



Public Bank Vietnam Limited

Financial Statements for the year ended
31 December 2022



Public Bank Vietnam Limited
Bank Information

Banking Licence No.	38/GP-NHNN	24 March 2016
	The banking licence was issued by the State Bank of Vietnam and is valid for 99 years from 1 April 2016.	
Business Registration Certificate No.	0100112733	15 April 1992
	The 17 th amended Business Registration Certificate No. 0100112733 dated 21 April 2022 was issued by the Hanoi Authority for Planning and Investment.	
Board of Members	Tan Sri Dato' Sri Dr Teh Hong Piow Dato' Chang Kat Kiam Dato' Mohammed Najeeb Bin Abdullah Mr. Lee Chin Guan Mr. Chee Keng Eng	Chairman (until 12 December 2022) Member Member Member Member
Board of Management	Mr. Chee Keng Eng Mr. Dao Thanh Tung Mr. Nguyen Quang Tuan Mr. Raymond Wong Chen Onn	General Director Deputy General Director Deputy General Director Deputy General Director
Legal Representative	Mr. Chee Keng Eng	General Director
Controllers' Committee	Ms. Nguyen Thi Van Thuy Ms. Nguyen Thi Thanh Mr. Ta Quang Huy	Chief Controller Full-time Member Part-time Member
Registered Office	1 st , 10 th and 11 th Floors Tungshing Square Building No. 2 Ngo Quyen, Ly Thai To Ward, Hoan Kiem District Hanoi, Vietnam	
Auditor	KPMG Limited Vietnam	

Public Bank Vietnam Limited
Statement of the Board of Members

The Board of Members of Public Bank Vietnam Limited (“the Bank”) presents this statement and the accompanying financial statements of the Bank for the year ended 31 December 2022.

The Board of Management of the Bank is responsible for the preparation and fair presentation of the financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Management of the Bank:

- (a) the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2022, and of its results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there is no reason to believe that the Bank will not be able to pay its debts as and when they fall due.

The Board of Members of the Bank, at the date of this statement, has authorised the accompanying financial statements to issue.

On behalf of the Board of Members



Dato Chang Kat Kiam
Member

Mr. Lee Chin Guan
Member

Hanoi, Vietnam



KPMG Limited
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South Tu Liem District, Hanoi, Vietnam
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INDEPENDENT AUDITOR'S REPORT

To the Owner Public Bank Vietnam Limited

We have audited the accompanying financial statements of Public Bank Vietnam Limited (“the Bank”), which comprise the statement of financial position as at 31 December 2022, the related statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank’s Board of Management on 21 February 2023, as set out on pages 5 to 69.

Management’s Responsibility

The Bank’s Board of Management is responsible for the preparation and fair presentation of the financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for credit institutions stipulated by the State Bank of Vietnam and the statutory requirements applicable to financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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

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

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

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Auditor's Opinion

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of Public Bank Vietnam Limited as at 31 December 2022, and of its results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

KPMG Limited

Vietnam

Audit Report No. 21-02-00038-23-2



Wang Toon Kim
Practicing Auditor Registration
Certificate No. 0557-2023-007-1
Deputy General Director

Tran Dinh Vinh
Practicing Auditor Registration
Certificate No. 0339-2023-007-1

Hanoi, 21 February 2023

	Note	31/12/2022 VND million	31/12/2021 VND million
A ASSETS			
I Cash on hand	4	179,754	154,637
II Balances with the State Bank of Vietnam (“SBV”)	5	793,014	541,714
III Deposits with and loans to other credit institutions (“CIs”)	6	14,062,819	9,802,694
1 Deposits with other credit institutions		14,062,819	9,802,694
V Derivatives and other financial assets	7	-	15,211
VI Loans to customers		24,476,219	20,568,769
1 Loans to customers	8	24,759,442	20,834,653
2 Allowance for loans to customers	9	(283,223)	(265,884)
VIII Investment securities		2,399,228	2,608,020
1 Available-for-sale securities	10	2,399,228	2,608,020
X Fixed assets		246,373	271,080
1 Tangible fixed assets	11	220,826	230,205
<i>a Cost</i>		495,614	440,866
<i>b Accumulated depreciation</i>		(274,788)	(210,661)
3 Intangible fixed assets	12	25,547	40,875
<i>a Cost</i>		119,793	111,285
<i>b Accumulated amortisation</i>		(94,246)	(70,410)
XII Other assets		266,751	223,994
1 Receivables	13(a)	54,368	47,407
2 Accrued interest and fee receivables	13(b)	147,795	109,445
3 Other assets	13(c)	65,138	67,692
4 Allowance for other assets	13(d)	(550)	(550)
TOTAL ASSETS		42,424,158	34,186,119

The accompanying notes are an integral part of these financial statements

	Note	31/12/2022 VND million	31/12/2021 VND million
B			
LIABILITIES AND OWNER' EQUITY			
LIABILITIES			
II			
Deposits and borrowings from other CIs	14	15,192,332	9,073,418
1 Deposits from other CIs		15,192,332	9,073,418
III			
Deposits from customers	15	18,410,820	16,837,279
IV			
Derivatives and other financial liabilities	7	10,960	-
VII			
Other liabilities	16	367,619	295,773
1 Accrued interest and fee payables		303,616	245,524
3 Other liabilities		64,003	50,249
TOTAL LIABILITIES		33,981,731	26,206,470
OWNER'S EQUITY			
VIII			
Equity	17	8,442,427	7,979,649
1 Capital		6,000,000	6,000,000
a Charter capital		6,000,000	6,000,000
2 Reserves		535,004	465,587
5 Retained earnings		1,907,423	1,514,062
TOTAL OWNER'S EQUITY		8,442,427	7,979,649
TOTAL LIABILITIES AND OWNER'S EQUITY		42,424,158	34,186,119

The accompanying notes are an integral part of these financial statements

OFF-BALANCE SHEET ITEMS			
	Note	31/12/2022 VND million	31/12/2021 VND million
2	Foreign exchange commitments	611,122	3,401,741
	<i>Foreign currency purchase commitments</i>	5,645	17,984
	<i>Foreign currency sale commitments</i>	5,627	19,942
	<i>Swap commitments</i>	599,850	3,363,815
4	Letters of credit	135,350	91,285
5	Other guarantees	739,402	591,869
7	Uncollected loan interest and fees	107,296	123,400
8	Written-off bad debts	275,506	251,024
9	Other assets and documents in custody	8,800	6,420

21 February 2023

Prepared by:



Hoang Thuy Duong
 Chief Accountant

Reviewed by:



Dao Thanh Tung
 Deputy General Director

Approved by:



Chee Keng Eng
 General Director

The accompanying notes are an integral part of these financial statements

Public Bank Vietnam Limited
1st, 10th and 11th Floor, Tungshing Square, No. 2 Ngo Quyen
Ly Thai To Ward, Hoan Kiem District, Hanoi, Vietnam
Statement of income for the year ended 31 December 2022

Form B03/TCTD
(Issued in accordance with Circular
No. 49/2014/TT-NHNN
dated 31 December 2014 of
the State Bank of Vietnam)

No.	Items	Note	2022 VND million	2021 VND million
1	Interest and similar income	18	2,145,776	1,567,129
2	Interest and similar expenses	18	(1,012,563)	(616,090)
I	Net interest income	18	1,133,213	951,039
3	Fee and commission income	19	65,257	55,212
4	Fee and commission expenses	19	(12,133)	(8,361)
II	Net fee and commission income	19	53,124	46,851
III	Net gain from trading of foreign currencies	20	95,769	91,470
V	Net gain from trading of investment securities	21	-	10,907
5	Other income	22	2,253	24,355
6	Other expenses	22	(54)	(126)
VI	Net income from other activities	22	2,199	24,229
VII	TOTAL OPERATING INCOME		1,284,305	1,124,496
VIII	TOTAL OPERATING EXPENSES	23	(659,878)	(569,543)
IX	Net operating profit before allowance and provision expenses		624,427	554,953
X	Allowance expenses for credit losses	24	(43,898)	(79,388)
XI	PROFIT BEFORE TAX		580,529	475,565
7	Income tax expense - current	25	(117,751)	(96,217)
XII	Income tax expense	25	(117,751)	(96,217)
XIII	PROFIT AFTER TAX		462,778	379,348

21 February 2023

Prepared by:



Hoang Thuy Duong
Chief Accountant

Reviewed by:



Dao Thanh Tung
Deputy General Director

Approved by:



Cher Keng Eng
General Director

The accompanying notes are an integral part of these financial statements

Public Bank Vietnam Limited
1st, 10th and 11th Floor, Tungshing Square, No. 2 Ngo Quyen
Ly Thai To Ward, Hoan Kiem District, Hanoi, Vietnam
Statement of cash flows for the year ended 31 December 2022
(Direct method)

Form B04/TCTD
(Issued in accordance with Circular
No. 49/2014/TT-NHNN
dated 31 December 2014 of
the State Bank of Vietnam)

No.	Items	2022 VND million	2021 VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Interest and similar income received	2,107,426	1,565,345
02	Interest and similar expenses paid	(954,471)	(578,452)
03	Net fee and commission income received	53,124	46,851
04	Net receipts from/payments for trading activities of foreign currencies and securities	95,845	91,310
05	Other income received/(expenses paid)	1,114	(21)
06	Receipts from recovery of bad debts previously written off	1,085	24,250
07	Payments for operating and salary expenses	(568,305)	(489,946)
08	Income tax paid during the year	(107,412)	(98,862)
Net cash flows from operating activities before changes in operating assets and liabilities		628,406	560,475
Changes in operating assets			
10	Decrease/(increase) in investment securities	208,792	(429,906)
11	Decrease/(increase) in derivatives and other financial assets	15,211	(12,632)
12	Increase in loans to customers	(3,924,789)	(3,715,392)
13	Utilisation of allowances for credit losses	(26,635)	-
14	Increase in other assets	(4,407)	(2,707)
Changes in operating liabilities			
16	Increase in deposits and borrowings from other CIs	6,118,914	2,658,136
17	Increase in customers' deposits	1,573,541	1,650,225
20	Increase in derivatives and other financial liabilities	10,960	-
21	Increase in other liabilities	3,415	565
I	NET CASH FLOWS FROM OPERATING ACTIVITIES	4,603,408	708,764
CASH FLOWS FROM INVESTING ACTIVITIES			
01	Purchase of fixed assets	(66,866)	(92,692)
II	NET CASH FLOWS FROM INVESTING ACTIVITIES	(66,866)	(92,692)

The accompanying notes are an integral part of these financial statements

Public Bank Vietnam Limited
1st, 10th and 11th Floor, Tungshing Square, No. 2 Ngo Quyen
Ly Thai To Ward, Hoan Kiem District, Hanoi, Vietnam
Statement of cash flows for the year ended 31 December 2022
(Direct method – continued)

Form B04/TCTD
(Issued in accordance with Circular
No. 49/2014/TT-NHNN
dated 31 December 2014 of
the State Bank of Vietnam)

	2022 VND million	2021 VND million
IV NET CASH FLOWS DURING THE YEAR	4,536,542	616,072
V CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	10,499,045	9,882,973
VII CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Note 26)	15,035,587	10,499,045

21 February 2023

Prepared by:



Hoang Thuy Duong
Chief Accountant

Reviewed by:



Dao Thanh Tung
Deputy General Director

Approved by:



Chee Keng Eng
General Director



The accompanying notes are an integral part of these financial statements

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Reporting entity

(a) Establishment and operation

Public Bank Vietnam Limited (“the Bank”) is a 100% foreign-owned bank established and registered in Vietnam.

