CAPITAL CONTRIBUTION, EQUITY INVESTMENTS

	Current period VND Million	Prior period VND Million
Dividends received in cash from capital contribution, equity investments	34,833	56,431
- From equity investment securities	4,342	30,275
- From capital contribution and long-term investments	30,491	26,156
Share from net profit under equity method of investments in joint ventures	152,750	316,373
	187,583	372,804

24. OPERATING EXPENSES

	Current period VND Million	Prior period VND Million
Taxes, fees and charges	11,097	12,127
Staff cost	5,476,348	5,054,272
- Salaries and allowances	4,589,033	4,129,888
- Salary-based expenses	305,748	286,385
- Other allowances	1,125	1,084
- Other expenses	580,442	636,915
Expenses for fixed assets	1,125,479	973,277
- Depreciation and amortisation expenses	471,617	456,282
- Others	653,862	516,995
Expenses for operating management	1,955,654	1,627,093
- Per diems	80,260	60,610
- Expenses for union activities	9,841	5,250
- Others	1,865,553	1,561,233
Insurance premium for customers' deposits	473,530	428,423
Other provision expenses/(reversal of provision)	15,162	(1,835)
	9,057,270	8,093,357

25. CURRENT CORPORATE INCOME TAX EXPENSE ("CIT")

	Current period VND Million	Prior period VND Million
Profit before CIT	12,530,531	11,607,558
Adjustments for:		
- Non-taxable dividend income	(394,466)	(390,642)
- Profit before tax of subsidiaries	(449,555)	(368,870)
- Income from increase in interest in joint ventures	206,884	17,838
- Changes in provisions/revaluation for loans and bonds for financial statement consolidation	(190,654)	(181,108)
- Others	(32,383)	1,959
Taxable income of the Holding Bank	11,670,357	10,686,735
CIT expense of the Holding Bank based on local taxable income	2,334,071	2,137,347
CIT expense of subsidiaries	101,604	91,448
CIT expense based on the taxable income	2,435,675	2,228,795

26. BASIC EARNINGS PER SHARE

Profit for calculation of basic earnings per share

	Current period VND Million	Prior period VND Million
Profit after tax	10,009,683	9,309,320
Profit for the period attributable to ordinary shareholders	10,009,683	9,309,320

Number of ordinary shares for calculation of basic earnings

	Current period Share	Prior period Share
Number of issued ordinary shares carried forward from previous year	4,805,750,609	4,805,750,609
Weighted average number of ordinary shares for the purpose of basic earnings per share calculation	4,805,750,609	4,805,750,609

Basic earnings per share

	Current period VND	Prior period VND
Basic earnings per share	2,083	1,937

27. CASH AND CASH EQUIVALENTS

Cash and cash equivalents on the interim consolidated cash flow statement include items on the interim consolidated statement of financial position as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
Cash, gold, gemstones and cash equivalents	10,173,535	11,066,956
Balances with SBV	23,584,485	29,727,110
Current deposits at other credit institutions	121,414,658	131,699,995
Placements with other credit institutions with terms not exceeding 3 months	71,047,110	63,804,159
Securities with recovery or maturity term not exceeding 3 months from the date of purchase	20,157,608	8,000,000
	<u>246,377,396</u>	<u>244,298,220</u>

28. OFF-BALANCE-SHEET ITEMS WHERE THE BANK BEARS SIGNIFICANT RISKS

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
Contingent liabilities	152,351,987	159,604,781
Credit guarantees	7,758,874	7,692,271
Letters of Credit (L/C) commitments	59,711,887	73,681,359
Other guarantees	84,881,226	78,231,151
Commitments	485,246,541	313,461,082
Foreign exchange transactions commitments	430,721,587	260,355,738
Other commitments	54,524,954	53,105,344

29. RELATED PARTY TRANSACTIONS AND BALANCES

Details of significant transactions with related parties during the 6-month period ended 30 June 2023 are as follows:

Related party	Relationship	Transactions	<u>Current period</u>	<u>Prior period</u>
			<u>VND Million</u>	<u>VND Million</u>
The State Bank of Vietnam	Owner and direct management authority	(Decrease)/Increase in deposits at the SBV	(6,142,625)	1,777,774
		(Decrease) in borrowings from the SBV	(805,598)	(226,855)
Indovina Bank Limited	Joint venture bank	Interest income from deposits	5,260	840
		Interest expense on deposits	24	9
		Dividends received	359,634	334,211
Bank of Tokyo-Mitsubishi UFJ	Strategic shareholder	Interest income from deposits	39	82
		Interest expenses on deposits	2,419	1,058
		Interest expenses on borrowings	153,172	33,735

Details of significant balances with related parties as at 30 June 2023 are as follows:

Related party	Relationship	Balances	Receivables/(Payables)	
			Closing balance	Opening balance
			VND Million	VND Million
The State Bank of Vietnam	Owner and direct management authority	Demand deposits at the SBV	23,584,485	29,727,110
		Borrowings from SBV	(931,031)	(1,736,629)
Indovina Bank Limited	Joint venture bank	Deposits at related party	2,878,273	1,025,483
		Deposits from related party	(779,812)	(124,277)
		Accrued interest income	4,259	230
		Accrued interest expenses	(14)	-
Bank of Tokyo-Mitsubishi UFJ	Strategic shareholder	Deposits at the Bank	(485,784)	(59,918)
		Deposits of the Bank	2,041,692	212,265
		Loans from related party	(1,070,545)	(8,197,594)
		Accrued interest expenses	(17,994)	(90,586)

30. CONCENTRATION OF ASSETS, LIABILITIES AND OFF-BALANCE-SHEET ITEMS BY GEOGRAPHICAL REGIONS AS AT 30 JUNE 2023

	Total loan balance	Total deposits	Credit commitments	Derivative financial instruments (Difference between debit - credit)	Trading and investment in securities (Difference between debit - credit)
	VND Million	VND Million	VND Million	VND Million	VND Million
Domestic	1,370,348,124	1,527,969,639	152,223,919	1,370,944	194,904,540
Overseas	9,329,253	4,634,994	128,068	-	-
	1,379,677,377	1,532,604,633	152,351,987	1,370,944	194,904,540

31. SEGMENT REPORTS

A business segment is a distinguishable component of the Bank that is engaged in providing services and that is subject to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component the Bank that is engaged in providing services and that is subject to risks and returns that are different from those of components operating in other economic environments.

Primary segment report of the Bank is business segment report; secondary segment report of the Bank is geographical segment report.

Business segment report

NO.	ITEMS	Banking financial services	Non-banking financial services	Others	Adjustments	Total
		VND Million	VND Million	VND Million	VND Million	VND Million
I.	Income	78,599,619	1,901,910	1,210,280	(562,164)	81,149,645
1.	Interest income	66,310,549	463,034	232,928	(129,674)	66,876,837
	- External interest income	66,201,360	443,554	231,923	-	66,876,837
	- Internal interest income	109,189	19,480	1,005	(129,674)	-
2.	Income from services	4,922,842	1,435,350	48,885	(163,799)	6,243,278
3.	Other income	7,366,228	3,526	928,467	(268,691)	8,029,530
II.	Expenses	(53,131,999)	(1,599,669)	(973,494)	288,222	(55,416,940)
1.	Interest expenses	(41,255,871)	(173,874)	(153,125)	129,674	(41,453,196)
	- External interest expenses	(41,221,958)	(78,113)	(153,126)	1	(41,453,196)
	- Internal interest expenses	(33,913)	(95,761)	1	129,673	-
2.	Depreciation and amortisation expenses	(461,103)	(6,641)	(3,873)	-	(471,617)
3.	Expenses directly related to business operation	(11,415,025)	(1,419,154)	(816,496)	158,548	(13,492,127)
	Net profit from operating activities before provision expenses for credit losses	25,467,620	302,241	236,786	(273,942)	25,732,705
	Provision expenses for credit losses	(13,178,063)	(35,789)	(4,917)	16,595	(13,202,174)
	Segment profit before tax	12,289,557	266,452	231,869	(257,347)	12,530,531
	Corporate income tax expense	(2,337,724)	(56,082)	(41,867)	(2)	(2,435,675)
	Segment profit after corporate income tax	9,951,833	210,370	190,002	(257,349)	10,094,856
III.	Assets	1,847,321,137	12,939,264	7,035,768	(7,191,647)	1,860,104,522
1.	Cash on hand	10,027,593	707	145,235	-	10,173,535
2.	Fixed assets	9,746,002	80,183	41,605	-	9,867,790
3.	Other assets	1,827,547,542	12,858,374	6,848,928	(7,191,647)	1,840,063,197
IV.	Liabilities	1,731,725,561	9,485,262	5,143,000	(4,309,674)	1,742,044,149
1.	External liabilities	1,728,092,518	9,298,093	5,114,478	(4,309,674)	1,738,195,415
2.	Internal liabilities	3,633,043	187,169	28,522	-	3,848,734

