

Vietnam Joint Stock Commercial Bank for Industry and Trade

Interim separate financial statements

For the six-month period ended 30 June 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 (“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 11th time by Hanoi Authority for Planning and Investment on 1 November 2018.

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 30 June 2021, the charter capital of the Bank is VND37,234,046 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 30 June 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 five (155) 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).

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 period and at the date of these interim separate financial statements are:

<i>Name</i>	<i>Position</i>	<i>Appointment/Resignation date</i>
Mr. Le Duc Tho	Chairman	Resigned to take on new duties from 3 July 2021 according to Decision No. 156-QDNS/TW dated 22 June 2021 of the Political Bureau
Mr. Tran Van Tan	Member	Assigned to be in charge of activities of Board of Directors from 3 July 2021
Mr. Tran Minh Binh	Member cum General Director	
Ms. Tran Thu Huyen	Member	
Mr. Nguyen The Huan	Member	
Ms. Pham Thi Thanh Hoai	Member	
Ms. Nguyen Thi Bac	Independent member	
Mr. Masahiko Oki	Member	
Mr. Shiro Honjo	Member	Resigned on 16 April 2021
Mr. Masashige Nakazono	Member	Appointed on 16 April 2021

MANAGEMENT AND CHIEF ACCOUNTANT

Members of the Management and Chief Accountant of the Bank during the period and at the date of these interim separate financial statements are:

<i>Name</i>	<i>Position</i>
Mr. Tran Minh Binh	General Director
Ms. Nguyen Hong Van	Deputy General Director
Mr. Nguyen Hoang Dung	Deputy General Director
Mr. Nguyen Duc Thanh	Deputy General Director
Mr. Tran Cong Quynh Lan	Deputy General Director
Mr. Nguyen Dinh Vinh	Deputy General Director
Ms. Le Nhu Hoa	Deputy General Director
Mr. Masahiko Oki	Deputy General Director
Mr. Nguyen Hai Hung	Chief Accountant

SUPERVISORY BOARD

Members of the Supervisory Board of the Bank during the period and at the date of these interim separate financial statements are:

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

Vietnam Joint Stock Commercial Bank for Industry and Trade

GENERAL INFORMATION (continued)

LEGAL REPRESENTATIVE

The legal representative of the Bank during the period from 1 January 2021 to 2 July 2021 is Mr. Le Duc Tho - the Former Chairman.

Mr. Tran Van Tan – Member of the Board of Directors is assigned to be in charge of activities of the Board of Directors from 3 July 2021 to the date of this report.

Ms. Nguyen Hong Van - Deputy General Director is authorized by Mr. Le Duc Tho to sign the accompanying interim separate financial statements for the six-month period ended 30 June 2021 in accordance with the Letter of Authorization No. 1151/UQ-HDQT-NHCT18 dated 18 December 2018 and Resolution of the Board of Directors of Joint Stock Commercial Bank for Industry and Trade of Vietnam No. 252/NQ-HDQT-NHCT2.1 dated 22 July 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 interim separate financial statements of the Bank as at 30 June 2021 and for the six-month period then ended.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE INTERIM SEPARATE FINANCIAL STATEMENTS

Management of the Bank is responsible for the interim separate financial statements which give a true and fair view of the interim separate financial position of the Bank, the interim separate results of its operations and its interim separate cash flows for the period. In preparing these interim 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 interim separate financial statements; and
- ▶ prepare the interim separate financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

Management of the Bank is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the interim separate financial position of the Bank and to ensure that the accounting records comply with the applied accounting system. Management 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 interim separate financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim separate financial statements give a true and fair view of the interim separate financial position of the Bank as at 30 June 2021, the interim separate results of its operations and its interim separate cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of interim separate financial statements.

For and on behalf of management



Mr. Tran Minh Binh
General Director

Hanoi, Vietnam

13 August 2021

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REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS

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

We have reviewed the accompanying interim separate financial statements of Vietnam Joint Stock Commercial Bank for Industry and Trade ("the Bank"), as prepared on 13 August 2021 and set out on pages 7 to 58, which comprise the interim separate balance sheet as at 30 June 2021, the interim separate income statement and the interim separate cash flow statement for the six-month period then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

Our responsibility is to express a conclusion on the interim separate financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not give a true and fair view, in all material respects, of the interim separate financial position of the Bank as at 30 June 2021, and of the interim separate results of its operations and its interim separate cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of the interim separate financial statements.

Ernst & Young Vietnam Limited



CÔNG TY
TRÁCH NHIỆM HỮU HẠN
ERNST & YOUNG
VIỆT NAM

Dang Phương Hà
Deputy General Director
Audit Practising Registration
Certificate No. 2400-2018-004-1

Hanoi, Vietnam

13 August 2021

INTERIM SEPARATE BALANCE SHEET
as at 30 June 2021

	<i>Notes</i>	<i>30 June 2021</i> <i>VND million</i>	<i>31 December 2020</i> <i>VND million</i>
ASSETS			
Cash, gold and gemstones		8,767,217	9,746,787
Balances with the State Bank of Vietnam		37,857,943	57,616,304
Placements with and loans to other credit institutions		151,958,849	102,712,904
Placements with other credit institutions		140,784,342	93,651,129
Loans to other credit institutions		11,174,507	9,061,775
Provision for credit losses on loans to other credit institutions		-	-
Held-for-trading securities	5	2,134,580	4,252,697
Held-for-trading securities		2,139,083	4,252,697
Provision for held-for-trading securities		(4,503)	-
Derivatives and other financial assets	6	1,441,177	137,122
Loans to customers		1,046,657,316	992,629,841
Loans to customers		1,065,048,018	1,004,975,541
Provision for credit losses on loans to customers		(18,390,702)	(12,345,700)
Investment securities	9	151,684,346	113,301,684
Available-for-sale securities	9.1	149,528,347	111,057,472
Held-to-maturity investments	9.2	2,586,789	2,586,778
Provision for investment securities		(430,790)	(342,566)
Long-term investments	10	5,551,782	5,551,782
Investments in subsidiaries	10.1	3,840,032	3,840,032
Investments in joint venture	10.2	1,688,788	1,688,788
Other long-term investments		22,962	22,962
Provision for long-term investments		-	-
Fixed assets		10,094,142	10,515,830
Tangible fixed assets		5,883,482	6,201,397
Cost		15,087,238	15,089,112
Accumulated depreciation		(9,203,756)	(8,887,715)
Intangible fixed assets		4,210,660	4,314,433
Cost		6,289,544	6,259,206
Accumulated amortization		(2,078,884)	(1,944,773)
Other assets		41,842,585	31,456,057
Receivables	11.1	29,891,169	21,209,490
Accrued interest and fee receivables		9,319,762	7,532,193
Other assets	11.2	2,672,250	2,754,970
Provision for other assets		(40,596)	(40,596)
TOTAL ASSETS		1,457,989,937	1,327,921,008

Vietnam Joint Stock Commercial Bank for Industry and Trade B02a/TCTD

INTERIM SEPARATE BALANCE SHEET (continued)
as at 30 June 2021

	<i>Notes</i>	<i>30 June 2021 VND million</i>	<i>31 December 2020 VND million</i>
LIABILITIES			
Due to the Government and the State Bank of Vietnam	12	79,885,745	44,597,188
Deposits and borrowings from other credit institutions		159,358,385	124,872,145
Deposits from other credit institutions	13.1	106,054,563	97,373,193
Borrowings from other credit institutions	13.2	53,303,822	27,498,952
Customer deposits	14	1,037,434,056	988,070,156
Other borrowed and entrusted funds		2,654,011	2,733,251
Valuable papers issued	15	64,960,567	59,875,570
Other liabilities		23,685,381	25,659,752
Interest and fee payables		15,166,768	15,910,403
Other payables	16	8,518,613	9,749,349
TOTAL LIABILITIES		1,367,978,145	1,245,808,062
OWNERS' EQUITY			
Capital		46,203,873	46,203,873
- Charter capital		37,234,046	37,234,046
- Share premium		8,969,827	8,969,827
Reserves		11,186,651	11,186,651
Undistributed profits		32,621,268	24,722,422
TOTAL OWNERS' EQUITY	18	90,011,792	82,112,946
TOTAL LIABILITIES AND OWNERS' EQUITY		1,457,989,937	1,327,921,008

INTERIM SEPARATE BALANCE SHEET (continued)
as at 30 June 2021

OFF-BALANCE SHEET ITEMS

	<u>30 June 2021</u> VND million	<u>31 December 2020</u> VND million
Credit guarantees	8,215,682	7,995,477
Foreign exchange commitments	546,902,631	303,101,636
- Foreign exchange commitments - buy	12,159,347	13,463,062
- Foreign exchange commitments - sell	12,373,429	13,673,951
- Currency swap contracts	522,369,855	275,964,623
Letters of credit	54,377,157	48,283,386
Other guarantees	53,185,219	49,991,037
Other commitments	84,496,936	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:



