



**VietCredit Finance Joint Stock Company**  
Financial Statements for the year ended  
31 December 2021



**VietCredit Finance Joint Stock Company**  
**Corporate Information**

**Establishment and**

**Operation License No.**

59/GP-NHNN

18 June 2018

The finance company Establishment and Operation License No. 59/GP-NHNN was granted by the State Bank of Vietnam to replace the finance company Establishment and Operation License No. 142/GP-NHNN and is valid for 50 years from 29 May 2008.

**Enterprise Registration**

**Certificate No.**

0102766770

2 June 2008

The Enterprise Registration Certificate was issued by the Hanoi Planning and Investment Department.

The Enterprise Registration Certificate was amended for the twelfth time on 30 December 2019.

**Board of Directors**

Mr. Nguyen Duc Phuong

Chairman

Mr. Ho Minh Tam

Member

Mr. Nguyen Chi Hieu

Member

Mr. Pham Hai Au

Member

Mr. Nguyen Quang Tuan

Member

*(from 29/1/2021)*

Mr. Nguyen Duc Huynh

Member

*(from 28/4/2021)*

Mr. Nguyen Lan Trung Anh

Independent Member

**Supervisory Board**

Mr. Tran Viet Phuong

Head of Supervisory Board

Mr. Tran Hong Giang

Member

Ms. Pham Le Lac Thu

Member

**Board of Management  
and Chief Accountant**

Mr. Ho Minh Tam

Chief Executive Officer

Ms. Vu Thuc Quyen

Deputy Chief Executive Officer

Mr. Le Phuong Hai

Deputy Chief Executive Officer

Mr. Huynh Le Khanh

Deputy Chief Executive Officer

Ms. Tran Thi Van Anh

Chief Accountant

*(from 15/7/2021)*

Mr. Le Hung Cuong

Head of Accounting Department

*(from 8/4/2020 until 10/1/2021)*

**Registered Office**

Level 17, Mipec Tower

No. 229 Tay Son, Nga Tu So Ward, Dong Da District

Hanoi, Vietnam

**Auditor**

KPMG Limited

Vietnam

## VietCredit Finance Joint Stock Company Statement of the Board of Management

The Board of Management of VietCredit Finance Joint Stock Company (“the Company”) presents this statement and the accompanying financial statements of the Company for the year ended 31 December 2021.

The Company’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 issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting. During the preparation of the financial statements, the Company’s Board of Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, and all material deviations from these accounting principles was disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In the opinion of the Company’s Board of Management:

- (a) the financial statements set out on pages 5 to 82 give a true and fair view of the financial position of the Company as at 31 December 2021, and of the results of operations and the cash flows of the Company for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

The Company’s Board of Management has, on the date of this statement, authorised the accompanying financial statements for issue.

On behalf of the Board of Management



Ho Minh Tam  
Chief Executive Officer

Hanoi, 30 March 2022



KPMG Limited  
46<sup>th</sup> Floor, Keangnam Landmark 72  
E6 Pham Hung Road, Me Tri Ward  
South Tu Liem District, Hanoi, Vietnam  
+84 (24) 3946 1600 | kpmg.com.vn

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Shareholders VietCredit Finance Joint Stock Company**

We have audited the accompanying financial statements of VietCredit Finance Joint Stock Company ("the Company"), which comprise the balance sheet as at 31 December 2021, the statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 30 March 2022, as set out on pages 5 to 82.

### **Management's Responsibility**

The Company's Board of Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions issued by the State Bank of Vietnam and the statutory requirements relevant to financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of the 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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Company'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.



