

Vietnam Joint Stock Commercial Bank for Industry and Trade

Separate financial statements

For the year ended 31 December 2021



Vietnam Joint Stock Commercial Bank for Industry and Trade

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Vietnam Joint Stock Commercial Bank for Industry and Trade

GENERAL INFORMATION

THE BANK

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.

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 Ministers' Council on the organization of the State Bank of Vietnam (“the 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 Ministers' Council. Also, the Governor of the SBV signed Decision No. 285/QD-NH5 dated 21 September 1996 to re-establish the Bank under State corporation model. On 25 December 2008, Vietnam Bank for Industry and Trade successfully carried out its initial public offering.

The Bank was equitized and renamed Vietnam Joint Stock Commercial Bank for Industry and Trade on 3 July 2009 according to Establishment and Operating License No. 142/GP-NHNN dated 3 July 2009 issued by the State Bank of Vietnam and Business Registration No. 0103038874 dated 3 July 2009 issued by Hanoi Authority for Planning and Investment. The latest amended Business Registration No. 0100111948 of the Bank was issued for the 12th time by Hanoi Authority for Planning and Investment on 8 September 2021.

The Bank was established to provide banking services including mobilizing and receiving short, medium and long-term deposits from organizations and individuals; offering short, medium and long-term loans and advances to organizations and individuals based on the nature and ability of the Bank's capital resources; conducting foreign exchange transactions, international trade finance services; discounting commercial papers, bonds and other valuable papers; and providing other banking services as allowed by the State Bank of Vietnam.

Charter capital

As at 31 December 2021, the charter capital of the Bank is VND48,057,506 million (31 December 2020: VND37,234,046 million).

Location

The Bank's Head Office is located at 108 Tran Hung Dao Street, Hoan Kiem District, Hanoi, Vietnam. As at 31 December 2021, the Bank has one (01) Head Office; two (02) Local representative offices (in Da Nang and Ho Chi Minh City); nine (09) Administrative units include: 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 and seven (07) subsidiaries; foreign networks include: one (01) overseas representative office in Myanmar; two (02) branches in the Federal Republic of Germany, one (01) 100% owned bank in Lao People's Democratic Republic (VietinBank Lao Limited).

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Vietnam Joint Stock Commercial Bank for Industry and Trade

GENERAL INFORMATION (continued)

BOARD OF DIRECTORS

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

<u>Name</u>	<u>Position</u>	<u>Appointment/Resignation date</u>
Mr. Tran Minh Binh	Chairman	Appointed on 7 September 2021
Mr. Le Duc Tho	Chairman	Resigned on 3 July 2021
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	Appointed to be in charge of activities of the Board of Directors from 3 July 2021 to 7 September 2021
Mr. Le Thanh Tung	Member	Appointed on 4 November 2021
Mr. Masahiko Oki	Member	
Mr. Masashige Nakazono	Member	Appointed on 16 April 2021
Mr. Shiro Honjo	Member	Resigned on 16 April 2021

MANAGEMENT AND CHIEF ACCOUNTANT

Members of the Management and Chief Accountant of the Bank during the year and at the date of this report are:

<u>Name</u>	<u>Position</u>	<u>Appointment/Resignation date</u>
Mr. Tran Minh Binh	General Director	Resigned on 7 September 2021
Mr. Nguyen Hoang Dung	Deputy General Director in charge of the Board of Management	Appointed on 7 September 2021
Mr. Tran Cong Quynh Lan	Deputy General Director	
Mr. Nguyen Dinh Vinh	Deputy General Director	
Ms. Le Nhu Hoa	Deputy General Director	
Mr. Nguyen Duc Thanh	Deputy General Director	
Mr. Masahiko Oki	Deputy General Director	Appointed on 26 May 2021
Mr. Nguyen Hong Van	Deputy General Director	Resigned on 3 November 2021
Mr. Nguyen Hai Hung	Chief Accountant	

SUPERVISORY BOARD

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

<u>Name</u>	<u>Position</u>	<u>Appointment/Resignation date</u>
Ms. Le Anh Ha	Chief Supervisor	
Ms. Nguyen Thi Anh Thu	Member	
Ms. Pham Thi Thom	Member	Appointed on 16 April 2021
Mr. Nguyen Manh Toan	Member	Resigned on 4 November 2021

Vietnam Joint Stock Commercial Bank for Industry and Trade

GENERAL INFORMATION (continued)

LEGAL REPRESENTATIVE

The legal representative of the Bank during the year and at the date of this report is Mr. Tran Minh Binh - The Chairman.

Mr. Nguyen Hoang Dung - Deputy General Director in charge of the Board of Management is authorized by Mr. Tran Minh Binh to sign the accompanying separate financial statements for the year ended 31 December 2021 in accordance with the Letter of Authorization No. 1749/UQ-HDQT-NHCT18 dated 31 December 2021.

AUDITORS

The auditor of the Bank is Ernst & Young Vietnam Limited.



Vietnam Joint Stock Commercial Bank for Industry and Trade

REPORT OF MANAGEMENT

Management of Vietnam Joint Stock Commercial Bank for Industry and Trade ("the Bank") is pleased to present this report and the separate financial statements of the Bank as at 31 December 2021 and for the year then ended.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

Management is responsible for the separate financial statements which give a true and fair view of the separate financial position of the Bank, the separate results of its operations and its separate cash flows for the year. In preparing these separate financial statements, management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgments and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the separate financial statements; and
- ▶ prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue its business.

Management of the Bank is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the separate financial position of the Bank and to ensure that the accounting records comply with applied accounting system. It is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying separate financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Bank as at 31 December 2021 and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of the separate financial statements.



Mr. Nguyen Hoang Dung
Deputy General Director
In charge of Board of Management

Hanoi, Vietnam

30 March 2022

Reference: 61034016/22828078-RL

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying separate financial statements of Vietnam Joint Stock Commercial Bank for Industry and Trade ("the Bank") as prepared on 30 March 2022 and set out on pages 7 to 71, which comprise the separate balance sheet as at 31 December 2021, the separate income statement and the separate cash flow statement for the year then ended and the notes thereto.

Management's responsibility

Management of the Bank is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of separate financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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



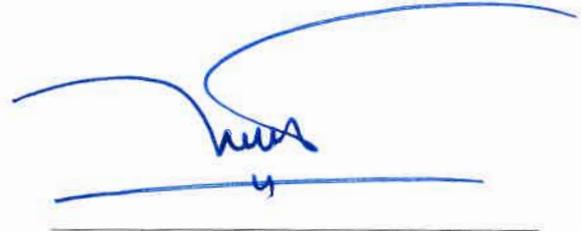
Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Bank as at 31 December 2021, and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and other statutory requirements relevant to the preparation and presentation of separate financial statements.

Ernst & Young Vietnam Limited



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



Nguyen Van Trung
Auditor
Audit Practising Registration
Certificate No. 3847-2021-004-1

Hanoi, Vietnam

31 March 2022



SEPARATE BALANCE SHEET
as at 31 December 2021

	Notes	31 December 2021 VND million	31 December 2020 (restated) VND million
ASSETS			
Cash, gold and gemstones	5	11,196,660	9,746,787
Balances with the State Bank of Vietnam	6	23,382,941	57,616,304
Placements with and loans to other credit institutions	7	147,331,139	102,712,904
Placements with other credit institutions		130,825,951	93,651,129
Loans to other credit institutions		16,505,188	9,061,775
Provision for credit losses on loans to other credit institutions		-	-
Held-for-trading securities	8	1,084,670	4,252,697
Held-for-trading securities		1,092,554	4,252,697
Provision for held-for-trading securities		(7,884)	-
Derivatives and other financial assets	9	1,454,790	137,122
Loans to customers		1,094,460,294	992,608,863
Loans to customers	10	1,120,063,085	1,004,975,541
Provision for credit losses on loans to customers	11	(25,602,791)	(12,366,678)
Investment securities	12	175,660,110	113,301,684
Available-for-sale securities	12.1	173,192,431	111,057,472
Held-to-maturity investments	12.2	2,586,832	2,586,778
Provision for investment securities	12.4	(119,153)	(342,566)
Long-term investments	13	5,551,782	5,551,782
Investments in subsidiaries	13.1	3,840,032	3,840,032
Investment in a joint venture	13.2	1,688,788	1,688,788
Other long-term investments		22,962	22,962
Fixed assets		10,222,501	10,529,702
Tangible fixed assets	14	6,017,969	6,215,196
Cost		15,438,174	15,101,407
Accumulated depreciation		(9,420,205)	(8,886,211)
Intangible fixed assets	15	4,204,532	4,314,506
Cost		6,478,776	6,259,326
Accumulated amortization		(2,274,244)	(1,944,820)
Other assets	16	45,273,501	31,532,992
Receivables	16.1	32,811,819	21,226,646
Accrued interest and fee receivables		9,566,114	7,530,992
Other assets	16.2	2,936,274	2,815,950
Provision for other assets	16.3	(40,706)	(40,596)
TOTAL ASSETS		1,515,618,388	1,327,990,837

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SEPARATE BALANCE SHEET (continued)
as at 31 December 2021

	Notes	31 December 2021 VND million	31 December 2020 (restated) VND million
LIABILITIES			
Due to the Government and the State Bank of Vietnam	17	33,294,404	44,597,188
Deposits and borrowings from other credit institutions	18	132,994,157	124,872,145
Deposits from other credit institutions	18.1	32,491,329	97,373,193
Borrowings from other credit institutions	18.2	100,502,828	27,498,952
Customer deposits	19	1,159,761,203	988,070,156
Other borrowed and entrusted funds	20	2,527,930	2,733,251
Valuable papers issued	21	64,496,785	59,875,570
Other liabilities		32,405,553	25,706,720
Interest and fee payables		16,550,294	15,910,403
Other payables	22.1	15,855,259	9,796,317
TOTAL LIABILITIES		1,425,480,032	1,245,855,030
OWNERS' EQUITY			
Capital		57,027,333	46,203,873
- Charter capital		48,057,506	37,234,046
- Share premium		8,969,827	8,969,827
Reserves		13,229,963	11,186,651
Undistributed profits		19,881,060	24,745,283
TOTAL OWNERS' EQUITY	25	90,138,356	82,135,807
TOTAL LIABILITIES AND OWNERS' EQUITY		1,515,618,388	1,327,990,837

SEPARATE BALANCE SHEET (continued)
as at 31 December 2021

OFF-BALANCE SHEET ITEMS

	<u>31 December 2021</u> VND million	<u>31 December 2020</u> VND million
Credit guarantees	3,327,485	7,995,477
Foreign exchange commitments	479,385,067	303,101,636
- <i>Foreign exchange commitments - buy</i>	5,748,679	13,463,062
- <i>Foreign exchange commitments - sell</i>	5,964,386	13,673,951
- <i>Currency swap contracts</i>	467,672,002	275,964,623
Letters of credit	46,584,571	48,283,386
Other guarantees	60,127,571	50,018,900
Other commitments	104,576,907	52,679,205

Prepared by:



Mr. Ngo Xuan Hai
Head of Financial Accounting
Management Department

Reviewed by:



Mr. Nguyen Hai Hung
Chief Accountant

Approved by:



Mr. Nguyen Hoang Dung
Deputy General Director
In charge of Board of
Management



Hanoi, Vietnam

30 March 2022

SEPARATE INCOME STATEMENT
for the year ended 31 December 2021

	Notes	2021 VND million	2020 (restated) VND million
Interest and similar income	26	83,606,485	82,734,883
Interest and similar expenses	27	(42,586,939)	(47,884,342)
Net interest and similar income		41,019,546	34,850,541
Fee and commission income		6,981,479	6,011,216
Fee and commission expenses		(2,612,680)	(2,233,896)
Net fee and commission income	28	4,368,799	3,777,320
Net gain from trading in foreign currencies	29	1,885,780	1,887,329
Net gain from held-for-trading securities	30	187,120	459,581
Net gain from investment securities	31	220,415	364,395
Other income		4,163,976	2,502,447
Other expenses		(1,025,115)	(737,045)
Net gain from other activities	32	3,138,861	1,765,402
Income from investments in other entities	33	750,387	531,947
TOTAL OPERATING EXPENSES	34	(16,372,780)	(15,112,149)
Net profit before provision for credit losses		35,198,128	28,524,366
Provision expense for credit losses		(18,337,702)	(12,047,210)
PROFIT BEFORE TAX		16,860,426	16,477,156
Current corporate income tax expense	24.1	(3,238,080)	(3,198,449)
Corporate income tax expense		(3,238,080)	(3,198,449)
PROFIT AFTER TAX		13,622,346	13,278,707

Prepared by:


Mr. Ngo Xuan Hai
Head of Financial Accounting
Management Department

Reviewed by:


Mr. Nguyen Hai Hung
Chief Accountant

Approved by:


Mr. Nguyen Hoang Dung
Deputy General Director
in charge of Board of
Management

Hanoi, Vietnam

30 March 2022

SEPARATE CASH FLOW STATEMENT
 for the year ended 31 December 2021

	Notes	2021 VND million	2020 VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		81,776,805	81,478,707
Interest and similar payments		(41,902,476)	(49,781,552)
Net fee and commission receipts		4,308,154	3,792,764
Net receipts from foreign currencies, gold and securities trading activities		2,062,018	2,359,083
Other expenses		(146,927)	(26,301)
Recoveries from bad debts written-off previously	32	3,192,446	1,722,617
Payments for operating and salary expenses		(15,276,355)	(14,187,006)
Corporate income tax paid during the year	23	(3,847,538)	(2,538,581)
Net cash flows from operating profit before changes in operating assets and liabilities		30,166,127	22,819,731
Changes in operating assets		(199,940,314)	(105,070,379)
Increase in deposits at and loans to other credit institutions		(7,443,414)	(1,998,015)
(Increase)/decrease in trading securities		(58,966,986)	(11,377,033)
Decrease/(increase) in derivatives and other financial assets		(1,317,668)	332,590
Increase in loans to customers		(115,087,544)	(79,722,711)
Utilization of provision to write off loans to customers, securities, long-term investments and other receivables		(5,107,615)	(19,648,178)
Decrease/(increase) in other operating assets		(12,017,087)	7,342,968
Changes in operating liabilities		174,107,566	89,222,153
(Decrease)/increase in due to the SBV and the Government		(11,302,784)	(26,005,705)
Increase in deposits and borrowings from other credit institutions		8,122,012	18,072,745
Increase in customer deposits		171,691,047	98,277,442
Increase in valuable papers issued (except for valuable papers issued for financing activities)		4,621,215	2,909,217
Decrease in other borrowed and entrusted funds		(205,321)	(3,042,648)
Increase/(decrease) in other liabilities		1,181,397	(988,898)
Payments from reserves	25.1	-	-
Net cash flows from operating activities		4,333,379	6,971,505
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(696,926)	(581,124)
Proceeds from disposal of fixed assets		7,368	107,932
Payments for disposal of fixed assets		(2,877)	(1,273)
Proceeds from investments in other entities (sale, liquidation of subsidiaries, a joint venture, other long-term investments)		-	200,000
Dividends and profits received from long-term investments		750,387	531,947
Net cash flows from investing activities		57,952	257,482



SEPARATE CASH FLOW STATEMENT (continued)
for the year ended 31 December 2021

	<i>Notes</i>	<i>2021</i> <i>VND million</i>	<i>2020</i> <i>VND million</i>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend payment to shareholders	25.1	-	(1,861,702)
Net cash flows used in financing activities		-	(1,861,702)
Net cash flows during the year		4,391,331	5,367,285
Cash and cash equivalents at the beginning of the year		161,014,220	155,646,935
Impact of exchange rate fluctuation		-	-
Cash and cash equivalents at the end of the year	35	165,405,551	161,014,220

Prepared by:



Mr. Ngo Xuan Hai
Head of Financial Accounting
Management Department

Reviewed by:



Mr. Nguyen Hai Hung
Chief Accountant

Approved by:



Mr. Nguyen Hoang Dung
Deputy General Director
In charge of Board of
Management

Hanoi, Vietnam

30 March 2022

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS
as at 31 December 2021 and for the year then ended**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.

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 Ministers’ Council on the organization of the State Bank of Vietnam (“the 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 Ministers’ Council. Also, the Governor of the SBV signed Decision No. 285/QD-NH5 dated 21 September 1996 to re-establish the Bank under State corporation model. On 25 December 2008, Vietnam Bank for Industry and Trade successfully carried out its initial public offering.

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The Bank was established to provide banking services including mobilizing and receiving short, medium and long-term deposits from organizations and individuals; offering short, medium and long-term loans and advances to organizations and individuals based on the nature and ability of the Bank’s capital resources; conducting foreign exchange transactions, international trade finance services; discounting commercial papers, bonds and other valuable papers; and providing other banking services as allowed by the State Bank of Vietnam.

Charter capital

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Location

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Employees

As at 31 December 2021, the Bank has 23,100 employees (31 December 2020: 22,564 employees).

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

1. GENERAL INFORMATION (continued)

Subsidiaries

As at 31 December 2021, the Bank has seven (07) directly owned subsidiary companies and one (01) subsidiary bank as follows:

<i>Subsidiaries</i>	<i>Operating Licences</i>	<i>Nature of Business</i>	<i>Ownership</i>
VietinBank Leasing Company Limited (*)	Business Registration No. 0101047075/GP dated 31 August 2009 granted by Hanoi Authority for Planning and Investment, 10 th amendment dated 5 November 2020	Finance and banking	100%
VietinBank Securities Joint Stock Company	Establishment and Operating License No. 107/UBCK-GP dated 1 July 2009 granted by State Securities Commission and Amended License No. 25/GPDC-UBCK dated 25 May 2020	Security market	75,6%
VietinBank Debt Management and Asset Exploitation Company Limited	Business Registration No. 0302077030/GP dated 20 July 2010 granted by Department of Planning and Investment of Ho Chi Minh City, 6 th amendment dated 12 January 2021	Asset management	100%
VietinBank Insurance Joint Stock Corporation	Establishment and Operating License No. 21/GP-KDBH dated 12 December 2002 granted by the Ministry of Finance and Amended License No. 21/GPDC27/KDBH dated 13 June 2019 granted by the Ministry of Finance	Non-life insurance	73,4%
VietinBank Gold & Jewellery Trading Company Limited	Business Registration No. 0105011873/GP dated 25 November 2010 granted by Hanoi Authority for Planning and Investment, 7 th amendment dated 22 July 2019	Gold and jewellery trading and manufacturing	100%
VietinBank Fund Management Company Limited	Establishment and Operating License No. 50/UBCK-GP dated 26 October 2010 granted by State Security Commission and Amended License No. 102/GPĐC-UBCK dated 9 November 2021	Fund management	100%
VietinBank Global Money Transfer Company Limited	Business Registration No. 0105757686 dated 3 January 2012 granted by Hanoi Authority for Planning and Investment, 1 st amendment dated 13 March 2015	Monetary transfer intermediary	100%
VietinBank Lao Limited	Business Registration No. 068/NHCHDCNDL dated 8 July 2015 granted by Lao DPR Central Bank	Finance and banking	100%

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

1. GENERAL INFORMATION (continued)

(*) On 22 June 2020, the Board of Directors of the Bank issued Resolution No. 231/NQ-HDQT-NHCT2.1 to (i) approving the transfer 49% of charter capital of VietinBank Leasing Company Limited (“VietinBank Leasing”) owned by the Bank to foreign investors - Mitsubishi UFJ Lease & Finance and transfer 1% of charter capital of VietinBank Leasing owned by the Bank to another domestic investor; and (ii) approving the transformation of legal form of VietinBank Leasing from a single-member limited liability credit institution to a multi-member limited liability credit institution upon completion of charter capital transferring. As at 31 December 2021, the Bank is in the process of applying for the approval from the relevant authority for the legal transformation of VietinBank Leasing.

2. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

2.1 Accounting period

The Bank’s fiscal year starts on 1 January and ends on 31 December.

2.2 Accounting currency

Currency used in preparation of financial statement of the Bank is Vietnam Dong (“VND”). For the purpose of preparing separate financial statements as at 31 December 2021, all amounts are rounded to the nearest million and presented in VND million. The presentation makes no impact on readers’ view of separate financial position, separate income statement and separate cash flows.

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM

3.1 Statement of compliance

The Management of the Bank confirms that the accompanying separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of the separate financial statements.

3.2 Purpose of preparing separate financial statements

The Bank has subsidiaries as presented in *Note 1*. The Bank prepared these separate financial statements in accordance with the requirements for information disclosure, specifically as prescribed in Circular No. 96/2020/TT-BTC - Guidelines for information disclosure in the stock market. In addition, the Bank has also prepared the consolidated financial statements of the Bank and its subsidiaries dated 30 March 2022 for the year ended 31 December 2021 (“consolidated financial statements”).

Users of the separate financial statements should read these statements in conjunction with the aforementioned consolidated financial statements to obtain completely information about the consolidated financial position, consolidated income and consolidated cash flows of the Bank and its subsidiaries.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM (continued)

3.3 Accounting standards and system

The separate financial statements of the Bank are prepared in accordance with the Accounting System applicable to Credit Institutions required under Decision No. 479/2004/QD-NHNN issued on 29 April 2004, Circular No. 10/2014/TT-NHNN dated 20 March 2014 and Circular 22/2017/TT-NHNN issued on 29 December 2017 amending and supplementing Decision No. 479/2004/QD-NHNN; Decision No. 16/2007/QD-NHNN dated 18 April 2007, Circular No. 49/2014/TT-NHNN amending and supplementing a number of articles of Decision No. 16/2007/QD-NHNN and the chart of account system for Credit Institutions issued in connection with Decision No. 479/2004/QD-NHNN by the Governor of the State Bank of Vietnam and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series No.1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series No.2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series No.3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series No.4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series No.5).

Accordingly, the accompanying separate financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

3.4 Assumptions and uses of estimates

The preparation of the separate financial statements requires management of the Bank to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income, expenses and the results of provision. The actual results may differ from such estimates and assumptions.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 *Placements with and loans to other credit institutions*

Placements with and credit granting to other credit institutions (“CIs”) are presented at the outstanding principal amounts at the end of the year.

The classification of credit risk for placements with and credit granting to financial institutions and other credit institutions and corresponding provisioning is in accordance with Circular 11. Accordingly, the Bank makes a specific provision for placements with (except for current accounts) and loans to other credit institutions according to the method as described in *Note 4.5*.

According to Circular 11, the Bank is not required to make a general provision for placements with and credit granting to other credit institutions.

4.4 *Loans to customers*

Loans to customers are presented at the principal amounts outstanding at the end of the fiscal year.

Provision for credit losses on loans to customers is accounted and presented in a separate line on the separate balance sheet.

Short-term loans have maturity of less than one year from disbursement date. Medium-term loans have maturity from one to under five years from disbursement date. Long-term loans have maturity from five years from disbursement date.

Loan classification and provision for credit losses are made according to Circular 11 as presented in *Note 4.5*.

4.5 *Loan classification and provision for credit losses applied to placements with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets*

The classification of placements with and loans to other credit institutions and foreign bank branches, direct and entrusted investments in unlisted corporate bonds (including bonds issued by other credit institutions), entrusting credit extension; buy and sell debt according to regulations; buy and sell government bonds on the stock market; buy promissory notes, bills, certificates of deposit issued by credit institutions, other foreign bank branches; financial leasing; discount, rediscount negotiable instruments and other valuable papers; factoring; granting credit in the form of credit card issuance; Payment on behalf of off-balance sheet commitments and other credit risk receivables (collectively “debts”) are made using both the quantitative and qualitative methods as regulated under Article 10 and Article 11 of Circular 11. In case the classification results under Articles 10 and 11 are not the same, the debts must be classified into the higher risk group.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 *Loan classification and provision for credit losses applied to placements with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets* (continued)

When the Bank participates in a syndicated loan not as a lead bank, it classifies loans (including the syndicated loan) of the customer into the higher risk group assessed by other participants.

When a customer has more than one debt with the Bank and any of the outstanding debts is classified into a higher risk group, the Bank has to classify the entire remaining debts of that customer into the corresponding higher risk group.

Since 1 January 2015, credit institutions, foreign bank branches have been required to use the updated information from Credit Information Centre ("CIC") about the loan group of customers at the time of loan classification to adjust the classification group of loans and off-balance sheet items (This regulation does not apply to the results of loan classification for customers of the Vietnam Development Bank provided by CIC). Accordingly, debts are classified based on risk level as follows: *Current*, *Special Mention*, *Sub-standard*, *Doubtful* and *Loss*. Loans which are classified as *Sub-standard*, *Doubtful* and *Loss* are non-performing loans.

Specific provision

Specific provision as at 31 December is made based on the principal balance less discounted value of collaterals multiplied by provision rates which are determined based on the loan classification results as at 30 December. The basis for determining the value and deductible value of each type of collateral is regulated in Circular 11.

The classification of debts and specific provision rates for each specific debt group according to the quantitative method specified in Article 10 of Circular 11 is as follows:

Group		Description	Provision rate
1	Current	(a) Debts in due and assessed as fully and timely recoverable for both principals and interests; or (b) Debts overdue for a period of less than 10 days and assessed as fully recoverable for both overdue principals and interests, and fully and timely recoverable for both remaining principals and interests.	0%
2	Special Mention	(a) Debts overdue for a period between 10 days and 90 days; or (b) Debts whose repayment terms are restructured for the first time.	5%



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****4.5 Loan classification and provision for credit losses applied to placements with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets (continued)***Loan classification (continued)*

Group	Description	Provision rate
3	Sub-standard (a) Debts overdue for a period between 91 days and 180 days; or (b) Debts whose repayment terms are extended for the first time; or (c) Debts whose interests are exempted or reduced because customers do not have the capability to repay all interests under credit contracts; or (d) Debts under one of the following cases which have not been recovered in less than 30 days from the date of the recovery decision: - Debts violating Clause 1, 3, 4, 5, 6 under Article 126 of Law on Credit Institutions; or - Debts violating Clause 1, 2, 3, 4 under Article 127 of Law on Credit Institutions; or - Debts violating Clauses 1, 2 and 5 under Article 128 of Law on Credit Institutions. (e) Debts required to be recovered according to regulatory inspection conclusions; (f) Debts are required to be recovered according to credit institutions, foreign bank branches' decisions on early payment due to customers' breach of agreements but have not yet been recovered in 30 days from the issuance date of the decision; or (g) At the request of the SBV based on the inspection, supervision conclusions and relevant credit information.	20%
4	Doubtful (a) Debts are overdue for a period of between 181 days and 360 days; or (b) Debts which the repayment terms are restructured for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or (c) Debts which the repayment terms are restructured for the second time; or (d) Debts are specified in Point (d) of Loan group 3 and overdue for a period of between 30 days and 60 days after decisions of recovery have been issued; or (e) Debts are required to be recovered according to regulatory inspection conclusions but still outstanding with an overdue period up to 60 days since the recovery date as required by regulatory inspection conclusions. (f) Debts are required to be recovered as follows the before-due recovery decision of the Branch due to customers' breach of the agreement with the Branch but still outstanding with an overdue for a period of 30 to 60 days from the date of recovery decision; or (g) At the request of the SBV based on regulatory inspection, supervision results and relevant credit information.	50%



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Loan classification and provision for credit losses applied to placements with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets (continued)