The Bank was established and operates under Banking License No. 38/GP-NHNN granted by the State Bank of Vietnam (“the SBV”) dated 24 March 2016 with validation for 99 years since 1 April 2016, and Business Registration Certificate No. 0100112733 issued by the Hanoi Authority for Planning and Investment registered for the first time on 15 April 1992 and registered for the 17th change on 21 April 2022.

The Bank’s principal activities are mobilising and receiving short-, medium- and long-term deposits from organisations and individuals; making short-, medium- and long-term loans and advances to organizations and individuals based on the nature and capability of the Bank’s capital resources; conducting settlement and cash services and other banking services as approved by the SBV; investment in bonds and trading foreign currencies in accordance with the provisions of law.

(b) Charter capital

As at 31 December 2022, the Bank’s charter capital was VND6,000,000 million (31/12/2021: VND6,000,000 million).

(c) Location and operation network

The Bank’s Head Office is located at 1st, 10th and 11th Floor, Tungshing Square Building, No. 2 Ngo Quyen street, Ly Thai To ward, Hoan Kiem district, Hanoi, Vietnam. As at 31 December 2022, the Bank had one (1) Head Office, twenty (20) branches and twelve (12) transaction offices (31/12/2021: one (1) Head Office, nineteen (19) branches and ten (10) transaction offices).

(d) Number of employees

As at 31 December 2022, the Bank had 964 employees (31/12/2021: 890 employees).

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with the Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting. These standards and statutory requirements may differ in some material respects from the International Financial Reporting Standards and the generally accepted accounting principles and standards in other countries. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations and cash flows of the Bank in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than Vietnam. Furthermore, the accompanying financial statements is not designed for those who are not informed about Vietnamese accounting principles, procedures and practices applicable to credit institutions.

(b) Basis of measurement

The financial statements, except for the statement of cash flows, are prepared on the accrual basis using the historical cost concept. The statement of cash flows is prepared using the direct method.

(c) Annual accounting period

The Bank's annual accounting period is from 1 January to 31 December.

(d) Accounting and presentation currency

The Bank's accounting currency is Vietnam Dong ("VND"). These financial statements have been prepared and presented in Vietnam Dong ("VND"), rounded to the nearest million ("VND million").

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Bank in the preparation of these financial statements.

(a) Foreign currency transactions

All transactions are recorded in their original currencies. Monetary items denominated in currencies other than VND are translated into VND at average exchange rate for spot selling and buying of the Bank at the end of the last working day of the annual accounting period ("the spot exchange rate") if the difference between this rate and the weighted average buying and selling rate of the last working day of the accounting period is less than 1% (refer to Note 40 for details of foreign exchange rates as at 31 December 2022 and 31 December 2021). If the difference between the spot exchange rate at the end of the last working day of the annual accounting period and the weighted average buying and selling rate of the last working day of the annual accounting period is 1% or more, the Bank shall use the weighted average buying and selling rate of the last working day of the annual accounting period. Non-monetary items denominated in currencies other than VND are translated into VND at the rates of exchange ruling at the transaction dates.

Income and expense transactions incurred in currencies other than VND are translated into VND using the exchange rates ruling at the transaction dates.

Exchange differences arising from revaluation of assets and liabilities denominated in currencies other than VND at monthly reporting dates are recorded in "Foreign exchange differences" account in the equity in the statement of financial position and recognised to the statement of income at the end of the annual accounting period.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, gold and gemstones, balances with the SBV, balances with and loans to other credit institutions with original term to maturity not exceeding three months, treasury bills and other short-term valuable papers which are eligible for discounting with the SBV, investments securities with recoverability or maturity not exceeding three months that are readily convertible into known amounts of cash, and that are subjected to an insignificant risk of change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(c) Deposits with and loans to other credit institutions

Deposits with other CIs are demand deposits, deposits with other CIs with original terms not exceeding 3 months. Loans to other CIs are loans with original terms to maturity of not exceeding 12 months. Deposits with other CIs except for demand deposits, and loans to other CIs are stated at the amount of the outstanding principal less any specific allowance.

Demand deposits with other credit institutions are recorded at cost.

Credit risk classification of term deposits with and loans to other CIs and allowance thereof is made in accordance with Circular No. 11/2021/TT-NHNN dated 30 July 2021 ("Circular 11") of the State of Bank of Vietnam on classification of assets level and method of allowance making, and use of allowance against credit risk in banking activities of credit institutions and foreign banks' branches. Accordingly, the Bank has provided specific allowance for term deposits with and loans to other credit institutions in accordance with the methods described in Note 3(e).

In accordance with Circular 11, the Bank is not required to make general allowance for deposits with and loans to other CIs.

(d) Loans to customers

Loans to customers are stated at the amount of the principal outstanding at the end of the accounting period.

Short-term loans are those with a repayment date within 1 year from the loan disbursement date. Medium-term loans are those with a repayment date between 1 to 5 years from the loan disbursement date. Long-term loans are those with a repayment date of more than 5 years from the loan disbursement date.

Debt classification and allowance for credit losses are made in accordance with Circular 11 as described in Note 3(e).

(e) **Debt classification and the allowance rate and method of making allowance for credit risks**

(i) **Debt classification**

Classification of term deposits with and loans to other credit institutions, unlisted corporate bonds (including bonds issued by other CIs), loans and advances to customers, and entrusted extension of credit (collectively referred to as “debts”) are implemented monthly using the method based on the quantitative element as stipulated in Article 10 of Circular 11. The Bank implements monthly debt classification based on loan principals balance at the last day of the month, as follows:

Debt group		Overdue status
1	Current	(a) Current debts that being assessed as fully and timely recoverable, both principals and interests; or (b) Debts which are overdue for a period of less than 10 days and being assessed as fully recoverable, both overdue principals and interests, and fully and timely recoverable, both remaining principals and interests.
2	Special mention	(a) Debts which are overdue for a period of between 10 days and 90 days; or (b) Debts which are restructured repayment term for the first time.
3	Sub-standard	(a) Debts which are overdue for a period of between 91 days and 180 days; or (b) Debts which are extended repayment term for the first time and undue; or (c) Debts which are exempted or reduced interests because customers do not have sufficient capability to pay all interests under credit contracts; or (d) Debts in one of the following circumstances which remain unrecovered during a period of 30 days after the date of the recovery decision: <ul style="list-style-type: none"> • Debts in breach of clauses 1, 3, 4, 5 or 6 of Article 126 of the Law on Credit Institutions; or • Debts in breach of clauses 1, 2, 3 or 4 of Article 127 of the Law on Credit Institutions; or • Debts in breach of clauses 1, 2 or 5 of Article 128 of the Law on Credit Institutions. (e) Debts are required to be recovered under inspection conclusions; or (f) Debts that need to be recovered under premature debt recovery decisions due to borrowers’ breach of agreements, but are not yet recovered within a period of less than 30 days from the effective dates of recovery decisions.
4	Doubtful	(a) Debts which are overdue for a period of between 181 days and 360 days; or (b) Debts of which the repayment term 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 of which the repayment term are restructured for the second time and undue; or (d) Debts which are specified in point (d) of loan Group 3 have not been recoverable for a period of between 30 days and 60 days after decisions on recovery have been issued; or (e) Debts which must be recovered under inspection conclusions but fail to be repaid although recovery term was overdue from 60 days ago; or (f) Debts that need to be recovered under premature debt recovery decisions due to borrowers’ breach of agreements, but are not yet recovered within a period of from 30 days to 60 days from the effective dates of recovery decisions.
5	Loss	(a) Debts which are overdue for a period of more than 360 days; or (b) Debts of which the repayment term are restructured for the first time but still overdue for a period of 91 days or more than under that first restructured repayment term; or (c) Debts of which the repayment term are restructured for the second time but still overdue under that second restructured repayment term; or

Debt group	Overdue status
	<p>(d) Debts of which the repayment term are restructured for the third time or more, whether loans are overdue or not; or</p> <p>(e) Debts which are specified in point (d) of loan Group 3 have not been recoverable for a period of more than 60 days after decisions on recovery have been issued; or</p> <p>(f) Debts which are required to be recovered under inspection conclusions but fail to be repaid and the recovery term was overdue for more than 60 days; or</p> <p>(g) Debts that need to be recovered under premature debt recovery decisions due to borrowers' breach of agreements, but are not yet recovered in more than 60 days from the effective dates of recovery decisions; or</p> <p>(h) Debts of customers being credit institutions which are announced by SBV to place in special control status, or foreign bank branches of which capital and assets are blockaded.</p>

Bad debts are debts within Groups 3, 4 and 5.

Payments made in replacement of off-balance sheet commitments are classified based on the number of overdue days, starting from the date when the Bank committed obligations:

- Group 3 - Sub-standard debts: overdue for less than 30 days;
- Group 4 - Doubtful debts: overdue for between 30 days and less than 90 days;
- Group 5 - Loss debts: overdue for 90 days or more.

In cases where a customer has more than one debt with the Bank, if a debt is reclassified to a higher risk group, the Bank is required to reclassify the other debts of that customers to that higher risk debt group.

When the Bank participates in a syndicated debt to a customer, the Bank classifies debts (including the syndicated debt) of the customer to a higher risk group of the risk assessment made by the participating banks and made by the Bank.

The Bank also collects debt classification results of the customers provided by the Credit Information Center of SBV ("CIC") at the date of debt classification to adjust its own classification of debts and off-balance sheet commitments. If a customer's debts and off-balance sheet commitments are classified in a debt group that has a lower risk than the debt groups provided in CIC's list, the Bank shall adjust its classification of debts and off-balance commitments following the debt groups provided by CIC.