### Auditor's Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of VietCredit Finance Joint Stock Company as at 31 December 2021 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 issued by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

**KPMG Limited**

Vietnam  
Audit report No. 20-02-00124-22-1



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Dam Xuan Lam  
Practicing Auditor Registration  
Certificate No. 0861-2018-007-1  
*Deputy General Director*

Hanoi, 30 March 2022

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Pham Thi Thuy Linh  
Practicing Auditor Registration  
Certificate No. 3065-2019-007-1



	Note	31/12/2021 VND	31/12/2020 VND
<b>A ASSETS</b>			
<b>II Balances with the State Bank of Vietnam ("SBV")</b>	<b>5</b>	<b>252,417,115</b>	<b>97,617,895</b>
<b>III Deposits with and loans to other credit institutions ("CIs")</b>	<b>6</b>	<b>350,885,504,812</b>	<b>341,301,082,053</b>
1 Deposits with other CIs		350,885,504,812	341,301,082,053
<b>IV Trading securities</b>	<b>7</b>	<b>535,666,200,550</b>	-
1 Trading securities		539,088,744,600	-
2 Allowance for trading securities		(3,422,544,050)	-
<b>VI Loans to customers</b>		<b>3,315,947,565,271</b>	<b>2,920,781,162,352</b>
1 Loans to customers	<b>8</b>	3,548,202,405,999	3,024,737,532,515
2 Allowance for loans to customers	<b>9</b>	(232,254,840,728)	(103,956,370,163)
<b>VIII Investment securities</b>	<b>10</b>	<b>1,248,344,229,058</b>	<b>1,177,129,862,349</b>
1 Available-for-sale securities		1,009,000,000,000	925,230,633,291
2 Held-to-maturity securities		281,201,720,930	281,201,720,930
3 Allowance for investment securities		(41,857,491,872)	(29,302,491,872)
<b>IX Long-term investments</b>	<b>11</b>	<b>12,359,062,700</b>	<b>2,759,790,700</b>
4 Other long-term investments		14,509,062,700	14,509,062,700
5 Allowance for diminution in the value of long-term investments		(2,150,000,000)	(11,749,272,000)
<b>X Fixed assets</b>		<b>45,892,840,975</b>	<b>45,074,687,933</b>
1 Tangible fixed assets	<b>12</b>	15,125,062,092	9,681,042,516
a Cost		32,888,561,548	22,807,847,747
b Accumulated depreciation		(17,763,499,456)	(13,126,805,231)
2 Intangible fixed assets	<b>13</b>	30,767,778,883	35,393,645,417
a Cost		60,272,912,115	55,861,432,115
b Accumulated amortisation		(29,505,133,232)	(20,467,786,698)
<b>XII Other assets</b>	<b>14</b>	<b>700,195,985,123</b>	<b>648,596,018,085</b>
1 Receivables		53,485,116,539	49,253,250,583
2 Accrued interest and fee receivables		165,355,392,014	157,414,313,017
4 Other assets		483,512,414,398	459,238,712,299
5 Allowance for other on-balance sheet assets		(2,156,937,828)	(17,310,257,814)
<b>TOTAL ASSETS</b>		<b>6,209,543,805,604</b>	<b>5,135,740,221,367</b>

The accompanying notes are an integral part of these financial statements

	Note	31/12/2021 VND	31/12/2020 VND
<b>B</b>			
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
<b>I</b>			
<b>Deposits and borrowings from other CIs</b>	<b>15</b>	<b>1,110,000,000,000</b>	<b>1,367,937,213,750</b>
1 Deposits from other CIs		830,000,000,000	675,000,000,000
2 Borrowings from other CIs		280,000,000,000	692,937,213,750
<b>II</b>			
<b>Deposits from customers</b>	<b>16</b>	<b>70,868,542,466</b>	<b>30,900,000,000</b>
<b>V</b>			
<b>Other borrowed and entrusted funds</b>	<b>17</b>	<b>93,962,238,428</b>	<b>108,265,450,530</b>
<b>VI</b>			
<b>Valuable papers issued</b>	<b>18</b>	<b>3,871,400,000,000</b>	<b>2,636,000,000,000</b>
<b>VII</b>			
<b>Other liabilities</b>	<b>19</b>	<b>278,879,822,990</b>	<b>238,100,684,152</b>
1 Accrued interest and fee payables		153,013,166,059	126,665,238,447
3 Other liabilities		125,866,656,931	111,435,445,705
<b>TOTAL LIABILITIES</b>		<b>5,425,110,603,884</b>	<b>4,381,203,348,432</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>VI</b>			
<b>Capital and reserves</b>	<b>21</b>	<b>784,433,201,720</b>	<b>754,536,872,935</b>
1 Capital		687,872,140,000	687,872,140,000
a Charter capital		687,872,140,000	687,872,140,000
2 Reserves		38,469,185,785	33,577,268,422
3 Retained profits		58,091,875,935	33,087,464,513
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>784,433,201,720</b>	<b>754,536,872,935</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>6,209,543,805,604</b>	<b>5,135,740,221,367</b>

