

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

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

For the year ended 31 December 2022

In accordance with Vietnamese Accounting Standards,
accounting regime applicable to credit institutions in Vietnam
and legal regulations relating to separate 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 consolidated financial statements for the year ended 31 December 2022.

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

Board of Directors

Mr. Tran Minh Binh	Chairman
Mr. Nguyen Duc Thanh	Member (appointed on 29 April 2022)
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. Masahiko Oki	Member
Mr. Masashige Nakazono	Member

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 (appointed on 12 May 2022)
Mr. Le Duy Hai	Deputy General Director (appointed on 09 May 2022)
Mr. Hoang Ngoc Phuong	Deputy General Director (appointed on 12 May 2022)
Mr. Do Thanh Son	Deputy General Director (appointed on 11 October 2022)
Mr. Tran Cong Quynh Lan	Deputy General Director
Mr. Nguyen Dinh Vinh	Deputy General Director
Ms. Le Nhu Hoa	Deputy General Director
Mr. Masahiko Oki	Deputy General Director
Mr. Nguyen Duc Thanh	Deputy General Director (resigned on 04 May 2022)
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 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 consolidated financial statements, which give a true and fair view of the consolidated financial position of the Bank as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to consolidated financial reporting. In preparing these 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 consolidated financial statements;
- Prepare the 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 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 consolidated financial position of the Bank, and that the consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to 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 consolidated financial statements.

For and on behalf of the Board of Management,

Nguyen Tran Manh Trung
Deputy General Director

Hanoi, 30 March 2023

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Vietnam Joint Stock Commercial Bank for Industry and Trade (the "Bank"), prepared on 30 March 2023 as set out from page 05 to page 68, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated income statement and the consolidated cash flow statement for the year 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 consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to consolidated financial reporting and for such internal control as the Board of Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITORS' REPORT (Continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to consolidated financial reporting.

Other matter

The consolidated financial statements of the Bank for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on 31 March 2022.



Khúc Thị Lan Anh
Deputy General Director
Audit Practising Registration Certificate
No. 0036-2023-001-1

DELOITTE VIETNAM AUDIT COMPANY LIMITED

30 March 2023
Hanoi, S.R. Viet Nam



Mai Thi Thuy Loan
Auditor
Audit Practising Registration Certificate
No. 3837-2021-001-1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

Unit: VND Million

NO.	ITEMS	Notes	Closing balance	Opening balance
A.	ASSETS			
I.	Cash, gold and gemstones	5	11,066,956	11,330,659
II.	Balances with the State Bank of Vietnam ("SBV")	6	29,727,110	23,383,443
III.	Placements with and loans to other credit institutions	7	242,431,953	149,316,646
1.	Placements with other credit institutions		222,454,660	129,799,364
2.	Loans to other credit institutions		19,977,293	19,517,282
IV.	Trading securities	8	1,406,183	2,475,309
1.	Trading securities		1,622,967	2,522,807
2.	Provisions for impairment of trading securities		(216,784)	(47,498)
V.	Derivative financial instruments and other financial assets	9	3,058,727	1,454,790
VI.	Loans to customers		1,245,057,876	1,104,872,665
1.	Loans to customers	10	1,274,821,709	1,130,667,767
2.	Provisions for credit losses of loans to customers	11	(29,763,833)	(25,795,102)
VII.	Investment securities	12	180,312,848	177,544,548
1.	Available-for-sale investment securities	12.1	178,685,028	174,973,469
2.	Held-to-maturity investment securities	12.2	1,696,778	2,696,832
3.	Provisions for impairment of investment securities	12.4	(68,958)	(125,753)
VIII.	Capital contribution, long-term investments	13	3,519,441	3,290,027
1.	Investments in joint ventures	13.1	3,303,160	3,073,356
2.	Other long-term investments		234,462	240,662
3.	Provisions for impairment of long-term investments		(18,181)	(23,991)
IX.	Fixed assets		10,202,191	10,496,152
1.	Tangible fixed assets	14	6,047,480	6,192,822
a.	Cost		16,190,830	15,773,302
b.	Accumulated depreciation		(10,143,350)	(9,580,480)
2.	Intangible assets	15	4,154,711	4,303,330
a.	Cost		6,779,297	6,627,694
b.	Accumulated amortisation		(2,624,586)	(2,324,364)
X.	Other assets	16	81,646,479	47,423,159
1.	Other receivables	16.1	65,993,812	34,233,578
2.	Interest and fee receivables		12,399,295	9,856,571
3.	Deferred tax assets		-	338
4.	Other assets	16.2	3,314,998	3,403,230
5.	Provisions for impairment of other assets	16.3	(61,626)	(70,558)
TOTAL ASSETS			1,808,429,764	1,531,587,398

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2022

Unit: VND Million

NO.	ITEMS	Notes	Closing balance	Opening balance
B.	LIABILITIES AND OWNERS' EQUITY			
I.	Borrowings from the Government and the SBV	17	104,779,302	33,294,404
1.	Deposits and borrowings from the Government and the SBV		104,779,302	33,294,404
II.	Deposits and borrowings from other credit institutions	18	209,429,843	138,833,846
1.	Deposits from other credit institutions	18.1	139,932,528	33,670,804
2.	Borrowings from other credit institutions	18.2	69,497,315	105,163,042
III.	Deposits from customers	19	1,249,176,034	1,161,848,113
IV.	Grants, trusted funds and borrowings where the Bank bears risks	20	2,392,201	2,527,930
V.	Valuable papers issued	21	91,370,419	64,496,785
VI.	Other liabilities		43,114,308	36,936,809
1.	Accrued fee and interest expenses		21,587,660	16,867,319
2.	Deferred tax liabilities		112	-
3.	Other payables and liabilities	22	20,487,746	19,015,117
4.	Other provisions		1,038,790	1,054,373
	TOTAL LIABILITIES		1,700,262,107	1,437,937,887
VII.	Capital and reserves	24	108,167,657	93,649,511
1.	Contributed capital		57,868,215	57,548,112
a.	Charter capital		48,057,506	48,057,506
b.	Share premium		8,974,677	8,974,698
c.	Other capital		836,032	515,908
2.	Reserves		16,074,632	13,673,265
3.	Foreign exchange reserves		120,993	245,231
4.	Retained earnings		33,364,370	21,488,131
5.	Non-controlling interests		739,447	694,772
	TOTAL LIABILITIES AND OWNERS' EQUITY		1,808,429,764	1,531,587,398

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2022

Unit: VND Million

OFF-BALANCE-SHEET ITEMS

NO.	ITEMS	Notes	Closing balance	Opening balance
1.	Credit guarantees	39	7,692,271	3,237,485
2.	Foreign exchange transactions commitments	39	260,355,738	479,385,067
	Foreign currency purchase commitments		1,994,153	5,748,679
	Foreign currency sale commitments		1,903,759	5,964,386
	Cross currency swap contracts		256,457,826	467,672,002
3.	Letters of credit (L/C) commitments	39	73,681,359	46,584,571
4.	Other guarantees	39	78,231,151	60,180,414
5.	Other commitments	39	53,105,344	104,576,907
6.	Uncollected interest income and fees	40	8,353,544	7,904,314
7.	Bad debts written-off	41	116,947,615	95,202,933
8.	Other properties and valuable papers	42	105,915,412	111,165,425

Prepared by

Approved by

Approved by



Ngo Xuan Hai
Head of Financial
Accounting Department



Nguyen Hai Hung
Chief Accountant



Nguyen Tran Manh Trung
Deputy General Director

30 March 2023

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

Unit: VND Million

NO.	ITEMS	Notes	Current year	Prior year
1.	Interest and similar income	25	104,664,634	84,628,302
2.	Interest and similar expenses	26	(56,872,679)	(42,839,837)
I.	Net interest income		47,791,955	41,788,465
3.	Income from services		11,549,069	9,572,678
4.	Expenses on services		(5,687,120)	(4,612,172)
II.	Net profit from services	27	5,861,949	4,960,506
III.	Net gain from trading foreign currencies	28	3,555,521	1,812,484
IV.	Net (loss)/gain from trading securities	29.1	(112,163)	495,864
V.	Net (loss)/gain from investment securities	29.2	(30,184)	223,865
5.	Other operating income		7,506,525	4,516,269
6.	Other operating expenses		(969,157)	(1,118,203)
VI.	Net profit from other activities	30	6,537,368	3,398,066
VII.	Income from capital contribution, equity investments	31	512,244	477,382
VIII.	Operating expenses	32	(19,007,454)	(17,185,850)
IX.	Net profit from operating activities before credit provision expenses		45,109,236	35,970,782
X.	Provision expenses for credit losses		(24,163,177)	(18,381,626)
XI.	Profit before tax		20,946,059	17,589,156
7.	Current corporate income tax expense	33	(4,110,614)	(3,412,160)
8.	Deferred corporate income tax expense		(451)	38,346
XII.	Corporate income tax expense		(4,111,065)	(3,373,814)
XIII.	Profit after corporate income tax		16,834,994	14,215,342
XIV.	Non-controlling interests		59,920	126,582
XV.	Profit attributable to the owners of the Bank		16,775,074	14,088,760
XVI.	Basic earnings per share (VND)	34	3,491	2,510