Debt classification for loans having rescheduled debt repayment term, exempted or reduced interest and fees in order to support customers affected by Covid-19 pandemic

The Bank has adopted Circular No. 14/2021/TT-NHNN dated 7 September 2021 ("Circular 14") and Circular No. 03/2021/TT-NHNN dated 2 April 2021 ("Circular 03") issued by the SBV amending and supplementing some articles of Circular No. 01/2020/TT-NHNN issued by the SBV dated 13 March 2020 ("Circular 01") on restructuring debt repayment schedule, waiving/reducing interest/fees and maintaining the debt classifications in order to support customers affected by Covid-19 pandemic. Accordingly, for customers whose debts originated prior 1 August 2021 and having an obligation to repay principal and/or interest during the period from 23 January 2020 to 30 June 2022 but being unable to repay the principal and/or interest in due time under the signed contract or loan agreement due to declines in revenue or income caused by the impacts of Covid-19 pandemic, The Bank is allowed to restructure the debts repayment schedule, waive/reduce interest/fees and maintain the debts classification as follows:

Time of debt origination	Overdue status	Period of overdue	Debt classification
Prior to 23/1/2020	Either current or overdue for up to 10 days	From 30/3/2020 to 30/6/2022	Maintain the same debt group as classified at the most recent time before 23 January 2020.
From 23/1/2020 and prior to 1/8/2021	Either current or overdue for up to 10 days	From 17/5/2021 and prior to 17/7/2021; or from 7/9/2021 and prior to 30/6/2022	Maintain the same debt group as classified at the most recent time before the date of the first time restructuring of repayment schedule
Prior to 23/1/2020	Overdue	From 23/1/2020 to 29/3/2020	Maintain the same debt group as classified at the most recent time before 23 January 2020.
From 23/1/2020 and prior to 10/6/2020	Overdue	From 23/1/2020 and prior to 17/5/2021	Maintain the same debt group as classified at the most recent time before the date that the debt became overdue.
From 10/6/2020 and prior to 1/8/2021	Overdue	From 17/7/2021 and prior to 7/9/2021	

(ii) *Specific allowance for credit risks*

According to Circular 11, specific allowance for credit risks is determined based on the outstanding principals of debts and debt classification results by each customer at the last day of the month. Specific allowance for credit risks is calculated based on the following allowance rates and loan principals balance less the discounted value of collateral assets:

<u>Debt group</u>	<u>Rate of specific allowance</u>
1 – Current	0%
2 – Special mention	5%
3 – Sub-standard	20%
4 – Doubtful	50%
5 – Loss	100%

The maximum discounted value and rate of collateral assets is determined in accordance with regulations in Circular 11 whereby each type of collateral assets has a certain maximum deduction rate for the purpose of calculating the risk allowance.

Moreover, the Bank shall determine and record the additional allowance for borrowers whose debts are rescheduled or granted interest exemption or reduction allowance if not applying the policy on keeping loan groups unchanged as prescribed by Circular 03 as follows:

Additional allowance	Deadline
At least 30% of the difference of specific allowance if not applying the policy on keeping loan groups unchanged	By 31 December 2021
At least 60% of the difference of specific allowance if not applying the policy on keeping loan groups unchanged	By 31 December 2022
100% of the difference of specific allowance if not applying the policy on keeping loan groups unchanged	By 31 December 2023

As at 31 December 2022, the Bank has made additional specific allowances amounting to 60% of the difference of specific allowance if not applying the policy on keeping loan groups unchanged (as at 31 December 2021: 30%).

(iii) General allowance for credit risks

According to Circular 11, general allowance is required at the rate of 0.75% of total outstanding debt balance of which are classified into Groups 1 to 4 at the last day of the month, excluding balances with and loans to other credit institutions, purchases of promissory notes, certificates of deposits or bonds issued by other credit institutions and repos of government bonds.

(iv) Write-off of bad debts

According to Circular 11, loans and advances to customers are written off against the allowance when loans and advances to customers have been classified to Group 5 or when borrowers have been declared bankrupt or dissolved (for borrowers being organisations and enterprises) or borrowers are deceased or missing (for borrowers being individuals).

Loans are written-off at the discretion of the Bank's Risk Settlement Committee when they consider that all reasonable efforts for recovery of bad debts, including legal actions, have been fruitless.

Debts written-off against allowance are recorded as off-balance sheet items for following up and collection. The amounts collected from the debts previously written-off are recognised in the statement of income upon receipt.

(v) Allowance for off-balance sheet commitments

According to Circular 11, the classification of off-balance sheet commitments is conducted solely for risk management, credit quality supervision of credit granting activities. No allowance is made for off-balance sheet commitments, except where the Bank has been required to make payment under the guarantee contract, in which case the payment on behalf is classified and allowance is made for in accordance with policy in this note.

(f) Investment securities

(i) Classification

Investment securities are classified into two categories: held-to-maturity investment securities and available-for-sale investment securities. The Bank classifies investment securities at the purchase date. According to Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 of the SBV, The Bank is allowed to reclassify investment securities for a maximum of one time after initial recognition at the date of acquisition.

Available-for-sale investment securities

Available-for-sale investment securities are debt securities or equity securities, which are acquired for an indefinite period and may be sold at any time.

Held-to-maturity investment securities

Held-to-maturity investment securities are debt securities with fixed maturities and fixed or determinable payment where the Bank's management has the intention and ability to hold until maturity.

(ii) Recognition

The Bank recognises investment securities on the date when it becomes a party to the contractual provision of these securities (trade date accounting).

(iii) Measurement

Debt securities

Available-for-sale debt securities and held-to-maturity debt securities are initially recorded at cost, including purchase price plus any directly attributable costs such as brokerage fees, transaction fees, information fees, taxes, levies and bank charges (if any). They are subsequently recognised at amortised cost (affected by premium/discount amortisation) less allowance for risk of investment securities (including allowance for diminution in value of securities and allowance for risk of unlisted debt securities). Premium and discounts arising from purchases of debt securities are amortised to the statement of income on a straight-line basis over the period from acquisition date to maturity date.

Allowance for diminution in value of investment securities is determined based on actual market prices in compliance with The actual bond price on the market is the latest trading price at the Stock Exchange within 10 days to the end of the accounting period. If there is no transaction within 10 days to the end of the accounting period, the Bank will not make additional allowance for these investments. The Bank does not make provisions for Government bonds, Government-guaranteed bonds, and municipal bonds which are classified as investment securities.

Available-for-sale debt securities and held-to-maturity debt securities of unlisted enterprises are recognised at cost less allowance for credit risks in accordance with Circular 11 as described in Note 3(e).

Other held-to-maturity investment securities are stated at cost less allowance for diminution in value. Provision for diminution in value is made when there are signs of a prolonged decline in securities prices or there is strong evidence that it is difficult for the Bank to fully recover the investment and the Bank does not make provision for devaluation of securities for short-term price changes.

Post-acquisition interest income of available-for-sale debt securities and held-to maturity investment securities is recognised in the statement of income on an accrual basis. The accumulated interest income before the acquisition date is recognised as a decrease in cost upon receipt.

The allowance for diminution in value of investment securities mentioned above is reversed if their price or their recoverable value subsequently increases after the allowance was recognised. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

(iv) De-recognition

The Bank derecognises available-for-sale investment securities and held-to-maturity investment securities when the contractual rights to the cash flows from these securities have expired or when the significant risks and rewards of ownership of these securities have been transferred.

(g) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the statement of income during the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of tangible fixed assets beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ Renovation of buildings	5 - 10 years
▪ Office furniture, fittings and equipment	3 - 5 years
▪ Motor vehicles	6 years

(h) Intangible fixed assets

Software

The cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software costs are amortised on a straight-line basis in a period ranging from 3 to 6 years.

(i) Other assets

Other assets, except receivables from Credit activities, are stated at cost less allowance for on-balance sheet assets.

Allowance for on-balance sheet assets are made based on overdue periods of debts or estimated loss arising from undue debts of which the indebted economic organisations fall bankrupt or are undergoing dissolution procedures; debtors are missing, have fled, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have deceased. Allowance expense is recorded in operating expense during the year.

For the overdue assets, the Bank applies the allowance rates by overdue period as follows:

Overdue status	Rate of allowance
▪ From 6 months to below 1 year	30%
▪ From 1 year to below 2 years	50%
▪ From 2 years to below 3 years	70%
▪ From 3 years and above	100%

Allowance for losses assets made for the losses may occur of undue debts is determined by the Bank after giving consideration to the recovery of these debts.

(j) Deposits and borrowings from other CIs, deposits from customers

Deposits and borrowings from other CIs, deposits from customers are stated at cost.

(k) Derivative financial instruments

The Bank involves in currency forward contracts and currency swap contracts to facilitate customers to transfer, adjust or reduce foreign exchange risk or other market risks, and also for the business purposes of the Bank.

Currency forward contracts

Currency forward contracts are commitments to buy or sell a certain currency at a specified date in the future at a predetermined rate and to be paid in cash. Currency forward contracts are recorded at their nominal value at the date of trading and are periodically revalued. Unrealized gains or losses are recognized in the "Foreign exchange differences" under "Owner's equity" in the statement of financial position and will be transferred to the income statement at the end of the annual accounting period.

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 given period. The currency swap contracts are revalued periodically. Unrealized gains or losses are recognized in the “Foreign exchange differences” under “Owner’s equity” in the statement of financial position and will be transferred to the income statement at the end of the annual accounting period. Whilst, differences in interest rate swaps are recognized in the income statement on an accrual basis.

(l) Other payables

Other payables are stated at their cost.

(m) Provisions

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(n) Charter capital

Charter capital is recognized on the contribution date at the actual amount contributed less any directly attributable transaction costs.

(o) Reserves and funds

According to Decree No. 93/2017/ND-CP dated 7 August 2017 issued by the Government of Vietnam providing regulations on the financial regime applicable to credit institutions (“Decree 93”), the Bank is required to make the following allocations before distribution of profits:

	Annual allocation	Maximum balance
Reserve to supplement charter capital	5% of profit after tax	100% of charter capital
Financial reserve	10% of profit after tax	Not stipulated

The purpose of financial reserve is to cover the remaining losses to property that occurred in the course of business after such losses being compensated by the organisations, individuals causing the loss, indemnity and allowance; and to use for other purposes in accordance with the laws. The statutory reserves are non-distributable and are classified as part of equity.

Other allocation of funds and its utilisation are at the discretion of the Board of Members of the Bank in accordance with stipulated rights and obligations in the Bank’s Charter.

The appropriation from profit after tax to statutory reserves are made at the end of the annual accounting period.

(p) Employee benefits

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee’s compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their average salary for the six-month period prior to the end of the annual accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Bank are excluded.

On 24 October 2012, the Ministry of Finance issued Circular No. 180/2012/TT-BTC (“Circular 180”) guiding the financial handling of unemployment allowance for employees at enterprises. This Circular stipulates that when preparing the 2012 financial statements, if the enterprise’s unemployment fund balance is not zero, the enterprise must record other income increases in 2012 and must not transfer the balance to use the fund next year. Accordingly, the Bank has reversed the balance of the severance allowance provision. This change in accounting policy has been applied prospectively since 2012.

Pursuant to Law on Social Insurance, effective from 1 January 2009 the Bank and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. Unemployment insurance paid by the Bank for the service period of employees is recognised as expenses in the statement of income when these expenses are incurred.

(q) Commitments and contingent liabilities

At any point of time, the Bank has outstanding credit commitments. These commitments are approved and unutilised loans and overdraft facilities. The Bank also provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Many of the contingent liabilities and commitments will expire without any advanced payment, in whole or in part. Therefore, these commitments and contingent liabilities do not represent expected future cash flows.

(r) Revenue

(i) Interest income

Interest income is recognised in the statement of income on an accrual basis, except for interest on loans classified in Group 2 to Group 5 described in Note 3(e) and debts kept unchanged in Group 1 as a result of adoption of Circular 01, Circular 03 and Circular 14. When debts are classified in Group 2 to Group 5 as described in Note 3(e) or kept unchanged in Group 1 as a result of adoption of Circular 01, Circular 03 and Circular 14, interest receivable will be derecognised and recorded as off-balance sheet items. Interest on these debts are recognised in the statement of income upon receipt.