Group		Loan classification using the quantitative method	Provision rate
5	Loss	(a) Debts are overdue for a period of more than 360 days; or (b) Debts which the repayment terms are restructured for the first time but still overdue for a period of 90 days or more under that first restructured repayment term; or (c) Debts which the repayment terms are restructured for the second time but still overdue under that second restructured repayment term; or (d) Debts which the repayment terms are restructured for the third time or more, regardless of being overdue or not; or (e) Debts are specified in Point (d) of Loan group 3 and overdue for a period of more than 60 days after decisions on recovery have been issued; or (f) Debts are required to be recovered under regulatory inspection conclusions but still outstanding with an overdue period of more than 60 days since the recovery date as required by regulatory inspection conclusions; or (g) Debts are required to be recovered as follows the before-due recovery decision of the Branch due to customers' breach of the agreement with the Branch but still outstanding with an overdue for a period of more than 60 days from the date of recovery decision; or (h) Debts of credit institutions under special control as announced by the SBV, or debts of foreign bank branches which capital and assets are blocked; or (i) At the request of the SBV based on regulatory inspection, supervision results and relevant credit information.	100%

For loans in agricultural and rural areas, the Bank is allowed to restructure debt while keeping the corresponding debt group unchanged once time in accordance with Circular No. 10/2015/TT-NHNN dated 22 July 2015 and Circular No. 25/2018/TT-NHNN dated 24 October 2018 amending, supplementing Circular No. 10/2015/TT-NHNN guiding the implementation of a number of contents of Decree No. 55/2015/ND-CP dated 9 June 2015 issued by the Government on credit policies supporting agricultural and rural development.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 *Loan classification and provision for credit losses applied to placements with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets* (continued)

From 13 March 2020, the Bank applied policies to restructure loan but retain its classification for loan to assist the borrowers affected by Covid-19 pandemic that qualified requirements of Circular 01, Circular 03 and Circular 14. Accordingly, for loans that principal and/or interest payment obligations incur during the period from 23 January 2020 to 30 June 2022, and these customers fail to make the principal and/or interest payment on time under the signed loan agreements, contracts due to the decrease in revenue and income affected by the COVID-19 pandemic, the Bank is allowed to restructure the repayment term for these debts and retain the latest debt classification as follows:

Overdue status of debts	Disbursement date	Due/overdue date	Debt classification retention
In due or overdue for a period of 10 days since the due date	Before 1 August 2021	From 30 March 2020 to before 30 June 2022	Retain the latest debt classification as before 23 January 2020 or the date of the first-time restructuring
Overdue	Before 23 January 2020	From 23 January 2020 to 29 March 2020	Retain the latest debt classification as before 23 January 2020
	From 23 January 2020 to before 10 June 2020	Before 17 May 2021	Retain the latest debt classification as before the overdue date
	From 10 June 2020 to before 1 August 2021	From 17 July 2021 to before 7 September 2021	

Additional specific provision according to Circular 03

Circular 03 requires the Bank to make specific provisions for customers whose repayment term of outstanding balance was restructured, interest was exempted or reduced are classified into two types of debt classification as follows:

- (1) *debt classification was retained as before restructuring, interest exemption or reduction;*
- (2) *debt classification according to the SBV's regulations on debt classification in operation of credit institutions.*

If the difference in provision made in accordance with debt classification (2) and debt classification (1) is positive, the Bank shall make additional specific provision as follows:

Additional provision	Duration
Minimum 30% of the additional specific provision	Up to 31 December 2021
Minimum 60% of the additional specific provision	Up to 31 December 2022
100% of the additional specific provision	Up to 31 December 2023

From 1 January 2024, the Bank shall make provision in accordance with regulations on making risk provision in operation of credit institutions of the SBV for all outstanding loans to customers, off-balance sheet commitments including the outstanding loans that repayment term was restructured, interest was exempted or reduced and debt classification was retained as prescribed in Circular 03.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 *Loan classification and provision for credit losses applied to placements with and loans to other credit institutions, unlisted corporate bonds purchased and trusted for purchase by the Bank, loans to customers granted and trusted for grant by the Bank and other credit risk bearing assets* (continued)

General provision

According to Circular 11, general provision as at 31 December is made at 0.75% of total outstanding loans as at 31 December excluding placements with and loans to other credit institutions and loans classified as loss group; treasury bills, certificate of deposits, bonds issued by other domestic credit institutions/foreign bank branches and Government bonds under sell and repurchase transactions.

Write-off bad debts

Provisions are recognized as an expense on the separate income statement and used to write-off bad debts. According to Circular 11, the Bank establishes a Risk Management Committee to deal with bad debts if they are classified as loss group or if the borrower is a dissolved, bankrupt organization or individual who is dead or missing.

4.6 *Securities held for trading*

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

Securities held for trading are initially recognized at cost. Gains or losses from sales of trading securities are recognized in the separate income statement.

Interest and dividends derived from securities held for trading are recognized on a cash basis in the separate income statement.

Provision for impairment of securities held for trading is recorded when their book value is higher than their market value as stipulated in Circular No. 48/2020/TT-BTC ("Circular 48") dated 08 August 2020 issued by the Ministry of Finance. Provision for impairment is recognized in the separate income statement as "*Net gain from securities held for trading*".

Provision for credit losses of corporate bonds, which are not listed on the stock market or not registered on the unlisted public company market or not registered to trade on UpCom trading system, is made in accordance with Circular 11 as described in *Note 4.5*.

4.7 *Investment securities*

Investment securities are classified into two categories: available-for-sale and held-to-maturity investment securities. The Bank classifies investment securities on their purchase dates. In accordance with Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 issued by the SBV, the Bank is allowed to reclassify investment securities no more than one time after the purchase date.

4.7.1 *Available-for-sale securities*

Available-for-sale securities include debts and equity securities that are acquired by the Bank for investment and available-for-sale purposes, not regularly traded but can be sold when there is a benefit. For equity securities, the Bank is neither the founder shareholder nor the strategic partner and does not have the ability to make certain influence in establishing and making the financial and operating policies of the investees through a written agreement on assignment of its personnel to the Board of Directors/Management.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 *Investment securities* (continued)

4.7.1 *Available-for-sale securities* (continued)

Available-for-sale equity securities are initially recognized at cost at the purchase date and continuously presented at cost in subsequent periods.

Available-for-sale debt securities are recognized at par value at the purchase date. Accrued interest (for debt securities with interest payment in arrears) and deferred interest (for debt securities with interest payment in advance) are recognized in a separate account. Discount/premium, which is the difference between the cost and the amount being the par value plus (+) accrued interest (if any) or minus (-) deferred interest (if any), is also recognized in a separate account.

In subsequent periods, these securities are continuously recorded at par value, and the discount/premium (if any) is amortized to the separate income statement on a straight-line basis over the remaining term of securities. The interest received in arrears is recorded as follows: Cumulative interest incurred before the purchasing date is recorded as a decrease in the accrued interest, cumulative interest incurred after the purchasing date is recognized as income based on the accumulated method. The interest received in advance is amortized into the securities investment interest income on a straight-line basis over the term of the securities investment.

Available-for-sale securities are subject to impairment review on a periodical basis.

Provision for diminution in value of securities is made when the carrying value is higher than the market value in compliance with Circular 48. In case market prices of securities are not available or cannot be determined reliably, no provision is required. Provision is recognized in the "*Net gain/(loss) from investment securities*" account of the separate income statement.

Provision for credit losses of corporate bonds which are not listed on the stock market or not registered on the unlisted public company market or not registered to trade on UpCom trading system, is made in accordance with Circular 11 as described in *Note 4.5*.

4.7.2 *Held-to-maturity investment securities*

Held-to-maturity investment securities include special bonds issued by Vietnam Asset Management Company ("VAMC") and other held-to-maturity securities.

Special bonds issued by VAMC

Special bonds issued by VAMC are fixed-term valuable papers used to purchase bad debts of the Bank. These special bonds are initially recognized at face value at the date of transaction and subsequently carried at the face value during the holding period. Face value of the bonds equals the outstanding balance of the sold debts less their unused specific allowance.

During the holding period, the Bank regularly calculates and makes annual allowance in accordance with Circular No. 14/2015/TT-NHNN dated 28 August 2015 issued by the SBV amending and supplementing some articles of Circular No. 19/2013/TT-NHNN stipulating the purchase, sale and bad debt written-off of VAMC.

In accordance with Circular No. 14/2015/TT-NHNN, each year within 5 consecutive working days prior to the maturity date of special bonds, the Bank is obliged to fully make specific provision for each special bond using the below formula:

$$X_{(m)} = \frac{Y}{n} \times m - (Z_m + X_{m-1})$$

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 *Investment securities* (continued)

4.7.2 *Held-to-maturity investment securities* (continued)

In which:

- $X_{(m)}$: minimum provision for special bonds in the m^{th} year;
- X_{m-1} : accumulated specific provision for special bonds in the $(m-1)^{\text{th}}$ year;
- Y: face value of special bonds;
- n: term of special bonds (years);
- m: number of years from the bond issuance date to the provision date;
- Z_m : accumulated bad debt recoveries at the provision date (m^{th} year). Credit institutions should co-operate with VAMC to determine the recovery amount of the bad debts.

If $(Z_m + X_{m-1}) \geq (Y/n \times m)$, the specific provision ($X_{(m)}$) will be zero (0).

Specific provision for special bonds is recognized in the separate income statement in "Provision expense for credit losses". General provision is not required for the special bonds.

On settlement date of special bonds, interest recovered from the debt is recorded to "Interest and similar income". When receiving bad debts from VAMC, credit institutions use specific provisions to write off bad debts. The difference between the provision and the carrying amount of the debt is recognized in "Other income".

Other held-to-maturity securities

Held-to-maturity securities are debt securities purchased by the Bank for the investment purpose of earning interest and the Bank has the capability and intention to hold these investments until maturity. Held-to-maturity securities have the determined value and maturity date. In case the securities are sold before the maturity date, these securities will be reclassified to securities held for trading or available-for-sale securities.

Held-to-maturity securities are recorded and measured similarly to available-for-sale debt securities, which is presented at Note 4.7.1.

4.8 *Investments in subsidiaries*

Investments in subsidiaries controlled by the Bank are recognized by the cost method in the separate financial statement. Dividends received from profit after tax of subsidiaries are recorded as income in the separate income statement of the Bank.

Provision for impairment of investments in subsidiaries is made for each impaired investment and is subject to revision at the end of the year. Provision for investments in subsidiaries is made when the investments are impaired due to the losses incurred by subsidiaries. Increase or decrease of provision balance is recognized in "Total operating expenses" in the separate income statement of the Bank.

4.9 *Investments in joint ventures*

Investments in joint ventures whereby the Bank is subject to joint control are initially stated at cost.

Distributions from net accumulated profit of joint ventures after the date on which control is transferred to the Bank are recognized in the separate income statement. Other distributions are considered as recoveries of investments and deducted from the investment value.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 *Other long-term investments*

Other long-term investments represent capital investments in other enterprises where the Bank owns less than 11% of voting rights and is either a founding shareholder or a strategic partner; or has influences on the enterprise' planning and determining of financial and operating policies of entities being invested in under writing agreements to appoint personnel to the members' council/board of directors/board of management but the Bank does not have significant control or influence over the investees.

Other long-term investments include equity securities and other long-term capital contributions which are intended to be held, withdrawn or settled for a period of more than one year (except for capital contributions and investments into joint-ventures, associates and subsidiaries).

Other long-term investments are initially recognized at cost.

The allowance for diminution in the value of long-term investments is made if there are reliable evidences of the diminution in value of the economic entities in which the Bank invests at the end of the accounting period in accordance with Circular No. 48. Accordingly, the allowance amount is the difference between the parties' actual capital contributions to the economic entity and the actual owners' equity multiplied (x) by the ratio of capital invested (%) by the Bank to the total actual capital of the economic entity at the end of the annual accounting period. For an investment in listed shares or shares whose market price can be determined reliably, allowance is made based on the shares' market price.

4.11 *Re-purchase and re-sale contracts*

Securities sold under agreements to be repurchased at a specific date in the future (repos) are still recognized in the separate financial statements. The corresponding cash received from these agreements is recognized in the separate balance sheet as a borrowing and the difference between the sale price and repurchase price is amortized in the separate income statement over the term of the agreement using the straight-line method based on the interest rate stipulated in the contract.

Securities purchased under agreements to be resold at a specific date in the future are not recognized in the separate financial statements. The corresponding cash paid under these agreements is recognized as a loan in the separate balance sheet and the difference between the purchase price and resale price is amortized in the separate income statement over the term of the agreement using the straight-line method based on the interest rate stipulated in the contract.

4.12 *Fixed assets*

Fixed assets are stated at cost less accumulated depreciation or amortization.

The cost of a fixed asset comprises its purchase price plus any directly attributable costs of bringing the asset to working condition for its intended use.

Cost related to additions, improvements and renewals are capitalized while expenditures for maintenance and repairs are charged to the separate income statement.

When assets are sold or retired, their cost and accumulated depreciation are deducted from the separate balance sheet item and any gain or loss resulting from their disposal is recorded to the separate income statement.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Depreciation and amortization

Depreciation and amortization of fixed assets is calculated on a straight-line basis over the estimated useful life of these assets as follows:

Buildings and structures	05 - 40 years
Machinery and equipment	03 - 07 years
Means of transportation	06 - 07 years
Other tangible fixed assets	04 - 25 years
Land use rights (*)	Upon lease term
Computer software	03 - 08 years

(*) Indefinite land use rights are not amortized. Definite land use rights are amortized over the lease or usage term.

4.14 Receivables

4.14.1 Receivables classified as credit risk bearing assets

Receivables classified as credit risk bearing assets are recognized at cost. Doubtful receivables are classified and provisioned for by the Bank in accordance with the regulations about recognition and use of provision to write off the credit risk as presented in *Note 4.5*.

4.14.2 Other receivables

Receivables other than credit risk bearing receivables of the Bank are initially recorded at cost and always carried at cost subsequently.

Provision for receivables is determined based on the overdue status of debts or expected loss in case the debts are not due for payment yet, but the corporate debtors are bankrupt or in the process of dissolution, or individual debtors are missing, fleeing, deceased, prosecuted, on trial or serving sentences. Provision expense incurred is recorded in "Total operating expenses" of the separate income statement.