Prepared by



Ngo Xuan Hai
Head of Financial
Accounting Department

Approved by



Nguyen Hai Hung
Chief Accountant



Approved by

Nguyen Tran Manh Trung
Deputy General Director

30 March 2023

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2022

Unit: VND Million

NO. ITEMS	Current year	Prior year
CASH FLOW FROM OPERATING ACTIVITIES		
01. Interest and similar income received	102,424,705	82,887,292
02. Interest and similar expenses paid	(52,210,737)	(42,193,852)
03. Income received from service	6,015,156	4,953,100
04. Net cash received from trading foreign currencies, gold and securities	3,525,665	2,473,910
05. Other income/(expense)	4,505,276	(58,016)
06. Cash recovered from bad debts written off or compensated by provision for credit losses	5,362,486	3,244,952
07. Payments to employees and for operating management	(17,193,419)	(16,694,320)
08. Corporate income tax paid for the year	(1,911,799)	(4,000,535)
Net cash from operating profit before movements in assets and working capital	50,517,333	30,612,531
Movement in operating assets	(219,036,702)	(201,831,648)
09. (Increase) in placements with and loans to other credit institutions	(27,273,637)	(9,749,589)
10. Decrease/(Increase) in trading securities	6,188,335	(59,249,249)
11. (Increase) in derivatives and other financial assets	(1,603,937)	(1,317,668)
12. (Increase) in loans to customers	(144,153,942)	(115,334,497)
13. (Decrease) in provision for credit losses	(20,194,345)	(5,174,930)
14. (Increase) in other operating assets	(31,999,176)	(11,005,715)
Movement in operating liabilities	252,983,098	176,620,626
15. Increase/(Decrease) in borrowings from the Government and the SBV	71,484,898	(11,302,784)
16. Increase in deposits and borrowings from other credit institutions	70,595,997	10,314,731
17. Increase in deposits from customers	87,327,921	171,516,828
18. Increase in valuable papers issued (excluding issued valuable papers charged to financial activities)	26,873,634	4,621,215
19. (Decrease) in grants, trusted funds and borrowings where the Bank bears risks	(135,729)	(205,321)
20. (Decrease)/Increase in other operating liabilities	(3,163,623)	1,675,957
I. Net cash generated by operating activities	84,463,729	5,401,509

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

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2022

Unit: VND Million

NO. ITEMS	Current year	Prior year
CASH FLOWS FROM INVESTING ACTIVITIES		
01. Acquisition of fixed assets	(623,680)	(736,408)
02. Proceeds from sales, disposals of fixed assets	16,841	7,371
03. Expenses on sales, disposal of fixed assets	(2,178)	(2,877)
04. Investments in other entities	6,200	-
05. Dividends and profit received from long-term investments and capital contribution	87,736	83,771
II. Net cash (used in) investing activities	(515,081)	(648,143)
CASH FLOWS FROM FINANCING ACTIVITIES		
01. Dividends paid	(3,844,600)	(21,267)
III. Net cash (used in) financing activities	(3,844,600)	(21,267)
IV. Net increase in cash	80,104,048	4,732,099
V. Cash and cash equivalents at the beginning of the year	164,376,586	160,175,076
VI. Effects of changes in foreign exchange rates	(182,414)	(530,589)
VII. Cash and cash equivalents at the end of the year (Note 35)	244,298,220	164,376,586

Prepared by



Ngo Xuan Hai
Head of Financial
Accounting Department

Approved by



Nguyen Hai Hung
Chief Accountant

Approved by



Nguyen Tran Manh Trung
Deputy General Director

30 March 2023

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the accompanying 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 remodeled 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.

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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 31 December 2022, 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 31 December 2022, 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 31 December 2022, the Bank has seven (07) subsidiary companies and one (01) subsidiary bank as follows:

No.	Name	Operating Licence	Nature of Business	Proportion of Ownership of the Bank
1	VietinBank Leasing Company Limited	License of Establishment and Operation No. 53/1998/QD-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 of the Bank
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. 97/GPDC-UBCK dated 10 October 2022	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 31 December 2022 was 25,119 (as at 31 December 2021: 25,154).

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to consolidated financial reporting. However, due to the Bank's large scale of operation, for the purpose of preparing these consolidated financial statements, the figures are rounded to and presented in millions of Vietnam Dong (VND Million). This presentation does not materially impact the consolidated financial statements in terms of the consolidated financial position, the consolidated financial performance and consolidated cash flows of the Bank. With regard to the number of shares, the Bank presented the items in Note 24.3.

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

Financial year

The Bank's financial year begins on 01 January and ends on 31 December.

3. APPLICATION OF NEW GUIDELINES AND NEW ACCOUNTING GUIDELINES ISSUED BUT NOT YET APPLIED

Application of new guidelines

On 31 December 2021, the SBV issued Circular No. 27/2021/TT-NHNN ("Circular 27") amending and supplementing a number of articles of the account system of credit institutions issued in conjunction with Decision No. 479/2004/QĐ-NHNN dated 29 April 2004 ("Decision 479") and financial reporting regime for credit institutions issued in conjunction with Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 ("Decision 16") issued by the SBV. This Circular took effect from 01 April 2022 onwards.

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

- Amending and supplementing a number of accounts and corresponding details in accounting and replacing name of some items in the accounts system of credit institutions issued in conjunction with Decision 479;
- Amending and supplementing a number of articles of the financial reporting regime for credit institutions issued in conjunction with Decision 16. Accordingly, comparative figures of some indicators having changes in terms of content and method of obtaining data should be represented for comparison purposes (as detailed in Note 53).

On 17 December 2021, the Ministry of Finance issued Circular No. 114/2021/TT-BTC ("Circular 114") annulling entirely Circular No. 146/2014/TT-BTC ("Circular 146") dated 06 October 2014 by the Ministry of Finance on guiding the financial regime for securities companies and fund management companies. Circular 114 took effect from 01 February 2022 onwards.

Some major changes in Circular 114 that have an impact on the Bank's consolidated financial statements in the financial year include:

- Regulating on making and using provisions for devaluation of inventory, impairment of financial investments, bad debts according to Circular No. 48/2019/TT-BTC ("Circular 48") dated 08 August 2019 and amendments, supplements and replacements thereto (if any);
- Regulating on the use of charter capital supplementary reserve, operational risk and financial reserve made according to Circular 146.

On 07 April 2022, the Ministry of Finance issued Circular No. 24/2022/TT-BTC ("Circular 24") amending and supplementing a number of articles of Circular 48 on providing guidance on making and using provisions for devaluation of inventory, impairment of financial investments and bad debts. Circular 24 took effect from 25 May 2022 onwards.

The Bank has applied these Circulars in the preparation and presentation of the consolidated financial statements for the year ended 31 December 2022.

New accounting guidelines issued but not yet applied

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

The Bank's Board of Management believes that the application of Law on Insurance Business 2022 has no material effect on the comparative figures in the future consolidated financial statements of the Bank.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

The preparation of the consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to 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 consolidated financial statements and the reported amounts of revenues and expenses during the financial year. 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 consolidated financial statements incorporate the separate financial statements of the Bank and the financial statements of the enterprises/bank controlled by the Bank ("its subsidiaries") for the year ended 31 December 2022. 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 year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the 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 amount 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.

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 credited to profit and loss in the year of acquisition.

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 of accounting. According to equity method of accounting, 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 reporting date, 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 year-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 31 December 2022 in Note 51). Otherwise, the Bank uses the weighted average buying and selling exchange rates ruling at the year-end date for conversion. Income and expenses arising in foreign currencies of the Bank are converted into VND at exchange rates ruling at the transaction dates. Foreign exchange differences arising from the translation of monetary assets and liabilities from foreign currencies into VND are recognized into the consolidated income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash, gold, gemstones, precious metals, 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 outstanding principal amounts at the end of the financial year.

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 following the regulations of the SBV on maintaining the 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 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 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 consolidated financial statements, commitments of foreign currency forward contracts and swap contracts are revaluated and exchange differences arising from the revaluation of foreign currency denominated balances of these contracts are recognized in the consolidated income statement.

Interest rate swap contracts

Commitments of one-currency-interest-rate swap contracts are not recorded in the consolidated statement of financial position. For two-currency-interest-rate swap contracts with nominal principal swap, commitments are recognized in the 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 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 financial year.

Provision for credit losses

Classification of loans and provision for credit losses

Under 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 following regulations of the SBV on maintaining the 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 following the 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 same debt group for a number of loans in accordance with the provisions of 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 and documents of the SBV on debt classification and risk provisioning.

Loans are classified by risk level into the following groups: Standard, Special mention, Substandard, Doubtful and Loss. Loans classified as either Substandard, Doubtful or Loss are considered bad debts. Loan classification and provision for credit losses will be made at the end of each month and recognized in the following month. Provision for credit losses as at 31 December is recognized in the consolidated income statement for that year.

The specific provision at the year end date is calculated by subtracting the discounted value of collateral from the remaining outstanding loan balance multiplied by the specific provision rate based on the loan classification result at the year-end. The specific provision rate for each debt group is prescribed as follows:

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

Under Circular 03, the Bank should 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.

Following Circular 11, a general provision is made for credit losses that 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 the total outstanding balance of loans which are classified into groups 1 to 4, excluding deposits at domestic credit institutions and foreign bank branches in Vietnam following the 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

Provision is recorded as an expense on consolidated income statement and used to write – off bad debts.. In accordance with Circular 11, the Bank must set up Risk Management Committee to deal with bad debts if they are classified as Group 5, or if borrowers are either liquidated or bankrupted legal entities, or deceased or missing individual.

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: Standard, 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, equity securities and other securities that the Bank and/or its subsidiaries has bought and had the intention to sell in the near future to gain benefits from price differences. 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 consolidated income statement.

These securities are subject to impairment review at the date of the 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 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 the Bank and/or its subsidiaries holds for investment and available -for-sale purposes, not frequently traded but can be sold when there is a benefit. For equity securities, the Bank and/or its subsidiaries 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 amortised into the 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 recored 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 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 and/or its subsidiaries purchases for investment purposes to gain interest and the Bank and/or its subsidiaries have the intention and the 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 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 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 and long-term investments are made when the investee is operating at loss in accordance with prevailing accounting regulations.