(ii) Fee and commission income

Fees and commission income includes income from settlement services, guarantee services, bancassurance services, cashier services and other services.

Fees and commission income are recognised in the statement of income upon completion of the services rendered.

(iii) Income from investing activities

Income from sale of securities is recognised in the statement of income upon receipt of the order matching notice from Vietnam Securities Depository (listed securities) and completion of the assets transfer agreement (unlisted securities) and is determined based on the differences between selling price and weighted average cost of securities sold.

(s) Interest expenses

Interest expenses are recognised in the statement of income on an accrual basis.

(t) Fee and commission expenses

Fee and commission expenses are recognised in the statement of income when these expenses are incurred.

(u) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(v) **Operating lease payments**

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognized in the statement of income as an integral part of the total lease expense, over the term of the lease.

(w) **Related parties**

Parties are considered to be related to the Bank if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Bank and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

(x) **Nil balances**

Items or balances required by Circular No. 49/2014/TT-NHNN issued by the SBV on 31 December 2014 ("Circular 49") amending and supplementing a number of articles of financial reporting system of credit institutions accompanying Decision No. 16/2007/QD-NHNN dated 18 April 2007 and the chart of accounts of credit institutions accompanying with Decision No. 479/2004/QD-NHNN dated 29 April 2004 of the SBV's Governor that are not shown in these financial statements indicate nil balances.

(y) **Financial instruments**

Solely for the purpose of providing disclosures about the significance of financial instruments to the Bank's financial position and results of operations and the nature and extent of risk arising from financial instruments, the Bank classifies its financial instruments as follows:

(i) **Financial assets**

Financial assets at fair value through profit or loss:

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

- It is considered by management as held for trading. A financial asset is considered as held for trading if:
 - it is acquired principally for the purpose of selling it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Bank as at fair value through profit or loss.

Held-to-maturity investments:

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

- those that the Bank upon initial recognition designates as at fair value through profit or loss;
- those that the Bank designates as available-for-sale; or
- those that meet the definition of loans and receivables

Loans and receivables

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

- that the Bank intends to sell immediately or in the near term, which are classified as held for trading, and those that the Bank on initial recognition designates as at fair value through profit or loss;
- that the Bank upon initial recognition designates as available-for-sale; or
- for which the Bank may not recover substantially all of its initial investment, other than because of Credit deterioration, which are classified as available-for-sale.

Available-for-sale financial assets

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

- financial assets at fair value through profit or loss;
- held-to-maturity investments; or
- loans and receivables.

(ii) *Financial liabilities*

Financial liabilities at fair value through profit or loss

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

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

Financial liabilities carried at amortised cost

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised cost.

The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

4. Cash on hand

	31/12/2022 VND million	31/12/2021 VND million
Cash on hand in VND	143,180	106,955
Cash on hand in USD	36,533	47,664
Cash on hand in other foreign currencies	41	18
	179,754	154,637

5. Balances with the State Bank of Vietnam

	31/12/2022 VND million	31/12/2021 VND million
Balances with the State Bank of Vietnam		
- In VND	754,652	422,963
- In USD	38,362	118,751
	793,014	541,714

Balances with the SBV consist of a compulsory reserve requirement (“CRR”) for liquidity and a current account.

Under the SBV’s regulations relating to the compulsory reserve, banks are permitted to maintain a floating balance for the compulsory reserve requirement. The monthly average balance of the reserve must not be less than corresponding CRR rates multiplied with preceding month’s average balances of deposits.

The CRR rates at the year-end were as follows:

	CRR rates	
	31/12/2022	31/12/2021
Preceding month average balances of:		
- Demand deposits and deposits with term of less than 12 months in VND	3%	3%
- Deposits in VND with term of and more than 12 months	1%	1%
- Demand deposits and deposits with term of less than 12 months in foreign currencies	8%	8%
- Deposits in foreign currencies with term of and more than 12 months	6%	6%
- Deposits in foreign currencies with foreign credit institutions	1%	1%

Annual interest rates at the year-end were as follows:

	31/12/2022	31/12/2021
Compulsory reserve requirement in VND	0.50%	0.50%
Compulsory reserve requirement in USD	0.00%	0.00%
Current account in VND	0.00%	0.00%
Current account in USD	0.00%	0.00%

6. Deposits with and loans to other credit institutions

	31/12/2022 VND million	31/12/2021 VND million
Current accounts		
Current accounts in VND	10,723	14,466
Current accounts in USD	267,670	441,809
Current accounts in other foreign currencies	35,516	54,909
	<hr/> 313,909	<hr/> 511,184
Term deposits		
Term deposits in VND	2,950,000	580,000
Term deposits in USD	10,798,910	8,711,510
	<hr/> 13,748,910	<hr/> 9,291,510
	<hr/> 14,062,819	<hr/> 9,802,694

Year-end annual interest rates were as follows:

	31/12/2022	31/12/2021
Demand deposits in VND	0.00% - 0.50%	0.15% - 0.50%
Demand deposits in USD	0.00% - 0.10%	0.00% - 0.15%
Demand deposits in other foreign currencies	0.00% - 0.55%	0.00% - 0.38%
Term deposits in VND	2.80% - 5.00%	1.50% - 1.70%
Term deposits in USD	4.22% - 5.18%	0.08% - 0.40%

Balances with and loans to other CIs by groups were as follows:

	31/12/2022 VND million	31/12/2021 VND million
Group 1 - Current debts	13,748,910	9,291,510

7. Derivatives and other financial assets/(liabilities)

Details of financial derivatives at the end of the year were as follows:

31 December 2022	Total contract nominal value	Total carrying value	
	VND million	Assets VND million	Liabilities VND million
Derivative financial instruments			
Foreign exchange swap contracts	601,710	-	10,960
	601,710	-	10,960
31 December 2021	Total contract nominal value	Total carrying value	
	VND million	Assets VND million	Liabilities VND million
Derivative financial instruments			
Foreign exchange swap contracts	3,352,335	15,155	-
Foreign exchange forward contracts	4,632	56	-
	3,356,967	15,211	-

8. Loans to customers

	31/12/2022 VND million	31/12/2021 VND million
Commercial loans in USD	1,223,888	2,286,139
Commercial loans in VND	23,535,554	18,548,514
	24,759,442	20,834,653

Loans portfolio by loans group were as follows:

	31/12/2022 VND million	31/12/2021 VND million
Group 1 – Current	23,931,973	20,314,048
Group 2 – Special mention	350,631	160,806
Group 3 – Substandard	67,150	38,539
Group 4 – Doubtful	58,224	77,013
Group 5 – Loss	351,464	244,247
	24,759,442	20,834,653

8. Loans to customers (continued)

Loans portfolio by term were as follows:

	31/12/2022	31/12/2021
	VND million	VND million
Short term loans	13,199,826	10,545,796
Medium term loans	1,177,669	1,190,727
Long term loans	10,381,947	9,098,130
	<hr/>	<hr/>
	24,759,442	20,834,653
	<hr/>	<hr/>

Loans portfolio by type of customers and economic entities were as follows:

	31/12/2022	31/12/2021
	VND million	VND million
State-owned enterprises	51,055	44,267
Joint stock companies	4,523,626	4,112,485
Limited liability companies	8,463,006	6,859,879
Foreign invested enterprises	1,106,646	1,050,141
Individual and others	10,615,109	8,767,881
	<hr/>	<hr/>
	24,759,442	20,834,653
	<hr/>	<hr/>

Loans portfolio by industry sectors were as follows:

	31/12/2022	31/12/2021
	VND million	VND million
Wholesale and retail trade, repair of motor vehicles, motorcycles and personal goods	4,703,481	3,412,956
Processing, manufacturing	5,270,321	5,333,687
Water supply and waste treatment	25,414	25,658
Hospitality	188,955	263,500
Education and training	42,228	28,852
Real estate development and property investments	257,633	221,115
Households services, production of material products and services used by households	9,379,295	7,933,505
Financial services	179,509	129,258
Recreational, cultural, sporting activities	9,346	7,017
Agricultural, forestry and aquaculture	40,028	42,072
Information and communication	61,119	52,196
Transportation and storage	812,543	576,692
Construction	1,105,817	836,354
Healthcare and community development	111,818	90,686
Other services activities	2,571,935	1,881,105
	<hr/>	<hr/>
	24,759,442	20,834,653
	<hr/>	<hr/>

8. Loans to customers (continued)

Year-end annual interest rates were as follows:

	31/12/2022	31/12/2021
Commercial loans in USD	2.60% - 7.72%	1.36% - 9.63%
Commercial loans in VND	5.00% - 13.18%	1.65% - 10.70%

9. Allowance for loans to customers

Allowance for loans to customers includes:

	31/12/2022 VND million	31/12/2021 VND million
General allowance (i)	183,059	154,428
Specific allowance (ii)	100,164	111,456
	283,223	265,884

(i) Movements in general allowance for loans to customers were as follows:

	2022 VND million	2021 VND million
Opening balance	154,428	122,583
General allowance made during the year (Note 24)	28,631	31,845
Closing balance	183,059	154,428

(ii) Movements in specific allowance for loans to customers were as follows:

	2022 VND million	2021 VND million
Opening balance	111,456	63,930
Specific allowance made during the year (Note 24)	15,267	47,543
Allowance utilised during the year	(26,635)	-
Foreign exchange difference	76	(17)
Closing balance	100,164	111,456

10. Investment securities

Available-for-sale investment securities

	31/12/2022 VND million	31/12/2021 VND million
Debt securities		
- Government bonds (i)	965,809	812,789
- Bonds issued by other local CIs (ii)	1,433,419	1,795,231
	2,399,228	2,608,020

- (i) The terms of the government bonds in VND issued by the State Treasury are ranging from 7 to 10 years (31/12/2021: from 5 to 10 years) and annual interest rates from 1.40% p.a to 6.10% p.a (31/12/2021: from 1.40% p.a to 6.10% p.a). Interest is paid annually.
- (ii) The term of bonds issued by other local CIs is 5 to 10 years (31/12/2021: 5 to 10 years) with annual interest rates in the range from 6.58% p.a to 8.80% p.a as at 31 December 2022 (31/12/2021: from 6.53% p.a to 7.05% p.a). Interest is paid annually.

Quality analysis of securities classified as assets with credit risk

	31/12/2022 VND million	31/12/2021 VND million
Group1 – Current debts	1,433,419	1,795,231

11. Tangible fixed assets

Year ended 31 December 2022:

	Renovation of buildings VND million	Office furniture, fittings and equipment VND million	Motor vehicles VND million	Total VND million
Cost				
Opening balance	195,918	198,087	46,861	440,866
Addition during the year	26,062	26,410	5,886	58,358
Disposals/write-offs	(867)	(1,123)	(1,620)	(3,610)
Closing balance	221,113	223,374	51,127	495,614
Accumulated depreciation				
Opening balance	80,901	103,991	25,769	210,661
Charge for the year	27,962	31,987	7,788	67,737
Disposals/write-offs	(867)	(1,123)	(1,620)	(3,610)
Closing balance	107,996	134,855	31,937	274,788
Net book value				
Opening balance	115,017	94,096	21,092	230,205
Closing balance	113,117	88,519	19,190	220,826

Included in tangible fixed assets were assets costing VND89,248 million which were fully depreciated as of 31 December 2022 (31/12/2021: VND60,241 million), but which are still in active use.

