



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

(Incorporated in the Socialist Republic of Vietnam)

**REVIEWED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

For the 6-month period ended 30 June 2022

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

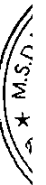
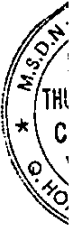


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STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Vietnam Joint Stock Commercial Bank for Industry and Trade (the "Bank") presents this report together with the Bank's interim consolidated financial statements for the 6-month period ended 30 June 2022.

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

Board of Directors

Mr. Tran Minh Binh	Chairman
Mr. Nguyen Duc Thanh	Member (appointed on 29 April 2022)
Ms. Tran Thu Huyen	Member
Ms. Nguyen Thi Bac	Independent 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. 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 interim consolidated financial statements, which give a true and fair view of the interim consolidated financial position of the Bank as at 30 June 2022, and of its interim consolidated financial performance and its interim consolidated cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to interim consolidated financial reporting. In preparing these interim consolidated financial statements, the Board of Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the interim consolidated financial statements;
- Prepare the interim consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the interim consolidated financial statements so as to minimize errors and frauds.

The Board of Management is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the consolidated financial position of the Bank, and that the interim consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to interim consolidated financial reporting. The Board of Management is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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

For and on behalf of the Board of Management,



Nguyen Tran Manh Trung
Deputy General Director

Hanoi, 15 August 2022

No.: 0278/VN1A-HN-BC

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

We have reviewed the accompanying interim consolidated financial statements of Vietnam Joint Stock Commercial Bank for Industry and Trade (the "Bank"), prepared on 15 August 2022 as set out from page 05 to page 56, which comprise the interim consolidated statement of financial position as at 30 June 2022, the interim consolidated income statement and the interim consolidated cash flow statement for the 6-month period then ended, and a summary of significant accounting policies and other explanatory information.

Board of Management's Responsibility

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

Auditors' Responsibility

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the interim consolidated financial position of the Bank as at 30 June 2022, and its interim consolidated financial performance and its interim consolidated cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to interim consolidated financial reporting.

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Other matters

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 statements on 31 March 2022.

The interim consolidated financial statements of the Bank for the 6-month period ended 30 June 2021 were reviewed by another auditor who expressed an unmodified conclusion on those statements on 13 August 2021.



Khue Thi Lan Anh

Deputy General Director

Audit Practising Registration Certificate

No. 0036-2018-001-1

DELOITTE VIETNAM AUDIT COMPANY LIMITED

15 August 2022

Hanoi, S.R. Viet Nam

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

Unit: VND Million

NO. ITEMS	Notes	Closing balance	Opening balance
A. ASSETS			
I. Cash, gold and gemstones		9,828,518	11,330,659
II. Balances with the State Bank of Vietnam ("SBV")		25,161,218	23,383,443
III. Placements with and loans to other credit institutions		188,515,680	149,316,646
1. Placements with other credit institutions		168,062,030	129,799,364
2. Loans to other credit institutions		20,453,650	19,517,282
IV. Trading securities	5	1,262,081	2,475,309
1. Trading securities		1,275,396	2,522,807
2. Provisions for impairment of trading securities		(13,315)	(47,498)
V. Derivative financial instruments and other financial assets	6	7,482,072	1,454,790
VI. Loans to customers		1,206,862,124	1,104,872,665
1. Loans to customers	7	1,238,483,280	1,130,667,767
2. Provisions for credit losses of loans to customers	8	(31,621,156)	(25,795,102)
VII. Investment securities	9	178,123,432	177,544,548
1. Available-for-sale investment securities	9.1	175,554,195	174,973,469
2. Held-to-maturity investment securities	9.2	2,696,926	2,696,832
3. Provisions for impairment of investment securities		(127,689)	(125,753)
VIII. Capital contribution, long-term investments	10	3,330,367	3,290,027
1. Investments in joint-ventures	10.1	3,117,098	3,073,356
2. Other long-term investments		234,462	240,662
3. Provisions for impairment of long-term investments		(21,193)	(23,991)
IX. Fixed assets		10,122,739	10,496,152
1. Tangible fixed assets		5,912,813	6,192,822
a. Cost		15,755,493	15,773,302
b. Accumulated depreciation		(9,842,680)	(9,580,480)
2. Intangible assets		4,209,926	4,303,330
a. Cost		6,666,347	6,627,694
b. Accumulated amortisation		(2,456,421)	(2,324,364)
X. Other assets	11	60,373,664	47,423,159
1. Other receivables	11.1	46,652,927	34,233,578
2. Interest and fee receivables		10,498,967	9,856,571
3. Deferred tax assets		344	338
4. Other assets	11.2	3,291,805	3,403,230
5. Provisions for impairment of other assets		(70,379)	(70,558)
TOTAL ASSETS		1,691,061,895	1,531,587,398

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2022

Unit: VND Million

NO.	ITEMS	Notes	Closing balance	Opening balance
B.	LIABILITIES AND OWNERS' EQUITY			
I.	Borrowings from the Government and the SBV	12	59,478,812	33,294,404
1.	Deposits and borrowings from the Government and the SBV		59,478,812	33,294,404
II.	Deposits and borrowings from other credit institutions	13	217,176,920	138,833,846
1.	Deposits from other credit institutions		95,578,340	33,670,804
2.	Borrowings from other credit institutions		121,598,580	105,163,042
III.	Deposits from customers	14	1,205,567,462	1,161,848,113
IV.	Grants, trusted funds and borrowings where the Bank bears risks	15	2,460,313	2,527,930
V.	Valuable papers issued	16	65,446,788	64,496,785
VI.	Other liabilities		38,149,519	36,936,809
1.	Accrued fee and interest expenses		20,803,940	16,867,319
2.	Other payables and liabilities	17	16,259,907	19,015,117
3.	Other provisions		1,085,672	1,054,373
	TOTAL LIABILITIES		1,588,279,814	1,437,937,887
VII.	Capital and reserves	19	102,782,081	93,649,511
1.	Contributed capital		57,612,492	57,548,112
a.	Charter capital		48,057,506	48,057,506
b.	Share premium		8,974,688	8,974,698
c.	Other capital		580,298	515,908
2.	Reserves		13,658,609	13,673,265
3.	Foreign exchange reserves		115,464	245,231
4.	Retained earnings		30,646,543	21,488,131
5.	Non-controlling interests		748,973	694,772
	TOTAL LIABILITIES AND OWNERS' EQUITY		1,691,061,895	1,531,587,398

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2022

Unit: VND Million

OFF-BALANCE-SHEET ITEMS

NO. ITEMS	Notes	Closing balance	Opening balance
1. Credit guarantees	28	4,223,421	3,237,485
2. Foreign exchange transactions commitments	28	414,175,303	479,385,067
Foreign currency purchase commitments		11,454,894	5,748,679
Foreign currency sale commitments		11,555,318	5,964,386
Cross currency swap contracts		391,165,091	467,672,002
3. Letters of credit (L/C) commitment	28	72,741,942	46,584,571
4. Other guarantees	28	66,722,347	60,180,414
5. Other commitments	28	82,981,293	104,576,907
6. Uncollected loan interest and fees		8,983,033	7,904,314
7. Bad debts written-off		100,474,024	95,202,933
8. Other properties and valuable papers		110,132,731	111,165,425