Provision for impairment of capital contribution and long-term investments are recognized as an operating expense in the 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 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

Investments in securities 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 the investments.

Repurchase and re-sale contracts

Securities sold under agreements to be repurchased at a specific date in the future (repos) are recorded in the consolidated financial statements. The corresponding cash received from these agreements is recognized in the consolidated statement of financial position as a borrowing and the difference between the sale price and the repurchase price is allocated to the 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 consolidated financial statements. The corresponding cash paid under these agreements is recognized in the consolidated statement of financial position as a loan and the difference between the purchase price and resale price is amortized in to the 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 realized. Rights and obligations of the trustor and trustee relating to profit and profit sharing, trust fees, other rights and obligations comply with the terms of the signed contracts. The assets that are held under custody services are not considered assets of the Bank and/or its subsidiaries and therefore, they are not recognized in the 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 its purchase price of the Bank and its subsidiaries 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 consolidated income statement when incurred. When assets are sold or disposed of, their cost and accumulated depreciation are written off from the consolidated statement of financial position and any gains or losses resulting from their disposals are recorded in the consolidated income statement.

Intangible assets

Intangible assets are stated at cost less accumulated amortization. The cost of an intangible asset comprises all expenditures of the Bank and its subsidiaries 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 fixed assets compared to the initial activity level, shall be capitalized. Other expenditures related to intangible assets incurred after initial recognition are charged to the consolidated income statement. When intangible assets are sold or disposed, their cost and accumulated amortization are written off from the consolidated statement of financial position and any gains or losses resulting from their disposals are recorded in the 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 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 life of each assets as follows:

<u>Assets</u>	<u>Estimated useful lives</u> <u>(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 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 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 consolidated income statement during the year.

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 and its subsidiaries 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 financial year end.

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:

- Supplementary charter capital 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 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, 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. 54/2019/QH14, 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 consolidated income statement on the accrual basis. The recognition of 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 and Decree 55 will not be recognized in the consolidated income statement. Accrued interest income on such loans is recorded as an off-balance-sheet item and is recognized in the consolidated income statement upon actual receipt.

Income and expenses from interest on 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 consolidated income statement for the year. These accruals are recorded as off-balance-sheet items and are only recognized in the 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 are 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 paid the premiums fully; 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 fiscal year is recognized in the "Other payables and liabilities" item in the consolidated statement of financial position. Premium return and premium reduction are considered as revenue deduction and must be recorded separately. At the year end, these amounts are net-off to gross written premium to calculate net written premium in the "Income from services" item in the 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 percentage of direct premium stated in Circular 50. Commission expenses are allocated and recognized in the 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 recognition of the scope of the treaty agreements.

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

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 year. At the end of financial year, the reinsurance commission equivalent to the insurance commission which is not included in premium of the current year corresponding to unearned premium of reinsurance ceded shall be determined and allocated to the subsequent years based on registered method of unearned premium reserve.

(ii) Reinsurance assumed

Reinsurance assumed under treaty arrangement:

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

Reinsurance assumed under facultative arrangement:

- Reinsurance premium assumed is recognized when the facultative reinsurance agreement 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 financial year, the part of insurance commission which is not included in expense of the year corresponding to unearned premium of reinsurance assumed shall be determined and allocated to the subsequent financial 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 differences 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 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 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 service

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 receivables not yet collected

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 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 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 year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years (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 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 year when the liability is settled or the asset is realized. Deferred tax is charged or credited to the 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.

According to Resolution No. 68/NQ-CP dated 01 July 2021 by the Government, from 01 July 2021 to 30 June 2022, the Bank and its subsidiaries in Vietnam are entitled to a premium rate of 0% of the salary fund as the basis for paying social insurance premiums to the insurance fund for occupational accidents and diseases. From 01 July 2022, the Bank and its subsidiaries in Vietnam must contribute to the insurance fund for occupational accidents and diseases at the old rate specified in Decree No. 58/2020/ND-CP dated 27 May 2020 by the Government.

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 ("Circular 28") 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. According to Decision No. 28/2021/QĐ-TTg of the Prime Minister, from 01 October 2021, the Bank and its subsidiaries in Vietnam are entitled to a reduction in the unemployment insurance contributions rate from 1% to 0% within 12 months. From 01 October 2022, the Bank and its subsidiaries in Vietnam must pay unemployment insurance to eligible employees at the old rate specified in Circular 28.

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:

a) 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 gross premium.

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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 reserve is provided for based on statistical ratio of claims incurred during 3 consecutive years.

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 year.

b) Technical reserve for health insurance

Mathematical reserve

- Regarding health insurance contracts, 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 gross premium.
- Regarding health insurance contracts, 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 gross 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 gross 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 reserve is provided for based on statistical ratio of claims incurred during 3 consecutive years.

Equalization reserve

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

Offsetting

Financial assets and financial liabilities are offset and the net amounts are reported in the 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 consolidated financial statement, 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 consolidated financial statement; while unearned premium reserve for outward reinsurance and claims reserve for ceded reinsurance are recognized as reinsurance assets in "Other assets" item in the consolidated financial statement.

5. CASH, GOLD AND GEMSTONES

	Closing balance	Opening balance
	VND Million	VND Million
Cash in VND	9,897,136	9,896,327
Cash in foreign currencies	1,148,066	1,406,350
Monetary gold	3,666	10,783
Other precious metal and gemstones	18,088	17,199
	11,066,956	11,330,659

6. BALANCES WITH THE STATE BANK OF VIETNAM ("SBV")

	Closing balance	Opening balance
	VND Million	VND Million
Current account at the SBV		
- In VND	29,416,069	19,166,884
- In foreign currencies	311,041	4,216,559
	29,727,110	23,383,443

Balances with the SBV are for the purpose of payment and compulsory reserves at the SBV as required.

7. PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	Closing balance	Opening balance
	VND Million	VND Million
Placements with other credit institutions		
Demand deposits	131,699,995	88,559,894
- In VND	69,108,008	19,779,938
- In foreign currencies	62,591,987	68,779,956
Term deposits	90,754,665	41,239,470
- In VND	28,517,000	26,290,000
- In foreign currencies	62,237,665	14,949,470
	222,454,660	129,799,364
Loans to other credit institutions		
- In VND	18,587,904	16,761,360
- In foreign currencies	1,389,389	2,755,922
	19,977,293	19,517,282
Placements with and loans to other credit institutions	242,431,953	149,316,646

Analysis of placements with other credit institutions (excluding current accounts at domestic credit institutions, foreign banks' branches in Vietnam, placements with Vietnam Bank for Social Policies and deposits at overseas credit institutions under Circular 11) and loans to other credit institutions by quality is as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Current loans	110,731,958	60,756,752
Special mention loans	-	-
Sub-standard loans	-	-
Doubtful loans	-	-
Loss loans	-	-
Total	110,731,958	60,756,752

8. TRADING SECURITIES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Debt securities	752,618	1,899,732
Government bonds	231,018	1,092,554
Debt securities issued by local economic entities	521,600	807,178
Equity securities	870,349	623,075
Equity securities issued by other local credit institutions	387,238	178,563
Equity securities issued by local economic entities	483,111	444,512
	1,622,967	2,522,807
Provisions for impairment of trading securities	(216,784)	(47,498)
Provision for impairment	(212,872)	(41,444)
General provision	(3,912)	(6,054)
	1,406,183	2,475,309

Listing status of trading securities is as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Debt securities	752,618	1,899,732
Listed	231,018	1,092,554
Unlisted	521,600	807,178
Equity securities	870,349	623,075
Listed	655,203	455,291
Unlisted	215,146	167,784
	1,622,967	2,522,807

Quality analysis of securities classified as credit risk assets based on their face values

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
Current loans	521,600	807,178
Special mention loans	-	-
Sub-standard loans	-	-
Doubtful loans	-	-
Loss loans	-	-
	<u>521,600</u>	<u>807,178</u>

9. DERIVATIVES AND OTHER FINANCIAL ASSETS/(LIABILITIES)

	<u>Net book value</u>		
	<u>(at exchange rate as at the reporting date)</u>		
	<u>Assets</u>	<u>Liabilities</u>	<u>Net amount</u>
	<u>VND Million</u>	<u>VND Million</u>	<u>VND Million</u>
Closing balance			
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)
	<u>3,150,003</u>	<u>(91,276)</u>	<u>3,055,963</u>
Opening balance			
Currency derivative financial instruments	1,296,937	-	1,296,937
- <i>Forward contracts</i>	130,202	-	130,202
- <i>Swap contracts</i>	1,166,735	-	1,166,735
Interest rate derivative financial instruments	157,853	-	157,853
	<u>1,454,790</u>	<u>-</u>	<u>1,454,790</u>

10. LOANS TO CUSTOMERS

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
Loans to local economic entities and individuals	1,258,111,234	1,115,213,563
Discounting promissory notes and valuable papers	1,824,896	2,170,538
Finance leases	4,613,703	3,585,536
Payments made on behalf of customers	473,842	14,385
Loans by grants, investment trusts	28,238	62,318
Loans to foreign organisations and individuals	9,769,796	9,621,427
	<u>1,274,821,709</u>	<u>1,130,667,767</u>

Analysis of loan portfolio by quality

	Closing balance	Opening balance
	VND Million	VND Million
Current loans	1,229,062,260	1,104,465,335
Special-mentioned loans	29,958,469	11,901,967
Sub-standard loans	7,305,070	7,095,731
Doubtful loans	2,261,011	2,003,066
Loss loans	6,234,899	5,201,668
	1,274,821,709	1,130,667,767