11. Tangible fixed assets (continued)

Year ended 31 December 2021:

	Renovation of buildings VND million	Office furniture, fittings and equipment VND million	Motor vehicles VND million	Total VND million
Cost				
Opening balance	156,862	169,435	42,666	368,963
Addition during the year	39,326	29,276	4,195	72,797
Disposals/write-offs	(270)	(624)	-	(894)
Closing balance	195,918	198,087	46,861	440,866
Accumulated depreciation				
Opening balance	57,612	75,849	19,106	152,567
Charge for the year	23,559	28,766	6,663	58,988
Disposals/write-offs	(270)	(624)	-	(894)
Closing balance	80,901	103,991	25,769	210,661
Net book value				
Opening balance	99,250	93,586	23,560	216,396
Closing balance	115,017	94,096	21,092	230,205

12. Intangible fixed assets

	Software	
	2022 VND million	2021 VND million
Cost		
Opening balance	111,285	91,390
Additions	8,508	19,895
Closing balance	119,793	111,285
Accumulated amortisation		
Opening balance	70,410	49,833
Charge for the year	23,836	20,577
Closing balance	94,246	70,410
Net book value		
Opening balance	40,875	41,557
Closing balance	25,547	40,875

Included in intangible fixed assets were assets costing VND43,648 million which were fully amortised as of 31 December 2022 (31/12/2021: VND34,280 million), but which are still in active use.

13. Other assets

(a) Receivables

	31/12/2022 VND million	31/12/2021 VND million
External receivables		
Rental deposits	40,935	37,968
Other external receivables	9,099	3,500
Internal receivables		
Advances of wages and allowances to employees	4	20
Advances and other internal receivables	4,330	5,919
	54,368	47,407

(b) Accrued interest receivables

	31/12/2022 VND million	31/12/2021 VND million
Interest receivables from deposits	7,853	1,830
Interest receivables from investment securities	46,828	43,311
Interest receivables from credit activities	92,912	64,302
Interest receivables from derivatives activities	202	2
	147,795	109,445

(c) Other assets

	31/12/2022 VND million	31/12/2021 VND million
Prepaid expenses	65,138	67,692

13. Other assets (continued)

(d) Allowance for other assets

	2022 VND million	2021 VND million
Opening balance	550	2,418
Allowance made during the year	-	32
Utilization during the year	-	(1,900)
	<hr/>	<hr/>
Closing balance	550	550

14. Deposits and borrowings from other credit institutions

	31/12/2022 VND million	31/12/2021 VND million
Demand deposits from other CIs		
In VND	697	512
In USD	181,457	7,281
Term deposits from other CIs		
In VND	3,870,000	2,480,000
In USD	11,140,178	6,585,625
	<hr/>	<hr/>
	15,192,332	9,073,418

Year-end annual interest rates were as follows:

	31/12/2022	31/12/2021
Demand deposits in VND	0.10% - 0.15%	0.10% - 0.15%
Demand deposits in USD	0.00%	0.00%
Term deposits in VND	2.90% - 5.50%	1.10% - 2.50%
Term deposits in USD	4.10% - 4.74%	0.10% - 0.26%

15. Deposits from customers

	31/12/2022 VND million	31/12/2021 VND million
Demand deposits		
In VND	2,138,250	1,831,800
In USD	1,318,863	1,291,522
In other foreign currencies	23,162	29,472
Term deposits		
In VND	14,354,519	13,126,326
In USD	101,039	106,867
In other foreign currencies	2,685	-
Deposits for special purpose		
In VND	41,285	63,696
In USD	87,363	91,640
In other foreign currencies	4,816	77
Savings deposits		
In VND	253,578	223,546
In USD	73,055	68,797
Marginal deposits		
In VND	12,158	3,369
In USD	47	167
	18,410,820	16,837,279

Deposits from customers by type of customers and economic entities were as follows:

	31/12/2022 VND million	31/12/2021 VND million
Deposits from economic entities	12,300,061	11,682,432
<i>State-owned enterprises</i>	539,254	634,984
<i>Private entities</i>	3,824,022	3,998,100
<i>Foreign invested enterprises</i>	7,936,785	7,049,348
Individuals	6,080,872	5,109,570
Others	29,887	45,277
	18,410,820	16,837,279

15. Deposits from customers (continued)

Year-end annual interest rates were as follows:

	31/12/2022	31/12/2021
Demand deposits in VND	0.00% - 1.00%	0.00% - 0.20%
Demand deposits in USD	0.00%	0.00%
Saving deposits in VND	4.00% - 9.50%	3.30% - 7.80%
Saving deposits in USD	0.00%	0.00%
Term deposits in VND	2.90% - 10.00%	2.60% - 8.00%
Term deposits in USD	0.00%	0.00%

16. Other liabilities

(a) Interest payables

	31/12/2022 VND million	31/12/2021 VND million
Interest payables to customers	295,580	243,057
Interest payables to other credit institutions	8,036	609
Other interest payables	-	1,858
	303,616	245,524

(b) Other payables and obligations

	31/12/2022 VND million	31/12/2021 VND million
External payables	64,003	50,249
<i>In which:</i>		
<i>Taxes and other payables to State Budget (Note 29)</i>	48,832	33,062
	64,003	50,249

17. Owner's equity

(a) Changes in owners' equity

	Charter capital VND million	Financial reserve fund VND million	Reserve to supplement charter capital VND million	Retained profits VND million	Total VND million
Balance at 1/1/2021	6,000,000	271,594	137,091	1,191,616	7,600,301
Net profit for the year	-	-	-	379,348	379,348
Appropriations to reserves	-	37,936	18,966	(56,902)	-
Balance at 31/12/2021	6,000,000	309,530	156,057	1,514,062	7,979,649
Net profit for the year	-	-	-	462,778	462,778
Appropriations to reserves	-	46,278	23,139	(69,417)	-
Balance at 31/12/2022	6,000,000	355,808	179,196	1,907,423	8,442,427

17. Owner's equity (continued)

(b) Contributed capital

	Authorised and contributed	
	VND million	%
Public Bank Berhad (Parent Bank)	6,000,000	100%

The Bank's authorised charter capital has been fully contributed by Public Bank Berhad, which is incorporated in Malaysia.

18. Net interest income

	2022	2021
	VND million	VND million
Interest and similar income from		
Balances with and loans to other CIs	230,310	27,360
Loans to customers	1,737,451	1,372,985
Investment securities	140,125	130,424
Guarantee services	8,805	9,512
Other income from credit activities	29,085	26,848
	2,145,776	1,567,129
Interest and similar expenses		
Deposits from customers	736,000	585,225
Deposits and borrowings from other CIs	276,110	30,684
Other interest expenses	453	181
	1,012,563	616,090
Net interest income	1,133,213	951,039

19. Net fee and commission income

	2022 VND million	2021 VND million
Fee and commission income from		
Settlement and cash services	58,682	50,225
Bancassurance service	5,820	4,230
Other services	755	757
	<hr/> 65,257	<hr/> 55,212
Fees and commission expense for		
Settlement and cash services	3,999	2,721
Communication services	2,140	1,831
Banking charges	4,175	3,034
Brokerage fee	1,819	775
	<hr/> 12,133	<hr/> 8,361
Net fee and commission income	<hr/> 53,124	<hr/> 46,851

20. Net gain from trading of foreign currencies

	2022 VND million	2021 VND million
Gain from trading of foreign currencies		
Foreign exchange contracts	82,787	64,055
Derivative financial instruments	20,243	28,969
	<hr/> 103,030	<hr/> 93,024
Loss from trading of foreign currencies		
Foreign exchange contracts	2,016	404
Derivative financial instruments	5,245	1,150
	<hr/> 7,261	<hr/> 1,554
Net gain from trading of foreign currencies	<hr/> 95,769	<hr/> 91,470

21. Net gain from trading of investment securities

	2022 VND million	2021 VND million
Loss from trading of investment securities	-	(143)
Allowance reversal for investment securities	-	11,050
	<hr/>	<hr/>
Net gain from trading of investment securities	-	10,907
	<hr/>	<hr/>

22. Net income from other activities

	2022 VND million	2021 VND million
Income from other activities		
Collection of bad debts written off	1,085	24,250
Other income	1,168	105
	<hr/>	<hr/>
	2,253	24,355
	<hr/>	<hr/>
Expenses for other activities		
Other expenses	(54)	(126)
	<hr/>	<hr/>
Net income from other activities	2,199	24,229
	<hr/>	<hr/>

23. Operating expenses

	2022 VND million	2021 VND million
Tax, duties and fees	844	643
Expenses for employees	347,724	297,580
<i>In which:</i>		
<i>Salary and allowances</i>	301,529	257,666
<i>Contributions</i>	46,130	39,289
<i>Severance allowance</i>	65	625
Expenses on assets	236,919	209,534
<i>In which:</i>		
<i>Depreciation of fixed assets</i>	91,573	79,565
<i>Office rental</i>	113,268	102,165
Expenses for operating management	66,950	56,407
<i>In which:</i>		
<i>Per diem</i>	6,708	4,147
Insurance fees and insurance for customers' deposits	7,441	5,347
Allowance for other assets	-	32
	659,878	569,543

24. Allowance expenses for credit losses

	2022 VND million	2021 VND million
General allowance made for loans to customers (<i>Note 9</i>)	28,631	31,845
Specific allowance made for loans to customers (<i>Note 9</i>)	15,267	47,543
	43,898	79,388

25. Corporate income tax

(a) Recognised in the statement of income

	2022 VND million	2021 VND million
Current year	117,751	96,217

(b) Reconciliation of effective tax rate

	2022 VND million	2021 VND million
Accounting profit before tax	580,529	475,565
<i>Adjustments:</i>		
Non-deductible expenses	8,230	5,520
Taxable income	588,759	481,085
Income tax expenses on taxable income	117,751	96,217
Income tax adjustments related to the Social Insurance paid for employees (*)	2,393	2,015
Income tax payable – opening balance	23,268	23,898
Income tax paid during the year	(107,412)	(98,862)
Income tax payable – closing balance	36,000	23,268

(*) This represents the corporate income tax on the non-deductible expenses for the Bank's contribution of social insurance for its foreigner employees in excess of the legally required amount which are subsequently reimbursed by the employees.

(c) Applicable tax rates

The usual income tax rate applicable to the Bank before any incentives is 20%. The corporate income tax computation is subject to review and approval by local tax authorities.