Prepared by



Ngo Xuan Hai
Head of Financial Accounting
Management Department

Approved by



Nguyen Hai Hung
Chief Accountant

Approved by



Nguyen Tran Manh Trung
Deputy General Director

15 August 2022

INTERIM CONSOLIDATED INCOME STATEMENT

For the 6-month period ended 30 June 2022

Unit: VND Million

NO.	ITEMS	Notes	Current period	Prior period
1.	Interest and similar income	20	47,191,315	42,415,587
2.	Interest and similar expenses	21	(25,032,525)	(20,894,867)
I.	Net interest income		22,158,790	21,520,720
3.	Income from services		5,148,863	4,670,019
4.	Expenses on services		(2,310,503)	(2,030,026)
II.	Net profit from services		2,838,360	2,639,993
III.	Net gain from trading foreign currencies		1,597,299	856,415
IV.	Net gain from trading securities	22.1	56,493	249,504
V.	Net (loss) from investment securities	22.2	(1,707)	(88,290)
5.	Other operating income		3,588,267	2,145,227
6.	Other operating expenses		(599,435)	(572,413)
VI.	Net profit from other activities		2,988,832	1,572,814
VII.	Income from capital contribution, equity investments	23	372,804	254,794
VIII.	Operating expenses	24	(8,093,357)	(7,699,305)
IX.	Net profit from operating activities before credit provision expenses		21,917,514	19,306,645
X.	Provision expenses for credit losses		(10,309,956)	(8,456,388)
XI.	Profit before tax		11,607,558	10,850,257
7.	Current corporate income tax expense	25	(2,228,795)	(2,120,491)
8.	Differed tax expense		-	37,842
XII.	Corporate income tax expense		(2,228,795)	(2,082,649)
XIII.	Profit after corporate income tax		9,378,763	8,767,608
XIV.	Non-controlling interests		69,443	55,880
XV.	Profit attributable to the owners of the Bank		9,309,320	8,711,728
XVI.	Basic earnings per share (VND)	26	1,937	1,813

Prepared by



Ngo Xuan Hai
Head of Financial Accounting
Management Department

Approved by



Nguyen Hai Hung
Chief Accountant



Nguyen Tran Manh Trung
Deputy General Director

15 August 2022

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

INTERIM CONSOLIDATED CASH FLOW STATEMENT

For the 6-month period ended 30 June 2022

Unit: VND Million

NO. ITEMS	Current period	Prior period
CASH FLOW FROM OPERATING ACTIVITIES		
01. Interest and similar income received	46,533,294	40,562,760
02. Interest and similar expenses paid	(21,111,893)	(21,634,978)
03. Income received from services	2,700,684	2,598,486
04. Net cash from dealing in foreign currencies, gold and trading securities	1,580,043	1,563,165
05. Other income	4,245,281	55,024
06. Cash recovered from bad debts written off or compensated by provision for credit losses	2,131,979	1,536,834
07. Payments to employees and for operating management	(7,717,602)	(8,066,712)
08. Corporate income tax paid for the period	(1,834,771)	(1,332,297)
Net cash from operating profit before movements in assets and working capital	26,527,015	15,282,282
Movement in operating assets	(146,739,270)	(112,097,776)
09. (Increase) in placements with and loans to other credit institutions	(17,204,154)	(3,256,192)
10. Decrease/(Increase) in trading securities	632,407	(36,244,651)
11. (Increase) in derivatives and other financial assets	(6,027,282)	(1,304,055)
12. (Increase) in loans to customers	(107,815,513)	(61,247,524)
13. (Decrease) in provision for credit losses on bad debts, corporate bonds and special bonds	(4,483,807)	(2,348,397)
14. (Increase) in other operating assets	(11,840,921)	(7,696,957)
Movement in operating liabilities	146,563,576	123,272,377
15. Increase in borrowings from the Government and the SBV	26,184,408	35,288,557
16. Increase in deposits and borrowings from other credit institutions	78,343,074	36,007,895
17. Increase in deposits from customers	43,719,349	49,181,277
18. Increase in valuable papers issued (excluding valuable papers charged to financial activities)	950,003	5,084,997
19. (Decrease) in grants, trusted funds and borrowings where the Bank bears risks	(67,617)	(79,240)
20. (Decrease) in other operating liabilities	(2,565,641)	(2,211,109)
I. Net cash generated by operating activities	26,351,321	26,456,883

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

INTERIM CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the 6-month period ended 30 June 2022

Unit: VND Million

NO. ITEMS	Current period	Prior period
CASH FLOWS FROM INVESTING ACTIVITIES		
01. Acquisition of fixed assets	(201,102)	(177,528)
02. Proceeds from sales, disposals of fixed assets	7,798	2,744
03. Expenses on sales, disposals of fixed assets	(535)	(131)
04. Proceeds from investments in other entities	6,200	-
05. Dividends and profit received from long-term investments and capital contribution	56,431	42,336
II. Net cash (used in) investing activities	(131,208)	(132,579)
CASH FLOWS FROM FINANCING ACTIVITIES		
01. Dividends paid to shareholders	(3,844,600)	(21,267)
III. Net cash (used in) financing activities	(3,844,600)	(21,267)
IV. Net increase in cash and cash equivalents	22,375,513	26,303,037
V. Cash and cash equivalents at the beginning of the period	164,376,586	160,175,076
VI. Effects of changes in foreign exchange rates	(104,999)	60,239
VII. Cash and cash equivalents at the end of the period (Note 27)	186,647,100	186,538,352

Prepared by



Ngo Xuan Hai
Head of Financial Accounting
Management Department

Approved by



Nguyen Hai Hung
Chief Accountant

Approved by



Nguyen Tran Manh Trung
Deputy General Director

15 August 2022

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION

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

Establishment and operation

The Bank was incorporated on the basis of equitizing Vietnam Bank for Industry and Trade, a State-owned commercial bank that was incorporated under the name of Vietnam Industrial and Commercial Bank in accordance with Decree No. 53/ND-HDBT dated 26 March 1988 of the Council of Ministers on the organization of the State Bank of Vietnam ("SBV"). The Bank was officially renamed Vietnam Bank for Industry and Trade in accordance with Decision No. 402/CT dated 14 November 1990 granted by the Chairman of the Council of Ministers, and 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 12th amended Enterprise Registration Certificate No. 0100111948 was the latest Certificate 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, State Bank of Vietnam 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 Law on the State Bank of Vietnam 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; supplying interest rate derivatives; providing securities depository and gold trading services; e-wallet; supplying commodity price derivative products; investing in Government bond futures contracts.

Charter capital

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

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

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

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

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

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

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

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

Accordingly, as at 30 June 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 30 June 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; nine (09) administrative units including: one (01) School of Human Resource Development and Training; one (01) Information Technology Centre; one (01) Card centre; one (01) Trade Finance Centre; five (05) Cash management centres; one hundred and fifty seven (157) branches (including two (02) overseas branches).

Subsidiaries

As at 30 June 2022, the Bank has seven (07) subsidiary companies and one (01) subsidiary bank as follows:

	Name	Operating Licence	Nature of Business	Ownership
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%

	Name	Operating Licence	Nature of Business	Ownership
2	VietinBank Securities Joint Stock Company	Establishment and Operation License No. 107/UBCK-GP dated 01 July 2009 issued by the State Securities Commission and Amended License No. 41/GPDC-UBCK dated 26 May 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/GPDC27/KDBH dated 13 June 2019 by the Ministry of Finance	Non-life insurance	73.4%
5	VietinBank Gold and Jewellery Trading Company Limited	Business Registration Certificate No. 0105011873/GP dated 25 November 2010 granted by Hanoi Authority for Planning and Investment, the 7 th amendment dated 22 July 2019	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. 102/GPDC-UBCK dated 09 November 2021	Fund management	100%
7	VietinBank Global Money Transfer Company Limited	Business 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	Business Registration Certificate No. 068/NHCHDCNDL dated 08 July 2015 granted by Bank of the Lao P.D.R	Finance and banking	100%

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Employees

The total number of employees of the Bank and its subsidiaries as at 30 June 2022 was 25,076 (as at 31 December 2021: 25,154).