Provision for overdue debts is made in accordance with Circular 48 as follows:

<u>Overdue status</u>	<u>Allowance rates</u>
From over six months up to one year	30%
From one to under two years	50%
From two to under three years	70%
From three years and above	100%

Debt classification and provisioning for debts sold but not yet collected

For debts sold but not yet collected, the Bank classifies and makes provision according to the principle of debt classification and valuation of collateral assets as before debt sale according to Circular 11.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 *Prepaid expenses and deferred expenses*

Prepaid expenses include short-term or long-term prepaid expenses on the separate balance sheet and are amortized over the period for which the amount is paid or the period in which economic benefits are generated in relation to these expenses.

4.16 *Recognition of income and expense*

Interest income and interest expenses

Interest income and interest expenses are recognized in the separate income statement on an accrual basis. The recognition of accrued interest income of a loan is suspended when that loan is classified in groups 2 to 5 in compliance with Circular 11, reconstructed under Circular 01 or remains its current loan group under other State policies. Suspended interest income is monitored in an off-balance sheet account and recognized in the separate income statement upon actual receipt.

Fees and commissions are recognized on an accrual basis. Fees from guarantee activities, letter of credit, investment activities (bonds, etc.) are recognized on accrual/amortized basis.

Income from securities trading

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

Dividends

Dividends received in cash from investment activities are recognized as an income when the Bank's rights to receive dividends are established.

Dividends which are received in the form of shares, bonus shares and the right to buy shares for current shareholders, and shares from undistributed profits are not recognized as an increase in investment value and are not recorded as an income of the Bank but the number of shares is updated.

Income from other services

Where the contract outcome can be reliably measured, revenue is recognized by reference to the stage of completion. Where the contract outcome cannot be reliably measured, revenue is recognized only to the extent of the expenses recognized which are recoverable.

Recognition of receivables not yet collected

According to Circular No. 16/2018/TT-BTC dated 07 February 2018 issued by the Ministry of Finance, receivables from accrued income but not yet collected at the due date are recorded as reduction in revenue if the income has been accrued in the same accounting period or recorded as expense if the income has been accrued in different accounting periods and monitored in the off-balance sheet. Upon actual receipt of these receivables, the Bank recognizes them in the separate income statement.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 *Deposits from other credit institutions, customer deposits, valuable papers issued, other borrowed and entrusted funds*

Deposits from other credit institutions, customer deposits and valuable papers issued, other borrowed and entrusted funds are disclosed at the principal amounts outstanding at the date of the separate financial statements. Issuing costs are initially deducted from original cost of bond. The Bank gradually amortised these costs to "Interest and similar expenses" on straight-line basis over the term of the valuable papers.

4.18 *Foreign currency transactions*

According to Bank accounting system, all transactions are recorded in original currencies. Monetary assets and liabilities denominated in foreign currencies are translated into VND using the exchange rates ruling at the separate balance sheet dated (Note 48). Income and expenses denominated in foreign currencies during the year are converted into VND at the exchange rates ruling at the transaction dates. Foreign exchange differences arising from the translation of monetary assets and liabilities are recorded and monitored in the "Foreign exchange differences" under "Owners' equity" and will be transferred to the separate income statement.

4.19 *Payables and accruals*

Payables and accruals are recognized for amounts to be paid in the future for goods and services received, whether or not billed to the Bank.

4.20 *Corporate income taxes*

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be paid to (or recovered from) the taxation authorities – applying the tax rates and tax laws enacted at the separate balance sheet date.

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Bank to offset current tax assets against current tax liabilities and when the Bank intends to settle its current tax assets and liabilities on a net basis.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for separate financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- ▶ where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of taxable temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Corporate income taxes (continued)

Deferred tax assets are recognized for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilized, except:

- ▶ where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of deductible temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each separate balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Previously unrecognized deferred tax assets are re-assessed at each separate balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled based on tax rates and tax laws that have been enacted at the separate balance sheet date.

Deferred tax is charged or credited to the separate income statement, except when it relates to items recognized directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Bank to off-set current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- ▶ either the same taxable entity; or
- ▶ when the Bank intends either settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4.21 Classification for off-balance sheet commitments

According to Circular 11, credit institutions only classify guarantees, payment acceptances and irrevocable loan commitments with specific effective date (generally called “*off-balance sheet commitments*”) in compliance with Article 10 of Circular 11 for management and monitoring of credit quality. Accordingly, off-balance sheet commitments are classified into the following groups: *Current*, *Special Mention*, *Sub-standard*, *Doubtful* and *Loss* based on the overdue status and other qualitative factors.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.22 Derivatives

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

Currency forward contracts

Currency forward contracts are commitments to sell or buy a specific currency on a pre-determined future date at a pre-determined exchange rate and are settled by cash. The currency forward contracts are recognized at nominal value at the transaction date and are revalued periodically, from which gains or losses are recognized in the "Foreign exchange differences" under "Owners' equity" in the separate balance sheet and will be transferred to the separate income statement at the end of the fiscal year.

Swap contracts

Swap contracts are commitments to settle by cash on a pre-determined future date based on the difference between pre-determined exchange rates calculated on a notional principal amount or commitments to settle interest amounts based on a floating rate or a fixed rate calculated on a notional amount and in the same period.

Differences in interest rate swaps are recognized in the separate income statement on an accrual basis.

4.23 Employee benefits

4.23.1 Post - employment benefits

Employees at the Bank shall be entitled to receive allowances from the Social Insurance Fund upon retirement and shall be subsidized by the Bank two (2) months of additional salary based on job positions with the average KPI of the consecutive six months before retirement.

According to Decree No. 68/NQ-CP dated 1 July 2021 of the Government, the Bank is 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 for 12 months from 1 July 2021 to 30 June 2022.

4.23.2 Unemployment insurance

According to Article 57 of the Law on Employment No. 38/2013/QH13 effective from 01 January 2015 and Decree No. 28/2015/ND-CP dated 12 March 2015 of the Government providing guidelines for the Law on Employment in terms of unemployment insurance, the Bank is required to contribute to the unemployment insurance at the rate of 1% of salary and wage fund of unemployment insurance joiners and deduct 1% of monthly salary and wage of each employee to contribute to the unemployment insurance. According to Decision No. 28/2021/QĐ-TTg of the Prime Minister, from 01 October 2021, the Bank is entitled to reduce the unemployment insurance contributions rate of 1% mentioned above to 0% within 12 months.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.23 *Employee benefits* (continued)

4.23.3 *Severance allowance*

The Bank has the obligation, under Article 46 of the Vietnam Labor Code 45/2019/QH14 effective from 1 January 2021, to pay allowance arising from voluntary resignation of employees, equal to one-half month's salary for each year of employment up to 31 December 2008 plus salary allowances (if any). From 1 January 2009, the average monthly salary used in this calculation is the average monthly salary of the latest six-month period up to the resignation date. Accordingly, working time at the Bank to calculate severance allowance is the total actual working time at the Bank minus (-) the time the employee has participated in unemployment insurance in accordance with the law regarding unemployment insurance, and the working time that has been paid off by employers for severance allowance.

4.24 *Capital and reserves*

4.24.1 *Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognized as a deduction from share premium in equity.

4.24.2 *Share premium*

On receipt of capital from shareholders, the difference between the issuance price and the par value of the shares is recorded as share premium in equity.

4.24.3 *Reserves*

Reserves are for specific purposes and appropriated from net profit after tax of the Bank at prescribed rates as below:

- ▶ Supplementary charter capital reserve: 5% of net profit after tax and does not exceed charter capital;
- ▶ Financial reserve: 10% of net profit after tax;
- ▶ Bonus to the Management, bonus and welfare funds are appropriated according to the decisions of the Annual General Meeting of Shareholders.
- ▶ Other reserves: are to be made in accordance with the current regulations and decisions of the Annual General Meeting of Shareholders.

4.25 *Offsetting*

Financial assets and financial liabilities are offset and the net amount is reported in the separate balance sheet if, and only if, there is a currently enforceable legal right to offset financial assets against financial liabilities or vice-versa, and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.26 *Nil balance items*

Items or balances required by Decision No. 16/2007/QD-NHNN dated 18 April 2007 and Circular No. 49/2014/TT-NHNN dated 31 December 2014 issued by the SBV regarding the financial reporting mechanism for credit institutions to be not shown in these separate financial statements indicate nil balance.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

5. CASH, GOLD AND GEMSTONES

	<u>31 December 2021</u> VND million	<u>31 December 2020</u> VND million
Cash on hand in VND	9,892,021	8,889,252
Cash on hand in foreign currencies	1,304,639	857,535
	<u>11,196,660</u>	<u>9,746,787</u>

6. BALANCES WITH THE STATE BANK OF VIETNAM (“the SBV”)

	<u>31 December 2021</u> VND million	<u>31 December 2020</u> VND million
Balance with the SBV		
- In VND	19,166,382	55,135,484
- In foreign currencies	4,216,559	2,480,820
	<u>23,382,941</u>	<u>57,616,304</u>

Balances with the SBV include current accounts and compulsory reserves.

In accordance with regulations of the SBV about compulsory reserves, banks are permitted to maintain a certain balance with the SBV in their compulsory reserve account. The average monthly compulsory reserves must not be lower than the preceding month's average deposit balance multiplied by the corresponding compulsory reserve ratio.

Compulsory reserve ratios as at the reporting date are as follows:

	<u>31/12/2021</u>	<u>31/12/2020</u>
Preceding month's average deposit balance:		
<i>Customer deposits</i>		
- Deposits in foreign currencies with term under 12 months	8.00%	8.00%
- Deposits in foreign currencies with term from 12 months and over	6.00%	6.00%
- Deposits in VND with term under 12 months	3.00%	3.00%
- Deposits in VND with term from 12 months and over	1.00%	1.00%
<i>Foreign credit institutions' deposits</i>		
- Deposits in foreign currencies	1.00%	1.00%

As at 31 December 2021, compulsory reserves in VND and in foreign currencies bore interest at rates of 0.5% per annum and 0% per annum, respectively (as at 31 December 2020: 0.8% per annum and 0% per annum).

As at 31 December 2021, deposits in foreign currencies exceeding the compulsory reserve bore an interest rate of 0% per annum (as at 31 December 2020: 0.05% per annum).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

7. PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

	<u>31 December 2021</u> VND million	<u>31 December 2020</u> VND million
Placements with other credit institutions		
Current accounts	88,168,362	38,207,609
- In VND	19,468,959	17,795,166
- In foreign currencies	68,699,403	20,412,443
Term deposits	42,657,589	55,443,520
- In VND	27,845,000	45,900,000
- In foreign currencies	14,812,589	9,543,520
	<u>130,825,951</u>	<u>93,651,129</u>
Loans to other credit institutions		
In VND	13,794,892	5,978,577
In foreign currencies	2,710,296	3,083,198
	<u>16,505,188</u>	<u>9,061,775</u>
	<u>147,331,139</u>	<u>102,712,904</u>

Placements with and loans to other credit institutions by loan group are as follows:

	<u>31 December 2021</u> VND million	<u>31 December 2020</u> VND million
Current	<u>59,162,777</u>	<u>64,505,295</u>

8. HELD-FOR-TRADING SECURITIES

	<u>31 December 2021</u> VND million	<u>31 December 2020</u> VND million
Debt securities		
Government securities	1,092,554	3,555,344
Securities issued by other domestic credit institutions	-	697,353
Provision for debt securities	(7,884)	-
	<u>1,084,670</u>	<u>4,252,697</u>

8.1 Securities held for trading by listing status

	<u>31 December 2021</u> VND million	<u>31 December 2020</u> VND million
Debt securities		
Listed securities	<u>1,092,554</u>	<u>4,252,697</u>
	<u>1,092,554</u>	<u>4,252,697</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

9. DERIVATIVES AND OTHER FINANCIAL ASSETS

	<i>31 December 2021</i> <i>VND million</i>	<i>31 December 2020</i> <i>VND million</i>
Currency derivative financial instruments	1,296,937	63,191
Currency forward contracts	130,202	26,794
Currency swap contracts	1,166,735	36,397
Other derivative financial instruments	157,853	73,931
	1,454,790	137,122

10. LOANS TO CUSTOMERS

	<i>31 December 2021</i> <i>VND million</i>	<i>31 December 2020</i> <i>VND million</i>
Loans to domestic economic entities and individuals	1,113,610,261	997,967,514
Discounted bills and valuable papers	2,170,538	1,998,693
Payments on behalf of customers	14,385	7,788
Loans financed by entrusted funds	62,318	116,523
Loans to foreign economic entities and individuals	4,205,583	4,885,023
	1,120,063,085	1,004,975,541

10.1 Analysis of loan portfolio by quality

	<i>31 December 2021</i> <i>VND million</i>	<i>31 December 2020</i> <i>(restated)</i> <i>VND million</i>
Current	1,093,965,567	992,644,310
Special mention	11,846,029	2,936,106
Sub-standard	7,093,692	1,833,956
Doubtful	1,995,276	1,522,995
Loss	5,162,521	6,038,174
	1,120,063,085	1,004,975,541

10.2 Analysis of loan portfolio by original maturity

	<i>31 December 2021</i> <i>VND million</i>	<i>31 December 2020</i> <i>VND million</i>
Short term loans	680,022,831	590,292,716
Medium term loans	62,825,173	58,165,413
Long term loans	377,215,081	356,517,412
	1,120,063,085	1,004,975,541

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
 as at 31 December 2021 and for the year then ended