Analysis of loans portfolio by original term

	Closing balance	Opening balance
	VND Million	VND Million
Short-term loans (Up to 1 year)	772,203,915	683,530,470
Medium-term loans (From 1 to 5 years)	83,412,853	66,214,587
Long-term loans (Above 5 years)	419,204,941	380,922,710
	1,274,821,709	1,130,667,767

Analysis of loan portfolio by type of customers and type of businesses

	Closing balance	Opening balance
	VND Million	VND Million
State-owned enterprises	64,730,484	51,388,764
State-owned one-member limited enterprises	18,079,808	24,016,904
Two or more member limited liability enterprises with more than 50% of the State's share holding	7,683,364	7,015,249
Other limited companies	267,466,339	254,976,627
Joint stock companies with more than 50% of the State's share-holding	21,181,071	29,986,650
Other joint stock companies	346,530,426	324,836,944
Partnership companies	4,190	284,269
Private companies	13,350,585	13,249,546
Foreign invested enterprises	61,301,483	58,031,369
Cooperatives, cooperative unions	1,307,206	1,436,474
Household businesses, individuals	471,393,466	362,632,638
Administrative units, the Party, unions and associations	913,395	993,055
Others	879,892	1,819,278
	1,274,821,709	1,130,667,767

Analysis of loan portfolio by sector

	Closing balance	Opening balance
	VND Million	VND Million
Agriculture, forestry and aquaculture	46,625,378	43,619,396
Mining and quarrying	9,933,405	12,391,069
Production and processing	269,186,570	263,169,799
Electricity, fuel gas and water production and distribution	64,515,281	63,232,247
Construction	87,356,195	91,228,785
Wholesale and retail; repair of cars, motorcycles, motorbikes and other motor vehicles	437,098,865	375,754,856
Transport, warehouse and communication	23,669,902	23,011,305
Trade and service	237,775,449	170,503,149
Employment activities in households, production of material products and services for household self-consumption	68,847,438	53,108,053
Others	29,813,226	34,649,108
	1,274,821,709	1,130,667,767

11. PROVISIONS FOR CREDIT LOSSES ON LOANS TO CUSTOMERS

Movements in provisions for credit losses on loans to customers for the year ended 31 December 2022 are as follows:

	General provision	Specific provision	Total
	VND Million	VND Million	VND Million
Opening balance	8,422,669	17,372,433	25,795,102
Provision made for the year	1,065,454	23,097,723	24,163,177
Provision used to write off bad debts for the year	-	(20,194,345)	(20,194,345)
Other adjustments	-	(101)	(101)
Closing balance	9,488,123	20,275,710	29,763,833

Movements in provisions for credit losses on loans to customers for the year ended 31 December 2021 are as follows:

	General provision	Specific provision	Total
	VND Million	VND Million	VND Million
Opening balance	7,365,419	5,216,961	12,582,380
Provision made for the year	1,057,250	17,324,376	18,381,626
Provision used to write off bad debts for the year	-	(5,174,930)	(5,174,930)
Other adjustments	-	6,026	6,026
Closing balance	8,422,669	17,372,433	25,795,102

12. INVESTMENT SECURITIES

12.1 Available-for-sale investment securities

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Debt securities	178,308,413	174,596,854
Government bonds	77,511,269	78,299,141
Debt securities issued by other domestic credit institutions	96,813,834	86,815,360
Debt securities issued by domestic economic entities	3,983,310	9,482,353
Equity securities	376,615	376,615
Equity securities issued by domestic economic entities	376,615	376,615
Provisions for impairment of available-for-sale investment securities	(65,232)	(122,027)
In which:		
Provisions for impairment	(35,357)	(51,189)
General provision	(29,875)	(70,838)
	<u>178,619,796</u>	<u>174,851,442</u>

12.2 Held-to-maturity investment securities

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Debt securities	1,696,778	2,696,832
Government bonds	1,200,000	2,200,000
Debt securities issued by domestic economic entities	496,778	496,832
Provisions for impairment of held-to-maturity investment securities	(3,726)	(3,726)
In which:		
General provision	(3,726)	(3,726)
	<u>1,693,052</u>	<u>2,693,106</u>

12.3 Quality analysis of securities classified as credit risk assets based on their face values

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Current loans	91,779,755	65,453,217
Special mention loans	-	-
Sub-standard loans	30	-
Doubtful loans	-	-
Loss loans	-	-
	<u>91,779,785</u>	<u>65,453,217</u>

12.4 Movements in provision for impairment of investment securities

Movements in provision for credit losses on investment securities for the year ended 31 December 2022 are as follows:

	Provision for available-for-sale investment securities		Provision for held-to-maturity investment	
	General provision	Provisions for impairment	General provision	Total
	VND Million	VND Million	VND Million	VND Million
Opening balance	70,838	51,189	3,726	125,753
Provision (reversed) for the year	(40,963)	(15,832)	-	(56,795)
Closing balance	29,875	35,357	3,726	68,958

Movements in provision for credit losses on investment securities for the year ended 31 December 2021 are as follows:

	Provision for available-for-sale investment securities		Provision for held-to-maturity investment	
	General provision	Provisions for impairment	General provision	Total
	VND Million	VND Million	VND Million	VND Million
Opening balance	298,572	50,918	3,126	352,616
Provision (reversed)/made for the year	(227,734)	271	600	(226,863)
Closing balance	70,838	51,189	3,726	125,753

13. CAPITAL CONTRIBUTION, LONG-TERM INVESTMENTS

Analysis by type of investment

	Closing balance	Opening balance
	VND Million	VND Million
Investments in joint ventures (Note 13.1)	3,303,160	3,073,356
Other long-term investments	234,462	240,662
Provisions for impairment of long-term investments	(18,181)	(23,991)
	3,519,441	3,290,027

13.1 Investment in joint venture

	Closing balance			Opening balance		
	Net value of investment using equity method		Proportion of ownership interest	Net value of investment using equity method		Proportion of ownership interest
	Cost			Cost		
	VND Million	VND Million	%	VND Million	VND Million	%
Indovina Bank Ltd	1,688,788	3,303,160	50	1,688,788	3,073,356	50
		<u>3,303,160</u>		<u>1,688,788</u>	<u>3,073,356</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 31 December 2022, the charter capital of Indovina Bank Limited is USD 193,000,000, equivalent to VND 3,377,500 million.

14. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings, structures	Machinery, equipment	Motor vehicles	Management tools, equipment and other tangible fixed assets	Total
	VND Million	VND Million	VND Million	VND Million	VND Million
Cost					
Opening balance	8,069,230	5,582,388	1,746,676	375,008	15,773,302
Acquisitions during the year	1,180	236,311	135,403	29,212	402,106
Transfer from construction in progress	112,765	4,266	13,278	4,551	134,860
Other additions	47,860	27,060	3,784	6,214	84,918
Disposals	(4,843)	(54,872)	(73,186)	(5,669)	(138,570)
Other decreases	(34,532)	(18,090)	(9,220)	(3,944)	(65,786)
Closing balance	8,191,660	5,777,063	1,816,735	405,372	16,190,830
Accumulated depreciation					
Opening balance	2,797,617	5,163,355	1,291,812	327,696	9,580,480
Depreciation charged for the year	279,051	234,178	153,872	30,737	697,838
Reclassification	-	(167)	167	-	-
Disposals	(4,687)	(50,248)	(69,652)	(5,668)	(130,255)
Other increase/(decrease)	133	1,788	(3,253)	(3,381)	(4,713)
Closing balance	3,072,114	5,348,906	1,372,946	349,384	10,143,350
Net book value					
As at the end of the year	<u>5,119,546</u>	<u>428,157</u>	<u>443,789</u>	<u>55,988</u>	<u>6,047,480</u>
As at the beginning of the year	<u>5,271,613</u>	<u>419,033</u>	<u>454,864</u>	<u>47,312</u>	<u>6,192,822</u>

Other information about tangible fixed assets:

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
Cost of tangible fixed assets fully depreciated but still in use	7,113,429	6,546,103
	<u>7,113,429</u>	<u>6,546,103</u>

15. INCREASES, DECREASES IN INTANGIBLE ASSETS

	<u>Land use rights</u>	<u>Computer software and other intangible assets</u>	<u>Total</u>
	<u>VND Million</u>	<u>VND Million</u>	<u>VND Million</u>
Cost			
Opening balance	4,118,602	2,509,092	6,627,694
Acquisitions during the year	-	159,063	159,063
Other increases			-
Other decreases	(4,660)	(2,800)	(7,460)
Closing balance	<u>4,113,942</u>	<u>2,665,355</u>	<u>6,779,297</u>
Accumulated amortisation			
Opening balance	418,976	1,905,388	2,324,364
Amortisation charged for the year	38,739	224,097	262,836
Other increases	2,102	35,284	37,386
Closing balance	<u>459,817</u>	<u>2,164,769</u>	<u>2,624,586</u>
Net book value			
As at the end of the year	<u>3,654,125</u>	<u>500,586</u>	<u>4,154,711</u>
As at the beginning of the year	<u>3,699,626</u>	<u>603,704</u>	<u>4,303,330</u>

Other information about intangible assets:

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
Cost of intangible assets fully amortized but still in use	1,057,617	749,457
	<u>1,057,617</u>	<u>749,457</u>

16. OTHER ASSETS

16.1 Receivables

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
Construction in progress (i)	5,633,260	5,567,364
Purchases and major repair of fixed assets	935,649	1,120,885
External receivables	59,253,934	27,252,654
Internal receivables	170,969	292,675
	<u>65,993,812</u>	<u>34,233,578</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	5,359,085	5,275,665
Constructions in the Central area	144,036	183,683
Constructions in the Southern area	130,139	108,016
	<u>5,633,260</u>	<u>5,567,364</u>