Ms. Nguyen Hong Van
Deputy General Director

Hanoi, Vietnam

13 August 2021

INTERIM SEPARATE INCOME STATEMENT
 for the six-month period ended 30 June 2021

	Notes	For the six-month period ended 30 June 2021 VND million	For the six-month period ended 30 June 2020 VND million
Interest and similar income	19	41,850,147	41,422,714
Interest and similar expenses	20	(20,759,736)	(25,545,466)
Net interest and similar income		21,090,411	15,877,248
Fee and commission income		3,468,471	2,790,000
Fee and commission expenses		(1,210,862)	(985,228)
Net fee and commission income		2,257,609	1,804,772
Net gain from trading of foreign currencies		941,732	989,711
Net gain from held-for-trading securities	21.1	128,104	366,679
Net (loss)/gain from investment securities	21.2	(88,224)	137,211
Other income		2,002,578	842,174
Other expenses		(413,391)	(201,550)
Net gain from other activities		1,589,187	640,624
Income from investments in other entities	22	682,757	523,803
TOTAL OPERATING EXPENSES	23	(7,409,398)	(6,282,977)
Net profit before provision for credit losses		19,192,178	14,057,071
Provision expense for credit losses		(8,387,016)	(6,574,605)
PROFIT BEFORE TAX		10,805,162	7,482,466
Current corporate income tax expense	17.1	(2,024,573)	(1,391,467)
Corporate income tax expense		(2,024,573)	(1,391,467)
PROFIT AFTER TAX		8,780,589	6,090,999

Prepared by:



 Mr. Ngo Xuan Hai
 Head of Financial Accounting
 Management Department

Reviewed by:



 Mr. Nguyen Hai Hung
 Chief Accountant

Approved by:


 Ms. Nguyen Hong Van
 Deputy General Director

Hanoi, Vietnam

13 August 2021

INTERIM SEPARATE CASH FLOW STATEMENT
for the six-month period ended 30 June 2020

<i>Notes</i>	<i>For the six-month period ended 30 June 2021 VND million</i>	<i>For the six-month period ended 30 June 2020 VND million</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and similar receipts	40,288,533	40,615,672
Interest and similar payments	(21,497,866)	(26,103,336)
Net fee and commission receipts	2,241,905	1,834,496
Net payments from dealing in foreign currencies, gold and securities trading activities	1,059,621	1,365,656
Other (expense)/income	(72,141)	36,491
Recoveries from bad debts written-off previously	1,531,939	589,353
Payments for operating and salary expenses	(7,944,963)	(6,263,693)
Corporate income tax paid during the period	17.1 (1,263,314)	(608,591)
Net cash flows from operating profit before changes in operating assets and liabilities	14,343,714	11,466,048
Changes in operating assets	(110,429,147)	(14,517,205)
(Increase)/decrease in deposits at and loans to other credit institutions	(2,112,732)	2,677,171
(Increase)/decrease in trading securities	(36,352,769)	4,294,812
(Increase)/decrease in derivatives and other financial assets	(1,304,055)	8,641
Increase in loans to customers	(60,072,477)	(7,114,738)
Utilization of provision to write off loans to customers, securities, long-term investments and other receivables	(2,348,397)	(9,873,818)
Increase in other assets	(8,238,717)	(4,509,273)
Changes in operating liabilities	121,889,799	(6,512,911)
Increase/(decrease) in due to the Government and the SBV	35,288,557	(26,222,692)
Increase in deposits and borrowings from other credit institutions	34,486,240	3,665,846
Increase in customers deposits	49,363,900	21,442,271
Increase/(decrease) in valuable papers issued (except for valuable papers issued for financing activities)	5,084,997	(5,799,999)
Decrease in other borrowed and entrusted funds	(79,240)	(72,042)
(Decrease)/increase in other liabilities	(2,254,655)	473,705
Net cash flows from/(used in) operating activities	25,804,366	(9,564,068)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(146,894)	(244,493)
Proceeds from disposal of fixed assets	2,742	11,872
Receipts/(payments) of disposal of fixed assets	52,311	(7,208)
Proceeds from investments in other entities (Sale, liquidation of subsidiaries, capital contribution to joint ventures, other long-term investments)	-	-
Dividends and profits received from long-term investments and capital contribution	682,757	523,803
Net cash flows from investing activities	590,916	283,974

INTERIM SEPARATE CASH FLOW STATEMENT (continued)
for the six-month period ended 30 June 2021

<i>Notes</i>	<i>For the six-month period ended 30 June 2021 VND million</i>	<i>For the six-month period ended 30 June 2020 VND million</i>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flows from financing activities	-	-
Net cash flows for the period	26,395,282	(9,280,094)
Cash and cash equivalents at the beginning of the period	161,014,220	155,646,935
Impact of exchange rate fluctuation	-	-
Cash and cash equivalents at the end of the period	187,409,502	146,366,841
24		

Prepared by:



Mr. Ngo Xuan Hai
Head of Financial Accounting
Management Department

Reviewed by:



Mr. Nguyen Hai Hung
Chief Accountant



Approved by:

Ms. Nguyen Hong Van
Deputy General Director

Hanoi, Vietnam

13 August 2021

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
as at 30 June 2021 and for the six-month period then ended**1. GENERAL INFORMATION**

Vietnam Joint Stock Commercial Bank for Industry and Trade (“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 (“SBV”). The Bank was officially renamed to 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

As at 30 June 2021, the charter capital of the Bank is VND37,234,046 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 30 June 2020, 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 five (155) 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).

Employees

The Bank has 22,899 employees as at 30 June 2021 (31 December 2020: 22,564 employees).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

1. GENERAL INFORMATION (continued)

Subsidiaries

As at 30 June 2021, the Bank has seven (7) directly-owned subsidiary companies and one (1) subsidiary bank as follows:

<i>Subsidiaries</i>	<i>Operating Licence</i>	<i>Nature of Business</i>	<i>Ownership</i>
VietinBank Leasing Company Limited (*)	Business Registration No. 0101047075/GP dated 10 March 2011 granted by Hanoi Authority for Planning and Investment	Financial leasing	100%
VietinBank Securities Joint Stock Company	Establishment and Operating License No. 107/UBCK - GP dated 1 July 2009 granted by State Securities Commission	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, 5 th amendment dated 24 November 2017	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/GPDC23/KDBH dated 2 November 2018 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	Trading, producing and refining gold, silver, precious stones	100%
VietinBank Fund Management Company Limited	Establishment and Operating License No. 50/UBCK-GP dated 26 October 2010 granted by State Security Commission	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	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%

(*) On 22 June 2020, the Board of Directors of the Bank issued Resolution No. 231/NQ-HDQT-NHCT2.1 to (i) approving the 49% of charter capital transfer of VietinBank Leasing Company Limited ("VietinBank Leasing") owned by the Bank to a 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 30 June 2021, the Bank is in the process of applying for the approval from the relevant authority for the legal transformation of VietinBank Leasing.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

2. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

2.1 Accounting period

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

The Bank's interim period starts on 1 January and ends on 30 June each year.

2.2 Accounting currency

Currency used in preparation of financial statements of the Bank is Vietnam dong ("VND"). For the purpose of preparing interim separate financial statements as at 30 June 2021, all amounts are rounded to the nearest million and presented in VND million. The presentation makes no impact on readers' view on the of interim separate financial position, the interim separated income statement and the interim separated cash flows.

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM

3.1 Statement of compliance

Management of the Bank confirms that the accompanying interim 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 interim separate financial statements.

3.2 Accounting standards and system

The interim 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 and Circular No. 10/2014/TT-NHNN dated 20 March 2014 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 applicable to 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 interim separated financial statements and their utilization 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 separated financial position and results of separated operations and separated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

3. APPLIED ACCOUNTING STANDARDS AND SYSTEM (continued)

3.2 Accounting standards and system (continued)

The Bank prepares interim separate financial statements to reflect operations of the Bank only. Simultaneously, the Bank also prepares interim consolidated financial statements to reflect the operations of the Bank and its subsidiaries in accordance with *Vietnamese Accounting Standard No. 25 - Consolidated financial statements and accounting for investments in subsidiaries*. The users of separate financial statements should read these interim separate financial statements with the interim consolidated financial statements for the six-month accounting period ended 30 June 2021 in order to have adequate information about the interim consolidated financial position, the interim consolidated results of operations and interim consolidated cash flows of the Bank and its subsidiaries.