26. Cash and cash equivalents

	31/12/2022	31/12/2021
	VND million	VND million
Cash on hand	179,754	154,637
Balances with the SBV	793,014	541,714
Demand deposits at other CIs	313,909	511,184
Deposits at other credit institutions with original term not exceeding 3 months	13,748,910	9,291,510
	<hr/>	<hr/>
	15,035,587	10,499,045
	<hr/>	<hr/>

27. Significant transactions and balances with related parties

Balances with related parties at the year-end were as follows:

	Balances	
	31/12/2022	31/12/2021
	VND million	VND million
Public Bank Berhad (Parent Bank)		
Demand deposits at Parent Bank	90,243	128,645
Term deposits at Parent Bank	10,562,610	6,408,205
Term deposits from Parent Bank	9,415,188	4,875,250
Demand deposits from Parent Bank	209	28
Cambodian Public Bank (Entity in the same system)		
Demand deposits from Cambodian Public Bank	1,827	4,721
Hong Kong Public Bank (Entity in the same system)		
Demand deposits at Hong Kong Public Bank	2,027	2,712
	<hr/>	<hr/>

27. Significant transactions and balances with related parties (continued)

Transactions with related parties during the years were as follows:

	Transactions	
	2022	2021
	VND million	VND million
Public Bank Berhad (Parent Bank)		
Opening term deposits at Parent Bank	643,342,999	267,701,912
Closing of term deposits at Parent Bank	639,011,079	266,872,696
Opening term deposits from Parent Bank	451,471,091	223,722,799
Closing of term deposits from Parent Bank	447,064,223	221,154,734
Interest income from deposits	118,925	12,433
Interest expenses on deposits	123,986	6,529

Remuneration, salary, bonus and other benefit of key management personnel were as follows:

	2022	2021
	VND million	VND million
Board of Members	3,410	3,418
Board of Management	18,819	17,530
Controllers' Committee	3,733	3,488

Other transactions with key management personnel were as follows:

	2022	2021
	VND million	VND million
Closing of term deposits at the Bank	13,209	10,111
Opening term deposits at the Bank	10,982	13,657
Interest expenses on deposits	607	257

28. Employee benefits

	2022 VND million	2021 VND million
Average number of employees during the year (person)	927	865
Employees' income		
1. Salaries	245,726	208,160
2. Other income	51,219	44,758
Total income	296,945	252,918
Average monthly salary/person	22	20
Average monthly income/person	27	24

29. Obligations to the State Budget

Year ended 31 December 2022

	Balance at 1/1/2022 VND million	Incurred		Balance at 31/12/2022 VND million
		Payables VND million	Paid/deducted VND million	
Value added tax	910	6,125	(6,051)	984
Corporate income tax (Note 25)	23,268	120,144	(107,412)	36,000
Personal income tax	8,765	27,967	(26,715)	10,017
Other taxes	119	8,738	(7,026)	1,831
	33,062	162,974	(147,204)	48,832

Year ended 31 December 2021

	Balance at 1/1/2021 VND million	Incurred		Balance at 31/12/2021 VND million
		Payables VND million	Paid/deducted VND million	
Value added tax	887	5,041	(5,018)	910
Corporate income tax (Note 25)	23,898	98,232	(98,862)	23,268
Personal income tax	7,079	22,713	(21,027)	8,765
Other taxes	34	1,473	(1,388)	119
	31,898	127,459	(126,295)	33,062

30. Assets and valuable papers for pledging/mortgaging or discount/re-discount

	31/12/2022 VND million	31/12/2021 VND million
Real estate	53,439,385	41,192,605
Movable assets	3,571,566	2,368,132
Valuable papers	2,825,367	2,929,085
Other collaterals	1,639,564	2,121,728
	61,475,882	48,611,550

31. Contingent liabilities and commitments

During the business operations, the Bank deploys financial instruments relating to contingent liabilities and commitments. These financial instruments mainly include guarantees and letters of credit. These instruments may also present the credit risk to the Bank in addition to those recognized in the statement of financial position.

Credit risk of contingent liabilities and commitments is defined as the ability to bring the credit risk to the Bank when one of the parties to a financial instrument fails to comply with the terms of the contract.

Financial guarantees are conditional commitments that the Bank grants to its clients for dealing with a third party in the activities of loan guarantee, payment guarantee, contract performance guarantee and bid guarantee. Credit risk associated with the issuance of guarantees is essentially the same as the risk to customers.

Commercial letter of credit is a type of transaction in which the Bank provides finance to its customers, usually the buyer/importer of the goods and the beneficiary is the seller/exporter. Credit risk in the letter of credit is usually low as the imported goods are used as collaterals for this type of transaction.

Banks often require customers to use margin to secure credit-related financial instruments when necessary. Margin varies from 0% to 100% of the commitment value, depending on the level of trustworthiness of the customers.

	31/12/2022			31/12/2021		
	VND million			VND million		
	Contractual value – gross	Margin deposits	Contractual value – net	Contractual value – gross	Margin deposits	Contractual value – net
Foreign exchange commitments						
<i>In which:</i>						
▪ <i>Foreign currencies purchase commitments</i>	5,645	-	5,645	17,984	-	17,984
▪ <i>Foreign currencies sale commitments</i>	5,627	-	5,627	19,942	-	19,942
▪ <i>Swap commitments</i>	599,850	-	599,850	3,363,815	-	3,363,815
Letters of credit	135,987	637	135,350	91,991	706	91,285
Other guarantees	750,368	10,966	739,402	594,577	2,708	591,869

32. Uncollected loan interest and fees

	31/12/2022 VND million	31/12/2021 VND million
Loan interest not yet collected	107,214	123,318
Fees receivable but not yet collected	82	82
	<hr/> 107,296	<hr/> 123,400

33. Written-off bad debts

	31/12/2022 VND million	31/12/2021 VND million
Written-off principal of debts under monitoring	260,713	234,580
Written-off interest of debts under monitoring	14,793	16,444
	<hr/> 275,506	<hr/> 251,024

34. Other assets and documents in custody

	31/12/2022 VND million	31/12/2021 VND million
Leased assets (*)	(*)	(*)
Other valuable documents in custody	8,800	6,420
	<hr/> 8,800	<hr/> 6,420

(*) The Bank was unable to determine the values of leased assets.

35. Geographical concentration of assets, liabilities and off-balance sheet items

As at 31 December 2022	Domestic VND million	Overseas VND million	Total VND million
ASSETS			
Cash on hand	179,754	-	179,754
Balances with the SBV	793,014	-	793,014
Deposits with and loans to other CIs	3,252,758	10,810,061	14,062,819
Loans to customers – gross	24,759,442	-	24,759,442
Investment securities – gross	2,399,228	-	2,399,228
Fixed assets	246,373	-	246,373
Other assets – gross	260,698	6,603	267,301
	31,891,267	10,816,664	42,707,931
LIABILITIES			
Deposits and borrowings from other CIs	5,775,108	9,417,224	15,192,332
Deposits from customers	18,211,170	199,650	18,410,820
Derivatives and other financial liabilities	10,960	-	10,960
Interest and fees payable	296,945	6,671	303,616
Other liabilities	64,003	-	64,003
	24,358,186	9,623,545	33,981,731
OFF-BALANCE SHEET ITEMS			
Foreign exchange commitments	611,122	-	611,122
Letter of credit commitments	-	135,350	135,350
Guarantees	739,402	-	739,402
Uncollected loan interest and fees	107,296	-	107,296
Written-off bad debts	275,506	-	275,506
Other assets and documents in custody	8,800	-	8,800
Operating lease commitments	724,592	-	724,592

35. Geographical concentration of assets, liabilities and off-balance sheet items (continued)

As at 31 December 2021	Domestic VND million	Overseas VND million	Total VND million
ASSETS			
Cash on hand	154,637	-	154,637
Balances with the SBV	541,714	-	541,714
Deposits with and loans to other CIs	3,020,800	6,781,894	9,802,694
Derivative financial instruments	15,211	-	15,211
Loans to customers – gross	20,834,653	-	20,834,653
Investment securities – gross	2,608,020	-	2,608,020
Fixed assets	271,080	-	271,080
Other assets – gross	223,854	690	224,544
	27,669,969	6,782,584	34,452,553
LIABILITIES			
Deposits and borrowings from other CIs	4,193,412	4,880,006	9,073,418
Deposits from customers	16,595,873	241,406	16,837,279
Interest and fees payable	245,242	282	245,524
Other liabilities	50,249	-	50,249
	21,084,776	5,121,694	26,206,470
OFF-BALANCE SHEET ITEMS			
Foreign exchange commitments	3,401,741	-	3,401,741
Letter of credit commitments	-	91,285	91,285
Guarantees	591,869	-	591,869
Uncollected loan interest and fees	123,400	-	123,400
Written-off bad debts	251,024	-	251,024
Other assets and documents in custody	6,420	-	6,420
Operating lease commitments	635,965	-	635,965
	3,401,741	91,285	3,493,026

36. Financial risk management

The Bank is exposed to credit risk, market risk and liquidity risk arising from the holding of financial assets and liabilities. The Bank's risk management framework is designed to establish key principles in the management and control of significant risks arising from its operations. Based on this, the Bank's risk management policy is designed to identify and analyze the risks the Bank faces in order to set appropriate risk limits and control measures, and to monitor risk and comply with limits.

Policies on risk management systems are regularly reviewed to update changes in the market conditions, products and services provided by the Bank. Through trainings, standards and management systems, the Bank is committed to the development of a disciplined and positive regulatory environment in which all employees of the Bank understand their roles and responsibilities.

(a) Credit risk

The Bank is exposed to credit risk in its credit granting activities, depositing and lending to other credit institutions, securities investments of other credit institutions as well as when the Bank acts as an intermediary on behalf of clients or other third parties or when the Bank provides guarantees. Credit risk arises when a customer, obligor or partner fails to perform or improperly performs his or her obligations under the commitments and agreements entered into with the Bank. The main credit risk that the Bank encounters is from loans to business customers and to individual customers. This level of credit risk is reflected in the carrying amount of the assets on the statement of financial position. In addition, the Bank is exposed to off-balance sheet credit risk in the form of guarantees, letters of credit and derivative financial instruments, see Note 31.

Credit risk management

Credit risk has a major impact on the Bank's income and capital. The Bank constructs credit risk tolerance in accordance with the prudent management guidelines for credit operations and credit limits including credit concentration limits and risk tolerance of the Bank. In principle, the Bank identifies and manages credit risk at all high risk operations and products and ensures that the Bank will only introduce new products when there are adequate regulations and process in place to identify, measure, evaluate, monitor and control critical exposures. For credit risk management, the Bank intends to deal with trusted counterparties, and requires counterparties to take safeguard measures when necessary.

The Bank measures credit risk, performs provisioning and adheres to safety ratios for loan and advances to customers and to other credit institutions based on the regulations set by the SBV.

The Bank's financial assets which are not past due include loan to customers classified as Group 1, securities, receivables and other assets which are not past due. The Bank believes that it can recover fully and timely these financial assets.

Assets are classified as past due but not impaired when the Bank is currently holding sufficient collaterals to cover for credit losses in accordance with the current regulations of the State Bank of Vietnam. Balances with the SBV are considered as free of credit risk. The maximum exposures to credit risk of each financial asset group are equivalent to their carrying value presented in the statement of financial position.