10. LOANS TO CUSTOMERS (continued)
10.3 Analysis of loan portfolio by ownership and types of customers

	31 December 2021		31 December 2020	
	VND million	%	VND million	%
State-owned companies	51,387,706	4.59	54,554,728	5.43
Single-member limited liability companies with 100% State ownership	23,975,234	2.14	29,243,619	2.91
Multi-member limited liability companies with over 50% State ownership or being controlled by the State	7,015,249	0.63	7,633,633	0.76
Other limited liability companies	253,621,575	22.64	233,253,853	23.21
Joint stock companies with over 50% State ownership or voting share capital; or being controlled by the State	29,892,364	2.67	29,588,339	2.94
Other joint-stock companies	322,428,466	28.79	278,533,887	27.72
Partnership companies	284,269	0.03	363,403	0.04
Private enterprises	12,255,188	1.09	12,587,912	1.25
Foreign invested enterprises	56,166,155	5.01	53,208,828	5.29
Co-operatives and unions of co-operative	1,436,474	0.13	1,460,651	0.15
Household business and individuals	359,666,150	32.11	302,052,315	30.06
Administrative unit, the Party, unions and associations	975,535	0.09	1,513,982	0.15
Others	958,720	0.08	980,391	0.09
	1,120,063,085	100	1,004,975,541	100

10.4 Analysis of loan portfolio by sectors

	31 December 2021		31 December 2020	
	VND million	%	VND million	%
Construction	89,894,656	8.03	93,172,308	9.27
Production and distribution of electricity, gas and water	63,052,506	5.63	44,033,672	4.38
Production and processing	260,662,385	23.27	245,299,730	24.41
Mining	12,318,953	1.10	14,840,856	1.48
Agricultural, forestry and aquaculture	42,979,621	3.84	41,538,587	4.13
Transportation, logistics and telecommunication	22,742,539	2.03	24,027,957	2.39
Wholesale and retail trade, repairing of motor vehicles, motorcycles	373,960,956	33.39	323,427,021	32.18
Trading and services	168,810,976	15.07	150,678,267	14.99
Household services, production of physical products and services used by households	53,108,053	4.74	46,327,072	4.61
Other activities	32,532,440	2.90	21,630,071	2.16
	1,120,063,085	100	1,004,975,541	100

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

11. PROVISION FOR CREDIT LOSSES ON LOANS TO CUSTOMERS

Movement of provision for credit losses on loans to customers during the year 2021 are as follows:

	<i>General provision VND million</i>	<i>Specific provision VND million</i>	<i>Total VND million</i>
Opening balance as at 1 January 2021 (restated)	7,227,917	5,138,761	12,366,678
Provision charged during the year	1,115,510	17,222,192	18,337,702
Provision used to write off bad debts	-	(5,107,615)	(5,107,615)
Other adjustments	-	6,026	6,026
Closing balance as at 31 December 2021	8,343,427	17,259,364	25,602,791

Movement of provision for credit losses on loans to customers during the year 2020 are as follows:

	<i>General provision VND million</i>	<i>Specific provision VND million</i>	<i>Total VND million</i>
Opening balance as at 1 January 2020	6,717,340	6,071,288	12,788,628
Provision charged during the year	510,577	5,716,329	6,226,906
Provision used to write off bad debts	-	(6,648,856)	(6,648,856)
Closing balance as at 31 December 2020 (restated)	7,227,917	5,138,761	12,366,678

12. INVESTMENT SECURITIES

12.1 Available-for-sale securities

	<i>31 December 2021 VND million</i>	<i>31 December 2020 VND million</i>
Debt securities	172,815,816	110,680,857
Government bonds	78,299,141	57,375,668
Bonds issued by domestic credit institutions	85,805,360	42,661,173
Bonds issued by domestic economic entities	8,711,315	10,644,016
Equity securities	376,615	376,615
Equity securities issued by domestic economic entities	376,615	376,615
Provision for available-for-sale securities	(116,252)	(339,665)
<i>In which:</i>		
<i>Provision for diminution in value</i>	<i>(51,189)</i>	<i>(50,918)</i>
<i>General provision</i>	<i>(65,063)</i>	<i>(288,747)</i>
<i>Specific provision</i>	<i>-</i>	<i>-</i>
	173,076,179	110,717,807

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

12. INVESTMENT SECURITIES (continued)

12.2 Held-to-maturity securities

	31 December 2021 VND million	31 December 2020 VND million
Debts securities	2,586,832	2,586,778
Government bonds	2,200,000	2,200,000
Bonds issued by domestic economic entities	386,832	386,778
Provision for held-to-maturity securities	(2,901)	(2,901)
General provision	(2,901)	(2,901)
Specific provision	-	-
	2,583,931	2,583,877

12.3 Analysis by quality of investment securities classified as credit risk bearing assets

	31 December 2021 VND million	31 December 2020 VND million
Current	63,711,842	38,101,746
Special mention	-	-
Sub-standard	-	-
Doubtful	-	-
Loss	-	-
	63,711,842	38,101,746

12.4 Provision for investment securities

Movement of provision for impairment of investment securities during 2021 is as follows:

	Available-for- sale securities VND million	Held-to-maturity securities VND million	Total VND million
Opening balance as at 1 January 2021	339,665	2,901	342,566
Provision reversed during the year	(223,413)	-	(223,413)
Closing balance as at 31 December 2021	116,252	2,901	119,153

Movement of provision for impairment of investment securities during 2020 is as follows:

	Available-for- sale securities VND million	Held-to-maturity securities VND million	Total VND million
Opening balance as at 1 January 2020	1,285,284	6,591,919	7,877,203
Provision (reversed)/charged during the year	(355,619)	5,820,304	5,464,685
Provision used to write off bad debts	(590,000)	(12,409,322)	(12,999,322)
Closing balance as at 31 December 2020	339,665	2,901	342,566

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

13. LONG-TERM INVESTMENTS

Analysis by type of investment

	31 December 2021 VND million	31 December 2020 VND million
Investments in subsidiaries (Note 13.1)	3,840,032	3,840,032
Investment in a joint venture (Note 13.2)	1,688,788	1,688,788
Other long-term investments	22,962	22,962
	5,551,782	5,551,782

13.1 Investments in subsidiaries

	31 December 2021 Cost VND million	31 December 2020 Cost VND million
<i>Subsidiaries</i>		
VietinBank Leasing Company Limited	1,000,000	1,000,000
VietinBank Securities Joint Stock Company	597,232	597,232
VietinBank Debt Management and Asset Exploitation Company Limited	120,000	120,000
VietinBank Insurance Joint Stock Corporation	489,150	489,150
VietinBank Fund Management Company Limited	300,000	300,000
VietinBank Gold & Jewellery Trading Company Limited	200,000	200,000
VietinBank Global Money Transfer Company Limited	50,000	50,000
VietinBank Lao Limited	1,083,650	1,083,650
	3,840,032	3,840,032

13.2 Investment in a joint venture

	31 December 2021		31 December 2020	
	Cost VND million	% owned	Cost VND million	% owned
Indovina Bank Limited	1,688,788	50%	1,688,788	50%
	1,688,788		1,688,788	

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 Operating License No. 101/GP-NHNN dated 11 November 2019 (amended for Operating License No. 08/NH-GP dated 29 October 1992 issued by the State Bank of Vietnam) for the operating period of 99 years.

Since its establishment, as approved by the State Bank, Indovina Bank Limited has made several capital increases, in which the value of capital contributed by the two parties to the joint venture increased but the proportion of contributed capital did not change. As at 31 December 2021, the charter capital of Indovina Bank Limited is USD193,000,000.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

14. TANGIBLE FIXED ASSETS

Movements of tangible fixed assets during the year 2021 are as follows:

	Buildings and structures VND million	Machinery and equipment VND million	Means of transportation VND million	Other tangible fixed assets VND million	Total VND million
Cost					
Opening balance	7,772,968	5,441,300	1,538,475	348,664	15,101,407
Additions	179,173	140,044	146,318	26,307	491,842
Transfer from construction in progress	36,871	3,948	1,967	643	43,429
Reclassification	-	713	-	(713)	-
Disposals	(56,838)	(59,940)	(31,182)	(3,545)	(151,505)
Other increases/(decreases)	(5,237)	(39,171)	(2,856)	265	(46,999)
Closing balance	7,926,937	5,486,894	1,652,722	371,621	15,438,174
Accumulated depreciation					
Opening balance	2,503,921	4,957,479	1,126,061	298,750	8,886,211
Depreciation for the year	289,935	231,425	136,056	30,347	687,763
Reclassification	(20,997)	(59,940)	(31,182)	(3,543)	(115,662)
Disposals	-	288	-	(288)	-
Other increases/(decreases)	3,776	(41,784)	223	(322)	(38,107)
Closing balance	2,776,635	5,087,468	1,231,158	324,944	9,420,205
Net book value					
Opening balance	5,269,047	483,821	412,414	49,914	6,215,196
Closing balance	5,150,302	399,426	421,564	46,677	6,017,969

Cost of tangible fixed assets that are fully depreciated but still in used as at 31 December 2021 is VND6,469,172 million (as at 31 December 2020: VND6,100,475 million).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

15. INTANGIBLE FIXED ASSETS

Movements of intangible fixed assets during the year 2021 are as follows:

	<i>Land use rights</i> VND million	<i>Other intangible</i> <i>fixed assets</i> VND million	<i>Total</i> VND million
Cost			
Opening balance	3,959,122	2,300,204	6,259,326
Additions	75,035	130,050	205,085
Disposals	-	(509)	(509)
Other increases	5,435	9,439	14,874
Closing balance	<u>4,039,592</u>	<u>2,439,184</u>	<u>6,478,776</u>
Accumulated amortization			
Opening balance	366,873	1,577,947	1,944,820
Amortization for the year	41,496	249,549	291,045
Disposals	-	(509)	(509)
Other increases	2,827	36,061	38,888
Closing balance	<u>411,196</u>	<u>1,863,048</u>	<u>2,274,244</u>
Net book value			
Opening balance	<u>3,592,249</u>	<u>722,257</u>	<u>4,314,506</u>
Closing balance	<u>3,628,396</u>	<u>576,136</u>	<u>4,204,532</u>

Cost of intangible fixed assets that are fully depreciated but still in used as at 31 December 2021 is VND724,572 million (as at 31 December 2020: VND793,907 million).

16. OTHER ASSETS

16.1 Receivables

	<i>31 December 2021</i> VND million	<i>31 December 2020</i> <i>(restated)</i> VND million
Internal receivables	291,816	321,156
External receivables	25,836,331	14,213,889
Construction in progress	5,567,364	5,628,132
- <i>Constructions in the North</i>	5,275,665	5,210,728
- <i>Constructions in the Central</i>	183,683	330,482
- <i>Constructions in the South</i>	108,016	86,922
Fixed assets in purchase or under repair	1,116,308	1,063,469
	<u>32,811,819</u>	<u>21,226,646</u>

16.2 Other assets

	<i>31 December</i> <i>2021</i> VND million	<i>31 December 2020</i> <i>(restated)</i> VND million
Materials and tools	98,818	109,535
Prepaid expenses	2,698,207	2,567,166
Other assets	139,249	139,249
	<u>2,936,274</u>	<u>2,815,950</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

16. OTHER ASSETS (continued)

16.3 Provision for other assets

	31 December 2021 VND million	31 December 2020 (restated) VND million
Provision for bad debts	40,706	40,596
	40,706	40,596

17. DUE TO THE GOVERNMENT AND THE STATE BANK OF VIETNAM

	31 December 2021 VND million	31 December 2020 VND million
Borrowings from the SBV	1,505,274	1,969,774
Borrowings based on credit profiles	1,498,316	1,962,816
Borrowings to support State-owned enterprises	6,958	6,958
Deposits from the State Treasury and other dues	31,789,130	42,627,414
In VND	31,789,130	42,627,414
In foreign currencies	-	-
	33,294,404	44,597,188

18. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

18.1 Deposits from other credit institutions

	31 December 2021 VND million	31 December 2020 VND million
Demand deposits	6,967,439	3,922,443
In VND	3,093,775	3,509,630
In foreign currencies	3,873,664	412,813
Term deposits	25,523,890	93,450,750
In VND	24,041,890	80,234,690
In foreign currencies	1,482,000	13,216,060
	32,491,329	97,373,193

18.2 Borrowings from other credit institutions

	31 December 2021 VND million	31 December 2020 VND million
In VND	6,518,408	4,509,653
In foreign currencies	93,984,420	22,989,299
	100,502,828	27,498,952

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

19. CUSTOMER DEPOSITS

	31 December 2021 VND million	31 December 2020 VND million
Demand deposits	225,531,638	186,116,110
- Demand deposits in VND	198,316,370	154,156,455
- Demand deposits in foreign currencies	27,215,268	31,959,655
Term deposits	926,570,527	794,345,685
- Term deposits in VND	900,272,636	765,683,176
- Term deposits in foreign currencies	26,297,891	28,662,509
Deposits for specific purpose	2,775,355	2,891,119
- Deposits for specific purpose in VND	2,287,869	2,210,328
- Deposits for specific purpose in foreign currencies	487,486	680,791
Margin deposits	4,883,683	4,717,242
- Margin deposits in VND	4,169,159	4,183,194
- Margin deposits in foreign currencies	714,524	534,048
	1,159,761,203	988,070,156

Analysis of customer deposits by type of entities is as follows:

	31 December 2021 VND million	%	31 December 2020 VND million	%
State-owned companies	169,974,644	14.66	152,046,050	15.39
Single-member limited liability companies with 100% State ownership	24,866,867	2.14	17,775,175	1.80
Multi-member limited liability companies with over 50% State ownership or being controlled by the State	1,220,847	0.11	1,273,315	0.13
Other limited liability companies	41,607,415	3.59	33,482,054	3.39
Joint stock companies with over 50% of charter capital or voting shares owned by the Government; or being controlled by the State	48,868,925	4.21	39,694,271	4.02
Other joint-stock companies	94,189,185	8.12	65,739,244	6.65
Partnership companies	9,381,054	0.81	8,675,462	0.88
Private enterprises	1,605,441	0.14	2,026,446	0.21
Foreign invested enterprises	114,920,613	9.91	99,329,976	10.05
Co-operatives and unions of co-operative	465,263	0.04	1,616,494	0.16
Household business and individuals	561,137,829	48.38	495,539,492	50.15
Administrative units, the Party, unions and associations	45,355,119	3.91	39,939,934	4.04
Others	46,168,001	3.98	30,932,243	3.13
	1,159,761,203	100	988,070,156	100