3.3 Assumptions and uses of estimates

The preparation of the interim 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 resultant provisions. The actual results may differ from such estimates and assumptions.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 *Changes in accounting policies and disclosures*

The accounting policies adopted by the Bank in preparation of the interim separate financial statements are consistent with those followed in the preparation of the Bank's separate financial statements for the year ended 31 December 2020 and the interim separate financial statement for the six-month period ended 30 June 2020.

4.2 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, balance with the SBV, demand deposits and placements with other credit institutions with an original maturity of not more than three months from the transaction date, Government treasury bills and other short-term valuable papers eligible for rediscount with the SBV, securities with maturity period of not more than three months which are readily convertible into defined amounts of cash and that are subject to an insignificant risk of change in value.

4.3 *Placements with and loans to other credit institutions*

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

Placements with and loans to other credit institutions are classified and provisioned for in accordance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 ("Circular 02") regulating classification of assets, levels and method of setting up risk provisions, and use of provisions against credit risks in the banking activity of credit institutions, foreign bank branches and Circular No. 09/2014/TT-NHNN dated 18 March 2014 ("Circular 09") amending and supplementing a number of Articles of the Circular 02.

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*.

In accordance with Circular 02, the Bank is not required to make a general provision for placements with and loans to other credit institutions.

4.4 *Loans to customers*

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

Provision for credit losses of loans to customers is accounted for and presented in a separate line in the interim 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 02 and Circular 09, Circular 01/2020-TT-NHNN ("Circular 01") dated 13 March 2020 and Circular 03/2021/TT-NHNN ("Circular 03") dated 2 April 2021 amending and supplementing a number of articles of Circular 01 regulates credit institutions, foreign bank branches to restructure loan, exempt and reduce interest and fees, and maintain loan groups to support customers affected by the Covid-19 epidemic as presented in *Note 4.5*.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period 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*

Loan classification

The classification of placements with and loans to other credit institutions, direct and entrusted investments in unlisted corporate bonds, loans to customers and entrustments for credit granting (collectively called "debts") is made using both the quantitative and qualitative methods as regulated under Article 10 and Article 11 of Circular 02 and other additional amendments. In case the classification results under Articles 10 and 11 are not the same, the debts must be classified into the higher risk group. 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 loan. Specifically:

Group		Loan classification using the quantitative method	Loan classification using the qualitative method
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; fully and timely recoverable for the remaining principals and interests.	Debts assessed as fully and timely recoverable for both principals and interests.
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.	Debts assessed as fully recoverable for both principals and interests but there is a sign of decline in customers' capability to pay their debts.
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: <ul style="list-style-type: none"> - 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.	Debts assessed as not fully recoverable for both principals and interests when due, having a possibility of making losses.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period 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 (continued)

Loan classification (continued)

Group		Loan classification using the quantitative method	Loan classification using the qualitative method
4	Doubtful	<ul style="list-style-type: none"> (a) Debts overdue for a period of between 181 days and 360 days; or (b) Debts whose 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 whose repayment terms are restructured for the second time; or (d) Debts 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 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. 	Debts assessed as having a high possibility of making losses.
5	Loss	<ul style="list-style-type: none"> (a) Debts overdue for a period of more than 360 days; or (b) Debts whose 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 whose repayment terms are restructured for the second time but still overdue under that second restructure repayment term; or (d) Debts whose repayment terms are restructured for the third time or more, regardless of being overdue or not; or (e) Debts 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 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 of credit institutions under special control as announced by the SBV, or debts of foreign bank branches whose capital and assets are blocked. 	Debts assessed as not recoverable, capital loss.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period 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* (continued)

Loan classification (continued)

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.

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

When customers' debt is classified into a loan group with lower level of risk than its provided by CIC, the Bank must adjust the loan classification results according to CIC result.

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.

The Bank also applies the regulations on loan restructuring and retention of loan classification group according to Circular 01 and Circular 03.

Specific provision

Specific provision as at 30 June 2021 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 June 2021.

The specific provision rate for each loan group is as below:

Group		Provision rate
1	Current	0%
2	Special Mention	5%
3	Sub-standard	20%
4	Doubtful	50%
5	Loss	100%

The basis for determination of the value and discounted value for each type of collateral is specified in Circular 02 and Circular 09.

Additional specific provision for restructured loans according to Circular 03

The Bank determines additional specific provision to be made for customers whose outstanding loans are restructured, exempted or reduced interest in accordance with Circular 03 as following formula: $C = A - B$

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period 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)

In which:

C: Additional specific provision

A: Specific provision for all outstanding loans balance of customers according to the results of debt classification under Circular 02 and Circular 09 (not apply the regulation of retention loan group under the provisions of Circular 03)

B: Total specific provision for outstanding loan balance of customer which is restructured according to Circular 03 and specific provision for the remaining loan balance in accordance with Circular 02 and Circular 09.

Additional specific provision (C) is recognized by the Bank in the interim income statement on the minimum provision basis as follows:

- ▶ Up to 31 December 2021: recognise 30% of the additional specific provision;
- ▶ Up to 31 December 2022: recognise 60% of the additional specific provision;
- ▶ Up to 31 December 2023: recognise 100% of the additional specific provision.

General provision

General provision as at 30 June 2021 is made at 0.75% of total outstanding loans excluding placements with and loans to other credit institutions and loans classified as loss (group 5) as at 30 June 2021.

Write-off bad debts

Provisions are recognized as expenses on the interim separate income statement and used to write-off bad debt. According to Circular 02, the Bank establishes a Risk Management Committee to deal with bad debts if they are classified in Group 5 or if the borrower is a dissolved, bankrupt organization or individual who is dead or missing.

4.6 *Held-for-trading securities*

Held-for-trading securities 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.

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

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

Provision for impairment of held-for-trading securities is recorded when their book value is higher than their market value as stipulated in Circular No. 48/2019/TT-BTC ("Circular 48") dated 8 August 2019 issued by the Ministry of Finance. Provision for impairment is recognized in the interim separate income statement as "*Net gain from held-for-trading securities*".

Provision for credit losses of corporate bonds, which are not listed on the stock market or not registered on the unlisted public company market, is made in accordance with Circular 02 and Circular 09 as described in *Note 4.5*.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 debt securities and equity securities that are acquired by the Bank for the investment and available-for-sale purposes, not regularly traded but can be sold when there is a benefit. For equity securities, the Bank is also 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.

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 before acquisition (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 before acquisition (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 interim 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 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 interim 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 is made in accordance with Circular 02 and Circular 09 as described in *Note 4.5*.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 *Investment securities* (continued)

4.7.2 *Held-to-maturity investment securities*

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

Held-to-maturity securities are recorded and measured identical to debt securities available-for-sale and presented at *Note 4.7.1*.

4.8 *Investment in subsidiaries*

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

4.9 *Joint venture*

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 interim separate income statement. Other distributions are considered as recoveries of investments and deducted from the investment value.

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 under agreements to appoint personnel to the members’ council/board of directors/board of management but the Bank does not have control or significant influence over the investees.

Other long-term investments include equity securities and other long-term capital contributions which are intended to 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.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Other long-term investments (continued)

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 48. Accordingly, the allowance for diminution in value for each long-term investment is calculated as follows:

$$\text{Provision for investment} = \text{Actual rate of charter capital (\% of the Bank at the time of making the provision)} \times \left[\text{Actual investment capital of the Bank at the entities receiving capital contribution at the time of making the provision} - \text{Actual equity capital of the entities at the time of making the provision} \right]$$

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 repurchase at a specific date in the future (repos) are still recognized in the interim separate financial statements. The corresponding cash received from these agreements is recognized in the interim separate balance sheet as a liability and the difference between the sale price and repurchase price is amortized in the interim 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 resell at a specific date in the future are not recognized in the interim separate financial statements. The corresponding cash paid under these agreements is recognized as a loan in the interim 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.

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

When assets are sold or liquidated, their cost and accumulated depreciation are deducted from the interim separate balance sheet item and any gains or losses resulting from their disposal are recorded in the interim separate income statement.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Depreciation and amortization

Depreciation of tangible fixed assets and amortization of intangible fixed assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and construction	05 - 40 years
Machine and equipment	03 - 07 years
Transportation vehicles	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 depreciated 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 receivables from credit activities 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, however, the corporate debtors have bankrupt or in the process of dissolution, or of individual debtors who are missing, escaped, deceased, prosecuted, on trial or serving sentences. Provision expense incurred is recorded in "Total operating expenses" of the interim separate income statement.