Geographical segment report

NO.	ITEMS	Northern (*) VND Million	Southern VND Million	Others VND Million	Adjustments VND Million	Total VND Million
I.	Segment profit before tax	2,738,538	7,426,908	2,622,434	(257,349)	12,530,531
	Corporate income tax expense	(2,433,218)	(2,457)	-	-	(2,435,675)
II.	Segment profit after tax	305,320	7,424,451	2,622,434	(257,349)	10,094,856
III.	Segment assets	1,103,779,870	557,423,097	206,093,203	(7,191,648)	1,860,104,522
IV.	Segment liabilities	994,110,650	549,878,997	202,364,176	(4,309,674)	1,742,044,149

(*) As at 30 June 2023, the Head Office in Northern region calculated and paid corporate income tax for all Bank's branches.

32. FINANCIAL RISK MANAGEMENT POLICIES RELATED TO FINANCIAL INSTRUMENTS

Under the guidance of the SBV on enhancing the role of risk management in credit institutions, the Bank continues implementing risk management policies for its entire business.

In order to achieve sustainable development, improve operational efficiency and competitive advantage, the Bank has always been one of the pioneers in researching and applying international practices to its governance. In particular, the application of Basel II Accord is one of the Bank's prioritized solutions. Projects under the Basel II program focus on the comprehensive enhancement of risk management on material areas. Until now, the Bank has completed the first phase following standard methods and is preparing for the second phase following the SBV's direction.

The application of advanced practices in risk management is a prerequisite for the integration and expansion of the Bank's influence in the global financial banking industry. The Bank has always played a pioneering role in modernizing the banking system. In addition, after the issuance of Circular No. 13/2018/TT-NHNN ("Circular 13") and its amendments and supplements by the regulatory authorities stipulating on the internal control system of commercial banks and foreign bank branches were issued, the Bank took initiatives in reviewing and adjusting regulations and processes in accordance with the requirements of Circular 13 to ensure compliance with the standards of internal control system, risk management, internal audit and internal assessment of capital adequacy requirement.

In 2023, the Bank continued actively studying and implementing projects under the Basel II program in order to comprehensively enhance the management of all types of risks. Moreover, the Bank has continued to complete its policy system in five (5) levels, namely: (i) General policy regime, (ii) Detailed policies, (iii) Guidance documents on policies, (iv) General processes, and (v) Detailed processes for each product in order to ensure consistency and overall effectiveness of the policy system.

To manage finance-related risk, the Bank has issued regulations, procedures, detailed guidance, sets of indicators and internal limits as well as strictly managed the balance between assets and liabilities, tightly controlled business activities' growth and credit quality; complied with limits and safety ratios for operation; requirements on risk management as stipulated in Circular No. 22/2019/TT-NHNN (effective from 01 January 2020) and amendments and supplements of the regulatory authorities, Circular 13 and regulations of the SBV; and has gradually met requirements on risk management in accordance with Basel II.

33. CURRENCY RISKS

Currency risk is the risk that the Bank's asset or value of an investment fluctuates due to changes in foreign exchange rates.

The Bank was incorporated and operates in Vietnam and its reporting currency is VND. The Bank's main transaction currency is VND, while a part of the Bank's asset-equity is in foreign currencies (USD, EUR, etc.). Thus, currency risk may arise.

To prevent the risk of exchange rate fluctuations, the Bank has synchronously applied the following measures:

Based on actual data, the growth demand of affiliates and business orientations, the Asset Liability Management Department analyses and projects cash inflows/outflows and proposes the capital planning for each currency unit (in VND, USD, and EUR equivalent) to the Bank's management, which is managed based on actual daily cash flows to ensure operational safety and effectiveness of the whole system.