16.2 Other assets

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
Materials and tools	169,493	125,198
Prepaid expenses	3,128,982	3,261,241
Other assets	16,523	16,791
	<u>3,314,998</u>	<u>3,403,230</u>

16.3 Provisions for impairment of other balance sheet assets

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
Provision for bad debts	45,699	52,969
Provision for devaluation of inventories	15,927	17,589
	<u>61,626</u>	<u>70,558</u>

17. 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	1,736,629	1,505,274
Loans under credit contracts	1,081,275	1,498,316
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	103,042,673	31,789,130
In VND	103,042,673	31,789,130
	<u>104,779,302</u>	<u>33,294,404</u>

18. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

18.1 Deposits from other credit institutions

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
Demand deposits	98,563,856	6,679,825
- In VND	50,738,812	2,801,242
- In foreign currencies	47,825,044	3,878,583
Term deposits	41,368,672	26,990,979
- In VND	38,387,000	24,641,890
- In foreign currencies	2,981,672	2,349,089
	<u>139,932,528</u>	<u>33,670,804</u>

18.2 Borrowings from other credit institutions

	Closing balance	Opening balance
	VND Million	VND Million
- In VND	8,542,533	10,950,415
- In foreign currencies	60,954,782	94,212,627
	69,497,315	105,163,042

19. DEPOSITS FROM CUSTOMERS

	Closing balance	Opening balance
	VND Million	VND Million
Demand deposits	243,525,291	225,756,534
- Demand deposits in VND	208,131,149	197,562,236
- Demand deposits in foreign currencies	35,394,142	28,194,298
Term deposits	999,060,030	928,319,195
- Term deposits in VND	965,635,265	899,476,972
- Term deposits in foreign currencies	33,424,765	28,842,223
Deposits for specific purpose	2,290,610	2,694,795
- Deposits for specific purpose in VND	1,470,044	2,207,309
- Deposits for specific purpose in foreign currencies	820,566	487,486
Margin deposits	4,300,103	5,077,589
- Margin deposits in VND	3,962,796	4,334,570
- Margin deposits in foreign currencies	337,307	743,019
	1,249,176,034	1,161,848,113

Customer deposit portfolio by type of customers and type of businesses

	Closing balance	Opening balance
	VND Million	VND Million
State-owned enterprises	197,119,163	169,750,631
Single-member limited liability companies with 100% State ownership	27,855,219	24,860,376
Multi-member limited liability companies with over 50% State ownership or being controlled by the State	1,080,309	1,220,648
Other limited companies	43,666,936	41,655,903
Joint stock companies with more than 50% of the State's share-holding	47,298,642	48,873,467
Other joint stock companies	101,113,291	95,913,738
Partnership companies	10,293,399	8,933,336
Private companies	2,527,779	1,605,562
Foreign invested enterprises	107,368,822	114,923,002
Cooperatives, cooperative unions	640,972	465,263
Household businesses, individuals	621,134,929	563,072,219
Administrative units, the Party, unions and associations	53,361,235	45,382,561
Others	35,715,338	45,191,407
	1,249,176,034	1,161,848,113

20. 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	505,248	568,082
Grants, trusted funds and borrowings in foreign currencies	1,886,953	1,959,848
	2,392,201	2,527,930

21. VALUABLE PAPERS ISSUED

	Closing balance	Opening balance
	VND Million	VND Million
Valuable papers in VND	91,370,235	64,496,607
Par value	91,370,235	64,496,607
Valuable papers in foreign currencies	184	178
Par value	184	178
	91,370,419	64,496,785

Details of the term of issued valuable papers:

Valuable papers	Bill	Bearer bonds	Book-entry bonds	Certificate of deposit	Total
	VND Million	VND Million	VND Million	VND Million	VND Million
Closing balance					
Term under 12 months	197	-	-	43,000,000	43,000,197
- VND	197	-	-	43,000,000	43,000,197
Term from 12 months to under 5 years	-	166	-	12,043,826	12,043,992
- VND	-	166	-	12,043,642	12,043,808
- Foreign currency	-	-	-	184	184
Term over 5 years	-	-	36,326,230	-	36,326,230
- VND	-	-	36,326,230	-	36,326,230
	197	166	36,326,230	55,043,826	91,370,419
Opening balance					
Term under 12 months	197	-	-	2,000,000	2,000,197
- VND	197	-	-	2,000,000	2,000,197
Term from 12 months to under 5 years	-	166	-	26,400,192	26,400,358
- VND	-	166	-	26,400,014	26,400,180
- Foreign currency	-	-	-	178	178
Term over 5 years	-	-	36,096,230	-	36,096,230
- VND	-	-	36,096,230	-	36,096,230
	197	166	36,096,230	28,400,192	64,496,785

22. OTHER LIABILITIES

	Closing balance	Opening balance
	VND Million	VND Million
Internal payables	2,524,770	1,749,061
External payables	15,366,185	15,016,254
Bonus and welfare funds	2,596,791	2,249,802
	20,487,746	19,015,117

Details of external payables are as follows:

	Closing balance	Opening balance
	VND Million	VND Million
Payments/receipts on behalf of other organisations	3,896,715	4,948,056
Amount due to customers and deferred payment	84,460	198,806
Corporate income tax payables	2,922,556	721,321
Dividends payable to shareholders	-	3,844,600
Unearned revenue	5,490,441	1,886,157
Other payables relating to securities activities	362,994	1,207,552
Other tax payables	275,055	218,576
Payables to the SBV from recovery of written-off bad debts	-	76,007
Payables relating to trade finance activities	6,000	5,996
Interbank payables	805,824	66,869
Money transfer payables	224,454	347,380
Other pending payments	1,163,971	1,205,076
Other payables	133,715	289,858
	15,366,185	15,016,254

23. THE BANK'S OBLIGATIONS TO THE STATE BUDGET

	Opening balance	Movement in the year		Closing balance
	VND Million	Payable	Paid	VND Million
		VND Million	VND Million	
a. Tax receivables				
Corporate income tax	-	-	2,344	2,344
	-	-	2,344	2,344
a. Tax payables				
Value added tax	68,729	1,034,754	1,021,597	81,886
Corporate income tax	721,321	4,110,690	1,909,455	2,922,556
Other taxes	149,905	1,127,239	1,083,975	193,169
	939,955	6,272,683	4,015,027	3,197,611

24. CAPITAL AND RESERVES

24.1 Statement of changes in owners' equity

	Charter capital	Share premium	Other capital	Foreign exchange reserves	Investment and development fund	Financial reserve fund	Capital supplementar y reserve	Retained earnings	Non- controlling interests	Total
	VND Million	Million	VND Million	Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million
Opening balance	48,057,506	8,974,698	515,908	245,231	70,571	9,026,298	4,576,396	21,488,131	694,772	93,649,511
Profit after tax for the year	-	-	-	-	-	-	-	16,775,074	59,920	16,834,994
Transfer from reserves to other capital	-	-	64,390	-	-	(42,815)	(42,815)	-	-	(21,240)
(Decrease) due to financial statements translation for consolidation	-	-	-	(124,238)	(7,038)	(15,503)	-	-	-	(146,779)
Adjustment of appropriation of funds of previous financial years	-	-	-	-	-	2,286	1,143	(3,429)	-	-
Appropriation to reserves (*)	-	-	-	-	12,292	1,658,416	835,465	(2,506,173)	-	-
Dividends declared	-	-	255,734	-	-	-	-	(255,734)	-	-
Appropriation to bonus and welfare fund (**)	-	-	-	-	-	-	-	(2,026,477)	(15,238)	(2,041,715)
Others	-	(21)	-	-	-	-	(64)	(107,022)	(7)	(107,114)
Closing 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

(*) Representation of the share dividend from subsidiaries' realized profits after tax in the year 2022.

(**) The appropriation to statutory reserves and bonus and welfare fund from 2021 profit according to Resolution of the Board of Directors of the Bank and its subsidiaries made during the year 2022.

24.2 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
Capital of the Government	30,979,325	-	30,979,325	-
Contributed capital (shareholders, members)	17,078,181	-	17,078,181	-
Share premium	8,969,827	-	8,969,827	-
	57,027,333	-	57,027,333	-

24.3 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
- Preference shares (unit)	-	-
Par value of share in circulation (VND)	10,000	10,000

25. INTEREST AND SIMILAR INCOME

	Current year	Prior year
	VND Million	VND Million
Interest from deposits	3,059,911	1,455,828
Interest from loans to customers	92,897,289	74,973,599
Interest from trading, investment in debt securities	6,810,416	6,423,049
Income from guarantee services	873,429	853,304
Interest income from finance leases	372,923	326,565
Other income from credit activities	650,666	595,957
	104,664,634	84,628,302

26. INTEREST AND SIMILAR EXPENSES

	Current year	Prior year
	VND Million	VND Million
Interest expense on deposits	48,089,159	38,076,416
Interest expense on borrowings	3,147,687	971,137
Interest expense on valuable papers issued	3,786,570	3,511,189
Expense on other credit activities	1,849,263	281,095
	56,872,679	42,839,837

27. NET GAIN FROM SERVICES

	Current year	Prior year
	VND Million	VND Million
Income from services	11,549,069	9,572,678
Income from remittance services	3,835,873	3,969,068
Income from trust and agency services	413,861	129,339
Income from consulting services	339,633	206,916
Income from trading and insurance services	3,213,741	2,592,477
Others	3,745,961	2,674,878
Expense for services	(5,687,120)	(4,612,172)
Expense for remittance services	(2,700,073)	(2,042,880)
Income for consulting services	(62,255)	(43,229)
Expense for trust and agency services	(262,439)	(207,144)
Expense for treasury services	(299,859)	(286,045)
Expense for trading and insurance services	(2,005,887)	(1,801,533)
Others	(356,607)	(231,341)
Net gain from services	5,861,949	4,960,506