		31/12/2021 VND	31/12/2020 VND
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>I</b>	<b>CONTINGENT LIABILITIES</b>	<b>35</b>	<b>2,388,302,136,029</b>
1	Non-cancellable loan commitments	1,977,327,326,029	1,724,284,005,142
2	Other guarantees	43,419,000,000	1,318,491,406,342
3	Other commitments	367,555,810,000	53,419,000,000
		<b>352,373,598,800</b>	<b>352,373,598,800</b>

30 March 2022

Prepared by:

  
 Lai Ngoc Linh  
 Accountant

Approved by:

  
 Tran Thi Van Anh  
 Chief Accountant

  
 Ho Minh Tam  
 Chief Executive Officer





	Note	2021 VND	2020 VND (Reclassified)
1 Interest and similar income	22	1,534,667,429,910	1,039,003,966,323
2 Interest and similar expenses	23	(332,859,298,406)	(236,582,666,089)
<b>I Net interest income</b>		<b>1,201,808,131,504</b>	<b>802,421,300,234</b>
3 Fee and commission income		38,182,929,646	54,389,551,816
4 Fee and commission expenses		(63,229,177,167)	(64,456,954,687)
<b>II Net fee and commission income</b>	24	<b>(25,046,247,521)</b>	<b>(10,067,402,871)</b>
<b>III Net gain from trading of foreign currencies</b>	25	<b>685,021,557</b>	<b>1,090,197,367</b>
<b>IV Net loss from securities held-for-trading</b>	26	<b>(2,517,848,017)</b>	-
<b>V Net loss from investment securities</b>	27	<b>(9,015,481,848)</b>	<b>(2,316,790,555)</b>
5 Other income		27,221,663,805	8,906,883,813
6 Other expenses		(25,982,291,742)	(16,876,975,505)
<b>VI Net profit/(loss) from other activities</b>	28	<b>1,239,372,063</b>	<b>(7,970,091,692)</b>
<b>VIII Operating expenses</b>	29	<b>(484,056,768,442)</b>	<b>(376,741,065,040)</b>
<b>IX Operating profit before allowance and provision expenses</b>		<b>683,096,179,296</b>	<b>406,416,147,443</b>
<b>X Allowance and provision expenses</b>	30	<b>(633,335,990,439)</b>	<b>(373,803,365,021)</b>
<b>XI Profit before tax</b>		<b>49,760,188,857</b>	<b>32,612,782,422</b>
7 Income tax expense - current	31	(12,863,860,072)	-
<b>XII Total income tax expense</b>		<b>(12,863,860,072)</b>	-
<b>XIII Profit after tax</b>		<b>36,896,328,785</b>	<b>32,612,782,422</b>
<b>XV Basic earnings per share (VND/share)</b>	32	<b>435</b>	<b>401</b>

30 March 2022

Prepared by:

  
 Lai Ngoc Linh  
 Accountant

Approved by:

  
 Tran Thi Van Anh  
 Chief Accountant

  
 Ho Minh Tam  
 Chief Executive Officer



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

	2021 VND	2020 VND (Reclassified)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
01	Interest and similar income received	1,526,726,350,913
02	Interest and similar expenses paid	975,640,664,603
03	Net fee and commission expenses paid	(306,511,370,794)
04	Net (payments)/receipts for foreign currencies and securities trading	(195,812,691,600)
05	Other expenses paid	(10,674,662,794)
06	Proceeds from loans previously written off	(25,046,247,521)
07	Payments for operating and salary expenses	(10,077,642,871)
08	Income tax paid during the period	(5,370,764,258)
	<b>Net cash flows from operating activities before changes in operating assets and liabilities</b>	<b>253,646,812</b>
	<b>Changes in operating assets</b>	<b>(14,139,311,614)</b>
09	Increase in securities held-for-trading	(10,674,662,794)
11	Increase in loans to customers	21,963,482,995
12	Utilisation of provision for impairment of assets	(497,429,472,610)
13	Increase in other assets	(15,213,102,012)
	<b>Changes in operating liabilities</b>	<b>688,444,213,919</b>
14	(Decrease)/increase in deposits and borrowings from other CIs	(2,072,549,132,617)
15	Increase in deposits from customers	(622,858,111,309)
16	Increase in valuable papers issued	(523,464,873,484)
17	Decrease in other borrowed and entrusted funds	(494,537,519,874)
18	Increase in other liabilities	(36,205,774,253)
19	Utilisations of reserves	(122,036,524,565)
<b>I</b>	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>1,806,203,074,471</b>
	<b>24,231,415,780</b>	<b>156,863,049,390</b>

	2021 VND	2020 VND
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
01 Payments for purchases of fixed assets	(14,492,193,801)	(11,356,885,843)
<b>II NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(14,492,193,801)</b>	<b>(11,356,885,843)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
04 Dividends paid	-	(14,700,000)
<b>III NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>(14,700,000)</b>
<b>IV NET CASH FLOWS DURING THE YEAR</b>	<b>9,739,221,979</b>	<b>145,491,463,547</b>
<b>V CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>341,398,699,948</b>	<b>195,907,236,401</b>
<b>VII CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Note 33)</b>	<b>351,137,921,927</b>	<b>341,398,699,948</b>

30 March 2022

Prepared by:

  
 Lai Ngoc Linh  
 Accountant

Approved by:

  
 Tran Thi Van Anh  
 Chief Accountant



  
 Hồ Minh Tam  
 Chief Executive Officer

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

## 1. Reporting entity

VietCredit Finance Joint Stock Company (“the Company”) the English transaction name of which is VietCredit Finance Company, is incorporated as a joint stock company in Vietnam.

### (a) Establishment and operation

The Company was established in the original name of Cement Finance Joint Stock Company under Finance company Establishment and Operation License No. 142/GP-NHNN dated 29 May 2008 issued by the Governor of the State Bank of Vietnam (“SBV”) (“License 142”) with the duration of 50 years from 29 May 2008. The Company officially commenced business operation on 5 September 2008.

The Company changed its name to VietCredit Finance Joint Stock Company under Finance Company Establishment and Operation License No. 59/GP-NHNN dated 18 June 2018 issued by the Governor of the State Bank of Vietnam (“License 59”). License 59 superseded License 142 and came into effect from 18 June 2018. The operation duration of VietCredit Finance Joint Stock Company is 50 years from 29 May 2008.

The principal activities of the Company are mobilising and receiving deposit funds with the term of more than one year from organisations; granting short-, medium- and long-term loans, consumption loans and finance leases to organizations and individuals based on the nature and capability of the Company’s sources of capital; conducting financial services, foreign currency trading, treasury services and other cash services as approved by the SBV.

### (b) Charter capital

As at 31 December 2021, the Company’s charter capital is VND687,872,140,000 (31/12/2020: VND687,872,140,000).

### (c) Address and operation network

The Company’s head office is located at Level 17, Mipec Tower, No. 229 Tay Son Street, Dong Da District, Hanoi. As at 31 December 2021 and 2020, the Company had one (1) Head Office in Hanoi and one (1) branch in Ho Chi Minh City.

### (d) Number of employees

As at 31 December 2021, the Company has 1,982 employees (31/12/2020: 1,833 employees).

## 2. Basis of preparation

### (a) Statement of compliance

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions issued 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 International Financial Reporting Standards and generally accepted accounting principles and standards of other countries. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations and cash flows of the Company in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than Vietnam. Furthermore, their utilisation is not designed for those who are not informed about Vietnam's 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 annual accounting period of the Company is from 1 January to 31 December.