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

<u>Overdue status</u>	<u>Allowance rate</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%

4.15 Prepaid expenses and deferred expenses

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Recognition of income and expense

4.16.1 Interest income and 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 02, restructured repayment term, exempted or reduced interest, retained loan classification under Circular 01 and Circular 03 or other State policies. Accrued interest from these loans is monitored on off-balance sheet accounts and recognized in the separate interim income statement upon actual receipt.

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

4.16.2 Income from securities trading

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

4.16.3 Dividends

Dividends received in cash from investment activities are recognized in the separate income statement when the Bank's rights to receive payment are established.

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

4.16.4 Income from other services

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

4.16.5 Recognition of receivables from accrued income not yet collected

According to Circular No. 16/2018/TT-BTC dated 7 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 off-balance sheet. Upon actual receipt of these receivables, the Bank recognizes in the interim separate income statement.

4.17 Deposits from other credit institutions and customers, valuable paper issued, other borrowed and entrusted fund and loans to other credit institutions

Deposits from other credit institutions and customers, valuable paper issued, other borrowed and entrusted fund and loans to other credit institutions are disclosed at the principal amounts outstanding at the date of interim separate financial statements. Issuance costs are initially deducted from original cost of bonds. The Bank gradually amortised these costs to "Interest and similar expenses" on straight-line basis over the term of the valuable papers.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Foreign currency transactions

In the 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 interim separate balance sheet date (*Note 33*). Income and expenses denominated in foreign currencies during the period 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 recognized and monitored in the “*Foreign exchange differences*” under “*Owners’ equity*” and will be transferred to the interim 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 period 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 are applied and enacted at the interim separate balance sheet date.

Current income tax is charged or credited to the interim separate income statement, except when it relates to items recognized directly to equity, in this case the current income tax is also dealt with 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 on temporary differences at the interim separate balance sheet date between the tax base of assets and liabilities and their carrying amount for the financial reporting purposes.

Deferred tax liabilities are recognised 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.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Corporate income taxes (continued)

Deferred tax (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 utilised, 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 temporarily differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognised 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 utilised.

The carrying amount of deferred tax assets is reviewed at each interim separated 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 utilised. Previously unrecognised deferred tax assets are re-assessed at each interim separated balance sheet date and are recognised 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 realised or the liability is settled based on tax rates and tax laws that have been enacted at the interim separated balance sheet date.

Deferred tax is charged or credited to the interim separated income statement, except when it relates to items recognised 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 to either settle current tax liabilities and assets on a net basis or to realise 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 02, credit institutions should classify guarantees, payment acceptances and irrevocable loan commitments with specific effective date (generally called “*off-balance sheet commitments*”) in compliance with Article 10, Circular 02 for management and monitoring of credit quality. Accordingly, off-balance sheet commitments are classified into groups which are *Current*, *Special Mention*, *Substandard*, *Doubtful* and *Loss* based on the overdue status and other qualitative factors.

4.22 Derivatives

The Bank involves in currency forward contracts and currency swap contracts to facilitate customers to transfer, modify or reduce foreign exchange risk or other market risks, and also serve the Bank’s business purposes.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.22 *Derivatives* (continued)

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" and will be transferred to the interim separate income statement at the end of the fiscal year.

Swap contracts

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

Differences in interest rate swaps are recognized in the interim 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 allowance from the Social Insurance Fund upon retirement and shall be subsidized by the Bank for two (2) months of additional salary based on job positions with the average KPIs of the consecutive six months before retirement.

Employees who retire early due to the Bank's labour reorganization policy are entitled to receive allowances equal to half of the basic salary on which the annual (12 months) social insurance premium is calculated, and half of the basic salary on which the monthly social premium for early retirement is calculated (with a maximum of no more than 48 months of early retirement).

4.23.2 *Severance allowance and redundancy allowance*

Severance allowance

The bank is responsible for paying severance allowance to employees who have worked regularly for full 12 months or more, each working year is entitled to a half-month salary allowance according to the job or title and salary allowance (if any). Working time for calculation of severance allowance is the total actual time the employee has worked for the Bank minus the time the employee started to participate in unemployment insurance (from 1 January 2009) according to the Law on Social Insurance;

According to Article 46 of Labor Law No. 45/2019/QH14 effective from 1 January 2021, the Bank is responsible for paying severance allowance to employees who have worked regularly for full 12 months or more, each working year is entitled to a subsidy of half a month's salary, except for the case where the employee is eligible for allowance under the Law on Social Insurance or voluntarily resigned without a valid reason for 5 consecutive working days or more.

The working time to calculate severance allowance is the total actual time the employee has worked for the Bank minus the time they started to participate in unemployment insurance in accordance with the current law and regulations on unemployment insurance and the time they paid for severance allowance and redundancy allowance.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.23 *Employee benefits*

4.23.2 *Severance allowance and redundancy allowance (continued)*

Severance allowance (continued)

Clause 5, Article 8 of Decree 145/2020/ND-CP stipulated that the salary used to calculate severance allowance is the average salary of 6 consecutive months according to the labor contract before the employee resigns. If the final labor contract is declared to be invalid (because the content about salary is lower than the regional minimum level or the level in the collective labor agreement), the salary for calculation of benefits will be agreed by parties but must not be lower than the regional minimum level or the salary under the collective labour agreement.

Redundancy allowance

Under Article 49 of the Labor Law No. 45/2019/QH14 dated 20 November 2019, the Bank is obliged to pay redundancy allowance to employees who lose their jobs due to organization restructuring, technology, merger, consolidation or split of enterprises. In this case, the Bank is obligated to pay redundancy allowance in the total amount equivalent to one month salary for each working year but not less than two months salary.

4.23.3 *Unemployment insurance*

In accordance with Circular No. 28/2015/TT-BLDTBXH providing guidelines for Article 52 of the Law on Employment and Decree No. 28/2015/ND-CP dated 12 March 2015 of the Government providing guidelines for the Law on Employment in term 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.

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 Management, bonus and welfare funds are appropriated according to the decision approved in the General Meeting of Shareholders;
- ▶ Other reserves: are to be made upon the current regulations and decisions of the Annual General Shareholders' Meeting.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.25 *Offsetting*

Financial assets and financial liabilities are offset and the net amount is reported in the interim 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 *Related parties*

Parties are considered to be related parties of the Bank if one party has the ability to, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Bank and other party are under common control or under common significant influence. Related parties can be enterprises or individuals, including close members of their families.

4.27 *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 that are not shown in these interim separate financial statements indicate nil balance.

5. HELD-FOR-TRADING SECURITIES

	<i>30 June 2021</i> <i>VND million</i>	<i>31 December 2020</i> <i>VND million</i>
Debt securities		
Government bonds	2,139,083	3,555,344
Bonds issued by other domestic credit institutions	-	697,353
Provision for held-for-trading securities	(4,503)	-
	2,134,580	4,252,697

6. DERIVATIVES AND OTHER FINANCIAL ASSETS

	<i>30 June 2021</i> <i>VND million</i>	<i>31 December 2020</i> <i>VND million</i>
Currency derivative contracts	1,319,985	63,191
Currency forward contracts	62,395	26,794
Currency swap contracts	1,257,590	36,397
Other derivative financial instruments	121,192	73,931
Interest rate swaps	121,192	73,931
	1,441,177	137,122

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

7. LOANS TO CUSTOMERS

	<i>30 June 2021</i> <i>VND million</i>	<i>31 December 2020</i> <i>VND million</i>
Loans to domestic economic entities and individuals	1,057,860,829	997,967,514
Discounted bills and valuable papers	2,523,370	1,998,693
Payments on behalf of customers	8,710	7,788
Loans financed by entrusted funds	76,468	116,523
Loans to foreign economic entities and individuals	4,578,641	4,885,023
	<u>1,065,048,018</u>	<u>1,004,975,541</u>
7.1	<i>Analysis of loan portfolio by quality</i>	
	<i>30 June 2021</i> <i>VND million</i>	<i>31 December 2020</i> <i>VND million</i>
Current	1,046,550,020	992,888,257
Special mention	4,175,327	2,770,000
Substandard	957,478	1,799,238
Doubtful	1,207,035	1,507,061
Loss	12,158,158	6,010,985
	<u>1,065,048,018</u>	<u>1,004,975,541</u>
7.2	<i>Analysis of loan portfolio by original maturity</i>	
	<i>30 June 2021</i> <i>VND million</i>	<i>31 December 2020</i> <i>VND million</i>
Short term	633,443,646	590,292,716
Medium term	62,106,197	58,165,413
Long term	369,498,175	356,517,412
	<u>1,065,048,018</u>	<u>1,004,975,541</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