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

20. OTHER BORROWED AND ENTRUSTED FUNDS

	<i>31 December 2021</i> <i>VND million</i>	<i>31 December 2020</i> <i>VND million</i>
Funds received in VND	568,082	645,430
Funds received in foreign currencies	1,959,848	2,087,821
	2,527,930	2,733,251

21. VALUABLE PAPERS ISSUED

	<i>31 December 2021</i> <i>VND million</i>	<i>31 December 2020</i> <i>VND million</i>
In VND	64,496,607	59,874,697
Par value	64,496,607	59,874,697
In foreign currencies	178	873
Par value	178	873
	64,496,785	59,875,570

Details of the term of valuable papers issued at the end of the year are as follows:

	<i>Bills of exchange VND million</i>	<i>Bearer bonds VND million</i>	<i>Book-entry bonds VND million</i>	<i>Certificates of deposits VND million</i>	<i>Total VND million</i>
Less than 12 months	197	-	-	2,000,000	2,000,197
- In VND	197	-	-	2,000,000	2,000,197
From 12 months to under 5 years	-	166	-	26,400,192	26,400,358
- In VND	-	166	-	26,400,014	26,400,180
- In foreign currencies	-	-	-	178	178
From 5 years	-	-	36,096,230	-	36,096,230
- In VND	-	-	36,096,230	-	36,096,230
- In foreign currencies	-	-	-	-	-
Closing balance	197	166	36,096,230	28,400,192	64,496,785

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

22. OTHER LIABILITIES

22.1 Other payables

	31 December 2021 VND million	31 December 2020 (restated) VND million
Internal payables	2,041,127	2,421,413
External payables (*)	11,581,883	4,501,095
Bonus, welfare funds	2,232,249	2,873,809
	15,855,259	9,796,317

(*) Details of external payables are as follows:

	31 December 2021 VND million	31 December 2020 (restated) VND million
Collections, payments on behalf of other organizations	4,982,163	1,491,579
Amounts kept for customers and awaiting settlement	198,806	79,199
Corporate income tax payable (Note 24)	659,571	1,269,029
Dividend payable to shareholders	3,844,600	-
Other items awaiting payment	1,121,172	981,166
Tax and fee payables	188,668	239,532
Payables to the SBV due to the collection of written-off debts	76,007	76,007
Payables related to trade finance activities	5,996	8,904
Money transfer payable	149,208	82,204
Other payables	355,692	273,475
	11,581,883	4,501,095

23. TAX AND OTHER OBLIGATIONS TO THE STATE BUDGET

	Opening balance (restated) VND million	Movements during the year		Closing balance VND million
		Payables VND million	Paid VND million	
Value added tax	68,988	529,795	543,870	54,913
Corporate income tax	1,269,029	3,238,080	3,847,538	659,571
Other taxes	170,544	819,605	856,394	133,755
	1,508,561	4,587,480	5,247,802	848,239

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

24. CORPORATE INCOME TAX EXPENSE

From 1 January 2016, the Bank has the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits according to Circular No. 78/2014/TT-BTC which was effective from 2 August 2014.

The Bank's tax reports are subject to examination by the tax authorities. Because the application of tax laws and regulations for many types of transactions is susceptible to varying interpretations, amount reported in the separate financial statements could be changed at a later date upon final determination of the tax authorities.

Current corporate income tax payables are determined based on taxable income of the year. Taxable income differs from the one reported in the separate income statement since taxable income excludes incomes which are taxable or expenses which are deducted in prior years due to the differences between the Bank's accounting policies and the tax regulations. It also excludes tax exempted income and non-deductible expenses. The current corporate income tax payable of the Bank is calculated based on the statutory tax rates applicable at the year-end.

24.1 Current corporate income tax expense

Provision for current income tax expense is computed as follows:

	2021 VND million	2020 (restated) VND million
Profit before tax	16,860,426	16,477,156
<i>Plus/(minus)</i>		
- Dividend income	(750,387)	(531,947)
- Others	80,362	47,034
Taxable income	16,190,401	15,992,243
CIT expenses in the year	3,238,080	3,198,449
CIT payable at the beginning of the year	1,269,029	608,984
CIT paid during the year	(3,847,538)	(2,538,581)
Adjustment for CIT difference of previous years	-	177
Current income tax payable at the end of the year	659,571	1,269,029

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

25. OWNERS' EQUITY AND RESERVES

25.1 Statement of changes in equity

	Charter capital VND million	Share premium VND million	Capital supplementary reserve VND million	Financial reserve VND million	Undistributed profits VND million	Total VND million
Balance as at 1 January 2020	37,234,046	8,969,827	3,081,772	6,137,397	18,883,517	74,306,559
Net profit for the year	-	-	-	-	13,278,707	13,278,707
Appropriation to reserves	-	-	662,792	1,325,584	(1,988,376)	-
Utilization of reserves	-	-	-	-	(3,536,183)	(3,536,183)
Dividends paid for the fiscal year 2019	-	-	-	-	(1,861,702)	(1,861,702)
Other adjustments	-	-	(6,965)	(13,929)	(30,680)	(51,574)
Balance as at 31 December 2020 (restated)	37,234,046	8,969,827	3,737,599	7,449,052	24,745,283	82,135,807
Shares issued to pay dividends	10,823,460	-	-	-	(10,823,460)	-
Net profit for the year	-	-	-	-	13,622,346	13,622,346
Appropriation to reserves	-	-	681,117	1,362,235	(2,043,352)	-
Appropriation to the Bank's bonus and welfare funds	-	-	-	-	(1,748,043)	(1,748,043)
Dividends paid for the fiscal year 2020	-	-	-	-	(3,844,600)	(3,844,600)
Fund used	-	-	-	(40)	-	(40)
Other adjustments	-	-	-	-	(27,114)	(27,114)
Balance as at 31 December 2021	48,057,506	8,969,827	4,418,716	8,811,247	19,881,060	90,138,356

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

25. OWNERS' EQUITY AND RESERVES (continued)

25.2 Equity

Details of the Bank's authorised and issued shares are as follows:

	31 December 2021		31 December 2020	
	Shares	VND million	Shares	VND million
Number of authorised shares	4,805,750,609	48,057,506	3,723,404,556	37,234,046
Number of issued shares	4,805,750,609	48,057,506	3,723,404,556	37,234,046
- Ordinary shares	4,805,750,609	48,057,506	3,723,404,556	37,234,046
Number of shares in circulation	4,805,750,609	48,057,506	3,723,404,556	37,234,046
- Ordinary shares	4,805,750,609	48,057,506	3,723,404,556	37,234,046

The face value of each share of the Bank is VND10,000.

25.3 Dividend

According to the Report on Issuing Shares to pay dividend No. 802/HĐQT-NHCT2.1 dated 21 July 2021, the Bank completed the issuance of shares to pay dividends by the after-tax profit at the rate the right exercise ratio is 100:29.0695; equivalent amount: VND10,823,460 million.

Under the Resolution No. 472/NQ-HĐQT-NHCT2.1 dated 1 December 2021, the Board of Directors of the Bank has decided to pay cash dividend of 2020 at 8% of par value (one share received VND800), which is equivalent to VND3,844,600 million.

25.4 Breakdown of the Banks' owner equity

Unit: VND million

	31 December 2021			31 December 2020		
	Total	Ordinary shares	Preferred shares	Total	Ordinary shares	Preferred shares
Contribution from the Government of Vietnam	30,979,325	30,979,325	-	24,001,066	24,001,066	-
Other capital contribution (shareholders, members...)	17,078,181	17,078,181	-	13,232,980	13,232,980	-
Share premium	8,969,827	8,969,827	-	8,969,827	8,969,827	-
Total	57,027,333	57,027,333	-	46,203,873	46,203,873	-

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

26. INTEREST AND SIMILAR INCOME

	2021 <i>VND million</i>	2020 <i>(restated)</i> <i>VND million</i>
Interest income from deposits	1,438,784	2,247,447
Interest income from loans to customers	74,499,699	72,906,763
Interest income from debt securities	6,243,310	6,299,601
Income from guarantee activities	852,821	687,603
Other income from credit activities	571,871	593,469
	83,606,485	82,734,883

27. INTEREST AND SIMILAR EXPENSES

	2021 <i>VND million</i>	2020 <i>VND million</i>
Interest expenses for deposits	37,968,469	43,163,661
Interest expenses for borrowings	826,187	602,938
Interest expenses for valuable papers issued	3,511,189	3,923,225
Other expenses for credit activities	281,094	194,518
	42,586,939	47,884,342

28. NET FEE AND COMMISSION INCOME

	2021 <i>VND million</i>	2020 <i>(restated)</i> <i>VND million</i>
Fee and commission income	6,981,479	6,011,216
Income from settlement services	3,917,841	3,416,062
Income from consulting services	161,512	137,261
Income from trusted and agency services	229,411	202,577
Income from other services	2,672,715	2,255,316
Fee and commission expenses	(2,612,680)	(2,233,896)
Expenses for settlement services	(2,039,832)	(1,707,243)
Expenses for consulting services	(43,156)	(12,991)
Expenses for trusted and agency services	(5,534)	(6,560)
Expenses for treasury services	(284,288)	(331,514)
Expenses for other services	(239,870)	(175,588)
Net fee and commission income	4,368,799	3,777,320

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

29. NET GAIN FROM TRADING IN FOREIGN CURRENCIES

	2021 VND million	2020 VND million
Income from foreign currencies trading	3,271,654	2,719,125
Income from foreign currencies spot trading	1,622,208	1,234,877
Income from currency derivatives trading	1,649,446	1,484,248
Expenses for trading in foreign currencies	(1,385,874)	(831,796)
Expenses for foreign currencies spot trading	(271,277)	(105,135)
Expenses for currency derivatives trading	(1,114,597)	(726,661)
Net gain from foreign currencies trading	1,885,780	1,887,329

30. NET GAIN FROM HELD-FOR-TRADING SECURITIES

	2021 VND million	2020 VND million
Income from held-for-trading securities	237,215	481,133
Expenses for held-for-trading securities	(42,211)	(21,552)
Provision (reversed)/charged for held-for-trading securities	(7,884)	-
Net gain from held-for-trading securities	187,120	459,581

31. NET GAIN FROM INVESTMENT SECURITIES

	2021 VND million	2020 VND million
Income from trading in investment securities	-	8,940
Expense for trading in investment securities	(2,998)	(165)
Provision reversed/(charged) for investment securities (Note 12.4)	223,413	355,620
Net gain from investment securities	220,415	364,395

32. NET GAIN FROM OTHER ACTIVITIES

	2021 VND million	2020 (restated) VND million
Income from other activities	4,163,976	2,502,447
Income from recovery of bad debts previously written-off	3,192,445	1,722,617
Income from other derivatives	820,321	502,215
Income from transfer, disposal of assets	7,368	107,932
Other income	143,842	169,683
Expenses for other activities	(1,025,115)	(737,045)
Expenses for other derivatives	(545,977)	(353,120)
Expenses for transfer, disposal of assets	(2,877)	(53,715)
Other expenses	(476,261)	(330,210)
Net gain from other activities	3,138,861	1,765,402

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

33. INCOME FROM INVESTMENTS IN OTHER ENTITIES

	2021 VND million	2020 VND million
Dividend received from equity securities	4,163	4,163
Dividend received from capital contribution	746,224	527,784
	750,387	531,947

34. TOTAL OPERATING EXPENSES

	2021 VND million	2020 VND million
Expenses on taxes, fees and charges	14,310	15,230
Personnel expenses	9,537,879	8,783,325
Salary and allowances	7,690,980	7,011,635
Expenses related to salary	552,715	538,499
Allowances	1,567	4,703
Other expenses	1,292,617	1,228,488
Expenses on assets	2,833,566	2,469,262
Depreciation and amortization expenses	978,808	940,148
Other expenses	1,854,758	1,529,114
Administrative expenses	3,217,184	3,084,292
Per-diem	94,230	116,786
Expenses for union activities	10,810	13,923
Other expenses	3,112,144	2,953,583
Insurance premium for customer deposits	769,841	719,492
Other provision expenses (excluding provision expenses for credit loss on and off-balance sheet; provision expenses for securities)	-	40,548
	16,372,780	15,112,149

35. CASH AND CASH EQUIVALENTS

Cash and cash equivalents on the separate cash flow statement including items on the separate balance sheet are as follows:

	31 December 2021 VND million	31 December 2020 VND million
Cash and cash equivalents on hand	11,196,660	9,746,787
Balances with the SBV	23,382,941	57,616,304
Demand deposits at other credit institutions	88,168,361	38,207,609
Placements with other credit institutions with terms not exceeding three (03) months	42,657,589	55,443,520
	165,405,551	161,014,220

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

36. EMPLOYEES' REMUNERATIONS

	2021 VND million	2020 VND million
I. Total number of employees (persons) (*)	23,100	22,564
II. Employees' remuneration (VND million)		
1. Total salary fund	7,690,980	7,011,635
2. Other remuneration	376,981	362,022
3. Total remuneration (1+2)	8,067,961	7,373,657
4. Average monthly salary (**)	28.35	26.45
5. Average monthly remuneration (**)	29.74	27.82

(*) Data as at 31 December

(**) Calculated based on the average number of employees in the year

37. COLLATERALS AND MORTGAGES

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

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

	31 December 2021 VND million	31 December 2020 (restated) VND million
Real estates	1,485,228,794	1,460,780,802
Movables	67,924,197	66,760,200
Deposits, gold, gemstones, valuable papers	212,673,385	161,039,096
Other assets	548,983,009	545,784,309
	2,314,809,385	2,234,364,407

Collaterals and mortgages held by the Bank which are permitted to sell to or re-pledge for a third party in the absence of default by the customers (owner of the collaterals) who are able to pay off the debts according to the law.