2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD

Accounting convention

The accompanying interim consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime applicable to credit institutions in Vietnam and legal regulations relating to interim consolidated financial reporting. However, due to the Bank's large scale of operation, for the purpose of preparing these interim consolidated financial statements, the figures are rounded to and presented in millions of Vietnam Dong (VND Million). This presentation does not materially impact the interim consolidated financial statements in terms of the interim consolidated financial position, the interim consolidated results of operations and interim consolidated cash flows of the Bank. With regard to the number of shares, the Bank presented the items in Note 19.2.

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

Accounting period

The Bank's financial year begins on 01 January and ends on 31 December. The accompanying interim consolidated financial statements were prepared for the 6-month period ended 30 June 2022.

3. 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 interim consolidated financial statements in the operating period include:

- Amending and supplementing some details in accounting of some accounts 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 restated for comparison purposes (as detailed in Note 38).

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 interim consolidated financial statements in the operating period 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 interim consolidated financial statements for the 6-month period ended 30 June 2022.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Basis of consolidation

The interim consolidated financial statements incorporate the interim separate financial statements of the Bank and the interim financial statements of the enterprises/bank controlled by the Bank (its subsidiaries) for the 6-month period ended 30 June 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 period are included in the interim consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the interim financial statements of subsidiaries to bring the accounting policies used in line with those used by the Bank. All internal transactions and balances between the Bank and its subsidiaries and among subsidiaries are eliminated in full on consolidation for the interim consolidated financial statement.

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 period 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.

Goodwill

Goodwill represents the excess of the cost of acquisition over the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of subsidiaries or joint ventures at the date of acquisition. Goodwill is recognised as other asset and is amortised on the straight-line basis over its estimated period of benefit of 10 years.

Goodwill arising from the acquisition of jointly controlled entities is included in the carrying amount of the jointly controlled entities. Goodwill arising from the acquisition of subsidiaries is presented separately as other asset in the interim consolidated statement of financial position. On disposal of a subsidiary or a jointly controlled entities, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

Foreign currencies

According to the Bank's accounting system, all transactions are recorded in original currencies. At the time of the interim consolidated financial statements, monetary assets and liabilities denominated in foreign currencies are translated into VND using the average buying and selling spot exchange rates at the close of business of the period-end date if the difference between this rate and the weighted average buying and selling exchange rate of the same day is less than 1% (see details of foreign currency rates applied as at 30 June 2022 in Note 36). Otherwise, the Bank uses the weighted average buying and selling exchange rates ruling at the period-end date for conversion. Income and expenses arising in foreign currencies of the Bank are converted into VND at 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 to the interim consolidated income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash, gold, gemstones, precious metals, current accounts at the SBV, current accounts and time deposits with term of three months or less from the deposit date.

Placements with and loans to other credit institutions

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

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

Derivatives

Foreign currency forward and swap contracts

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

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

Interest rate swap contracts

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

Loans to customers

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

Provision for credit losses

Classification of loans and provision for credit losses

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

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

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

The Bank and its subsidiaries maintain the debt group for certain loans as stipulated in Circular No. 10/2015/TT-NHNN dated 22 July 2015 and Circular No. 25/2018/TT-NHNN dated 24 October 2018 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 following groups: Standard, Special mention, Substandard, Doubtful and Loss. Loans classified as either Substandard, Doubtful or Loss are considered as bad debts. Loan classification and provision for credit losses will be made at the end of each month and recognised in the following month. Provision for credit losses as at 30 June is recognized in the interim consolidated income statement for that period.

Net credit risk exposure for each item is calculated by subtracting the discounted value of collateral which is subject to discount rates in accordance with Circular 11 from the remaining loan balance. Specific provision is made based on the net credit risk exposure of each item using the prescribed provision rates as follows:

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

In accordance with Circular 03, the Bank 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.

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

Write-off of bad debts

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

Classification of off-balance-sheet commitments

The Bank classifies guarantee, acceptances of payment and unconditional, irrevocable loan commitments with specific effective date (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 in order 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 received from trading securities are recognized on the cash basis in the interim consolidated income statement.

These securities are subject to impairment review at the date of the interim consolidated financial statements. Provisions for securities that are 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 recognized in the interim consolidated income statement as "Net gain/ (loss) from trading securities".

Investment securities

Available-for-sale securities

Available-for-sale securities include debt and equity securities that the Bank and/or its subsidiaries holds for investment and ready-for-sale purposes, not frequently traded but can be sold at any time they are profitable. 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 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 amortisation (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 amortisation (if any), is also recorded in a separate account.

During the term of those securities, available-for-sale securities are recorded at par value minus/plus remaining discount/premium (if any) after being amortised into the interim consolidated income statement using the straight-line method over the estimate remaining term of securities. Interest payment received during the holding period is recorded as follows: accumulative interest income before the purchasing date is deducted 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 upfront is recorded as income from securities investment using the straight-line method over the investment period.

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

Held-to-maturity investment securities

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

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

Reclassification

According to Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 by the SBV, reclassification after 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 total value of the portfolio), the Bank will disclose the effect of reclassification on total assets, liabilities, equity, income and expenses of the Bank in the interim consolidated financial statements.

Other long-term investments

Other long-term investments represent capital investments of the Bank and/or its subsidiaries in other enterprises at which the Bank and/or its subsidiaries either owns less than 11% of the voting rights and

is a founding shareholder; or a strategic partner; or is capable of controlling, to some extent, the process of initiating and approving financial and operating policies of the investees, which is evidenced by a written agreement on delegating personnel for representation in the Board of Directors/Board of Management. These investments are initially recognized at cost at the transaction date and always carried at that cost during the subsequent holding period.

Provision for impairment of capital contribution, long-term investments

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

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

Recognition

The Bank and/or its subsidiaries recognizes investment securities and other investments at the date when contracts are signed and effective (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 Reverse Repurchase Agreements

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

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

Trust activities and trusted funds

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

Tangible fixed assets

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

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

Intangible assets

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

Expenditures for improvements and renewals of intangible assets are capitalized; other expenditures are charged to the interim consolidated income statement when incurred. When intangible assets are sold or disposed, their cost and accumulated amortisation are written off from the interim consolidated statement of financial position and any gains or losses resulting from their disposals are recorded in the interim consolidated income statement.

Leasing

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

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

Depreciation and amortization

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

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

The cost of the land use rights is not amortized if it is granted by the Government of Vietnam for an indefinite term. Definite land use rights are amortized over the lease term or usage time.

Prepayments

Prepayments include actual expenses that have arisen but are related to the results of production and business activities of many accounting period. Prepayments comprise prepaid office rentals and other long-term prepaid expenses.

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

Other long-term prepayments include repair, maintenance costs for assets, costs of tools and supplies issued for consumption, prepaid service charges and other prepayments, which are expected to provide future economic benefits to the Bank. These expenses are capitalized as prepayments and are allocated to the interim consolidated income statement using the straight-line method over the period from one to three years 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 or based on the expected loss for the following cases: institutional debtors who have fallen into bankruptcy or have been in the process of dissolution; or individual debtors who are missing, escaping, prosecuted, on trial or passed away even though receivables are not overdue. Provision expense incurred is recorded as "Operating expenses" in the interim consolidated income statement during the period.