8. PROVISION FOR CREDIT LOSSES ON LOANS TO CUSTOMERS

Movement in provision for credit losses on loans to customers during the six-month period ended 30 June 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	7,228,122	5,117,578	12,345,700
Provision charged in the period	646,998	7,740,018	8,387,016
Provision used to write-off bad debts	-	(2,348,397)	(2,348,397)
Other adjustment	-	6,383	6,383
Closing balance as at 30 June 2021	<u>7,875,120</u>	<u>10,515,582</u>	<u>18,390,702</u>

Movement in provision for credit losses on loans to customers during the six-month period ended 30 June 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 (reversed)/charged in the period	201,207	3,740,288	3,941,495
Provision used to write-off bad debts	-	(3,988,310)	(3,988,310)
Closing balance as at 30 June 2020	<u>6,918,547</u>	<u>5,823,266</u>	<u>12,741,813</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

9. INVESTMENT SECURITIES

9.1 Available-for-sale securities

	30 June 2021 VND million	31 December 2020 VND million
Debt securities	149,151,732	110,680,857
Government bonds	78,267,352	57,375,668
Bonds issued by domestic credit institutions	64,365,372	42,661,173
Bonds issued by domestic economic entities	6,519,008	10,644,016
Equity securities	376,615	376,615
Equity securities issued by domestic economic entities	376,615	376,615
	149,528,347	111,057,472
Provision for available-for-sale securities	(427,889)	(339,665)
Provision for diminution in value	(66,469)	(50,918)
General provision	(361,420)	(288,747)
Specific provision	-	-
	149,100,458	110,717,807

9.2 Held-to-maturity securities

	30 June 2021 VND million	31 December 2020 VND million
Face value of held-to-maturity securities	2,586,789	2,586,778
Provisions for held-to-maturity securities	(2,901)	(2,901)
	2,583,888	2,583,877

9.3 Unlisted corporate bonds are classified and made provision according to Circular 02

The Bank classified debts as at 30 June 2021 and made corresponding provision for unlisted corporate bonds in accordance with Circular 02 and Circular 09. Accordingly, provision for credit losses as at 30 June 2021 is made based on unlisted corporate bonds classification result as at 30 June 2021.

The classification and provision for credit losses of unlisted corporate bonds in accordance with Circular 02 and Circular 09 as at 30 June 2021 are as follows:

<i>Classification</i>	<i>Book value VND million</i>	<i>Specific provision VND million</i>	<i>General provision VND million</i>	<i>Total provision VND million</i>
Current	48,576,105	-	364,321	364,321
Special mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
	48,576,105	-	364,321	364,321

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

10. LONG-TERM INVESTMENTS

Analysis by type of investment:

	30 June 2021 VND million	31 December 2020 VND million
Investments in subsidiaries (Note 10.1)	3,840,032	3,840,032
Investments in joint ventures (Note 10.2)	1,688,788	1,688,788
Other long-term investments	22,962	22,962
	5,551,782	5,551,782

10.1 Investments in subsidiaries

Subsidiaries	30 June 2021	31 December 2020
	Cost VND million	Cost VND million
VietinBank Leasing Company Ltd	1,000,000	1,000,000
VietinBank Securities JSC	597,232	597,232
VietinBank Debt Management and Asset Exploitation Company Ltd	120,000	120,000
VietinBank Insurance Joint Stock Corporation	489,150	489,150
VietinBank Fund Management Company Ltd	300,000	300,000
VietinBank Gold & Jewellery Trading Company Ltd	200,000	200,000
VietinBank Global Money Transfer Company Ltd	50,000	50,000
VietinBank Lao Limited	1,083,650	1,083,650
	3,840,032	3,840,032

10.2 Investments in joint venture

	30 June 2020		31 December 2020	
	Cost VND million	% owned	Cost VND million	% owned
Indovina Bank Ltd	1,688,788	50%	1,688,788	50%
	1,688,788		1,688,788	

Indovina Bank Limited was established in Vietnam with its 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 with the charter capital of USD193,000,000.

Since its establishment, with the approval of the State Bank, Indovina Bank Limited has made many capital increases, in which the value of capital contributed by the two parties to the joint venture increased but the proportion of contributed capital did not change. As at 30 June 2021, the charter capital of Indovina Bank Limited is USD193,000,000.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

11. OTHER ASSETS

11.1 Receivables

	<i>30 June 2021</i> <i>VND million</i>	<i>31 December 2020</i> <i>VND million</i>
Internal receivables	407,425	321,156
External receivables	22,675,302	14,196,733
Construction in progress (i)	5,689,667	5,628,132
Fixed assets in purchase or under repair	1,118,775	1,063,469
	29,891,169	21,209,490

(i) Construction in progress

	<i>30 June 2021</i> <i>VND million</i>	<i>31 December 2020</i> <i>VND million</i>
Constructions in the North	5,254,664	5,210,728
Constructions in the Central	338,885	330,482
Constructions in the South	96,118	86,922
	5,689,667	5,628,132

11.2 Other assets

	<i>30 June 2021</i> <i>VND million</i>	<i>31 December 2020</i> <i>VND million</i>
Materials and tools	124,711	109,535
Prepaid expenses	2,408,291	2,506,186
Other assets	139,248	139,249
	2,672,250	2,754,970

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

	<i>30 June 2021</i> <i>VND million</i>	<i>31 December 2020</i> <i>VND million</i>
Borrowings from the SBV	1,713,221	1,969,774
Borrowings based on the credit files	1,706,263	1,962,816
Borrowings to support State-owned enterprises	6,958	6,958
Deposits from the State Treasury and other liabilities	78,172,524	42,627,414
In VND	78,172,524	42,627,414
In foreign currencies	-	-
	79,885,745	44,597,188

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

13. DEPOSITS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

13.1 Deposits from other credit institutions

	<i>30 June 2021</i> <i>VND million</i>	<i>31 December 2020</i> <i>VND million</i>
Demand deposits	23,064,209	3,922,443
In VND	21,312,050	3,509,630
In foreign currencies	1,752,159	412,813
Term deposits	82,990,354	93,450,750
In VND	68,676,890	80,234,690
In foreign currencies	14,313,464	13,216,060
	106,054,563	97,373,193

13.2 Borrowings from other credit institutions

	<i>30 June 2021</i> <i>VND million</i>	<i>31 December 2020</i> <i>VND million</i>
In VND	4,194,154	4,509,653
In foreign currencies	49,109,668	22,989,299
	53,303,822	27,498,952

14. CUSTOMER DEPOSITS

	<i>30 June 2021</i> <i>VND million</i>	<i>31 December 2020</i> <i>VND million</i>
Demand deposits	185,940,657	186,116,110
- Demand deposits in VND	163,514,592	154,156,455
- Demand deposits in foreign currencies	22,426,065	31,959,655
Term deposits	842,862,510	794,345,685
- Term deposits in VND	815,317,170	765,683,176
- Term deposits in foreign currencies	27,545,340	28,662,509
Deposits for specific purpose	4,122,909	2,891,119
- Deposits for specific purpose in VND	3,457,574	2,210,328
- Deposits for specific purpose in foreign currencies	665,335	680,791
Margin deposits	4,507,980	4,717,242
- Margin deposits in VND	3,947,792	4,183,194
- Margin deposits in foreign currencies	560,188	534,048
	1,037,434,056	988,070,156

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

15. VALUABLE PAPERS ISSUED

	30 June 2021 VND million	31 December 2020 VND million
In VND	64,959,697	59,874,697
Par value	64,959,697	59,874,697
In foreign currencies	870	873
Par value	870	873
	64,960,567	59,875,570

Details of the term of valuable papers issued at the end of the period 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	-	-	-	197
- In VND	197	-	-	-	197
From 12 months to under 5 years	-	166	-	33,900,856	33,901,022
- In VND	-	166	-	33,900,014	33,900,180
- In foreign currencies	-	-	-	842	842
From 5 years	-	-	31,059,320	28	31,059,348
- In VND	-	-	-	-	-
- In foreign currencies	-	-	31,059,320	28	31,059,348
Closing balance	197	166	31,059,320	33,900,884	64,960,567

16. OTHER PAYABLES

	30 June 2021 VND million	31 December 2020 VND million
Internal payables	1,378,687	2,421,417
External payables (*)	5,076,651	4,454,123
Bonus, welfare funds	2,063,275	2,873,809
	8,518,613	9,749,349

(*) Details of external payables are as follows:

	30 June 2021 VND million	31 December 2020 VND million
Amounts kept for customers and awaiting for settlement	98,387	79,199
Corporate income tax payable (Note 17)	2,024,573	1,263,314
Other items awaiting for payment	1,151,458	981,166
Tax and fee payables	222,050	179,278
Payables to the SBV due to the collection of debts written-off previously	95,565	95,009
Payables related to trade finance activities	5,998	8,904
Money transfer payable	674,781	1,573,783
Other payables	803,839	273,470
	5,076,651	4,454,123

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

17. TAX AND OTHER OBLIGATIONS TO THE STATE BUDGET

	Opening balance VND million	Movements during the period		Closing balance VND million
		Payables VND million	Paid VND million	
Value added tax	10,713	250,754	204,202	57,265
Corporate income tax	1,263,314	2,024,573	1,263,314	2,024,573
Other taxes	168,566	546,722	550,503	164,785
	1,442,593	2,822,049	2,018,019	2,246,623

17.1 Current corporate income tax

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 became 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 to many types of transactions is susceptible to varying interpretations, amount reported in the interim 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 period. Taxable income differs from the one reported in the interim separate income statement since taxable income excludes incomes which are taxable or expenses which are deducted in prior periods 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 period-end.