As at 31 December 2021, the Bank did not hold any collateral which the Bank is permitted to sell or re-pledge for a third party in the absence of default by the customers (owner of the collaterals) who are able to pay off the debt according to the law.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended**38. RELATED PARTY TRANSACTIONS**

During normal business operation, the Bank has undertaken transactions with other parties to which the Bank is related. Parties are considered related if one is able to control or has significant influence on the other's decisions about financial policies and operations. A party is considered related to the Bank if:

- (a) Directly, or indirectly through one or more intermediaries, that party:
- ▶ controls, is controlled by, or is under common control by the Bank;
 - ▶ has contributed capital (owning 5% or more of the charter capital or voting share capital) in the Bank and therefore, has significant influences over the Bank;
 - ▶ has joint control over the Bank;
- (b) The party is a joint venture in which the Bank is a venture or an associate (owning over 11% of the charter capital or voting share capital, but is not a subsidiary of the Bank);
- (c) The party has a member who is also the key personnel of the Bank's Members' Council or Board of Management;
- (d) The party is a close member in 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 has the right to vote, by any individual referred to in (c) or (d).

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

Related organizations

<i>Related parties</i>	<i>Relationship</i>	<i>Balances</i>	<i>31 December 2021 VND million</i>	<i>31 December 2020 VND million</i>
The State Bank of Vietnam ("the SBV")	Owner and direct management agency	Deposits of the Bank at the SBV	23,382,941	57,616,304
		Borrowings from the SBV	1,505,274	1,969,774
Subsidiaries/ Joint venture	Subsidiary/ Joint venture	Deposits of the Bank	1,974,168	2,042,300
		Borrowings from the Bank	-	700,000
		Accrued interest receivables	7,837	3,549
		Deposits at the Bank	2,113,831	2,432,352
		Accrued interest payables	10,100	12,576

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

38. RELATED PARTY TRANSACTIONS (continued)

Details of significant transactions with related parties in the year are as follows:

Related Organizations

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>2021</i> <i>VND million</i>	<i>2020</i> <i>VND million</i>
The State Bank of Vietnam ("the SBV")	Owner and direct management agency	(Decrease)/increase in deposits at the SBV	(34,233,363)	32,760,471
		Decrease in borrowings from the SBV	(464,500)	(646,960)
Subsidiaries/ Joint venture	Subsidiary/ Joint venture	Decrease in deposits of the Bank	(68,132)	(3,472,280)
		Decrease in borrowings from the Bank	(700,000)	(60,000)
		Increase/(decrease) in accrued interest receivable from loans	4,307	(3,834)
		Decrease in deposits at the Bank	(318,521)	(2,715,829)
		(Decrease)/increase in accrued interest payable for deposits	(2,496)	1,513
		Interest income	12,346	30,437
		Deposits interest income	53,424	62,298
		Deposits interest expenses	(35,160)	(62,530)

Related individuals

Remuneration of the Board of Directors, the Board of Management and the Board of Supervisory:

	<i>2021</i> <i>VND million</i>	<i>2020</i> <i>VND million</i>
Board of Directors	12,587	13,235
Board of Management	13,220	13,527
Board of Supervisory	4,232	3,725
	30,039	30,487

Details of income for each member of the Board of Directors, General Director and other managers in 2021 are as follows: average income per full-time manager (including Chairman of the Board of Directors, Members of the Board of Directors, General Director, Deputy General Director, Chief Accountant) is 190.82 million VND/person/month. The average income of each independent member of the Board of Directors is 100.95 million VND/person/month. The average salary of VietinBank full-time managers is approved by the State Bank of Vietnam in Official dispatch No. 6900/NHNN-TCCB dated 28 September 2021 on salary plan in 2021 of Vietnam Joint Stock Commercial Bank for Industry and Trade.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

39. GEOGRAPHICAL SEGMENT INFORMATION

Unit: VND million

<i>Items</i>	<i>North</i>	<i>South</i>	<i>Others</i>	<i>Total</i>
Segment profit before tax	2,999,898	10,929,500	2,931,028	16,860,426
Current corporate income tax expense	(3,238,080)	-	-	(3,238,080)
Segment profit after corporate income tax	(238,182)	10,929,500	2,931,028	13,622,346
Segment assets	884,319,159	464,978,352	166,266,898	1,515,564,409
Segment liabilities	808,047,309	454,048,851	163,329,891	1,425,426,051

40. CONCENTRATION OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY GEOGRAPHICAL REGIONS

	<i>Total loans VND million</i>	<i>Total deposits VND million</i>	<i>Credit commitments VND million</i>	<i>Derivative financial instruments VND million</i>	<i>Trading and investment of securities VND million</i>
Domestic	1,132,603,329	1,223,244,028	109,824,524	1,454,790	176,871,817
Overseas	3,964,944	797,633	125,103	-	-
	1,136,568,273	1,224,041,661	109,949,627	1,454,790	176,871,817

41. FINANCIAL RISK MANAGEMENT POLICIES

Under the guidance of the State Bank of Vietnam on enhancing the role of risk management in credit institutions, the Bank continues implementing risk management policies for its entire business to support a safe and steady growth of business activities.

In order to achieve sustainable development and 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 State Bank of Vietnam'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 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, and internal audit.

In 2021, 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

41. FINANCIAL RISK MANAGEMENT POLICIES (continued)

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 22/2019/TT-NHNN and Circular 13/2018/TT-NHNN; regulations of the State Bank of Vietnam; and has met requirements for risk management in accordance with Basel II.

42. CREDIT RISK

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

The Bank manages and controls credit risk by setting limits for credit risk control corresponding to the Bank's risk capacity for each customer, segment, geographical region and industry.

The Bank has established a credit quality review process to provide early identification of possible changes in the financial position as well as solvency of counterparties based on the qualitative and quantitative factors. The limit for credit risk control corresponding to each counterparty is established based on the risk rating assigned by the credit rating system. This risk rating can be modified and updated regularly.

Methods of minimizing credit risk

Credit risk bearing assets of the Bank are divided into the following groups:

➤ ***Financial assets which are neither past due nor impaired***

The Bank's financial assets which are neither past due nor impaired include loans classified as Current loans, except for the loans overdue less than 10 days, under Circular 11; securities, receivables and other financial assets which are not past due and whose provision is not required under Circular 48. The Bank believes that the Bank is fully capable of collect adequately and timely these financial assets in the future.

➤ ***Financial assets which are past due but not impaired***

Financial assets are overdue but not impaired because the Bank is currently holding enough collaterals to offset credit risks in accordance with the SBV's current regulations.

The Bank is currently holding collaterals in the forms of real estates, movables, valuable papers and other types for the above financial assets.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

42. CREDIT RISK (continued)

Methods of minimizing credit risk (continued)

The maturity of overdue but not impaired financial assets is presented as follows:

	<i>Undue and unimpaired VND million</i>	<i>Undue and impaired VND million</i>	<i>Overdue and unimpaired VND million</i>	<i>Overdue and impaired VND million</i>	<i>Total VND million</i>
Placements with and credit granting to other CIs	147,331,139	-	-	-	147,331,139
- <i>Placements with other CIs</i>	130,825,951	-	-	-	130,825,951
- <i>Credit granting to other CIs</i>	16,505,188	-	-	-	16,505,188
Loans to customers	1,086,274,952	7,690,614	1,058,863	25,038,656	1,120,063,085
Investment securities	175,779,263	-	-	-	175,779,263
- <i>Available-for-sale investment securities</i>	173,192,431	-	-	-	173,192,431
- <i>Held-to-maturity investment securities</i>	2,586,832	-	-	-	2,586,832
Total	1,409,385,354	7,690,614	1,058,863	25,038,656	1,443,173,487

The above table presents the worst case scenario in which the Bank will incur the maximum credit exposures as at 31 December 2021, irrespective of any collateral held or their credit enhancement.

The Bank's financial assets which are neither overdue nor impaired include loans to customers classified as Group 1, including loans overdue less than 10 days under Circular 11; loans qualified under Circular 01, Circular 03 and Circular 14 providing regulations on loan restructuring, interest and/or fees exemption or reduction and debt classification retention for credit institutions and foreign bank branches to assist customers affected by the COVID-19 pandemic and no additional provision is required under Circular 03; securities, receivables and other financial assets which are not overdue and no provision is required in accordance with Circular 48. The Bank believes that it can recover fully and timely these financial assets in the near future.

Financial assets are overdue but not impaired because the Bank is currently holding sufficient collaterals to offset credit risk in accordance with the SBV's regulations.

The Bank currently holds collaterals which are real estate, movables, valuable papers and other types of collateral for these financial assets. The Bank has not yet determined the fair value of these collaterals due to the lack of specific instructions and necessary market information.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

43. MARKET RISK

43.1 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 separate 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, fixed assets and 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 securities held-for-trading is 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 at risk of credit institutions is determined as follows:
 - Items with fixed interest rate during the contractual period: the effective interest rate re-pricing term is determined from the separate balance sheet date to maturity date;
 - Items with floating interest rate: the effective interest rate re-pricing term is determined from the separate balance sheet 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 State Bank of Vietnam.

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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

43. MARKET RISK (continued)

43.1 Interest rate risk (continued)

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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

43. MARKET RISK (continued)

43.1 Interest rate risk (continued)

The table below shows the interest rate re-pricing period of assets and liabilities of the Bank as at 31 December 2021:

	Overdue		Interest rate re-pricing period							Total VND million
	Non-interest bearing		Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Over 5 years		
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million		
Assets										
Cash, gold, and gemstones	11,196,660	-	-	-	-	-	-	-	-	11,196,660
Balances with the SBV	885,455	-	-	-	-	-	-	-	-	23,382,941
Placements with and loans to other credit institutions (*)	-	-	127,717,316	10,282,052	9,331,771	-	-	-	-	147,331,139
Securities held for trading (*)	-	-	1,092,554	-	-	-	-	-	-	1,092,554
Derivatives and other financial assets	-	-	1,454,790	-	-	-	-	-	-	1,454,790
Loans to customers (*)	-	14,251,489	11,846,029	310,050,390	321,158,954	98,169,912	29,405,229	3,335,030	1,120,063,085	
Investment securities (*)	376,615	-	-	8,435,007	25,263,002	14,605,001	56,472,790	67,876,811	175,779,263	
Long-term investment (*)	5,551,782	-	-	-	-	-	-	-	-	5,551,782
Fixed assets	10,222,501	-	-	-	-	-	-	-	-	10,222,501
Other assets (*)	21,161,509	40,706	-	7,588,486	8,971,014	1,988,113	-	-	-	45,314,207
Total assets	49,394,522	14,292,195	11,846,029	336,355,935	364,724,741	114,763,026	85,878,019	71,211,841	1,541,388,922	
Liabilities										
Due to the Government and the SBV	-	-	-	3,477,634	637,176	383,506	-	-	-	33,294,404
Deposits and borrowings from other credit institutions	-	-	-	22,853,063	16,024,887	5,274,243	-	-	-	132,994,157
Customer deposits	-	-	-	206,688,181	168,548,625	244,764,825	44,559,181	14,822	-	1,159,761,203
Other borrowed and entrusted funds	-	-	-	2,527,930	-	-	-	-	-	2,527,930
Valuable papers issued	-	-	-	-	24,665,100	31,112,130	5,805,555	2,914,000	-	64,496,785
Other liabilities (*)	32,405,553	-	-	-	-	-	-	-	-	32,405,553
Total liabilities	32,405,553	-	-	235,546,808	209,875,788	281,534,704	50,364,736	2,928,822	1,425,480,032	
Interest sensitivity gap of balance sheet items	16,988,969	14,292,195	11,846,029	(119,901,007)	154,848,953	(166,771,678)	35,513,283	68,283,019	115,908,890	
Interest sensitivity gap of off-balance sheet items	-	-	-	-	-	-	-	-	-	-
Interest sensitivity gap of on, off-balance sheet items	16,988,969	14,292,195	11,846,029	(119,901,007)	154,848,953	(166,771,678)	35,513,283	68,283,019	115,908,890	

(*): Excluding provision

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

43. MARKET RISK (continued)

43.2 Currency risk

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 Vietnam Dong (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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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

43. MARKET RISK (continued)

43.2 Currency risk (continued)

The following table presents assets and liabilities in foreign currencies translated into VND as at 31 December 2021:

	EUR equivalent VND million	USD equivalent VND million	Other currencies equivalent VND million	Total VND million
Assets				
Cash, gold, and gemstones	213,890	1,042,207	48,542	1,304,639
Balances with the SBV	13,440	4,203,119	-	4,216,559
Placements with and loans to other credit institutions (*)	1,443,871	30,691,119	54,087,298	86,222,288
Held-for-trading securities (*)	-	-	-	-
Derivatives and other financial assets (*)	-	9,867,690	-	9,867,690
Loans to customers (*)	4,672,527	82,670,322	-	87,342,849
Investment securities (*)	-	-	-	-
Long-term investments (*)	-	-	-	-
Fixed assets	35,359	-	-	35,359
Other assets (*)	1,515,465	19,238,491	8,843	20,762,799
Total assets	7,894,552	147,712,948	54,144,683	209,752,183
Liabilities				
Deposits and borrowings from other credit institutions	192,415	99,138,865	8,804	99,340,084
Customer deposits	2,873,489	51,276,601	565,079	54,715,169
Derivatives and other financial liabilities	2,225,125	-	53,316,898	55,542,023
Other borrowed and entrusted funds	152,218	1,783,441	24,189	1,959,848
Valuable papers issued	-	178	-	178
Other liabilities (*)	2,308,348	1,455,417	-	3,763,765
Total liabilities	7,751,595	153,654,502	53,914,970	215,321,067
FX position on balance sheet	142,957	(5,941,554)	229,713	(5,568,884)
FX position off-balance sheet	-	-	-	-
Net on, off-balance sheet FX position	142,957	(5,941,554)	229,713	(5,568,884)