### (d) Accounting currency

The accounting currency of the Company is Vietnam Dong ("VND"), which is also the currency used for financial statement presentation purpose.

## 3. Changes in accounting policies

On 30 July 2021, the State Bank of Vietnam issued Circular No. 11/2021/TT-NHNN regulating on classification of assets, level and method of allowance making, and use of allowance against credit risks in banking activities of credit institutions and foreign banks' branches ("Circular 11"). Circular 11 replaces Circular No. 02/2013/TT-NHNN dated 21 January 2013 of the SBV on classification of assets, level and method of allowance making, and use of allowance against credit risks in banking activities of credit institutions and foreign banks' branches ("Circular 02") and Circular No. 09/2014/TT-NHNN dated 18 March 2014 of the SBV on amending and supplementing a number of articles of Circular 02 ("Circular 09"). Circular 11 takes effect from 1 October 2021.

Since 1 October 2021, the Company has adopted regulations of Circular 11 prospectively. Significant changes in the Company's accounting policies and impacts on the financial statements, if any, are presented in Note 4(h).

#### 4. Summary of significant accounting policies

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

##### (a) Foreign currency transactions

All transactions are recorded at original currencies. Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the average of the buying and selling spot exchange rate according to the bank at the transaction dates, hereinafter referred to as "the spot exchange rate" of the Company at the end of the last working day of the accounting period if the difference between the spot exchange rate and the weighted average of buying and selling rates of the last working day of the accounting period is less than 1% (see details of exchange rates of major currencies applied at 31 December 2021 and 31 December 2020 in Note 42). If the difference between the spot exchange rate at the end of the last working day of the accounting period and the weighted average of buying and selling rates of the last working day of the accounting period is more than or equal to 1%, the Company shall use the weighted average of buying and selling rates of the last working day of the accounting period for translation. Non-monetary assets and liabilities denominated in currencies other than VND are translated into VND at exchange rates ruling at the transactions dates.

Income and expense in foreign currencies are translated into VND using the spot exchange rates effective at the dates of the transactions. Foreign exchange differences arising from the translation of monetary assets and liabilities denominated in currencies other than VND into VND at the month-end are included in "Foreign exchange differences" under equity and transferred to the statement of income at the end of the accounting period.

##### (b) Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash equivalents on hand, non-term deposits, deposits with original terms to maturity not exceeding three months, short-term investments with recovery or maturity not exceeding three months from the acquisition date, with high liquidity and that are readily convertible to cash, and are subject to an insignificant risk of changes in value.

##### (c) Deposits with and loans to other credit institutions

Deposits with other CIs, except for current deposits, are deposits at other CIs with original terms of not exceeding three months.

Loans to other CIs are loans with original terms to maturity of not more than twelve months.

Term deposits with and loans to other CIs are stated at the amount of the outstanding principal less allowance for credit loss. Current deposits are stated at the amount of the outstanding principal.

Credit risk classification of term deposits with and loans to other CIs and allowance thereof is made in accordance with Circular 11. Accordingly, the Company has made specific allowance for term deposits with and loans to other CIs in accordance with the policy as described in Note 4(h).

According to Circular 11, the Company is not required to make general allowance for deposits with and loans to other CIs.

(d) **Securities held-for-trading**

(i) *Classification and recognition*

Securities held-for-trading are debt securities which are acquired principally for the purpose of selling them in the near term or there is evidence of a recent pattern of short-term profit-taking. The Company recognises securities held-for-trading and investment securities on the date that the Company becomes a partner under purchase contracts for these securities (transaction-based accounting).

(ii) *Measurement*

For debt securities held-for-trading, the Company initially records at cost less allowance for diminution in the value of securities, including allowance for diminution in value of securities and allowance for credit losses of unlisted bonds (if any). Allowance for credit risks were made for debt held-for-trading securities being unlisted corporate bonds. Allowance for credit risks were made as stipulated in Circular 11 as described in Note 4(h).