36. Financial risk management (continued)

(a) Credit risk (continued)

The maximum exposures to credit risk of each financial asset groups of the Bank as at 31 December 2022 were as follows:

	Not past due VND million	Past due but not allowance provided VND million	Overdue and allowance provided for VND million	Total VND million
As at 31 December 2022				
Deposits with and loans to other CIs	14,062,819	-	-	14,062,819
- <i>Deposits with other CIs</i>	<i>14,062,819</i>	<i>-</i>	<i>-</i>	<i>14,062,819</i>
Loans to customers	24,012,099	314,291	433,052	24,759,442
Investment securities	2,399,228	-	-	2,399,228
- <i>Available-for-sale investment securities</i>	<i>2,399,228</i>	<i>-</i>	<i>-</i>	<i>2,399,228</i>
Other assets	266,751	-	550	267,301
	40,740,897	314,291	433,602	41,488,790

The maximum exposures to credit risk of each financial asset groups of the Bank as at 31 December 2021 were as follows:

	Not past due VND million	Past due but not allowance provided VND million	Overdue and allowance provided for VND million	Total VND million
As at 31 December 2021				
Deposits with and loans to other CIs	9,802,694	-	-	9,802,694
- <i>Deposits with other CIs</i>	<i>9,802,694</i>	<i>-</i>	<i>-</i>	<i>9,802,694</i>
Loans to customers	20,261,315	179,307	394,031	20,834,653
Investment securities	2,608,020	-	-	2,608,020
- <i>Available-for-sale investment securities</i>	<i>2,608,020</i>	<i>-</i>	<i>-</i>	<i>2,608,020</i>
Other assets	223,994	-	550	224,544
	32,896,023	179,307	394,581	33,469,911

36. Financial risk management (continued)

(a) Credit risk (continued)

The Bank currently holds collaterals such as real estates, movable assets, valuable papers and other collaterals for such financial assets. The Bank has not properly determined the fair value of these collaterals because of lack of specific guidance as well as lack of necessary market information.

(b) Market risk

Market risk is the risk of adverse fluctuations and changes in market risk factors (including interest rates, exchange rates, securities prices and commodity prices in the market, etc.) which have negative impacts on the Bank's income and capital.

Interest rate risk

Actual interest rates on balances with and loans to other credit institutions; loans to customers; investment securities; deposits and borrowings from other credit institutions and term deposits from customers are presented in the Note 6, Note 8, Note 10, Note 14 and Note 15, respectively.

The interest rate re-pricing term (revaluation period) is the period of time remaining from the date of the financial statements to the most recent repricing period of assets and liabilities. The following conditions applied in the analysis of the effective repricing term of the Bank's assets and liabilities as follows:

- Cash on hand, fixed assets, derivatives, other assets and other liabilities are classified as non-interest bearing items;
- Balances with the SBV is classified as demand deposits with interest repricing term of within 1 month;
- The actual interest rate repricing term of deposits with and loans to credit institutions; loans to customers; debts to the Government and the State Bank of Vietnam; deposits and borrowings from credit institutions and deposits from customers are determined as follows:
 - ✓ Items with fixed interest rates throughout the life of the contracts: the actual repricing term is based on the actual maturity date since the end of the annual accounting period.
 - ✓ Items with floating interest rates: The real interest repricing term is based on the next interest rate repricing date after the end of the annual accounting period.
- The actual interest repricing term of other assets is classified as non-interest bearing. In practice, these items may have different actual interest repricing terms.

The table below presents the assets and liabilities of the Bank categorised by the earlier of the repricing date, the maturity date or at the statement of financial position date. The repricing date may differ materially from the maturity date, particularly the maturity date of deposits from customers.

The table below presents the repricing term of assets and liabilities at the end of the annual accounting period.

36. Financial risk management (continued)

(b) Market risk (continued)

As at 31 December 2022

	Overdue VND million	Free of interest VND million	Interest rate repricing term					Total VND million
			Less than 1 month VND million	From over 1 to 3 months VND million	From over 3 to 6 months VND million	From over 6 to 12 months VND million	From over 1 to 5 years VND million	
Assets								
Cash on hand	-	179,754	-	-	-	-	-	179,754
Balances with the SBV	-	442,891	350,123	-	-	-	-	793,014
Deposits with and loans to other CIs	-	40,045	12,604,974	1,417,800	-	-	-	14,062,819
Loans to customers – gross	810,538	-	8,356,599	4,823,536	9,006,021	1,263,734	499,014	24,759,442
Investment securities – gross	-	-	-	-	-	1,433,419	406,704	2,399,228
Fixed assets	-	246,373	-	-	-	-	-	246,373
Other assets – gross	550	266,751	-	-	-	-	-	267,301
	811,088	1,175,814	21,311,696	6,241,336	9,006,021	2,697,153	905,718	42,707,931
Liabilities								
Deposits and borrowings from other CIs	-	181,457	15,010,875	-	-	-	-	15,192,332
Deposits from customers	-	1,621,542	5,216,058	3,080,550	4,591,491	3,236,484	664,695	18,410,820
Derivatives and other financial liabilities	-	10,960	-	-	-	-	-	10,960
Other liabilities	-	367,619	-	-	-	-	-	367,619
	-	2,181,578	20,226,933	3,080,550	4,591,491	3,236,484	664,695	33,981,731
Interest sensitivity gap on balance sheet	811,088	(1,005,764)	1,084,763	3,160,786	4,414,530	(539,331)	241,023	559,105
								8,726,200

36. Financial risk management (continued)

(b) Market risk (continued)

As at 31 December 2021

	Overdue VND million	Free of interest VND million	Interest rate repricing term					Total VND million
			Less than 1 month VND million	From over 1 to 3 months VND million	From over 3 to 6 months VND million	From over 6 to 12 months VND million	From over 1 to 5 years VND million	
Assets								
Cash on hand	-	154,637	-	-	-	-	-	154,637
Balances with the SBV	-	206,298	335,416	-	-	-	-	541,714
Deposits with and loans to other CIs	-	59,561	6,167,993	3,575,140	-	-	-	9,802,694
Derivative financial instruments and other financial assets	-	15,211	-	-	-	-	-	15,211
Loans to customers – gross	172,804	-	2,125,654	3,827,504	13,049,620	1,134,099	524,972	20,834,653
Investment securities – gross	-	-	150,040	-	-	1,845,511	411,535	2,608,020
Fixed assets	-	271,080	-	-	-	-	-	271,080
Other assets – gross	550	223,994	-	-	-	-	-	224,544
	173,354	930,781	8,779,103	7,402,644	13,049,620	2,979,610	936,507	34,452,553
Liabilities								
Deposits and borrowings from other CIs	-	7,281	7,722,352	1,343,785	-	-	-	9,073,418
Deposits from customers	-	1,621,031	4,366,475	2,971,323	4,433,454	2,979,380	465,616	16,837,279
Other liabilities	-	295,773	-	-	-	-	-	295,773
	-	1,924,085	12,088,827	4,315,108	4,433,454	2,979,380	465,616	26,206,470
Interest sensitivity gap on balance sheet	173,354	(993,304)	(3,309,724)	3,087,536	8,616,166	230	470,891	200,934
								8,246,083

36. Financial risk management (continued)

(b) Market risk (continued)

Average VND interest rates

As at 31 December 2022	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 9 months	From 9 to 12 months	From 1 to 5 years	More than 5 years
Assets							
Balances with the SBV	0.50%	-	-	-	-	-	-
Demand deposits with other CIs	0.15%	-	-	-	-	-	-
Term deposits with other CIs	4.40%	-	-	-	-	-	-
Investment securities	-	-	-	6.67%	8.50%	5.26%	3.71%
Loans to customers	9.62%	7.70%	9.02%	8.01%	9.34%	8.24%	-
Liabilities							
Demand deposits from other CIs	0.14%	-	-	-	-	-	-
Deposits and borrowings from other CIs	4.57%	-	-	-	-	-	-
Deposits from customers	3.40%	6.01%	7.74%	6.66%	6.89%	7.18%	-

Average USD and other foreign currency interest rates

As at 31 December 2022	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 9 months	From 9 to 12 months	From 1 to 5 years	More than 5 years
Assets							
Demand deposits with other CIs	0.12%	-	-	-	-	-	-
Term deposits with other CIs	4.31%	5.16%	-	-	-	-	-
Loans to customers	5.70%	5.34%	6.73%	6.84%	-	-	-
Liabilities							
Deposits and borrowings from other CIs	4.55%	-	-	-	-	-	-
Deposits from customers	0.10%	-	-	-	-	-	-

36. Financial risk management (continued)

(b) Market risk (continued)

Average VND interest rates

As at 31 December 2021	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 9 months	From 9 to 12 months	From 1 to 5 years	More than 5 years
Assets							
Balances with the SBV	0.50%	-	-	-	-	-	-
Demand deposits with other CIs	0.15%	-	-	-	-	-	-
Term deposits with other CIs	1.63%	1.60%	-	-	-	-	-
Investment securities	5.20%	-	-	6.74%	6.58%	5.27%	1.40%
Loans to customers	7.37%	6.38%	8.24%	7.70%	7.62%	8.24%	-
Liabilities							
Demand deposits from other CIs	0.15%	-	-	-	-	-	-
Deposits and borrowings from other CIs	1.89%	2.20%	-	-	-	-	-
Deposits from customers	2.22%	4.34%	5.27%	6.10%	5.60%	6.12%	-

Average USD and other foreign currency interest rates

As at 31 December 2021	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 9 months	From 9 to 12 months	From 1 to 5 years	More than 5 years
Assets							
Demand deposits with other CIs	0.12%	-	-	-	-	-	-
Term deposits with other CIs	0.15%	0.27%	-	-	-	-	-
Loans to customers	2.75%	2.44%	2.56%	2.53%	3.00%	3.00%	-
Liabilities							
Deposits and borrowings from other CIs	0.18%	-	-	-	-	-	-
Deposits from customers	0.10%	-	-	-	-	-	-

36. Financial risk management (continued)

(b) Market risk (continued)

Sensitivity to interest rate

Assuming that all other variables remain constant, the effects of fluctuation in interest rates of the lending and funding with floating interest rates on the financial statements of the Bank as at 31 December 2022 were as follows. On the contrary, decrease in lending and funding interest would have the equal but opposite effect to the profit before tax of the Bank.

	<i>Increase in interest rate</i>	<i>Effect on profit before tax</i>	<i>Effect on profit after tax</i>
		<i>VND million</i>	<i>VND million</i>
USD	1%	(1,719)	(1,375)
VND	1%	87,427	69,798

Assuming that all other variables remain constant, the effects of fluctuation in interest rates of the lending and funding with floating interest rates on the financial statements of the Bank as at 31 December 2021 were as follows. On the contrary, decrease in lending and funding interest would have the equal but opposite effect to the profit before tax of the Bank.

	<i>Increase in interest rate</i>	<i>Effect on profit before tax</i>	<i>Effect on profit after tax</i>
		<i>VND million</i>	<i>VND million</i>
USD	1%	34,929	27,943
VND	1%	45,580	36,464

Currency risk

Currency risk (also known as exchange rate risk) is the risk that the Bank will incur losses as a result of unfavorable movements in exchange rates. The foreign exchange position has contingent currency risk. Exchange rate risk occurs when a portfolio includes spot cash flows or future cash inflows. Contingent exchange rate risk also appears in trading books and banking book. Exchange rate risks directly affect the statement of financial position and income statement when assets, liabilities and income in foreign currencies need to be converted into local currency.