Provision rates for overdue 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 accounting period.

Capital and reserves

Common shares

Common shares are classified as owners' equity.

Share premium

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

Treasury shares

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

Reserves

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

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

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

- VietinBank Securities Joint Stock Company and VietinBank Fund Management Company Limited appropriated the Companies' net profit after tax for reserves 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 at prescribed rates as below:
 - The balance of the charter capital supplementary 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 are used to supplement the charter capital or in accordance with decision of the General Shareholders' Meeting, Board of Member or Chairman 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 criteria are met as prescribed by securities law.
- VietinBank Insurance Joint Stock Corporation appropriated Company's net profit after tax for statutory reserves 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.

These reserves will be built up at the end of the financial year.

Revenue and expenses

Interest and similar income/expenses

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

Income and expenses from interest on investments in securities are recorded on the accrual basis. Accrued interest income of overdue securities is not recognized in the interim consolidated income statement for the period and is recorded as an off-balance-sheet item and is only recognized in the interim consolidated income statement when it is actually received.

Insurance income and expenses

Direct insurance premiums are recognized in accordance with Circular No. 50/2017/TT-BTC issued by the Ministry of Finance and effective from 01 July 2017 ("Circular 50"). Accordingly, direct insurance premium is recognized when the following conditions are met: (1) the contract has been entered into by the insurer and the insured, who fully paid premiums; (2) there is evidence that the contract of insurance 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 revenue for the current accounting period even though the amount has not been paid by the insured. The payment period is no longer than 30 days from the effective date of the insurance contract.

In the case of periodic payment, the insurer records insurance premiums of the first payment period when the contract is effective and only records next installment of insurance premiums payment when the insured fully pays the insurance premium as agreed. In case the insured fails to fully pay the insurance premium when due, the insurance contract is automatically terminated at the end of the insurance premium payment term. Prepaid premium before the due date at the period-end date is recognized as "Other payables and liabilities" in the interim consolidated statement of financial position.

Insurance claim expenses are recognized when the claim dossiers are completed and approved by the authorized person. In case that the final claim amount has not been finalized, but it is certain that the loss is covered by insurance and a payout advance has been sent to the customers at their request, such advance would also be recognized as claim expense. The claims which have not been approved at the period-end date are considered as outstanding claims and included in claim reserves.

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

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.

Recognition of dividends and profits received

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

Revenue from other 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 accrued income 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. Upon actual receipt of these receivables, the Bank recognizes them in "Interest and similar income" or "Other operating income" according to the nature of the income in the interim consolidated income statement.

Taxation

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to 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, under the Ministry of Labour, Invalids and Social Affairs. The Bank is 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 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 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 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.

Severance allowance

According to Article 46 of Labour Code No. 45/2019/QH14 effective 01 January 2021, the Bank is 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 the case of being eligible for pension under the provisions of the law on social insurance and the case 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 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.

Unemployment insurance

According to Circular No. 28/2015/TT-BLDTBXH dated 31 July 2015 of the Ministry of Labor - War Invalids and Social Affairs guiding the implementation of Article 52 of the Employment Law 2013 and Decree No. 28/2015/ND-CP of the Government dated 12 March 2015 regulating the implementation of the Employment Law on unemployment insurance, from 01 January 2009, the Bank and its subsidiaries in Vietnam are obliged to pay unemployment insurance to eligible employees at 1% of their salary fund allocated for unemployment insurance. According to Decision No. 28/2021/QĐ-TTg, from 01 October 2021, the Bank and its subsidiaries are entitled to a reduction in the unemployment insurance contributions rate from 1% to 0% within 12 months.

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 as 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

Technical reserves include (i) unearned premium reserve, (ii) claims reserve and (iii) catastrophe reserve and are made in compliance with the method prescribed in Circular 50.

Details of methods for setting aside the technical reserves are as follows:

i) Unearned premium reserve

Unearned premium reserve is calculated on a daily basis for all types of insurance in accordance with the following formula:

$$\begin{array}{lcl} \text{Unearned} & & \text{Retained premiums * The remaining days of insurance policy} \\ \text{premium} & = & \\ \text{reserve} & & \text{Number of coverage days} \end{array}$$

ii) Claims reserve

Claims reserve includes the reserves for outstanding claims at the end of the reporting period and for claims incurred but not reported.

- Claim reserve for losses reported or claimed but unresolved at the end of the accounting period is set up for each insurance line by estimating the amount of compensation for each covered loss reported or claimed but still unresolved at the end of the accounting period according to the provisions of Circular 50; and
- Reserve for loss incurred but not reported (IBNR) is built up at the rate of 3% of insurance premium for each insurance line.

iii) Catastrophe reserve

Catastrophe reserve is made annually to catastrophe in loss. The balance of catastrophe reserve is limited to 100% of the retained premium in the financial period (excluding health insurance operations). Vietinbank Insurance Joint Stock Corporation, a subsidiary of the Bank, sets aside catastrophe reserve at 1% of the retained premium by each insurance line.

Offsetting

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

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

5. TRADING SECURITIES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND Million	VND Million
Debt securities	703,582	1,899,732
Government bonds	-	1,092,554
Debt securities issued by local economic entities	703,582	807,178
Equity securities	571,814	623,075
Equity securities issued by other local credit institutions	188,583	178,563
Equity securities issued by local economic entities	383,231	444,512
	<u>1,275,396</u>	<u>2,522,807</u>
Provisions for impairment of trading securities	(13,315)	(47,498)
Provisions for impairment in value	(8,413)	(41,444)
General provision	(4,902)	(6,054)
	<u>1,262,081</u>	<u>2,475,309</u>

6. DERIVATIVES AND OTHER FINANCIAL ASSETS/(LIABILITIES)

	Net book value (at exchange rate as at the reporting date)		
	Assets	Liabilities	Net amount
	VND Million	VND Million	VND Million
As at 30/6/2022			
Currency derivative financial instruments	7,532,857	-	7,532,857
- <i>Forward contracts</i>	177,350	-	177,350
- <i>Swap contracts</i>	7,349,264	-	7,349,264
- <i>Future contracts</i>	6,243	-	6,243
Interest rate derivative financial instruments	-	(50,785)	(50,785)
	7,532,857	(50,785)	7,482,072
As at 31/12/2021			
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
	1,454,790	-	1,454,790

7. LOANS TO CUSTOMERS

	Closing balance	Opening balance
	VND Million	VND Million
Loans to local economic entities and individuals	1,223,913,114	1,115,213,563
Discounting promissory notes and valuable papers	2,117,917	2,170,538
Finance leases	3,785,826	3,585,536
Payments made on behalf of customers	3,921	14,385
Loans by grants, investment trusts	48,861	62,318
Loans to foreign organisations and individuals	8,613,641	9,621,427
	1,238,483,280	1,130,667,767

Analysis of loan portfolio by quality

	Closing balance	Opening balance
	VND Million	VND Million
Current loans	1,206,354,542	1,104,465,335
Special mention loans	15,452,498	11,901,967
Sub-standard loans	3,338,484	7,095,731
Doubtful loans	1,474,814	2,003,066
Loss loans	11,862,942	5,201,668
	1,238,483,280	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)	742,724,418	683,530,470
Medium-term loans (From 1 to 5 years)	74,539,700	66,214,587
Long-term loans (Above 5 years)	421,219,162	380,922,710
	1,238,483,280	1,130,667,767