Allowance for diminution in value of investment securities is determined based on actual market prices. For Government bonds and local government bonds, the actual bond price on the market is the latest trading price at the Stock Exchange within 10 days to the balance sheet date. If there is no transaction within 10 days to the balance sheet date, the Company will not make allowance for these investments.

For local government bonds and corporate bonds that are listed, registered for transactions, the actual bond price on the market is the latest trading price at the Stock Exchange within 10 days to the balance sheet date. If there is no transaction within 10 days to the balance sheet date, the Company will not make allowance for these investments.

The allowance for securities held for trading 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 needs to be made.

(iii) *De-recognition*

The Company derecognises securities held-for-trading when the contractual rights to the cash flows from these securities have been terminated or when the significant risks and rewards of ownership of these securities have been transferred.

(e) **Investment securities**

(i) *Classification*

Investment securities are classified into held-to-maturity investment securities and available-for-sale investment securities. The Company classifies investment securities at the acquisition date. In accordance with Official Letter No. 2601/NHNN-TCKT issued by the SBV on 14 April 2009, the Company is allowed to reclassify investment securities once after the acquisition date.

Available-for-sale investment securities

Available-for-sale investment securities include debt securities or equity securities, which are held 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 payments, where the Company has the positive intention and ability to hold until maturity.

(ii) **Recognition**

The Company recognises investment securities on the date that it becomes a party under contractual terms with respect to these securities (trade date accounting).

(iii) **Measurement**

**Equity securities**

Available-for-sale equity securities are initially recorded at cost, including purchase cost plus other directly attributable costs such as brokerage and transaction fees, information fees, and bank charges (if any). They are subsequently recognised at the lower of the cost and market value with the difference recognised in the statement of income.

For listed equity securities, the actual market price of securities is the closing bid price at the latest trading date prior to the end of the annual accounting period. If the listed securities are not traded in 30 days before making provisions or the listed securities are cancelled or suspended from trading on the date of making provisions, provisions for investments in equity securities are determined based on the accounting policies applicable to other investments as specified in Note 4(f).

For securities which have been registered for trading in the market of unlisted public companies and state-owned enterprises equitized through public offering ("UpCom"), the actual market price is the average price within the last 30 transaction days prior to the end of the annual accounting period announced by the Stock exchange. If the listed securities of a joint-stock company in the UpCom are not traded in 30 days prior to the end of the annual accounting period, provisions for investments in equity securities are determined based on the accounting policies applicable to other investments as specified in Note 4(f).

As for unlisted, unregistered equity securities, provisions for investments in equity securities held for trading are determined based on the accounting policies applicable to other investments as specified in Note 4(f).

If there is no information that is reliably determined to make provisions for investments in accordance with Note 4(f), the Company shall not make provisions for such investments.

**Debt securities**

Debt securities are initially stated at cost including transaction costs and other directly attributable costs. They are subsequently recognised at amortised cost (affected by premium/discount amortisation) less allowance for risks. 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.

Listed available-for-sale debt securities are measured at cost less allowance for diminution in value which is determined by reference to the closing bid price at the latest trading date to the end of the annual accounting period.

Held-to-maturity debt securities and available-for-sale investment securities of unlisted enterprises are stated at cost less allowance for credit risk of securities. Debt classification and allowance for these bonds are made in accordance with the policies applicable to loans and advances to customers as described in Note 4(h).



Other unlisted debt securities (excluding unlisted held-to-maturity debt securities and available-for-sale investment securities of unlisted enterprises) are stated at cost less allowance for diminution in value of securities which is determined by referencing to the market value. In cases where market value of securities is not available or cannot be determined reliably, such securities are stated at cost.

Post-acquisition interest income of available-for-sale debt securities and held-to maturity debt 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 received.

The allowance for diminution in the 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 Company derecognises 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.

(v) **Special bonds issued by Vietnam Asset Management Company ("VAMC")**

The Company sells loans to VAMC in accordance with Decree No. 53/2013/ND-CP on "Establishment, organization and operation of Vietnam Asset Management Company" and the relevant statutory requirements. Accordingly, the selling price is determined as balance of a bad debt minus its outstanding specific allowance.