The Bank's capital mobilization and lending activities are mainly in VND, with a small part is in USD, EUR and other foreign currencies. According to each period's business plan, the Bank has a currency position in its capital trading activities when making financial transactions on the market. The Bank sets limits for positions of each main currency based on the Bank's risk appetite, internal risk capacity and regulations of relevant regulatory authorities.

Currency positions are managed on a daily basis and hedging strategies are used by the Bank to ensure that the positions of currencies are maintained within the limits set.

The book value of cash assets and cash liabilities denominated in foreign currencies as at 30 June 2023 are as follows:

ITEMS	EUR equivalent VND Million	USD equivalent VND Million	Other currency equivalent VND Million	Total VND Million
Assets				
Cash, gold and gemstones	180,248	1,064,662	115,128	1,360,038
Balances with the State Bank of Vietnam	60,394	1,858,350	-	1,918,744
Placements with and loans to other credit institutions	1,265,009	38,619,317	30,813,324	70,697,650
Loans to customers (*)	5,180,951	91,374,748	2,479,477	99,035,176
Fixed assets	32,704	-	80,865	113,569
Other assets (*)	1,186,839	18,372,709	169,175	19,728,723
Total assets	7,906,145	151,289,786	33,657,969	192,853,900
Liabilities				
Deposits and borrowings from other credit institutions	1,432,046	64,865,728	126,236	66,424,010
Deposits from customers	2,166,967	71,610,103	821,473	74,598,543
Derivative financial instruments and other financial assets	1,224,909	10,958,132	29,072,283	41,255,324
Grants, trusted funds and borrowings where the Bank bears risks	133,163	1,795,172	-	1,928,335
Valuable papers issued	-	184	-	184
Other liabilities (*)	3,113,198	1,621,758	149,105	4,884,061
Total liabilities	8,070,283	150,851,077	30,169,097	189,090,457
Balance sheet currency position	(164,138)	438,709	3,488,872	3,763,443

(*) Excluding provision.

34. INTEREST RATE RISK

Interest rate risk is the possibility of the Bank's income or asset value being affected when market interest rate fluctuates.

Interest rate risk of the Bank can derive from investment activities, capital mobilization and lending activities.

The effective interest rate re-pricing period is the remaining period from the date of interim consolidated financial statements to the nearest interest rate re-pricing term of assets and capital. The following assumptions and conditions have been adopted in the analysis of the effective interest rate re-pricing period of the Bank's assets and liabilities:

- Cash, gold and gemstones; balances with the SBV; fixed assets; capital contribution, long-term investments and other liabilities are classified as non-interest-bearing items;
- The maturity of trading securities are calculated on the basis of the probable time to convert bonds into cash because this portfolio includes highly liquid bonds with fixed interest rates;
- The effective interest rate re-pricing term of placements with and loans to other credit institutions; derivative financial instruments and other financial assets; investment securities; loans to customers; other assets; borrowings from the Government and the SBV; deposits and borrowings from other credit institutions; deposits from customers; valuable papers issued; grants, trusted funds and borrowings where the Bank bears risks are determined as follows:
 - Items with fixed interest rate during the contractual period: the effective interest rate re-pricing term is determined from the reporting date to maturity date;
 - Items with floating interest rate: the effective interest rate re-pricing term is determined from the reporting date to the nearest interest rate re-pricing date;
 - Accrued income, accrued expenses: Classified as non-interest-bearing items.

The Bank's interest rate risk policies

For interbank lending activities (short-term), investment interest rate is based on the fluctuation of the market and the Bank's cost of capital. The interbank loans are usually short-term (of less than 3 months).

Based on forecasts on the market fluctuations of interest rate and its capital balancing ability, the Bank will make appropriate investment decisions. In case that interest rates are forecasted to go down, the Bank will strengthen long-term investments to increase profitability. In contrast, if interest rates are forecasted to go up, the Bank will increase short-term investments.

For capital mobilization activities, interest rates are determined based on the market price, the business orientation of the Bank's management, the Bank's capital balance and regulations of the SBV. The Bank's mobilized capital mainly has a short interest rate re-pricing term.