The Bank manages currency risk by setting the open status limits to each foreign currency in accordance with the business strategy of the Bank and regulations of the State Bank of Vietnam. The Bank mainly uses VND and USD to account for its activities. As the financial statements of the Bank are presented in VND, the Bank's financial statements are affected by exchange rate fluctuations between VND and USD and other foreign currencies.

36. Financial risk management (continued)

(b) Market risk (continued)

As at 31 December 2022	VND VND million	USD VND million	EUR VND million	GBP VND million	Other currencies VND million	Total VND million
Assets						
Cash on hand	143,180	36,533	18	-	23	179,754
Balances with the SBV	754,652	38,362	-	-	-	793,014
Deposits with and loans to other CIs	2,960,723	11,066,580	7,411	2,338	25,767	14,062,819
Loans to customers – gross	23,535,554	1,223,888	-	-	-	24,759,442
Investment securities – gross	2,399,228	-	-	-	-	2,399,228
Fixed assets	246,373	-	-	-	-	246,373
Other assets – gross	256,597	10,704	-	-	-	267,301
	30,296,307	12,376,067	7,429	2,338	25,790	42,707,931
Liabilities						
Deposits and borrowings from other CIs	3,870,697	11,321,635	-	-	-	15,192,332
Deposits from customers	16,799,790	1,580,367	5,398	-	25,265	18,410,820
Derivatives and other financial liabilities	601,710	(590,750)	-	-	-	10,960
Other liabilities	353,369	14,007	241	-	2	367,619
	21,625,566	12,325,259	5,639	-	25,267	33,981,731
Foreign exchange position on balance sheet	8,670,741	50,808	1,790	2,338	523	8,726,200
Foreign exchange position off-balance sheet	1,554,353	297,853	14,330	-	10,940	1,877,476
Net foreign exchange position	10,225,094	348,661	16,120	2,338	11,463	10,603,676

36. Financial risk management (continued)

(b) Market risk (continued)

As at 31 December 2021	VND VND million	USD VND million	EUR VND million	GBP VND million	Other currencies VND million	Total VND million
Assets						
Cash on hand	106,955	47,664	3	-	15	154,637
Balances with the SBV	422,963	118,751	-	-	-	541,714
Deposits with and loans to other CIs	594,466	9,153,319	10,571	4,289	40,049	9,802,694
Derivative financial instruments and other financial assets	3,372,178	(3,356,967)	-	-	-	15,211
Loans to customers – gross	18,548,514	2,286,139	-	-	-	20,834,653
Investment securities – gross	2,608,020	-	-	-	-	2,608,020
Fixed assets	271,080	-	-	-	-	271,080
Other assets – gross	219,793	4,751	-	-	-	224,544
	26,143,969	8,253,657	10,574	4,289	40,064	34,452,553
Liabilities						
Deposits and borrowings from other CIs	2,480,512	6,592,906	-	-	-	9,073,418
Deposits from customers	15,248,737	1,558,993	4,597	-	24,952	16,837,279
Other liabilities	290,036	5,735	1	-	1	295,773
	18,019,285	8,157,634	4,598	-	24,953	26,206,470
Foreign exchange position on balance sheet	8,124,684	96,023	5,976	4,289	15,111	8,246,083
Foreign exchange position off-balance sheet	4,267,902	159,210	19,884	-	18,743	4,465,739
Net foreign exchange position	12,392,586	255,233	25,860	4,289	33,854	12,711,822

36. Financial risk management (continued)

(b) Market risk (continued)

Sensitivity to currencies

Assuming that other variables remain constant, the table below shows the effect on the Bank's profit as a result of possible changes in the exchange rates for the financial year ended 31 December 2022:

	<i>Increase in exchange rate of USD and EUR to VND</i>	<i>Effect on profit before tax VND million</i>	<i>Effect on profit after tax VND million</i>
USD	1%	508	406
EUR	1%	18	14

Assuming that other variables remain constant, the table below shows the effect on the Bank's profit as a result of possible changes in the exchange rates for the financial year ended 31 December 2021:

	<i>Increase in exchange rate of USD and EUR to VND</i>	<i>Effect on profit before tax VND million</i>	<i>Effect on profit after tax VND million</i>
USD	1%	960	768
EUR	1%	60	48

(c) Liquidity risk

Liquidity risk is the risk that the Bank is unable to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due or securing the funding requirement at an excessive cost.

The Bank maintains a specific portfolio and volume of high quality liquid assets that may include, but are not limited to: cash, interbank deposits, government bonds, other investment securities and other liquid assets to ensure that the Bank meets the financial obligations in normal conditions as well as in stressful situations without causing unacceptable or unreasonable losses and negative impacts on the image of the Bank. Monitoring tools and liquidity limits are established to manage exposures to liquidity risk within the Bank.

The Bank's liquidity risk management approach has always focused on diversifying its investment and credit activities and enhancing its access to capital markets through a variety of instruments and other capital mobilization products.

The table below presents the analysis of the Bank's assets and liabilities based on remaining contractual maturity. The contractual maturity profile may differ from actual behavioural patterns.

36. Financial risk management (continued)

(c) Liquidity risk (continued)

As at 31 December 2022	Overdue		Current				Total VND million
	More than 3 months VND million	Up to 3 months VND million	Up to 1 month VND million	From over 1 to 3 months VND million	From over 3 to 12 months VND million	From over 1 to 5 years VND million	
Assets							
Cash on hand	-	-	179,754	-	-	-	179,754
Balances with the SBV	-	-	793,014	-	-	-	793,014
Deposits with and loans to other CIs	-	-	12,645,019	1,417,800	-	-	14,062,819
Loans to customers – gross	352,318	458,220	2,030,117	4,610,031	7,471,065	4,052,150	24,759,442
Investment securities – gross	-	-	-	-	-	406,704	2,399,228
Fixed assets	-	-	-	-	-	-	246,373
Other assets – gross	550	-	266,751	-	-	-	267,301
Total assets	352,868	458,220	15,914,655	6,027,831	7,471,065	4,458,854	42,707,931
Liabilities							
Deposits and borrowings from other CIs	-	-	15,192,332	-	-	-	15,192,332
Deposits from customers	-	-	6,928,567	2,966,485	7,850,732	665,036	18,410,820
Derivatives and other financial liabilities	-	-	10,960	-	-	-	10,960
Other liabilities	-	-	367,619	-	-	-	367,619
Total liabilities	-	-	22,499,478	2,966,485	7,850,732	665,036	33,981,731
Net liquidity gap	352,868	458,220	(6,584,823)	3,061,346	(379,667)	3,793,818	8,726,200

36. Financial risk management (continued)

(c) Liquidity risk (continued)

As at 31 December 2021	Overdue					Current				Total VND million
	More than 3 months VND million	Up to 3 months VND million	Up to 1 month VND million	From over 1 to 3 months VND million	From over 3 to 12 months VND million	From over 1 to 5 years VND million	More than 5 years VND million			
Assets										
Cash on hand	-	-	154,637	-	-	-	-	-	-	154,637
Balances with the SBV	-	-	541,714	-	-	-	-	-	-	541,714
Deposits with and loans to other CIs	-	-	6,227,554	3,575,140	-	-	-	-	-	9,802,694
Derivative financial instruments and other financial assets	-	-	15,155	56	-	-	-	-	-	15,211
Loans to customers – gross	160,930	11,874	1,190,259	3,553,016	5,733,264	1,783,295	8,402,015	20,834,653	2,608,020	271,080
Investment securities – gross	-	-	150,040	-	200,459	411,536	1,845,985	271,080	-	224,544
Fixed assets	-	-	-	-	-	-	-	-	-	-
Other assets – gross	550	-	223,994	-	-	-	-	-	-	-
Total assets	161,480	11,874	8,503,353	7,128,212	5,933,723	2,194,831	10,519,080	34,452,553		
Liabilities										
Deposits and borrowings from other CIs	-	-	7,729,633	1,343,785	-	-	-	-	-	9,073,418
Deposits from customers	-	-	5,959,019	2,977,204	7,435,113	465,943	-	-	-	16,837,279
Other liabilities	-	-	295,773	-	-	-	-	-	-	295,773
Total liabilities	-	-	13,984,425	4,320,989	7,435,113	465,943	-	26,206,470		
Net liquidity gap	161,480	11,874	(5,481,072)	2,807,223	(1,501,390)	1,728,888	10,519,080	8,246,083		

37. Disclosure of financial instruments

Fair value disclosure

Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 6 November 2009 requires disclosing on fair value determination method and fair value of financial assets and financial liabilities to have a comparison between fair value and carrying value.

The following table sets out the carrying value and fair value of the Bank's financial assets and financial liabilities where determinable:



37. Disclosure of financial instruments (continued)

As at 31 December 2022

	Carrying value				Fair value through profit and loss VND million	Held-to- maturity VND million	Loans and receivables VND million	Available for sale VND million	Other liabilities recorded at amortised cost VND million	Total carrying value VND million	Fair value VND million
	Fair value through profit and loss VND million	Held-to- maturity VND million	Loans and receivables VND million	Available for sale VND million							
Financial assets											
Cash on hand	-	-	179,754	-	-	-	-	-	-	179,754	179,754
Balances with the SBV	-	-	793,014	-	-	-	-	-	-	793,014	793,014
Deposits with and loans to other CIs	-	-	14,062,819	-	-	-	-	-	-	14,062,819	(*)
Loans to customers – gross	-	-	24,759,442	-	-	-	-	-	-	24,759,442	(*)
Investment securities – gross	-	-	-	2,399,228	-	-	-	-	-	2,399,228	(*)
Other financial assets	-	-	156,894	-	-	-	-	-	-	156,894	(*)
	-	-	39,951,923	2,399,228	-	-	-	-	-	42,351,151	
Financial liabilities											
Deposits and borrowings from other CIs	-	-	-	-	-	-	-	15,192,332	-	15,192,332	(*)
Deposits from customers	-	-	-	-	-	-	-	18,410,820	-	18,410,820	(*)
Derivative financial instruments and other financial liabilities	10,960	-	-	-	-	-	-	-	-	10,960	(*)
Other financial liabilities	-	-	-	-	-	-	-	318,787	-	318,787	(*)
	10,960	-	-	-	-	-	-	33,921,939	-	33,932,899	

(*) The Bank has not determined fair values of these financial instruments for disclosure in the financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards, the Vietnamese Accounting System for credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements. The fair values of these financial instruments may differ from their carrying amounts.

38. Operating lease commitments

The future minimum lease payments under non-cancellable operating leases were:

	31/12/2022 VND million	31/12/2021 VND million
Within one year	49,030	44,875
From one to five years	526,714	420,590
More than five years	148,848	170,500
	724,592	635,965

39. Subsequent events

As at the date of these financial statements, no significant events occurred after 31 December 2022 and may cause material effects to the financial position of the Bank which require adjustments or disclosure in the financial statements for the year ended 31 December 2022.

40. Exchange rates of some currencies at the end of the annual accounting period

	31/12/2022 VND	31/12/2021 VND
AUD	15,963	16,526
CAD	17,431	17,896
EUR	25,194	25,779
GBP	28,475	30,722
JPY	179	198
SGD	17,580	16,855
USD	23,630	22,805

21 February 2023

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