8. PROVISIONS FOR CREDIT LOSSES ON LOANS TO CUSTOMERS

Movements in provisions for credit losses on loans to customers for the 6-month period ended 30 June 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 period	762,526	9,547,430	10,309,956
Provision used to write off bad debts for the period	-	(4,483,807)	(4,483,807)
Other adjustments	-	(95)	(95)
Closing balance	9,185,195	22,435,961	31,621,156

Movements in provisions for credit losses on loans to customers for the 6-month period ended 30 June 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 period	662,000	7,794,388	8,456,388
Provision used to write off bad debts for the period	-	(2,348,397)	(2,348,397)
Other adjustments	-	6,383	6,383
Closing balance	8,027,419	10,669,335	18,696,754

9. INVESTMENT SECURITIES

9.1 Available-for-sale investment securities

	Closing balance	Opening balance
	VND Million	VND Million
Debt securities	175,136,680	174,596,854
Government bonds	78,849,162	78,299,141
Debt securities issued by other local credit institutions	84,354,528	86,815,360
Debt securities issued by local economic entities	11,932,990	9,482,353
Equity securities	417,515	376,615
Equity securities issued by local economic entities	417,515	376,615
Provisions for impairment of available-for-sale investment securities	(123,963)	(122,027)
Provisions for impairment in value	(34,748)	(51,189)
General provision	(89,215)	(70,838)
	175,430,232	174,851,442

9.2 Held-to-maturity investment securities

	VND Million	VND Million
Debt securities	2,696,926	2,696,832
Government bonds	2,200,000	2,200,000
Debt securities issued by local economic entities	496,926	496,832
Provisions for impairment of held-to-maturity investment securities	(3,726)	(3,726)
General provision	(3,726)	(3,726)
	<u>2,693,200</u>	<u>2,693,106</u>

10. CAPITAL CONTRIBUTION, LONG-TERM INVESTMENTS

Analysis by type of investment

	Closing balance VND Million	Opening balance VND Million
Investments in joint venture (see Note 10.1)	3,117,098	3,073,356
Other long-term investments	234,462	240,662
Provisions for impairment of long-term investments	(21,193)	(23,991)
	<u>3,330,367</u>	<u>3,290,027</u>

10.1 Investment in joint venture

	Closing balance			Opening balance		
	Cost equivalent VND Million	Net value of investment using equity method VND Million	Proportion of ownership interest %	Cost equivalent VND Million	Net value of investment using equity method VND Million	Proportion of ownership interest %
Indovina Bank Ltd.	1,688,788	3,117,098	50	1,688,788	3,073,356	50
	<u>1,688,788</u>	<u>3,117,098</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 2020 (replacing Establishment and Operation License for joint venture bank No. 08/NH-GP dated 29 October 1992 issued by the SBV) for the operating period of 99 years with the charter capital of USD 193,000,000, equivalent to VND 3,377,500 million.

Since its establishment, as approved of the SBV, Indovina bank Limited has made several capital increases, in which the value of capital contributed by the two parties to the joint venture increased but the proportion of contributed capital did not change. As at 30 June 2022, the charter capital of Indovina Bank Limited is USD 193,000,000, equivalent to VND 3,377,500 million.

11. OTHER ASSETS

11.1 Receivables

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
Construction in progress	5,634,072	5,567,364
Purchases and major repair of fixed assets	1,178,058	1,120,885
External receivables	39,487,591	27,252,654
Internal receivables	353,206	292,675
	<u>46,652,927</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	5,315,233	5,275,665
Constructions in the Central area	193,632	183,683
Constructions in the Southern area	125,207	108,016
	<u>5,634,072</u>	<u>5,567,364</u>

11.2 Other assets

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
Materials and tools	145,191	125,198
Prepayments	3,129,823	3,261,241
Other assets	16,791	16,791
	<u>3,291,805</u>	<u>3,403,230</u>

12. BORROWINGS FROM THE GOVERNMENT AND THE SBV

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
Borrowings from the SBV	1,278,419	1,505,274
Loans under credit contracts	1,271,461	1,498,316
Borrowings from grants to State-owned enterprises	6,958	6,958
Current accounts held by the State Treasury	58,200,393	31,789,130
In VND	58,200,393	31,789,130
	<u>59,478,812</u>	<u>33,294,404</u>

13. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

Deposits from other credit institutions

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
Demand deposits	23,091,430	6,679,825
- In VND	22,127,688	2,801,242
- In foreign currencies	963,742	3,878,583
Term deposits	72,486,910	26,990,979
- In VND	63,070,000	24,641,890
- In foreign currencies	9,416,910	2,349,089
	<u>95,578,340</u>	<u>33,670,804</u>

Borrowings from other credit institutions

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
- In VND	12,898,441	10,950,415
- In foreign currencies	108,700,139	94,212,627
	<u>121,598,580</u>	<u>105,163,042</u>

14. DEPOSITS FROM CUSTOMERS

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND Million</u>	<u>VND Million</u>
Demand deposits	231,517,751	225,756,534
- Demand deposits in VND	202,304,192	197,562,236
- Demand deposits in foreign currencies	29,213,559	28,194,298
Term deposits	965,636,736	928,319,195
- Term deposits in VND	934,621,388	899,476,972
- Term deposits in foreign currencies	31,015,348	28,842,223
Deposits for specific purpose	3,177,871	2,694,795
- Deposits for specific purpose in VND	2,468,425	2,207,309
- Deposits for specific purpose in foreign currencies	709,446	487,486
Margin deposits	5,235,104	5,077,589
- Margin deposits in VND	4,003,508	4,334,570
- Margin deposits in foreign currencies	1,231,596	743,019
	<u>1,205,567,462</u>	<u>1,161,848,113</u>

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

	Closing balance	Opening balance
	VND Million	VND Million
Grants, trusted funds and borrowings in VND	535,042	568,082
Grants, trusted funds and borrowings in foreign currencies	1,925,271	1,959,848
	2,460,313	2,527,930

16. VALUABLE PAPERS ISSUED

	Closing balance	Opening balance
	VND Million	VND Million
Valuable papers in VND	65,446,606	64,496,607
Par value	65,446,606	64,496,607
Valuable papers in foreign currencies	182	178
Par value	182	178
	65,446,788	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					
Under 12 months					
- VND	197	-	-	16,500,000	16,500,197
From 12 months to under 5 years					
- VND	-	166	-	11,350,013	11,350,179
- Foreign currency	-	-	-	182	182
Over 5 years					
- VND	-	-	37,596,230	-	37,596,230
	197	166	37,596,230	27,850,195	65,446,788
Opening balance					
Under 12 months					
- VND	197	-	-	2,000,000	2,000,197
From 12 months to under 5 years					
- VND	-	166	-	26,400,014	26,400,180
- Foreign currency	-	-	-	178	178
Over 5 years					
- VND	-	-	36,096,230	-	36,096,230
	197	166	36,096,230	28,400,192	64,496,785

17. OTHER LIABILITIES

	Closing balance	Opening balance
	VND Million	VND Million
Internal payables	1,689,204	1,749,061
External payables	13,386,050	15,016,254
Bonus and welfare funds	1,184,653	2,249,802
	16,259,907	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	1,549,234	4,948,056
Amount due to customers and deferred payment	95,651	198,806
Corporate income tax payables	1,115,345	721,321
Other pending payments	1,588,856	1,205,076
Dividends payable	-	3,844,600
Deferred revenue	5,112,559	1,886,157
Other payables relating to securities activities	1,305,706	1,207,552
Other tax payables	94,564	218,576
Payables to the SBV from recovery of written-off bad debts	81,280	76,007
Payables relating to trade finance activities	5,900	5,996
Interbank payables	1,354,312	66,869
Money transfer payables	953,176	347,380
Other payables	129,467	289,858
	13,386,050	15,016,254