For lending activities, the Bank determines lending interest rates based on the principle of sufficient coverage for cost of capital, management expenses, risk considerations, collaterals' values and market interest rate to ensure the Bank's competitiveness as well as the efficiency. The Head Office regulates the lending interest rate floor for each period; branches can decide lending interest rates of each customer for each period based on credit risk analysis and assessment provided that these rates are not below the regulated floor rate and the annual budgeted profit is assured. Besides, due to the capital structure mainly comprising funds with short interest rate re-pricing terms, the Bank requires that all long-term and medium-term loans' interest must be floating (interest rates are not fixed during the whole loans' periods) to minimize possible arising interest rate risk.

Interest rate risk management

The Bank manages interest rate risk at 2 levels: transaction level and portfolio level, in which the former is more focused.

Interest rate risk management at the portfolio level

- Since 2013, the Bank has issued regulations and procedures for managing interest rate risk on the banking book, which stipulate the principles for managing interest rate risk on the banking book through the process of identification, measurement, control and monitoring of risk to ensure the balance between the interest rate risk control/prevention goal and the maximization of net interest income as well as the economic value of equity in the business operations of the Bank.
- The Bank has completed the design, officially implemented and continuously upgraded the Assets-Liabilities Management ("ALM") software system, which runs to the transaction level under international practices, automatically provides reports on re-evaluation term differences by nominal terms and by behaviours, scenarios analysis reports on interest rate increase/decrease situations, etc. in order to facilitate the Bank's interest rate risk management activities.
- The Bank adjusts the re-pricing term of loans to the re-pricing term of capital, ensuring the re-evaluation term difference is within the permitted limit.

Interest rate risk management at the transaction level

- All credit contracts are required to include terms relating to interest rate risk prevention to ensure that the Bank can take initiative in coping with fluctuations of the market; lending interest rate must be set to accurately reflect the Bank's actual cost of capital.
- Management through the Fund Transfer Pricing (FTP) system: the Bank has completed and continuously improved the internal fund transfer pricing system (FTP), which enhanced the Bank's centralized management of capital and interest. Depending on the orientation of the Bank and the market movements, the Head Office can change the fund transfer price for each type of customers or products, etc. to give signals for the business units to determine their lending/capital mobilization rates for each transaction.

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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	Non interest bearing	Overdue		Current						Total
		Over 3 months	Up to 3 months	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Over 5 years	
		VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	
Assets										
Cash, gold and gemstones	10,173,535	-	-	-	-	-	-	-	-	10,173,535
Balances with the State Bank of Vietnam	23,584,485	-	-	-	-	-	-	-	-	23,584,485
Placements with and loans to other credit institutions	-	-	-	168,439,877	14,698,386	6,781,000	40,863,467	-	-	230,782,730
Trading securities (*)	-	-	-	1,622,489	-	-	-	-	-	1,622,489
Derivative financial instruments and other financial assets	-	-	-	1,370,944	-	-	-	-	-	1,370,944
Loans to customers (*)	-	17,308,974	35,142,764	537,482,868	368,479,483	288,887,741	87,145,951	23,803,129	1,105,771	1,359,356,681
Investment securities (*)	4,301,205	-	-	18,327,388	24,779,979	17,373,364	37,023,190	20,352,686	71,124,239	193,282,051
Capital contribution, long-term investments (*)	3,287,841	-	-	-	-	-	-	-	-	3,287,841
Fixed assets	9,867,790	-	-	-	-	-	-	-	-	9,867,790
Other assets (*)	38,245,551	61,472	-	4,313,086	7,451,560	4,183,462	2,059,811	-	-	56,314,942
Total assets	89,460,407	17,370,446	35,142,764	731,556,652	415,409,408	317,225,567	167,092,419	44,155,815	72,230,010	1,889,643,488
Liabilities										
Borrowings from the Government and the SBV	-	-	-	4,897,631	-	-	540,567	-	-	5,438,198
Deposits and borrowings from other credit institutions	-	-	-	236,880,181	19,896,869	4,190,464	2,970,295	-	-	263,937,809
Deposits from customers	-	-	-	528,699,949	198,069,373	279,600,812	286,223,463	17,446,110	8,744	1,310,048,451
Grants, trusted funds and borrowings where the Bank bears risks	-	-	-	-	1,573,223	832,889	-	-	-	2,406,112
Valuable papers issued	-	-	-	17,017,461	47,355,483	12,376,045	31,278,370	1,651,000	2,940,000	112,618,359
Other liabilities (*)	46,515,147	-	-	-	-	-	-	-	-	46,515,147
Total liabilities	46,515,147	-	-	787,495,222	266,894,948	297,000,210	321,012,695	19,097,110	2,948,744	1,740,964,076
Balance sheet net interest gap	42,945,260	17,370,446	35,142,764	(55,938,570)	148,514,460	20,225,357	(153,920,276)	25,058,705	69,281,266	148,679,412