Provision for current income tax expense is computed as follows:

	For the six-month period ended 30 June 2021 VND million	For the six-month period ended 30 June 2020 VND million
Profit before tax	10,805,162	7,482,466
<i>Plus/(minus)</i>		
- Dividend income	682,757	523,803
- Others	(462)	1,327
Estimated taxable income	10,122,867	6,957,336
CIT expenses in the period	2,024,573	1,391,467
CIT payable at the beginning of the period	1,263,314	608,984
CIT paid during the period	(1,263,314)	(608,591)
Adjustment CIT differences of previous year	-	178
Current income tax payable at the end of the period	2,024,573	1,392,038

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

18. OWNERS' EQUITY AND RESERVES

18.1 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	-	-	-	-	13,255,847	13,255,847
Appropriation to reserves	-	-	662,792	1,325,584	(1,988,376)	-
Appropriation to bonus and welfare funds	-	-	-	-	(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)	(30,681)	(51,575)
Balance as at 31 December 2020	37,234,046	8,969,827	3,737,599	7,449,052	24,722,422	82,112,946
Net profit for the period	-	-	-	-	8,780,589	8,780,589
Appropriation to bonus and welfare funds	-	-	-	-	(871,589)	(871,589)
Other adjustments	-	-	-	-	(10,154)	(10,154)
Balance as at 30 June 2021	37,234,046	8,969,827	3,737,599	7,449,052	32,621,268	90,011,792

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

18. OWNERS' EQUITY AND RESERVES (continued)

18.2 Equity

Details of the Bank's shares are as follows:

	30 June 2021		31 December 2020	
	Shares	VND million	Shares	VND million
Number of registered shares	3,723,404,556	37,234,046	3,723,404,556	37,234,046
Number of shares issued	3,723,404,556	37,234,046	3,723,404,556	37,234,046
- Ordinary shares	3,723,404,556	37,234,046	3,723,404,556	37,234,046
Number of shares circulated	3,723,404,556	37,234,046	3,723,404,556	37,234,046
- Ordinary shares	3,723,404,556	37,234,046	3,723,404,556	37,234,046

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

19. INTEREST AND SIMILAR INCOME

	For the six-month period ended 30 June 2021 VND million	For the six-month period ended 30 June 2020 VND million
Interest income from deposits	712,851	1,358,167
Interest income from loans to customers	37,277,110	36,213,323
Interest income from debt securities	3,006,292	3,219,809
Income from guarantee activities	533,773	347,954
Other income from credit activities	320,121	283,461
	41,850,147	41,422,714

20. INTEREST AND SIMILAR EXPENSES

	For the six-month period ended 30 June 2021 VND million	For the six-month period ended 30 June 2020 VND million
Interest expenses for deposits	18,382,078	23,018,445
Interest expenses for borrowings	289,216	379,264
Interest expenses for valuable papers issued	1,874,913	1,991,155
Other expenses for credit activities	213,529	156,602
	20,759,736	25,545,466

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

21. NET GAIN FROM SECURITIES

21.1 Net gain from securities held for trading

	<i>For the six-month period ended 30 June 2021 VND million</i>	<i>For the six-month period ended 30 June 2020 VND million</i>
Income from securities held for trading	155,761	382,794
Expenses for securities held for trading	(23,154)	(16,115)
Provision charge for investment securities	(4,503)	-
Net gain from securities held for trading	128,104	366,679

21.2 Net gain/(loss) from investment securities

	<i>For the six-month period ended 30 June 2021 VND million</i>	<i>For the six-month period ended 30 June 2020 VND million</i>
Expenses for trading of investment securities	-	(164)
Provision reversed/(charged) for investment securities	(88,224)	137,375
Net (loss)/gain from investment securities	(88,224)	137,211

22. INCOME FROM INVESTMENTS IN OTHER ENTITIES

	<i>For the six-month period ended 30 June 2021 VND million</i>	<i>For the six-month period ended 30 June 2020 VND million</i>
Dividends received from capital contribution, share purchase	682,757	523,803
- From capital contribution	682,757	523,803
	682,757	523,803

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

23. TOTAL OPERATING EXPENSES

	<i>For the six-month period ended 30 June 2021 VND million</i>	<i>For the six-month period ended 30 June 2020 VND million</i>
Expenses on taxes, fees	7,257	6,898
Personnel expenses	4,665,788	3,896,491
Salary and allowances	3,858,877	3,212,200
Expenses related to salary	275,425	262,019
Allowances	756	3,579
Other expenses	530,730	418,693
Expenses on assets	1,005,914	900,140
Depreciation and amortization of fixed assets	465,179	446,917
Other expenses	540,735	453,223
Administrative expenses	1,355,342	1,126,501
Per-diem	45,866	43,413
Expenses for union activities	6,871	5,521
Other expenses	1,302,605	1,077,567
Insurance premium for customers' deposits	375,097	352,947
Provision reversed	-	-
	7,409,398	6,282,977

24. CASH AND CASH EQUIVALENTS

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

	<i>30 June 2021 VND million</i>	<i>31 December 2020 VND million</i>
Cash and cash equivalents on hand	8,767,217	9,746,787
Balances with the SBV	37,857,943	57,616,304
Current accounts at other credit institutions	88,194,962	38,207,609
Placements with other credit institutions with term not exceeding three (3) months	52,589,380	55,443,520
	187,409,502	161,014,220

25. OTHER SUBSTANTIAL RISK BEARING OFF-BALANCE SHEET ITEMS

	<i>30 June 2021 VND million</i>	<i>31 December 2020 VND million</i>
Contingent liabilities	115,778,058	106,269,900
Credit guarantees	8,215,682	7,995,477
Letters of credit	54,377,157	48,283,386
Other guarantees	53,185,219	49,991,037
Commitments	631,399,567	355,780,841
Foreign exchange commitments	546,902,631	303,101,636
Other commitments	84,496,936	52,679,205
	747,177,625	462,050,741

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

26. COLLATERAL AND MORTGAGES

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

Details of customers' collateral and mortgages at the Bank as at the end of the period are as follows:

	<i>30 June 2021</i>	<i>31 December 2020</i>
	<i>VND million</i>	<i>VND million</i>
Real estates	1,806,162,161	1,709,524,713
Movable property	69,328,713	66,655,137
Deposits, gold, gemstones and valuable papers	188,255,640	161,050,814
Other assets	686,529,995	562,422,722
	2,750,276,509	2,499,653,386

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 30 June 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.

27. RELATED PARTY TRANSACTIONS

During normal business operation, the Bank has undertaken transactions with other parties to which the Bank is related. A party is considered to be related if the party has ability to control or to influence other parties in making decision of financial policies and operational activities. A party is related to the Bank if:

- (a) Directly, or indirectly through one or more intermediaries, the party:
 - ▶ controls, is controlled by, or is under common control by Bank (including parents and subsidiaries);
 - ▶ has an interest (owning 5% or more of the charter capital or voting share capital) in the Bank that gives it significant influence 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 which is the member of the key management personnel of the Bank;
- (d) The party is a close member of the family of any individual referred to in (a) or (c); or
- (e) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such company resides with, directly or indirectly, any individual referred to in (c) or (d).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

27. RELATED PARTY TRANSACTIONS (continued)

Details of significant balances with related parties as at 30 June 2021 are as follows:

Related organizations

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>30 June 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	37,857,943	57,616,304
		Borrowings from the SBV	1,713,221	1,969,774
Subsidiaries	Subsidiary	Deposits of the Bank at subsidiaries	2,132,511	2,042,300
		Borrowings from the Bank	200,000	700,000
		Interest receivable	4,825	3,549
		Deposits at the Bank	2,668,456	2,432,352
		Interest payable	10,824	12,576

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

Related Organizations

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>For the six-month period ended 30 June 2021</i>	<i>For the six-month period ended 30 June 2020</i>
The State Bank of Vietnam ("the SBV")	Owner and direct management agency	Decrease deposits of the Bank at the SBV	(19,758,361)	(11,978,347)
		Decrease in borrowings from the SBV	(256,553)	(324,837)
Subsidiaries	Subsidiaries	Increase deposits at the Bank	236,104	601,342
		Decrease borrowings from the Bank	(500,000)	(210,000)
		Increase interest receivable	(1,752)	864
		Increase/(decrease) deposits of the Bank at subsidiaries	90,211	(327,129)
		(Decrease)/Increase Interest payable	(671)	7,110
		Interest income from loans	9,831	21,880
		Interest income from deposits	23,480	33,961
		Interest expenses for deposits	(16,888)	(16,704)

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

27. RELATED PARTY TRANSACTIONS (continued)

Related Individual

<i>Related parties</i>	<i>Transactions</i>
Board of Directors, Supervisory Board and Management (*)	Salaries and remunerations: Payment in accordance with the Bank's internal regulations, the salary fund assigned by the SBV, ensuring the interrelation between managerial level's average salary and staff level's average salary within the banking system.