18. THE BANK'S OBLIGATIONS TO THE STATE BUDGET

	Opening balance	Movement in the period		Closing balance
	VND Million	Payable	Paid	VND Million
	VND Million	VND Million	VND Million	VND Million
Value added tax	68,729	682,820	713,360	38,189
Corporate income tax	721,321	2,228,795	1,834,771	1,115,345
Other taxes	149,905	555,591	649,121	56,375
	939,955	3,467,206	3,197,252	1,209,909

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

19. CAPITAL AND RESERVES

19.1 Changes in main items under owners' equity

	Charter capital	Share premium	Other capital	Foreign exchange reserves	Investment and development fund	Financial reserve fund	Charter capital supplementary reserve	Retained earnings	Non- controlling interests	Total
	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million
Opening balance	48,057,506	8,974,698	515,908	245,231	70,571	9,026,298	4,576,396	21,488,131	694,772	93,649,511
Profit for the period	-	-	-	-	-	-	-	9,309,320	69,443	9,378,763
Stock dividend of subsidiary	-	-	64,390	-	-	-	-	(64,390)	-	-
(Decrease) due to financial statements translation for consolidation purpose	-	-	-	(129,767)	-	-	-	-	-	(129,767)
Appropriation to reserves	-	-	-	-	-	1,845	-	(1,845)	-	-
Appropriation to bonus, welfare funds and remuneration of the Supervisory Board	-	-	-	-	-	-	-	(49,223)	(15,239)	(64,462)
Others	-	(10)	-	-	(5,147)	(11,338)	(16)	(35,450)	(3)	(51,964)
Closing balance	48,057,506	8,974,688	580,298	115,464	65,424	9,016,805	4,576,380	30,646,543	748,973	102,782,081

19.2 Details of the Bank's shares

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

20. INTEREST AND SIMILAR INCOME

	<u>Current period</u>	<u>Prior period</u>
	<u>VND Million</u>	<u>VND Million</u>
Interest from deposits	932,316	720,460
Interest from loans	41,974,310	37,573,046
Interest from debt securities	3,284,709	3,088,495
Income from guarantee services	460,070	533,970
Interest income from finance leases	171,905	166,904
Other income from credit activities	368,005	332,712
	<u>47,191,315</u>	<u>42,415,587</u>

21. INTEREST AND SIMILAR EXPENSES

	<u>Current period</u>	<u>Prior period</u>
	<u>VND Million</u>	<u>VND Million</u>
Interest expense on deposits	21,739,446	18,448,400
Interest expense on borrowings	984,135	358,024
Interest expense on valuable papers issued	1,664,096	1,874,913
Expense on other credit activities	644,848	213,530
	<u>25,032,525</u>	<u>20,894,867</u>

22. NET GAIN FROM TRADING SECURITIES AND INVESTMENT SECURITIES

22.1 Net gain from trading securities

	<u>Current period</u>	<u>Prior period</u>
	<u>VND Million</u>	<u>VND Million</u>
Income from trading securities	86,963	230,879
(Expense) on trading securities	(64,652)	(23,296)
Provision reversed for impairment of trading securities	34,182	41,921
Net gain from securities held for trading	<u>56,493</u>	<u>249,504</u>

22.2 Net (loss) from investment securities

	Current period	Prior period
	VND Million	VND Million
Income from trading investment securities	20,363	1,555
(Expense) on trading investment securities	(20,133)	(1,021)
Provision (made) for impairment of investment securities	(1,937)	(88,824)
Net (loss) from trading investment securities	(1,707)	(88,290)

23. INCOME FROM CAPITAL CONTRIBUTION, EQUITY INVESTMENTS

	Current period	Prior period
	VND Million	VND Million
Dividends received in cash from capital contribution, equity investments	56,431	42,335
- From equity investment securities	30,275	-
- From capital contribution and long-term investments	26,156	42,335
Share from net profit under equity method of investments in joint ventures	316,373	212,459
	372,804	254,794

24. OPERATING EXPENSES

	Current period	Prior period
	VND Million	VND Million
Taxes, fees and charges	12,127	10,681
Staff cost		
- Salaries and allowances	4,129,888	4,075,099
- Salary-based expenses	286,385	293,832
- Other benefits	1,084	756
- Other expenses	636,915	449,270
Expenses for fixed assets		
- Depreciation and amortisation expenses	456,282	482,005
- Others	516,995	564,211
Expenses for operating management		
- Per diem	60,610	52,812
- Expense for union activities	5,250	7,030
- Others	1,561,233	1,386,336
Insurance premium for customers' deposits	428,423	376,601
(Reversal)/Other provision expenses	(1,835)	672
	8,093,357	7,699,305

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

	Current period	Prior period
	VND Million	VND Million
Profit before tax	11,607,558	10,850,257
Adjustments for:		
- Non-taxable dividend income	(390,642)	(382,788)
- Profit before tax of subsidiaries	(368,870)	(583,491)
- Income from increase in interest in joint ventures	17,838	166,349
- Changes in provision/revaluation for loans and bonds for consolidation purpose	(181,108)	72,014
- Others	1,959	525
Taxable income of the Holding Bank	10,686,735	10,122,866
CIT expense of the Holding Bank based on local taxable income	2,137,347	2,024,573
CIT expense of subsidiaries	91,448	95,918
CIT expense based on the taxable income	2,228,795	2,120,491

26. BASIC EARNINGS PER SHARE

Profit for calculation of basic earnings per share

	Current period	Prior period
	VND Million	VND Million
Profit after corporate income tax	9,309,320	8,711,728
Profit for the period attributable to equity holder	9,309,320	8,711,728

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 resulting in the basic earnings per share for the 6-month period ended 30 June 2021 being restated as follows:

Number of ordinary shares for calculation of basic earnings

	Current period	Prior period
	Share	(Restated) Share
Number of ordinary shares issued carried forward from previous year	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 period	Prior period (Restated)
	VND	VND
Basic earnings per share	1,937	1,813

The basic earnings per share for the 6-month period ended 30 June 2021 are restated as follows:

	Prior period	Prior period (Restated)
Profit for the period attributable to equity holder (VND)	8,711,728	8,711,728
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (Share)	3,723,404,556	4,805,750,609
Basic earnings per share (VND)	2,340	1,813

27. CASH AND CASH EQUIVALENTS

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

	Closing balance	Opening balance
	VND Million	VND Million
Cash, gold and gemstones	9,828,518	11,330,659
Balances with the SBV	25,161,218	23,383,443
Current deposits at other credit institutions	100,264,005	88,559,894
Placements with other credit institutions with terms not exceeding 3 months	51,393,359	41,102,590
	186,647,100	164,376,586

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

	Closing balance	Opening balance
	VND Million	VND Million
Contingent liabilities	143,687,710	110,002,470
Credit guarantees	4,223,421	3,237,485
Letters of Credit (L/C) commitment	72,741,942	46,584,571
Other guarantees	66,722,347	60,180,414
Commitments	497,156,596	583,961,974
Foreign exchange transactions commitments	414,175,303	479,385,067
Other commitments	82,981,293	104,576,907