28. NET GAIN FROM FOREIGN CURRENCY TRADING

	Current year	Prior year
	VND Million	VND Million
Income from trading foreign currencies	8,541,178	5,068,589
- Income from spot trading foreign currencies	2,603,567	1,686,174
- Income from trading gold	1,317,933	1,732,969
- Income from trading currency derivative financial instruments	4,619,678	1,649,446
Expense for trading foreign currencies	(4,985,657)	(3,256,105)
- Expenses for spot trading foreign currencies	(484,448)	(292,940)
- Expense for trading gold	(1,313,509)	(1,848,567)
- Expense for trading currency derivative financial instruments	(3,187,700)	(1,114,598)
Net gain from trading foreign currencies	3,555,521	1,812,484

29. NET (LOSS)/GAIN FROM TRADING SECURITIES AND INVESTMENT SECURITIES

29.1 Net (loss)/gain from trading securities

	Current year	Prior year
	VND Million	VND Million
Income from trading securities	122,938	479,405
(Expense) for trading securities	(65,815)	(57,457)
Provision (made)/reversed for impairment of trading securities	(169,286)	73,916
Net (loss)/gain from trading securities	(112,163)	495,864

29.2 Net (loss)/gain from investment securities

	Current year	Prior year
	VND Million	VND Million
Income from trading investment securities	28,990	-
(Expense) for trading investment securities	(115,969)	(2,998)
Provision reversed for impairment of investment securities	56,795	226,863
Net (loss)/gain from trading investment securities	(30,184)	223,865

30. NET GAIN FROM OTHER ACTIVITIES

	Current year	Prior year
	VND Million	VND Million
Other operating income	7,506,525	4,516,269
Income from recovery of bad debts	5,362,486	3,244,952
Income from transfer, disposals of assets	16,841	7,371
Income from other derivatives	838,171	820,321
Other income	1,289,027	443,625
Other operating expenses	(969,157)	(1,118,203)
Expense for other derivatives	(407,916)	(545,977)
Expense for transfer, disposal of assets	(2,178)	(2,877)
Other expenses	(559,063)	(569,349)
Net profit from other activities	6,537,368	3,398,066

31. INCOME FROM CAPITAL CONTRIBUTION, EQUITY INVESTMENTS

	Current year	Prior year
	VND Million	VND Million
Dividends received in cash from capital contribution, equity investments	87,736	83,771
- from equity investment securities	14,648	13,195
- from capital contribution and long-term investments	73,088	70,576
Share from net profit under equity method of investments in joint ventures	424,508	393,611
	512,244	477,382

32. OPERATING EXPENSES

	Current year	Prior year
	VND Million	VND Million
Taxes, fees and charges	25,107	22,284
Staff cost	11,086,985	10,013,309
- Salaries and allowances	9,213,531	8,183,156
- Salary-based expenses	592,476	590,312
- Other benefits	2,115	1,567
- Other expenses	1,278,863	1,238,274
Expenses for fixed assets	2,692,809	2,903,591
- Depreciation and amortisation expenses	960,674	1,010,988
- Others	1,732,135	1,892,603
Expenses for operating management	4,234,100	3,387,571
- Per diems	179,660	106,724
- Expenses for union activities	18,646	11,400
- Others	4,035,794	3,269,447
Insurance premium for customers' deposits	880,010	772,469
Provision expenses (excluding provision expenses for credit risks; provision for securities)	88,443	86,626
	19,007,454	17,185,850

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

	Current year	Prior year
	VND Million	VND Million
Profit before tax	20,946,059	17,589,156
Adjustments for:		
- Non-taxable dividend income	(421,947)	(401,110)
- Profit before tax of subsidiaries	(592,710)	(1,188,660)
- Income from increase in interest in joint ventures	(90,298)	(14,804)
- Change in provision/revaluation for loans and bonds for consolidation purpose	(71,508)	111,196
- Others	98,776	94,623
Taxable income of the Holding Bank	19,868,372	16,190,402
CIT expense of the Holding Bank based on local taxable income	3,973,674	3,238,080
CIT expense of subsidiaries	136,940	174,080
CIT expense based on the taxable income	4,110,614	3,412,160

34. BASIC EARNINGS PER SHARE

Profit for calculation of basic earnings per share

	Current year	Prior year (Restated)
	VND Million	VND Million
Profit after corporate income tax	16,775,074	14,088,760
Appropriation to bonus and welfare funds (*)	-	(2,026,475)
Profit attributable to common shareholders	16,775,074	12,062,285

(*) The prior year's appropriation to bonus and welfare funds is restated according to actual amount in the Resolution of the Board of Directors of the Bank and its subsidiaries in 2022.

As at the date of the consolidated financial statements, the Bank and its subsidiaries have not yet estimated the appropriation to bonus and welfare funds for the financial year ended 31 December 2022. Therefore, the basic earnings per share is estimated not taking into consideration the appropriation to 2022 bonus and welfare funds. An actual appropriation to bonus and welfare funds for the financial year ended 31 December 2022 will be approved by General Annual Meeting for the year 2023 therefore, there may be a difference in the basic earnings per share in comparison to the above presented figures.

Number of ordinary shares for calculation of basic earnings

According to Resolution No. 179/NQ-HDQT-NHCT2.1 dated 11 June 2021, the Board of Directors of the Bank decided to issue shares to pay dividends at the rate of 100:29.0695 from profit after tax. On 21 July 2021, the Bank completed the share issuance of 1,082,346,053 to pay dividends, which resulted in the basic earnings per share for the year ended 31 December 2021 being restated as follows:

	Current year	Prior year (Restated)
	Share	Share
Weighted average number of ordinary shares to calculate basic earning per share	4,805,750,609	4,805,750,609
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	4,805,750,609	4,805,750,609

Basic earnings per share

	Current year	Prior year (Restated)
	VND	VND
Basic earnings per share	3,491	2,510

The basic earnings per share for the year ended 31 December 2021 are restated as follows:

	<u>Current year</u>	<u>Prior year (Restated)</u>
	<u>Share</u>	<u>Share</u>
Profit attributable to common shareholders (VND)	14,088,760	12,062,285
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (share)	4,209,718,947	4,805,750,609
Basic earnings per share (VND)	3,347	2,510

35. CASH AND CASH EQUIVALENTS

Cash and cash equivalents on the consolidated cash flow statement include items on the 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 and gemstones	11,066,956	11,330,659
Balances with the SBV	29,727,110	23,383,443
Current deposits at other credit institutions	131,699,995	88,559,894
Placements with other credit institutions with terms not exceeding 3 months	63,804,159	41,102,590
Securities with recovery or maturity term not exceeding 3 months from the date of purchase	8,000,000	-
	244,298,220	164,376,586

36. EMPLOYEE'S INCOME

	<u>Current year</u>	<u>Prior year</u>
I. Total average number of employees during the year (person)	24,830	25,154
II. Employees' income (VND Million)		
1. Total salary fund	9,213,531	8,183,156
2. Other allowances	194,123	452,677
3. Total income (1+2)	9,407,654	8,635,833
4. Average monthly salary	30.92	27.11
5. Average monthly income	31.57	28.61

37. COLLATERALS AND MORTGAGES

Assets, valuable papers taken for mortgage, pledge and discount, rediscount

Details of customers' collaterals and mortgages at the Bank at the end of the year are as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Real estate	1,713,903,142	1,497,176,920
Movable assets	66,886,344	67,985,220
Deposits, gold, precious metals, gemstones, valuable papers	164,645,975	215,143,774
Other assets	561,400,615	549,296,722
	<u>2,506,836,076</u>	<u>2,329,602,636</u>

Collaterals and mortgages held by the Bank are permitted to sell to or re-pledge to a third party in case the customer (owner of the collaterals) is able to pay off the debts according to the law.

As at 31 December 2022, the Bank did not hold any collateral which the Bank is permitted to sell or re-pledge to a third party in case the customer (owner of the collaterals) is able to pay off the debt according to the law.