(*) The salary and remuneration of the Board of Directors and Supervisory Board comply with Resolution No. 23/NQ-DHDCD dated 16 April 2021 approved by the General Meeting of Shareholders.

28. 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	1,071,929,239	1,220,763,208	115,651,754	1,441,177	154,254,219
Overseas	4,293,286	897,935	126,304	-	-
	1,076,222,525	1,221,661,143	115,778,058	1,441,177	154,254,219

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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29. 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.

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 enhancement of risk management in material areas. Until now, the Bank has completed the first phase following standard methods and is preparing for the second phase following the SBV's direction.

The application of advanced practices and 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 the modernization of the banking system. In addition, after the Circular No. 13/2018/TT-NHHH ("Circular 13") stipulating the internal control system of commercial banks and foreign bank branches, the Bank reviewed and adjusted regulations and processes in accordance with the requirements of Circular 13 to ensure compliance with the standards of internal control system, risk management, internal audit from 1 January 2020 and have prepared for the implementation of the internal assessment of sufficient capital level from 1 January 2021.

In 2021, the Bank will continue to actively study and implement projects under the Basel II in order to comprehensively enhance the management capacity for all types of risks. Moreover, the Bank has continued to complete its policies system in 5 levels, namely: (i) General policy regime, (ii) Detailed policies, (iii) Guidance documents on policies, (iv) General processes, and (v) Detailed processes for each product in order to ensure consistency and overall effectiveness of the policy system.

To manage risk related to financial instruments, the Bank has issued regulations, procedures, detailed guidance and internal indicators as well as strictly managed the balance between assets and liabilities, tightly controlled business activities' growth and credit quality; complied with limitation and safety ratio for operation; requirements for risk management as stipulated in Circular 22/2019/TT-NHNN and Circular 13; regulations of the State Bank of Vietnam; and has met requirements for risk management in accordance with Basel II.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

30. 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 fulfill their committed obligations.

Tools that the Bank uses to manage credit risk include:

For credit activities: 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 its risk rating assigned by the credit rating system. This risk rating can be modified and updated regularly.

For investment activities/interbank lending activities: The Bank controls and manages risks by setting interbank and investment limit for each specific counterparty based on the analysis and assessment of the Bank for that counterparty's risks level. These limits are set by the Financial Institution Committee and executed by the Treasury Dealing Department.

Methods of minimizing credit risk

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

▶ ***Financial assets which are neither overdue nor impaired***

The Bank's financial assets which are neither overdue nor impaired include loans classified as Current loans, except for the loans overdue less than 10 days, under Circular 02; securities, receivables and other financial assets which are not past due and no provision is 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 collateral assets to offset credit risk in accordance with the SBV's current regulations.

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

30. CREDIT RISK (continued)

Maximum credit risk excluding collateral value or credit risk mitigation measures:

The maximum exposure to credit risk for each asset group which are equal to their carrying amount (excluding provisions) of that asset group on the interim separate balance sheet is presented as follows:

Unit: VND million

	<i>Neither overdue nor impaired</i>	<i>Overdue but not impaired</i>	<i>Overdue and impaired</i>	<i>Total</i>
Placements with and loans to other credit institutions	151,958,849	-	-	151,958,849
- Placements with other credit institutions	140,784,342	-	-	140,784,342
- Grant credit to other credit institutions	11,174,507	-	-	11,174,507
Loan to customers	1,046,550,020	1,149,413	17,348,585	1,065,048,018
Held-for-trading securities	48,576,105	-	-	48,576,105
Investment securities	48,189,357	-	-	48,189,357
- Available-for-sale securities – Debt securities	386,748	-	-	386,748
Total	1,247,084,974	1,149,413	17,348,585	1,265,582,972

The above table presents the worst scenario in which the Bank will incur the maximum credit exposures as at 30 June 2021, without taking into account of any collateral held or their credit enhancement.

31. MARKET RISK

31.1 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 to the Bank can derive from investment activities, capital mobilization and lending activities.

The effective interest rate re-pricing period is the remaining period from the date of interim 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;

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

31. MARKET RISK (continued)

31.1 Interest rate risk (continued)

- 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 the credit institution is determined as follows:
 - Items with fixed interest rate during the contractual period: the effective interest rate re-pricing term is determined from the interim separate balance sheet date to maturity date;
 - Items with floating interest rate: the effective interest rate re-pricing term is determined from the interim separate balance sheet date to the nearest interest rate re-pricing date;
 - Accrued income and accrued expenses: classified as non-interest-bearing items.

The Bank's interest rate risk policies

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

The Bank forecasts fluctuation of the market interest rate and its fund balancing ability in order to make appropriate investment decisions.

For fund mobilization, interest rate is determined based on the market price, business orientation of the Bank's management, the Bank's fund balance and regulations of the State Bank of Vietnam. Fund is mobilized mainly with short interest rate re-pricing term.

For lending activities, the Bank determines lending interest rate based on the funding cost, management expenses, risk considerations, collateral value and market interest rate to ensure competitiveness as well as the efficiency. The Head Office regulates the lending interest rate floor for each period; branches can themselves decide lending interest rates for each period based on credit risk analysis and assessment provided that the rates are not less than the regulated floor rate and annual budgeted profit is assured. Besides, due to the fact that assets were mainly financed by the short interest rate re-pricing term funds, the Bank requires that all long-term and medium-term loans' interest must be floating (interest rate are not fixed during the whole loans' periods) to minimize possible interest rate risk to arise.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

31. MARKET RISK (continued)

31.1 Interest rate risk (continued)

Interest rate risk management

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

Interest rate risk management at portfolio level

- Since 2013, the Bank has issued regulations and procedures for managing interest rate risk on banking book which stipulate the principles for managing interest rate risk on banking book through the process of identification, measurement, control and monitoring of risk aims to ensure a 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 completed the design, officially applied and continuously upgraded the software system of Assets-Liabilities Management (ALM), which runs to the transaction level under international practices, automatically provides reports of term differences, revaluation under nominal term and behaviour, scenarios analysis reports on interest rate increase/decrease situation, etc. in order to facilitate the Bank's interest rate management activities.

Interest rate risk management at portfolio level (continued)

- Re-pricing terms of all loans are required to be adjusted based on the re-pricing terms of funds mobilized and are controlled within established limits by the Bank.