29. RELATED PARTY BALANCES AND TRANSACTIONS

Details of significant transactions with related parties during the 6-month period ended 30 June 2022 are as follows:

Related party	Relationship	Transactions	Current period VND Million	Prior period VND Million
The State Bank of Vietnam	Direct owner and management agency	Increase/(decrease) in deposits at the SBV	1,777,774	(19,758,306)
		(Decrease) in borrowings from the SBV	(226,855)	(256,552)
Indovina Limited Bank	Joint venture bank	(Decrease) in deposits from related party	(19,224)	(361,302)
		Dividends received from related party	334,211	378,807

Details of significant balances with related parties as at 30 June 2022 are as follows:

Related party	Relationship	Balances	Receivables VND Million	Payables VND Million
The State Bank of Vietnam	Direct owner and management agency	Deposits at the SBV	25,161,218	-
		Borrowings from the SBV	-	1,278,419
Indovina Limited Bank	Joint venture bank	Deposits of related party	-	19,420
		Deposits at related party	483	-

30. CONCENTRATION OF ASSETS, LIABILITIES AND OFF-BALANCE-SHEET ITEMS BY GEOGRAPHICAL REGIONS AS AT 30 JUNE 2022

	Total loan balance VND Million	Total placements VND Million	Credit commitments VND Million	Derivatives (Difference between debit - credit) VND Million	Trading and investment securities (Difference between debit - credit) VND Million
Domestic	1,250,225,936	1,354,368,964	143,644,443	7,482,072	179,526,517
Overseas	8,710,994	4,977,231	43,267	-	-
	1,258,936,930	1,359,346,195	143,687,710	7,482,072	179,526,517

31. SEGMENT REPORTS

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

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

Primary segment report of the Bank is divided by business; secondary segment report of the Bank is divided by geography.

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Business segment report

STT	ITEM	Banking financial services	Non-banking financial services	Others	Off-set	Total
		VND Million	VND Million	VND Million	VND Million	VND Million
I.	Income	57,490,233	1,960,073	1,033,699	(157,369)	60,326,636
1.	Interest income	46,757,686	286,270	193,366	(46,007)	47,191,315
	- <i>External Interest income</i>	46,728,200	271,469	191,646	-	47,191,315
	- <i>Internal Interest income</i>	29,486	14,801	1,720	(46,007)	-
2.	Income from services	3,590,190	1,634,515	4,798	(80,640)	5,148,863
3.	Other operating income	7,142,357	39,288	835,535	(30,722)	7,986,458
II.	Expenses	(35,976,759)	(1,705,677)	(833,845)	107,159	(38,409,122)
1.	Interest expenses	(24,941,311)	(43,829)	(93,392)	46,007	(25,032,525)
	- <i>External interest expenses</i>	(24,921,330)	(17,803)	(93,392)	-	(25,032,525)
	- <i>Internal interest expenses</i>	(19,981)	(26,026)	-	46,007	-
2.	Depreciation and amortisation expenses	(445,700)	(6,570)	(4,012)	-	(456,282)
3.	Expenses related to operating business	(10,589,748)	(1,655,278)	(736,441)	61,152	(12,920,315)
Net profit from operating activities before credit provision expenses						
		21,513,474	254,396	199,854	(50,210)	21,917,514
Provision expenses for credit losses						
		(10,322,124)	(19,277)	(926)	32,371	(10,309,956)
Segment profit before tax						
		11,191,350	235,119	198,928	(17,839)	11,607,558
Current corporate income tax expense						
		(2,148,287)	(48,476)	(32,032)	-	(2,228,795)
Segment profit after corporate income tax						
		9,043,063	186,643	166,896	(17,839)	9,378,763
III.	Assets	1,680,667,520	9,410,151	6,727,662	(5,743,438)	1,691,061,895
1.	Cash on hand	9,799,012	1,516	27,990	-	9,828,518
2.	Fixed assets	9,995,418	85,369	41,952	-	10,122,739
3.	Other assets	1,660,873,090	9,323,266	6,657,720	(5,743,438)	1,671,110,638
IV.	Liabilities	1,580,502,040	6,121,147	4,865,617	(3,208,990)	1,588,279,814
1.	External liabilities	1,577,752,807	6,013,685	4,848,455	(3,208,990)	1,585,405,957
2.	Internal liabilities	2,749,233	107,462	17,162	-	2,873,857

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	1,619,722	7,294,274	2,711,401	(17,839)	11,607,558
Current corporate income tax expense	(2,218,381)	(3,146)	(7,268)	-	(2,228,795)
II. Segment profit after corporate income tax	(598,659)	7,291,128	2,704,133	(17,839)	9,378,763
III. Segment assets	983,838,811	528,194,795	184,771,727	(5,743,438)	1,691,061,895
IV. Segment liabilities	889,621,792	520,768,140	181,098,872	(3,208,990)	1,588,279,814

(*) As at 30 June 2022, the Head Office in Northern region calculated and paid corporate income tax for all Bank's branches.

32. FINANCIAL RISK MANAGEMENT POLICIES RELATED TO FINANCIAL INSTRUMENTS

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

In order to achieve sustainable development, improve operational efficiency and competitive advantage, the Bank has always been one of the pioneers in researching and applying international practices to its governance. In particular, the application of Basel II Accord is one of the Bank's prioritized solutions. Projects under the Basel II program focus on the comprehensive 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-NHNN ("Circular 13") stipulating the internal control system of commercial banks and foreign bank branches was 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 and internal indicators as well as strictly managed the balance between assets and liabilities, tightly controlled business activities' growth and credit quality; complied with limitation and safety ratio for operation; requirements for risk management as stipulated in Circular No. 22/2019/TT-NHNN (effective from 01 January 2020), Circular 13 and regulations of the SBV; and has gradually met requirements for risk management in accordance with Basel II.

33. CURRENCY RISKS

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of 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.

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The book value of cash assets and cash liabilities denominated in foreign currencies as at 30 June 2022 are as follows:

ITEMS	EUR equivalent	USD equivalent	Other currencies		Total
	VND Million	VND Million	VND Million	VND Million	
Assets					
Cash, gold and gemstones	182,791	878,097	36,342		1,097,230
Balances with the SBV	19,135	3,032,099	-		3,051,234
Placements with and loans to other credit institutions (*)	1,262,264	40,351,229	57,878,277		99,491,770
Derivative financial instruments and other financial assets	-	15,702,458	-		15,702,458
Loans to customers (*)	4,570,375	89,708,745	3,224,232		97,503,352
Fixed assets	32,324	-	172,895		205,219
Other assets (*)	1,458,652	26,084,162	84,927		27,627,741
Total assets	7,525,541	175,756,790	61,396,673		244,679,004
Liabilities and owners' equity					
Deposits and borrowings from other credit institutions	260,733	117,457,947	1,362,111		119,080,791
Deposits from customers	2,505,832	57,149,230	2,514,887		62,169,949
Derivative financial instruments and other financial liabilities	1,667,320	-	56,563,780		58,231,100
Grants, trusted funds and borrowings where the Bank bears risks	136,276	1,788,995	-		1,925,271
Valuable papers issued	-	182	-		182
Other liabilities (*)	2,876,158	2,058,746	22,750		4,957,654
Total liabilities and owners' equity	7,446,319	178,455,100	60,463,528		246,364,947
Balance sheet currency position	79,222	(2,698,310)	933,145		(1,685,943)

(*) Excluding provision.