38. TRUST AND AGENCY ACTIVITIES FOR CREDIT INSTITUTIONS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Risk-free trusted fund operations	15,424	20,174
Agent bank services	6,040,960	6,040,960
	<u>6,056,384</u>	<u>6,061,134</u>

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

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Contingent liabilities	159,604,781	110,002,470
Credit guarantees	7,692,271	3,237,485
Letters of Credit (L/C) commitment	73,681,359	46,584,571
Other guarantees	78,231,151	60,180,414
Commitments	313,461,082	583,961,974
Foreign exchange transaction commitments	260,355,738	479,385,067
Other commitments	53,105,344	104,576,907
	<u>473,065,863</u>	<u>693,964,444</u>

40. UNCOLLECTED INTEREST INCOME AND FEES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Uncollected loan interest	7,984,670	7,354,781
Uncollected interest from securities	282,858	476,354
Uncollected fees	86,016	73,179
	<u>8,353,544</u>	<u>7,904,314</u>

41. BAD DEBTS WRITTEN-OFF

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
Principals of written-off bad debts under observation	62,372,393	47,557,911
Interests of written-off bad debts under observation	54,573,860	47,643,660
Other written-off bad debts	1,362	1,362
	<u>116,947,615</u>	<u>95,202,933</u>

42. OTHER PROPERTIES AND VALUABLE PAPERS

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
Other assets in custody	6,063,559	5,345,563
Outsourced assets	11,023,860	10,448,109
Other valuable papers in custody	88,827,993	95,371,753
	<u>105,915,412</u>	<u>111,165,425</u>

43. RELATED PARTY BALANCES AND TRANSACTIONS

Details of significant transactions with related parties during the year ended 31 December 2022 are as follows:

Related party	Relationship	Transactions	<u>Current year</u>	<u>Prior year</u>
			<u>VND Million</u>	<u>VND Million</u>
The State Bank of Vietnam	Direct owner and management agency	Increase/(Decrease) in deposits at the SBV	6,343,667	(34,233,207)
		Increase/(Decrease) in borrowings from the SBV	231,355	(464,500)
Indovina Bank Limited	Joint venture bank	Increase/(decrease) in deposits from related party	989,000	(59,999)
		Dividends received from related party	334,211	378,807
		Interest income from deposits	3,278	1
		Interest expense on deposits	(110)	(20,687)
Bank of Tokyo-Mitsubishi UFJ	Statergic shareholder	(Decrease) in deposits at the Bank	-	(1,100,000)
		(Decrease)/increase in deposits at the Bank	(148,639)	108,083
		(Decrease)/increase in loans at the Bank	(7,517,189)	3,722,981
		(Decrease)/increase the accrued interest payable	(13,724)	4,943
		Interest expenses on deposits	2,663	1,883
		Interest expenses on Loans	16,424	47,352

Details of significant balances with related parties as at 31 December 2022 are as follows:

Related party	Relationship	Balances	Closing	Opening
			VND Million	VND Million
The State Bank of Vietnam	Direct owner and management agency	Demand deposits at the SBV	29,727,110	23,383,443
		Borrowings from SBV	(1,736,629)	(1,505,274)
Indovina Bank Limited	Joint venture bank	Deposits from related party	1,025,483	36,483
		Deposits at related party	(124,277)	(38,714)
Bank of Tokyo-Mitsubishi UFJ	Statergic shareholder	Deposits of the Bank	212,265	360,904
		Loans of the Bank	8,198	7,525,387
		Accrued interest expenses	91	13,815

Details of salaries and allowances of the members of the Board of Directors, Board of Supervisors and Board of Management are as follows:

Name	Title	Appointment/ Resignation Date	Current year	Prior year
			VND Million	VND Million
BOARD OF DIRECTORS			15,391	12,587
Mr. Tran Minh Binh	Chairman	Resigned on 03 July 2021 Appointed on 29 April 2022	2,461	2,370
Mr. Le Duc Tho	Chairman		-	1,329
Mr. Nguyen Duc Thanh	Member		1,987	-
Ms. Tran Thu Huyen	Member		2,124	2,029
Ms. Nguyen Thi Bac	Independent		1,800	1,464
	Member			
Mr. Nguyen The Huan	Member		1,826	1,746
Ms. Pham Thi Thanh Hoai	Member		1,593	1,467
Mr. Tran Van Tan	Member		1,621	1,497
Mr. Le Thanh Tung	Member		1,593	300
Member nominated by MUFI partner	Member		386	385
Mr. Masahiko Oki	Member			
Mr. Masashige Nakazono	Member			
BOARD OF SUPERVISORS			3,678	4,232
Ms. Le Anh Ha	Chief Supervisor		1,589	1,524
Ms. Nguyen Thi Anh Thu	Member		1,174	1,082
Ms. Pham Thi Thom	Member		915	623
Mr. Nguyen Manh Toan	Member	Resigned on 04 November 2021	-	1,003

Name	Title	Appointment/ Resignation Date	Current year VND Million	Prior year VND Million
BOARD OF MANAGEMENT			11,953	11,427
Mr. Nguyen Hoang Dung	Deputy General Director in charge of the Board of Management		2,368	2,167
Mr. Nguyen Tran Manh Trung	Deputy General Director	Appointed on 12 May 2022	1,166	-
Mr. Le Duy Hai	Deputy General Director	Appointed on 09 May 2022	1,067	-
Mr. Hoang Ngoc Phuong	Deputy General Director	Appointed on 12 May 2022	982	-
Mr. Do Thanh Son	Deputy General Director	Appointed on 11 October 2022	420	-
Mr. Tran Cong Quynh Lan	Deputy General Director		2,262	2,174
Mr. Nguyen Dinh Vinh	Deputy General Director		1,921	1,838
Ms. Le Nhu Hoa	Deputy General Director		1,768	1,704
Mr. Nguyen Duc Thanh	Deputy General Director	Resigned on 04 May 2022	-	1,841
Ms. Nguyen Hong Van	Deputy General Director	Resigned on 03 November 2021	-	1,703

44. CONCENTRATION OF ASSETS, LIABILITIES AND OFF-BALANCE-SHEET ITEMS BY GEOGRAPHICAL REGIONS AS AT 31 DECEMBER 2022

	Total loan balance	Total deposits	Credit commitments	Derivatives (Difference between debit - credit)	Trading and investment securities (Difference between debit - credit)
	VND Million	VND Million	VND Million	VND Million	VND Million
Domestic	1,285,202,632	1,486,900,022	159,560,293	3,058,727	182,004,773
Overseas	9,596,370	5,251,213	44,488	-	-
	1,294,799,002	1,492,151,235	159,604,781	3,058,727	182,004,773

45. SEGMENT REPORTS

A business segment is a distinguishable component of the Bank that is engaged in providing products and 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 products and 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	Off-set	Total
		VND Million	VND Million	VND Million	VND Million	VND Million
I.	Income	127,376,035	4,030,025	2,010,249	(490,732)	132,925,577
1.	Interest income	103,781,428	638,519	385,758	(141,071)	104,664,634
	- External interest income	103,674,509	607,546	382,579	-	104,664,634
	- Internal interest income	106,919	30,973	3,179	(141,071)	-
2.	Income from services	8,448,092	3,339,378	6,809	(245,210)	11,549,069
3.	Other income	15,146,515	52,128	1,617,682	(104,451)	16,711,874
II.	Expenses	(82,656,482)	(3,585,287)	(1,944,475)	369,903	(87,816,341)
1.	Interest expenses	(56,662,181)	(151,593)	(199,976)	141,071	(56,872,679)
	- External interest expenses	(56,617,204)	(55,500)	(199,976)	1	(56,872,679)
	- Internal interest expenses	(44,977)	(96,093)	-	141,070	-
2.	Depreciation and amortisation expenses	(938,414)	(13,649)	(8,611)	-	(960,674)
3.	Expenses directly related to operating business	(25,055,887)	(3,420,045)	(1,735,888)	228,832	(29,982,988)
	Net profit from operating activities before provision expenses for credit losses	44,719,553	444,738	65,774	(120,829)	45,109,236
	Provision expenses for credit losses	(24,180,014)	(34,249)	636	50,450	(24,163,177)
	Segment profit before tax	20,539,539	410,489	66,410	(70,379)	20,946,059
	Current corporate income tax expense	(3,993,274)	(82,865)	(34,925)	(1)	(4,111,065)
	Segment profit after corporate income tax	16,546,265	327,624	31,485	(70,380)	16,834,994
III.	Assets	1,799,013,299	11,061,581	5,223,901	(6,869,017)	1,808,429,764
1.	Cash on hand	11,041,493	662	24,801	-	11,066,956
2.	Fixed assets	10,071,718	86,605	43,868	-	10,202,191
3.	Other assets	1,777,900,088	10,974,314	5,155,232	(6,869,017)	1,787,160,617
IV.	Liabilities	1,693,515,553	7,759,337	3,506,204	(4,518,987)	1,700,262,107
1.	External liabilities	1,688,548,839	7,638,631	3,472,063	(4,518,987)	1,695,140,546
2.	Internal liabilities	4,966,714	120,706	34,141	-	5,121,561

Geographical segment report

NO. ITEMS	Northern (*) VND Million	Southern VND Million	Others VND Million	Off-set VND Million	Total VND Million
I. Segment profit before tax	2,814,503	13,715,260	4,486,674	(70,378)	20,946,059
Current corporate income tax	(4,096,587)	(3,110)	(11,368)	-	(4,111,065)
II. Segment profit after corporate income tax	(1,282,084)	13,712,150	4,475,306	(70,378)	16,834,994
III. Segment assets	1,075,845,597	545,159,248	194,293,938	(6,869,019)	1,808,429,764
IV. Segment liabilities	984,572,621	531,309,210	188,899,263	(4,518,987)	1,700,262,107

(*) As at 31 December 2022, the Head Office in Northern region calculated and paid corporate income tax for all Bank's branches.

46. 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 enhancing 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 Circular No. 13/2018/TT-NHN and amendments and supplements of the regulatory authorities ("Circular 13") stipulating 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 assess capital adequacy requirement internally.

In 2022, 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 risk related to financial instruments, 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 limitation and safety ratios for operation; requirements for 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 for risk management in accordance with Basel II.

47. 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-capital 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 Treasury and Financial Planning 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.