(*) Excluding provision

35. LIQUIDITY RISK

Liquidity risk is defined as the risk that the Bank has difficulties in meeting obligations associated with its financial liabilities. Liquidity risk arises when the Bank might be unable to meet its payment obligations at their due dates or when the Bank has to mobilize funds at higher cost to meet its payment obligations.

The Bank had issued regulations and procedures on liquidity management, including rules about managing liquidity gap through maturity, liquidity risk ratios, stress test scenarios and backup plans to proactively take measures when facing market volatility. To minimize liquidity risk, the Bank plans to diversify its funding sources, develops a fund management report system to calculate liquidity position on a daily basis, as well as prepares analysis and forecast report on future liquidity positions on a regular basis, setting liquidity risk appetite and capacity.

At monthly ALCO Council meetings, fund balance and liquidity of the Bank is one of the key contents to be discussed. At Risk Management Committee, Risk Council meetings, the compliance with liquidity risk appetite and risk capacity is also reviewed and reported. Based on analysis and evaluation, ALCO/Risk Management Committee/Risk Council make recommendations to the Board of Directors and the Board of Management for future guidance to maintain the Bank's solvency in a safe and effective way.

In addition, the Bank also maintains a list of secondary liquid assets such as the Government bonds, which may be sold or under repurchased contracts with the SBV. It is not only a secondary reserve in liquidity stress circumstances (if any) but also a profitable investment.

The maturity of assets and liabilities represents the remaining time from the reporting date until the payment date regulated in the contract or terms of issuance.

The following assumptions and conditions have been adopted in the analysis of the Bank's maturity relating to its assets and liabilities:

- Cash, gold and gemstones and balances with the SBV are classified into maturity up to one month;
- The maturity terms of placement with and loans to other credit institutions; derivative financial instruments and other financial assets; loans to customers; investment securities; other assets; borrowings from the Government and the SBV; deposits and borrowings from other credit institutions; valuable papers issued; grants, trusted funds and borrowings where the Bank bears risk; other liabilities are determined based on the contractual maturity date;
- The maturity of trading securities is calculated on the basis of the probable time to convert bonds into cash because this portfolio includes highly liquid bonds;
- The maturity date of capital contribution, long-term investments is classified as over five (05) years as these investments have no defined maturity;
- The maturity term of deposits from customers is determined based on customer behaviour analysis and forecasts on interest rate policy and other macroeconomic factors;
- The maturity date of fixed assets is classified as five (05) years or more.

Based on the Board of Management's approval of the annual business plan, the Asset Liability Management Department in cooperation with some other relevant specialized departments makes analysis and forecasts on cash inflows/outflows of the system according to the approved plan; and also based on the actual daily capital fluctuations and utilization, the Bank makes decisions on appropriate management and monitoring of available funds.

Based on the projection of available funds, the Asset Liability Management Department in cooperation with the Treasury Trading Department manage the secondary reserve through the approval of highly liquid valuable papers purchases, which could be converted into cash on the secondary market. The Asset Liability Management Department in cooperation with the Treasury Trading Department may decide to sell valuable papers to the SBV on the open market, or to refinance loans when working capital is insufficient, ensuring the liquidity of the whole system.

Based on SBV's regulations, the Asset Liability Management Department in cooperation with the Treasury Trading Department proposes the Bank's available fund management plan, ensuring the actual average balance of deposits in VND and foreign currencies at the SBV is not below the required level of compulsory reserve. Besides, the Bank also establishes credit limit with other banks and other credit institutions for mutual support when needed. The Market Risk Management Department acts as an independent supervisor to ensure that the liquidity risks are managed in compliance with regulations, management processes, and liquidity risk appetite/capacity of the Bank.