Interest rate risk management at transaction level

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

31. MARKET RISK (continued)

31.1 Interest rate risk (continued)

Below table shows an analysis of the interest re-pricing period of assets and liabilities of the Bank as at 30 June 2021:

	Non-interest bearing VND million	Overdue					Interest re-pricing period					Total VND million	
		Overdue					Interest re-pricing period						
		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 6 months VND million	From 6 to 12 months VND million	From 1 to 5 years VND million	Over 5 years VND million				
Assets													
Cash, gold, and gemstones	8,767,217	-	-	-	-	-	-	-	-	-	-	-	8,767,217
Balances with the State Bank of Vietnam	-	-	-	37,857,943	-	-	-	-	-	-	-	-	37,857,943
Placements with and loans to other credit institutions (*)	-	-	136,601,439	12,457,410	1,250,000	-	-	-	-	-	-	-	151,958,849
Securities held for trading (*)	-	-	2,139,083	-	-	-	-	-	-	-	-	-	2,139,083
Derivatives and other financial liabilities	-	-	1,441,177	-	-	-	-	-	-	-	-	-	1,441,177
Loans to customers (*)	-	14,322,672	4,175,327	265,709,668	289,114,321	84,588,433	34,918,488	3,065,790	1,065,048,018	-	-	-	1,551,782
Investment securities (*)	376,615	-	3,112,040	6,209,000	19,204,000	18,723,001	50,300,469	54,190,011	152,115,136	-	-	-	5,551,782
Long-term investment (*)	5,551,782	-	-	-	-	-	-	-	-	-	-	-	10,094,142
Fixed assets	10,094,142	-	-	-	-	-	-	-	-	-	-	-	10,094,142
Other assets (*)	21,042,711	40,596	-	5,318,824	4,978,123	1,000,572	-	-	41,883,181	-	-	-	41,883,181
Total assets	45,832,467	14,363,268	4,175,327	555,623,825	293,878,433	314,546,444	85,218,957	57,255,801	1,476,856,528				
Liabilities													
Due to the Government and the State Bank of Vietnam	-	-	-	73,562,988	5,000,000	1,322,757	-	-	79,885,745	-	-	-	-
Deposits and borrowings from other credit institutions	-	-	-	118,054,105	23,454,041	14,752,287	20,386,872	16,704	159,358,385	-	-	-	-
Customer deposits	-	-	-	452,879,334	183,516,946	159,912,712	20,386,872	16,704	1,037,434,056	-	-	-	-
Other borrowed and entrusted funds	-	-	-	-	2,654,011	-	-	-	2,654,011	-	-	-	-
Valuable papers issued	-	-	-	12,051,081	4,750,000	14,800,000	9,179,486	3,950,000	64,960,567	-	-	-	-
Other liabilities (*)	23,685,381	-	-	-	-	-	-	-	23,685,381	-	-	-	-
Total liabilities	23,685,381	-	-	656,547,508	219,374,998	189,464,999	29,566,358	3,966,704	1,367,978,145				
Interest sensitivity gap of balance sheet items	22,147,086	14,363,268	4,175,327	(100,923,683)	74,503,435	(139,410,191)	55,652,599	108,878,383					
Interest sensitivity gap of off-balance sheet items	-	-	-	-	-	-	-	-	-				
Interest sensitivity gap (on, off-balance sheet items)	22,147,086	14,363,268	4,175,327	(100,923,683)	74,503,435	(139,410,191)	55,652,599	108,878,383					

(*) Excluding provision

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2020 and for the six-month period then ended

31. MARKET RISK (continued)

31.2 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), while part of the Bank's asset-equity is in foreign currencies (USD, EUR, etc.). Thus, currency risk may arise.

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

Based on actual data, the growth demand of affiliates and business orientations, the 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.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

31. MARKET RISK (continued)

31.2 Currency risk (continued)

The following table presents assets and liabilities in foreign currencies translated into VND as at 30 June 2021:

	EUR equivalent VND million	USD equivalent VND million	Other currencies equivalent VND million	Total VND million
Assets				
Cash, gold, and gemstones	200,866	918,917	37,992	1,157,775
Balances with the SBV	2,584	3,812,774	-	3,815,358
Placements with and loans to other credit institutions (*)	937,096	15,258,109	60,891,871	77,087,076
Securities held for trading	-	-	-	-
Derivatives and other financial assets	-	-	-	-
Loans to customers (*)	4,966,553	81,692,802	-	86,659,355
Investment securities (*)	-	-	-	-
Long-term investment	-	-	-	-
Fixed assets	39,141	-	-	39,141
Other assets (*)	1,625,974	17,393,784	635,217	19,654,975
Total assets	7,772,214	119,076,386	61,565,080	188,413,680
Liabilities				
Due to the Government and the State Bank of Vietnam	-	-	-	-
Deposits and borrowings from other credit institutions	228,857	64,311,665	634,768	65,175,290
Customer deposits	2,252,764	48,374,001	570,163	51,196,928
Derivatives and other financial liabilities	2,612,432	11,338,370	59,747,041	73,697,843
Other borrowed and entrusted funds	166,152	1,862,848	19,512	2,048,512
Valuable papers issued	-	870	-	870
Other liabilities (*)	2,320,418	2,080,664	-	4,401,082
Owners' equity	-	-	-	-
Total liabilities	7,580,623	127,968,418	60,971,484	196,520,525
FX position on balance sheet	191,591	(8,892,032)	593,596	(8,106,845)
FX position off-balance sheet	-	-	-	-
Net on, off-balance sheet FX position	191,591	(8,892,032)	593,596	(8,106,845)

(*) Excluding provision

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

31. MARKET RISK (continued)

31.3 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 are one of the key contents to be discussed. At Risk Management Committee, Risk Management Council meetings, the compliance of liquidity risk appetite and risk capacity is also reviewed and reported. Based on analysis and evaluation, Risk Management Committee/ALCO/Risk Management 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 with and loans to other credit institutions and loans to customers, investment securities, borrowings from the Government and the SBV, deposits, loans from other credit institutions, valuable papers issued, other borrowed and entrusted funds are 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 deposits from customers are determined based on the customer behaviour analysis and forecasts on interest rate policy and other macroeconomic factors.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

31. MARKET RISK (continued)

31.3 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 INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
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31. MARKET RISK (continued)

31.3 Liquidity risk (continued)

The table below presents the analysis of remaining maturity of assets and liabilities of the Bank as at 30 June 2021:

	Overdue		Current				Total VND million
	Above 3 months VND million	Within 3 months VND million	Up to 1 months VND million	From 1 to 3 months VND million	From 3 to 12 months VND million	From 1 to 5 years VND million	
Assets							
Cash, gold and gemstones	-	-	8,767,217	-	-	-	8,767,217
Balances with the State Bank of Vietnam	-	-	37,857,943	-	-	-	37,857,943
Placements with and loans to other credit institutions (*)	-	-	131,876,211	14,292,053	5,790,585	-	151,958,849
Securities held for trading (*)	-	-	2,139,083	-	-	-	2,139,083
Derivatives and other financial liabilities	-	-	1,441,177	-	-	-	1,441,177
Loans to customers (*)	14,322,672	4,175,327	73,619,316	199,215,235	399,953,764	177,860,593	1,065,048,018
Investment securities (*)	-	-	2,962,000	6,416,000	46,409,205	33,571,920	152,115,136
Long-term investments (*)	-	-	-	-	-	-	5,551,782
Fixed assets	-	-	-	-	-	-	10,094,142
Other assets (*)	40,596	-	5,318,823	9,502,355	5,981,893	137,547	20,901,967
Total assets	14,363,268	4,175,327	263,981,770	229,425,643	458,135,447	211,570,060	1,476,856,528
Liabilities							
Due to the Government and the State Bank of Vietnam	-	-	73,562,988	5,000,000	1,322,757	-	79,885,745
Deposits and borrowings from other credit institutions	-	-	117,983,333	21,843,101	19,531,951	-	159,358,385
Customer deposits	-	-	158,209,224	181,475,754	491,950,752	205,327,795	1,037,434,056
Other borrowed and entrusted funds	-	-	-	38,178	66,275	774,470	2,654,011
Valuable papers issued	-	-	2,000,000	850,000	31,550,000	1,951,247	28,609,320
Other liabilities	-	-	7,264,684	2,364,774	5,321,171	8,385,983	23,685,381
Total liabilities	-	-	359,020,229	211,571,807	549,742,906	216,439,495	1,367,978,145
Net liquidity gap	14,363,268	4,175,327	(95,038,459)	17,853,836	(91,607,459)	(4,869,435)	108,878,383

(*) 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 accounted for 5% of total assets.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at 30 June 2021 and for the six-month period then ended

32. EVENTS AFTER THE BALANCE SHEET DATE

Pursuant to Official Letter No. 3890/UBCK-QLCB of the State Securities Commission (SSC) dated 23 July 2021 on the report of result of stock issuance to pay dividends of CTG shares, the Bank has completed the issuance to pay dividends to its shareholders. After completed the issuance, the total number of shares of the Bank is 4,805,750,609 shares, corresponding to the new Charter Capital of VND48,057,506,090,000. The Bank has accounted for the increase of the new Charter Capital on 30 July 2021 and is carrying out the procedures to take issued shares to trade.

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

33. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VND AT THE BALANCE SHEET DATE

	30 June 2021 VND	31 December 2020 VND
USD	23,012	23,105
EUR	27,368	28,381
GBP	31,844	31,558
CHF	24,947	26,208
JPY	208.30	223.92
SGD	17,118	17,471
CAD	18,538	18,117
AUD	17,270	17,795
NZD	16,072	16,681
THB	718.10	778.33
SEK	2,703	2,965
NOK	2,686	2,707
DKK	3,680	3,815
HKD	2,963	2,980
CNY	3,563	3,533
KRW	21.03	21.25
LAK	2.58	2.49
MYR	5,329	5,329

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13 August 2021