(*): Excluding provision

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

43. MARKET RISK (continued)

43.3 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 Council meetings, the compliance of liquidity risk appetite and risk capacity is also reviewed and reported. Based on analysis and evaluation, ALCO/Risk Council makes recommendations to the Board of Directors and the Management to best remain 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 State Bank of Vietnam. 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 balance sheet 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 balance with the State Bank of Vietnam are classified into maturity up to one month;
- ▶ The maturity term of deposits at and loans to other credit institutions and loans to customers, investment securities, borrowings from the Government and the SBV, deposits, borrowings from other credit institutions, valuable papers issued, other borrowed and entrusted funds is based on the contractual maturity date;
- ▶ The maturity of securities held-for-trading 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 customer deposits is determined based on customer behaviour analysis and forecasts on interest rate policy and other macroeconomic factors.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

43. MARKET RISK (continued)

43.3 Liquidity risk (continued)

Based on the Management's approval of the annual business plan, the Treasury and Financial Planning Department in cooperation with some other relevant specialized departments make 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.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

43. MARKET RISK (continued)

43.3 Liquidity risk (continued)

The table below presents the analysis of remaining maturity of assets and liabilities of the Bank as at 31 December 2021:

	Overdue			Current					Total VND million
	Over 3 months VND million	Up to 3 months VND million	Up to 1 month VND million	From 1 to 3 months VND million	From 3 to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million		
Assets									
Cash, gold and gemstones	-	-	11,196,660	-	-	-	-	11,196,660	
Balances with the SBV	-	-	23,382,941	-	-	-	-	23,382,941	
Placements with and loans to other credit institutions (*)	-	-	127,806,819	10,223,426	9,300,894	-	-	147,331,139	
Securities held for trading (*)	-	-	1,092,554	-	-	-	-	1,092,554	
Derivatives and other financial assets	-	-	1,454,790	-	-	-	-	1,454,790	
Loans to customers (*)	14,251,489	11,846,029	69,570,936	220,264,874	434,598,102	168,945,137	200,586,518	1,120,063,085	
Investment securities (*)	-	-	2,750,037	8,435,007	39,868,003	56,472,790	68,253,426	175,779,263	
Long-term investments (*)	-	-	-	-	-	-	5,551,782	5,551,782	
Fixed assets	-	-	-	-	-	-	10,222,501	10,222,501	
Other assets (*)	40,706	-	5,577,850	7,623,517	10,971,581	-	21,100,553	45,314,207	
Total assets	14,292,195	11,846,029	242,832,587	246,546,824	494,738,580	225,417,927	305,714,780	1,541,388,922	
Liabilities									
Due to the Government and the SBV	-	-	28,796,088	3,477,634	1,020,682	-	-	33,294,404	
Deposits and borrowings from other credit institutions	-	-	45,952,834	23,879,063	45,150,260	18,012,000	-	132,994,157	
Customer deposits	-	-	148,094,026	207,655,656	556,294,693	247,304,962	451,866	1,159,761,203	
Other borrowed and entrusted funds	-	-	-	37,831	65,746	708,578	1,715,775	2,527,930	
Valuable papers issued	-	-	-	-	25,400,000	3,450,555	35,646,230	64,496,785	
Other liabilities (*)	-	-	11,977,608	2,801,248	6,216,673	10,959,371	450,653	32,405,553	
Total liabilities	-	-	234,820,556	237,851,432	634,108,054	280,435,466	38,264,524	1,425,480,032	
Net liquidity gap	14,292,195	11,846,029	8,012,031	8,695,392	(139,369,474)	(55,017,539)	267,450,256	115,908,890	

(*): Excluding provision

Other market price risk

Except for the assets and liabilities disclosed in the previous section, the Bank does not bear any other market price risks that account for 5% of its net profit or the value of its assets, liabilities accounting for 5% of total assets.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

44. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance on the adoption of the International Financial Reporting Standards for presentation and disclosures of financial instruments ("Circular 210") with effectiveness from financial years beginning on or after 1 January 2011.

The Circular 210 only regulates the presentation of financial statements and disclosures of financial instruments, therefore, the below definitions of financial assets, financial liabilities and other relating definitions on the separate financial statements are applied solely for the preparation of this Note. The Bank's assets, liabilities, and owners' equity are still recognized and recorded in accordance with Vietnamese Accounting Standards, Accounting System for Credit Institutions and other statutory requirements relevant to preparation and presentation of the separate financial statements.

Financial assets

Under Circular 210, financial assets of the Bank include placements with other credit institutions, loans to customers and other institutions, other receivables and assets under currency derivative contracts.

Financial assets within the scope of Circular 210, for disclosures of the notes to the separate financial statements, are classified into either of the followings:

► *Financial asset at fair value through profit or loss:*

Financial asset at fair value through profit and loss is a financial asset that meets either of the following conditions:

- a) It is classified as held for trading. A financial asset is classified as held for trading if:
 - ✓ It is acquired or incurred principally for the purpose of reselling or repurchasing it in the near term;
 - ✓ There is evidence of a recent actual pattern of short-term profit-taking; or
 - ✓ It is a derivative (except for a derivative that is a financial guarantee contract or an effective hedging instrument).
- b) Upon initial recognition, it is designated by the Bank as at fair value through profit or loss.

► *Held-to-maturity investments:*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold to maturity other than:

- a) Those that the Bank upon initial recognition designates as at fair value through profit or loss;
- b) Those that the Bank designates as available for sale; or
- c) Those meet the definition of loans and receivables.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

44. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Financial assets (continued)

▶ *Loans and receivables:*

Loans and receivables are non-derivative with fixed or determinable payments and are not quoted in an active market other than:

- a) Those that the Bank intends to sell immediately or in the near term, which are classified as assets held for trading, and those that the Bank upon initial recognition designates as at fair value through profit or loss;
- b) Those that the Bank classifies as available for sale upon initial recognition; or
- c) Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available for sale

▶ *Available-for-sale financial assets:*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as:

- a) Loans and receivables;
- b) Held-to-maturity investments; or
- c) Financial assets at fair value through profit or loss.

Financial liabilities

According to Circular 210, financial liabilities of the Bank includes deposits and borrowings from other institutions, valuable papers issued and other financial liabilities.

Financial liabilities within the scope of Circular 210, for disclosures of the notes to the separate financial statements, are classified into either of the followings:

▶ *Financial liability at fair value through profit or loss:*

Financial liability at fair value through profit and loss is a financial liability that meets either of the following conditions:

- a) It is classified as held for trading. A financial liability is classified as held for trading if:
 - ✓ It is acquired or incurred principally for the purpose of reselling or repurchasing it in the near term;
 - ✓ There is evidence of a recent actual pattern of short-term profit-taking; or
 - ✓ It is a derivative (except for a derivative that is a financial guarantee contract or effective hedging instrument).
- b) Upon initial recognition, it is designated by the entity as at fair value through profit or loss.

▶ *Financial liabilities at amortized cost:*

Financial liabilities that are not classified as at fair value through profit or loss are classified as at amortized cost.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the separate balance sheet if and only if there is a currently enforceable legal right of the Bank 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

44. ADDITIONAL INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The carrying value and fair value of financial assets and financial liabilities of the Bank as at 31 December 2021 are presented as follows:

	Carrying value					Fair value VND million
	Financial assets at fair value through profit or loss VND million	Held-to- maturity VND million	Loans and receivables VND million	Available-for- sale VND million	Other assets and liabilities recorded at amortized cost VND million	
Assets						
Cash, gold and gemstones	11,196,660	-	-	-	-	11,196,660
Balances with the SBV	23,382,941	-	-	-	-	23,382,941
Placements with and loans to other credit institutions	-	-	147,331,139	-	-	147,331,139
Securities held for trading	1,092,554	-	-	-	-	1,092,554
Derivatives and other financial assets	1,454,790	-	-	-	-	1,454,790
Loans to customers	-	-	1,120,063,085	-	-	1,120,063,085
Available-for-sale securities	-	-	-	173,192,431	-	173,192,431
Held-to-maturity securities	-	2,586,832	-	-	-	2,586,832
Other long-term investments	-	-	-	22,962	-	22,962
Other financial assets	-	-	45,314,207	-	-	45,314,207
	37,126,945	2,586,832	1,312,708,431	173,215,393	-	1,525,637,601
Liabilities						
Due to the Government and the SBV	-	-	-	-	33,294,404	33,294,404
Deposits and borrowings from other credit institutions	-	-	-	-	132,994,157	132,994,157
Customer deposits	-	-	-	-	1,159,761,203	1,159,761,203
Other borrowed and entrusted funds	-	-	-	-	2,527,930	2,527,930
Valuable papers issued	-	-	-	-	64,496,785	64,496,785
Other financial liabilities	-	-	-	-	30,709,073	30,709,073
	-	-	-	-	1,423,783,552	1,423,783,552

(*) The fair value of those financial assets and liabilities cannot be determined because there is no specific guidance from Vietnamese Accounting Standards and Accounting System on determination of fair value.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

45. CORRESPONDING FIGURES

During the year 2021, The State Audit Office of Vietnam (SAV) audited financial statements for the fiscal year ended 31 December 2020 of Vietnam Joint Stock Commercial Bank for Industry and Trade. In accordance with SAV's minute, the Bank restated figures corresponding to adjustments required by SAV on the consolidated financial statements for the fiscal year ended 31 December 2021.

The major adjustments are as follows:

- Separated statement of financial position: make adjustments to loan classification, fixed assets' cost and accumulated depreciation, other assets, liabilities and other payables;
- Separated income statement: make adjustments to expense for credit losses provision, operating expenses, interest and similar income, fee and commission income, other income and corporate income tax expense.

Extracted from Separated statement of financial positions as at 31 December 2020:

	31 December 2020 (VND million) <i>Presented</i>	<i>Adjustment</i>	31 December 2020 (VND million) <i>Restated</i>
ASSETS			
Loans to customers	992,629,841	(20,978)	992,608,863
Provision for credit losses	(12,345,700)	(20,978)	(12,366,678)
Fixed assets	10,515,830	13,872	10,529,702
Tangible fixed assets	6,201,397	13,799	6,215,196
Cost	15,089,112	12,295	15,101,407
Accumulated depreciation	(8,887,715)	1,504	(8,886,211)
Intangible fixed assets	4,314,433	73	4,314,506
Cost	6,259,206	120	6,259,326
Accumulated depreciation	(1,944,773)	(47)	(1,944,820)
Other assets	31,456,057	76,935	31,532,992
Receivables	21,209,490	17,156	21,226,646
Accrued interest and fee receivables	7,532,193	(1,201)	7,530,992
Other assets	2,754,970	60,980	2,815,950
TOTAL ASSETS	1,327,921,008	69,829	1,327,990,837
	31 December 2020 (VND million) <i>Presented</i>	<i>Adjustment</i>	31 December 2020 (VND million) <i>Restated</i>
LIABILITIES			
Other liabilities	25,659,752	46,968	25,706,720
Other payables	9,749,349	46,968	9,796,317
TOTAL LIABILITIES	1,245,808,062	46,968	1,245,855,030
OWNER'S EQUITY			
Undistributed profits	24,722,422	22,861	24,745,283
TOTAL OWNER'S EQUITY	82,112,946	22,861	82,135,807
TOTAL LIABILITIES AND OWNER'S EQUITY	1,327,921,008	69,829	1,327,990,837

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended**45. CORRESPONDING FIGURES (continued)**

Extracted from Separate income statement for the fiscal year ended 31 December 2020:

	<i>31 December 2020 (VND million) Presented</i>	<i>Adjustment</i>	<i>31 December 2020 (VND million) Restated</i>
Interest and similar income	82,736,084	(1,201)	82,734,883
Net interest and similar income	34,851,742	(1,201)	34,850,541
Fee and commission income	5,996,070	15,146	6,011,216
Net fee and commission income	3,762,174	15,146	3,777,320
Other income	2,482,759	19,688	2,502,447
Net gain from other activities	1,745,714	19,688	1,765,402
TOTAL OPERATING EXPENSES	(15,128,069)	15,920	(15,112,149)
Net profit before provision for credit losses	28,474,813	49,553	28,524,366
Provision expense for credit losses	(12,026,232)	(20,978)	(12,047,210)
PROFIT BEFORE TAX	16,448,581	28,575	16,477,156
Current corporate income tax expense	(3,192,734)	(5,715)	(3,198,449)
Corporate income tax expense	(3,192,734)	(5,715)	(3,198,449)
PROFIT AFTER TAX	13,255,847	22,860	13,278,707

46. EVENTS AFTER THE SEPARATE BALANCE SHEET DATE

There is no other matter or circumstance that has arisen since the separate balance date that requires adjustment or disclosure in the separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

47. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VND AT REPORTING DATE

	<i>31 December 2021</i>	<i>31 December 2020</i>
	<u>VND</u>	<u>VND</u>
USD	22,800	23,1605
EUR	25,835	28,381
GBP	30,798	31,558
CHF	24,974	26,208
JPY	198.17	223.92
SGD	16,897	17,471
CAD	17,916	18,117
AUD	16,577	17,795
NZD	15,601	16,681
THB	686.75	778.33
SEK	2,491	2,965
NOK	2,563	2,707
DKK	3,474	3,815
HKD	2,855	2,980
CNY	3,587	3,533
KRW	19.91	21.25
LAK	2.04	2.49
MYR	5,329	5,329

Prepared by:



Mr. Ngo Xuan Hai
Head of Financial Accounting
Management Department

Reviewed by:



Mr. Nguyen Hai Hung
Chief Accountant

Approved by:



Mr. Nguyen Hoang Dung
Deputy General Director
In charge of Board of
Management

Hanoi, Vietnam

30 March 2022