The amount of available funds is determined based on data from the Core Sunshine system, interbank payment program CITAD, Asset-Liability Management software, information about large cash flows from business units. Therefore, the Bank can actively manage its daily liquidity risk.

The Bank's liquidity risk management activities are monitored strictly in compliance with the regulations of the SBV and the Bank's internal criteria for liquidity management for each major currency (such as VND, USD, EUR) for capital mobilization and loan portfolios.

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	Overdue		Current					
	Over 03 months	Up to 03 months	Up to 01 month	From 01 to 03 months	From 03 to 12 months	From 01 to 05 years	Over 05 years	Total
	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million
Assets								
Cash, gold and gemstones	-	-	10,173,535	-	-	-	-	10,173,535
Balances with the State Bank of Vietnam	-	-	23,584,485	-	-	-	-	23,584,485
Placements with and loans to other credit institutions	-	-	196,278,915	14,698,386	19,805,429	-	-	230,782,730
Trading securities (*)	-	-	1,622,489	-	-	-	-	1,622,489
Derivative financial instruments and other financial assets	-	-	1,370,944	-	-	-	-	1,370,944
Loans to customers (*)	17,308,974	35,142,764	100,488,750	296,458,406	514,047,144	185,305,860	210,604,783	1,359,356,681
Investment securities (*)	-	-	9,995,285	18,774,966	66,023,198	26,982,130	71,506,472	193,282,051
Capital contribution, long-term investments (*)	-	-	-	-	-	-	3,287,841	3,287,841
Fixed assets	-	-	-	-	-	-	9,867,790	9,867,790
Other assets (*)	61,472	-	7,334,686	15,611,636	16,679,923	1,886,848	14,740,377	56,314,942
Total assets	17,370,446	35,142,764	350,849,089	345,543,394	616,555,694	214,174,838	310,007,263	1,889,643,488
Liabilities								
Borrowings from the Government and the SBV	-	-	4,897,631	-	540,567	-	-	5,438,198
Deposits and borrowings from other credit institutions	-	-	236,880,181	8,926,720	7,160,758	10,970,150	-	263,937,809
Deposits from customers	-	-	197,490,382	202,639,994	659,169,015	250,728,336	20,724	1,310,048,451
Grants, trusted funds and borrowings where the Bank bears risks	-	-	213,324	40,358	74,972	487,679	1,589,779	2,406,112
Valuable papers issued	-	-	8,602,461	36,612,263	34,311,505	451,000	32,641,130	112,618,359
Other liabilities (*)	-	-	15,028,951	17,627,445	11,001,767	2,856,984	-	46,515,147
Total liabilities	-	-	463,112,930	265,846,780	712,258,584	265,494,149	34,251,633	1,740,964,076
Net liquidity difference	17,370,446	35,142,764	(112,263,841)	79,696,614	(95,702,890)	(51,319,311)	275,755,630	148,679,412

(*) Excluding provision.

36. EXCHANGE RATES OF SOME FOREIGN CURRENCIES AT THE END OF THE PERIOD

	Closing balance	Opening balance
	VND	VND
USD	23,593	23,543
EUR	25,584	25,093
GBP	29,793	28,335
CHF	26,180	25,207
JPY	163.08	178.51
SGD	17,394	17,550
CAD	17,796	17,381
AUD	15,623	16,170
NZD	14,353	14,914
THB	666.00	669.17
SEK	2,167	2,255
NOK	2,190	2,355
DKK	3,436	3,375
HKD	3,011	3,019
CNY	3,248	3,390
KRW	18.38	16.91
LAK	1.24	1.37
MYR	5,329	5,329

37. EVENTS AFTER THE REPORTING DATE

No events occurred after the reporting date that had or could have a material effect on the operations of the Bank, its interim consolidated financial position and the interim consolidated results of those operations that require adjustment or disclosure in the interim consolidated financial statements.

Prepared by



Tran Thi Thu Huong
Deputy Head of Financial
Accounting Department

Approved by



Nguyen Hai Hung
Chief Accountant

Approved by



Nguyen Tran Manh Trung
Deputy General Director

14 August 2023