34. INTEREST RATE RISK

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

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

The effective interest rate re-pricing period is the remaining period from the date of 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; placement to SBV; long-term investments are classified as non-interest-bearing items;
- Balances with the SBV are considered demand deposits, thus the effective interest rate re-pricing term is assumed to be within one month;
- 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; 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 fluctuations of the market interest rate and its capital balancing ability, the Bank can make appropriate investment decisions.

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.

For lending activities, the Bank determines lending interest rates based on the coverage of 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 capital and interest management. Depending on the orientation of the Bank and the market movements, the Head Office can change the capital trading 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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	Overdue		Current							Total
	Non-interest bearing	VND Million	Over 3 months	Up to 3 months	Up to 01 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	
			VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million
Assets										
Cash, gold and gemstones	9,828,518	-	-	-	-	-	-	-	-	9,828,518
Balances with the SBV	25,161,218	-	-	-	-	-	-	-	-	25,161,218
Placements with and loans to other credit institutions	-	-	-	-	-	-	-	-	-	-
(*)	-	-	-	-	117,117,163	21,139,039	8,293,364	41,633,195	332,919	188,515,680
Trading securities (*)	-	-	-	-	1,275,396	-	-	-	-	1,275,396
Derivative financial instruments and other financial assets	-	-	-	-	7,482,072	-	-	-	-	7,482,072
Loans to customers (*)	-	16,676,240	15,452,498	293,423,585	398,467,474	293,423,585	339,889,861	126,215,229	47,539,419	1,238,483,280
Investment securities (*)	4,842,681	-	-	-	354,900	8,344,224	9,833,432	31,325,136	51,445,534	178,251,121
Capital contribution, long-term investments (*)	3,351,560	-	-	-	-	-	-	-	-	3,351,560
Fixed assets	10,122,739	-	-	-	-	-	-	-	-	10,122,739
Other assets (*)	26,819,536	70,379	-	-	6,918,074	13,829,310	11,669,328	1,137,416	-	60,444,043
Total assets	80,126,252	16,746,619	15,452,498	15,452,498	531,615,079	336,736,158	369,685,985	200,310,976	99,317,872	1,722,915,627
Liabilities										
Borrowings from the Government and the SBV	-	-	-	-	24,124,857	34,466,000	-	887,955	-	59,478,812
Deposits and borrowings from other credit institutions	-	-	-	-	138,559,996	65,221,706	12,271,270	1,123,948	-	217,176,920
Deposits from customers	-	-	-	-	522,760,918	192,890,234	204,071,048	269,603,435	16,228,083	1,205,567,462
Grants, trusted funds and borrowings where the Bank bears risks	-	-	-	-	-	-	-	-	-	-
Valuable papers issued	-	-	-	-	1,100,558	18,043,220	15,162,910	22,530,000	6,585,100	65,446,788
Other liabilities (*)	37,063,847	-	-	-	-	-	-	-	-	37,063,847
Total liabilities	37,063,847	-	-	-	686,546,329	312,220,672	232,366,029	294,145,338	22,813,183	1,587,194,142
Balance sheet net interest gap	43,062,405	16,746,619	15,452,498	15,452,498	(154,931,250)	24,515,486	137,319,956	(93,834,362)	76,504,689	135,721,485

(*) Excluding provision

35. LIQUIDITY RISK

Liquidity risk is defined as the risk that the Bank has difficulties in meeting obligations associated with its financial liabilities. Liquidity risk arises when the Bank might be unable to meet its payment obligations at their due dates or when the Bank has to mobilize funds at 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; loans to customers, investment securities; 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 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 term of deposits to customers is determined based on customer behaviour analysis and forecasts on interest rate policy and other macroeconomic factors;

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 utilisation, 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 State Bank of Vietnam and the Bank's internal criteria for liquidity management for each major currency unit (such as VND, USD, EUR) for capital mobilization and loan portfolios.

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	Overdue		Current						Total VND Million
	Over 03 months	Up to 03 months	Up to 01 month	From 01 to 03 months	From 03 to 12 months	From 01 to 05 years	Over 05 years		
	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million	VND Million		
Assets									
Cash, gold and gemstones	-	-	9,828,518	-	-	-	-	9,828,518	
Balances with the SBV	-	-	25,161,218	-	-	-	-	25,161,218	
Placements with and loans to other credit institutions (*)	-	-	141,736,345	21,115,479	25,660,648	3,208	-	188,515,680	
Trading securities (*)	-	-	1,275,396	-	-	-	-	1,275,396	
Derivative financial instruments and other financial assets	-	-	7,482,072	-	-	-	-	7,482,072	
Loans to customers (*)	16,676,240	15,452,498	99,370,424	233,635,015	460,498,108	182,514,169	230,336,826	1,238,483,280	
Investment securities (*)	-	-	354,900	8,344,224	41,158,568	51,445,534	76,947,895	178,251,121	
Capital contribution, long-term investments (*)	-	-	-	-	-	-	3,351,560	3,351,560	
Fixed assets	-	-	-	-	-	-	10,122,739	10,122,739	
Other assets (*)	70,379	-	6,654,702	13,302,521	12,319,518	44,008	28,052,915	60,444,043	
Total assets	16,746,619	15,452,498	291,863,575	276,397,239	539,636,842	234,006,919	348,811,935	1,722,915,627	
Liabilities									
Borrowings from the Government and the SBV	-	-	24,124,857	34,466,000	887,955	-	-	59,478,812	
Deposits and borrowings from other credit institutions	-	-	112,635,219	65,221,706	20,433,715	18,886,280	-	217,176,920	
Deposits from customers	-	-	149,767,160	193,767,573	614,085,167	247,511,712	435,850	1,205,567,462	
Grants, trusted funds and borrowings where the Bank bears risks	-	-	-	38,788	59,361	702,336	1,659,828	2,460,313	
Valuable papers issued	-	-	-	3,500,000	22,350,000	2,450,558	37,146,230	65,446,788	
Other liabilities (*)	-	-	11,284,066	4,337,510	8,184,139	12,680,915	577,217	37,063,847	
Total liabilities	-	-	297,811,302	301,331,577	666,000,337	282,231,801	39,819,125	1,587,194,142	
Net liquidity difference	16,746,619	15,452,498	(5,947,727)	(24,934,338)	(126,363,495)	(48,224,882)	308,992,810	135,721,485	

(*) Excluding provision.

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

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
USD	23,272	22,800
EUR	24,270	25,835
GBP	28,238	30,798
CHF	24,313	24,974
JPY	170.73	198.17
SGD	16,724	16,897
CAD	18,025	17,916
AUD	16,024	16,577
NZD	14,496	15,601
THB	658.89	686.75
SEK	2,269	2,491
NOK	2,349	2,563
DKK	3,262	3,474
HKD	2,931	2,855
CNY	3,475	3,587
KRW	18.67	19.91
LAK	1.55	2.04
MYR	5,329	5,329

37. SUBSEQUENT EVENTS

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

38. COMPARATIVE FIGURES

The comparative figures in the interim consolidated statement of financial position and related notes are the figures of the audited consolidated financial statements for the year ended 31 December 2021. The comparative figures in the interim consolidated income statement, the interim consolidated cash flow statement and related notes are figures of the reviewed interim consolidated financial statements for the 6-month period ended 30 June 2021.

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

Off-balance-sheet items	Opening balance	Additional representation according to Circular 27	Opening balance (Restated)
	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
Management Department

Approved by



Nguyen Hai Hung
Chief Accountant

Approved by



Nguyen Tran Manh Trung
Deputy General Director

15 August 2022