ITEMS	EUR equivalent	USD equivalent	Other currencies equivalent	Total
	VND Million	VND Million	VND Million	VND Million
Assets				
Cash, gold and gemstones	195,379	790,018	162,669	1,148,066
Balances with the SBV	19,792	291,249	-	311,041
Placements with and loans to other credit institutions (*)	896,258	89,414,196	35,908,587	126,219,041
Derivative financial instruments and other financial assets	-	847,548	-	847,548
Loans to customers (*)	5,944,552	70,959,432	1,811,302	78,715,286
Fixed assets	33,551	-	172,895	206,446
Other assets (*)	1,686,861	25,814,210	84,927	27,585,998
Total assets	8,776,393	188,116,653	38,140,380	235,033,426
Liabilities and owners' equity				
Deposits and borrowings from other credit institutions	574,833	109,365,505	1,821,160	111,761,498
Deposits from customers	2,895,389	65,360,358	1,721,033	69,976,780
Derivative financial instruments and other financial liabilities	1,192,089	11,761,382	34,539,771	47,493,242
Grants, trusted funds and borrowings where the Bank bears risks	-	1,886,953	-	1,886,953
Valuable papers issued	-	184	-	184
Other liabilities (*)	3,896,019	955,421	22,750	4,874,190
Total liabilities and owners' equity	8,558,330	189,329,803	38,104,714	235,992,847
Balance sheet currency position	218,063	(1,213,150)	35,666	(959,421)

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48. 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 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, 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.

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VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE
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	Non - interest bearing	Overdue		Current						Total
		Over 3 months	Within 3 months	Within 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	VND Million	VND Million
Assets										
Cash, gold and	11,066,956	-	-	-	-	-	-	-	-	11,066,956
Balances with the SBV	29,727,110	-	-	-	-	-	-	-	-	29,727,110
Placements with and loans to other credit institutions (*)	-	-	-	196,312,394	24,250,987	14,012,418	7,856,154	-	-	242,431,953
Trading securities (*)	-	-	-	1,622,967	-	-	-	-	-	1,622,967
Derivative financial instruments and other financial assets	-	-	-	3,058,727	-	-	-	-	-	3,058,727
Loans to customers (*)	-	15,800,980	29,958,469	422,410,045	378,705,289	317,631,746	75,270,548	34,177,691	866,941	1,274,821,709
Investment securities (*)	4,535,179	-	-	476,669	14,471,493	21,581,986	27,927,525	39,960,681	71,428,273	180,381,806
Capital contribution, long-term investments	3,537,622	-	-	-	-	-	-	-	-	3,537,622
Fixed assets	10,202,191	-	-	-	-	-	-	-	-	10,202,191
Other assets (*)	53,539,988	61,626	-	6,936,058	12,414,307	8,001,095	755,031	-	-	81,708,105
Total assets	112,609,046	15,862,606	29,958,469	630,816,860	429,842,076	361,227,245	111,809,258	74,138,372	72,295,214	1,838,559,146
Liabilities										
Borrowings from the Government and the SBV	-	-	-	101,549,631	2,208,989	637,176	383,506	-	-	104,779,302
Deposits and borrowings from other credit institutions	-	-	-	152,453,107	47,941,870	8,273,187	761,679	-	-	209,429,843
Deposits from customers	-	-	-	547,131,704	194,442,335	198,846,824	261,833,836	46,917,212	4,123	1,249,176,034
Grants, trusted funds and borrowings where the Bank bears riskss	-	-	-	-	1,574,426	817,775	-	-	-	2,392,201
Valuable papers issued	-	-	-	500,561	16,900,000	23,515,100	46,314,298	1,700,460	2,440,000	91,370,419
Other liabilities (*)	42,075,518	-	-	-	-	-	-	-	-	42,075,518
Total liabilities	42,075,518	-	-	801,635,003	263,067,620	232,090,062	309,293,319	48,617,672	2,444,123	1,699,223,317
Balance sheet net interest gap	70,533,528	15,862,606	29,958,469	(170,818,143)	166,774,456	129,137,183	(197,484,061)	25,520,700	69,851,091	139,335,829

(*) Excluding provision

49. 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 a 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 Treasury and Financial Planning 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 Treasury and Financial Planning 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 Treasury and Financial Planning 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 Treasury and Financial Planning 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.

VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE
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	Overdue		Current					Total
	Over 03 months	Within 03 months	Within 01 month	From 01 to 03 months	From 03 to 12 months	From 01 to 05 years	Over 05 years	
	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million
Assets								
Cash, gold and gemstones	-	-	11,066,956	-	-	-	-	11,066,956
Balances with the SBV	-	-	29,727,110	-	-	-	-	29,727,110
Placements with and loans to other credit institutions (*)	-	-	196,312,393	24,250,987	21,868,573	-	-	242,431,953
Trading securities (*)	-	-	1,622,967	-	-	-	-	1,622,967
Derivative financial instruments and other financial assets	-	-	3,058,727	-	-	-	-	3,058,727
Loans to customers (*)	15,800,980	29,958,469	93,176,573	267,428,479	467,326,880	188,050,797	213,079,531	1,274,821,709
Investment securities (*)	-	-	4,629,888	14,471,493	49,509,511	39,960,681	71,810,233	180,381,806
Capital contribution, long-term investments (*)	-	-	-	-	-	-	3,537,622	3,537,622
Fixed assets	-	-	-	-	-	-	10,202,191	10,202,191
Other assets (*)	61,626	-	10,691,246	28,573,288	25,587,957	1,897,135	14,896,853	81,708,105
Total assets	15,862,606	29,958,469	350,285,860	334,724,247	564,292,921	229,908,613	313,526,430	1,838,559,146
Liabilities								
Borrowings from the Government and the SBV	-	-	101,549,631	2,208,989	1,020,682	-	-	104,779,302
Deposits and borrowings from other credit institutions	-	-	152,453,107	21,559,038	24,421,725	10,964,780	31,193	209,429,843
Deposits from customers	-	-	184,521,207	197,978,423	606,951,444	259,711,011	13,949	1,249,176,034
Grants, trusted funds and borrowings where the Bank bears risks	-	-	224,002	38,351	58,617	456,506	1,614,725	2,392,201
Valuable papers issued	-	-	609,189	16,900,000	36,285,000	1,700,000	35,876,230	91,370,419
Other liabilities (*)	-	-	19,226,902	11,473,735	8,454,985	2,919,896	-	42,075,518
Total liabilities	-	-	458,584,038	250,158,536	677,192,453	275,752,193	37,536,097	1,699,223,317
Net liquidity difference	15,862,606	29,958,469	(108,298,178)	84,565,711	(112,899,532)	(45,843,580)	275,990,333	139,335,829

(*) Excluding provision.

50. CREDIT RISK

Credit risk is the risk that results in the Bank's loss because its customers or counterparties default on their contractual obligations or fail to fulfil their committed obligations.

With the orientation of improving financial capacity, strictly controlling credit quality to ensure sustainable and effective growth, the Bank always tries to actively review and control the quality of credit portfolio, implement synchronously credit risk management at both portfolio and transaction levels. Accordingly:

- At portfolio level: in addition to establishing risk limits and annual credit orientation, the Bank regularly monitors the credit portfolio to give early warning about banks having indicators of potential risks (through Early Warning System, remote monitoring and face-to-face inspection) and strengthens credit granting secured by assets.
- At transaction level: the Bank focuses on the appraisal and thorough screening of customers, strengthens management and supervision, cash flow control and asset quality, and closely monitors customer activities to give appropriate and timely responses, minimizing the impact on the Bank's debt quality.

Maximum exposures to credit risk irrespective of collateral or their credit enhancement

Maximum exposures to credit risk irrespective of collateral or their credit enhancement for each asset class equal to the carrying amount (excluding provision) of that asset class on the separate statement of financial position as at 31 December 2022 which presented as follows:

	Undue and unimpaired	Overdue and unimpaired	Overdue and impaired	Total
	VND Million	VND Million	VND Million	VND Million
	242,431,953	-	-	242,431,953
Placements with and loans to other credit institutions				
- <i>Placements with other credit institutions</i>	222,454,660	-	-	222,454,660
- <i>Loans to other credit institutions</i>	19,977,293	-	-	19,977,293
Loans to customers	1,211,740,669	1,293,299	61,787,741	1,274,821,709
Investment securities	180,381,776	30	-	180,381,806
- <i>Available-for-sale investment securities</i>	178,685,028	-	-	178,685,028
- <i>Held-to-maturity investment securities</i>	1,696,748	30	-	1,696,778
Total	1,634,554,398	1,293,329	61,787,741	1,697,635,468

51. EXCHANGE RATES OF SOME FOREIGN CURRENCIES AT THE END OF THE YEAR

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
USD	23,543.00	22,800.00
EUR	25,093.00	25,835.00
GBP	28,335.00	30,798.00
CHF	25,207.27	24,974.00
JPY	178.51	198.17
SGD	17,550.00	16,897.00
CAD	17,381.00	17,916.00
AUD	16,170.31	16,577.00
NZD	14,914.00	15,601.00
THB	669.17	686.75
SEK	2,255.00	2,491.00
NOK	2,355.42	2,563.00
DKK	3,375.00	3,474.00
HKD	3,019.00	2,855.00
CNY	3,390.00	3,587.00
KRW	16.91	19.91
LAK	1.37	2.04
MYR	5,329.00	5,329.00

52. SUBSEQUENT EVENTS

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

53. COMPARATIVE FIGURES

The comparative figures are the figures of the audited consolidated financial statements for the year ended 31 December 2021.

Certain representations have been made to the prior year's figures to enhance their comparability with the current year's presentation. Details are as follows:

	Previously presented on the consolidated financial statements for the year ended 31/12/2021	Additional presentation according to Circular 27	Presented on the consolidated financial statements for the year ended 31/12/2022
Off-balance-sheet items	VND Million	VND Million	VND Million
Uncollected interest income and fees	No presentation	7,904,314	7,904,314
Bad debts written off	No presentation	95,202,933	95,202,933
Other properties and valuable papers	No presentation	111,165,425	111,165,425

Prepared by



Ngo Xuan Hai
Head of Financial
Accounting Department

Approved by



Nguyen Hai Hung
Chief Accountant

Approved by



Nguyen Tran Manh Trung
Deputy General Director

30 March 2023