Loans sold to VAMC are derecognised from the balance sheet and recognised as special bond issued by VAMC for management of these loans in accordance with Official Letter No. 8499/NHNN-TCKT dated 14 November 2013 ("Official Letter 8499") and Official Letter No. 925/NHNN-TCKT dated 19 February 2014 ("Official Letter 925") of the State Bank of Vietnam.

Special bonds issued by VAMC are term valuable papers issued by VAMC for purchasing bad debts of the Company. The special bonds are classified into held-to-maturity investment securities, are recorded at par value at transaction date and subsequently stated at par value during the maturity less allowance. Par value of special bonds equals to the outstanding balance of the debts sold less specific allowance made but not yet utilized for such bad debt.

For special bonds issued by VAMC, specific allowance is calculated and provided in accordance with Circular No. 19/2013/TT-NHNN dated 6 September 2013 ("Circular 19") of the SBV on the purchase, sale and settlement of bad debts of VAMC and Circular No. 14/2015/TT-NHNN dated 28 August 2015 ("Circular 14") and Circular No. 08/2016/TT-NHNN dated 16 June 2016 ("Circular 08") of the SBV on the amendments of and supplements to a number of articles of Circular 19. Accordingly, the minimum specific allowance required to be provided each year during the term of special bonds is the positive difference between the 20% of par value of the special bonds for those bonds with term of 5 years less the debt collecting amount of the relevant bad debts. For special bonds with the term extended from 5 years to 10 years in accordance with other relevant official documents of competent state authorities, the Company makes allowance for the positive difference between the 10% of par value of the special bonds less the debt collected amount of the relevant bad debts. On an annual basis within 5 working days prior to the maturity date of special bonds, the Company shall make specific allowance. Allowance for special bonds is recorded in the statement of income.

The Company are not required to make general allowance for the special bonds.

**(f) Other long-term investments**

Other long-term investments include investments in the equity of other entities in which the Company holds 11% of voting rights or less and the Company is either founding shareholder/strategic partner or capable of controlling, to some extent, the process of initiating and approving financial and operational policies of the investee by a written agreement on delegating personnel to take part in the Board of Directors/Board of Management but the Company has no control or significant influence over the investee.

Other long-term investments include equity securities and other long-term capital contributions which are intended to hold for more than one year (except for capital contributions and investments into subsidiaries).

Other long-term investments are stated at cost less allowance for diminution in the value of investments.

Allowance for diminution in value of long-term investments is made when local economic entities in which the Company has ownership have a basis to indicate impairment of the Company's investments. The allowance amount for the investment is the difference between the parties' actual capital contributions to the investee economic entity and the actual owners' equity of the investee economic entity at the time of making provisions multiplied (x) by the actual rate of charter capital (%) invested by the Company. For an investment in listed securities or securities whose market price can be determined reliably, allowance is made based on the market price of the securities.

The allowance is reversed if the recoverable amounts are subsequently increased after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

**(g) Loans and advances 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 maturity term up to one year from the loan disbursement date; medium-term loans are those with maturity term over one year to five years from the loan disbursement date and long-term loans are those with maturity term of more than five years from the loan disbursement date.

The Company derecognises loans to customers when the contractual rights to the cash flows from the loans expire, or it transfers the loans in a transaction in which substantially all of the risks and rewards of ownership of the loans are transferred to other parties.

Debt classification and allowance for loans to customers are made in accordance with Circular 11 as described in Note 4(h).

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

**(i) Debt classification**

*Before 1 October 2021*

Classification of term deposits with and loans to other credit institutions, unlisted corporate bonds, loans and advances to customers, and entrusted extension of credit (collectively referred to as “loans”), is implemented on a quarterly basis using the method based on the quantitative elements as stipulated in Article 10 of Circular 02. The Company conducts quarterly debt classification based on the outstanding principals of debts at the last working day of each quarter. For the fourth quarter, debt classification is based on the outstanding principals of debts at the last working day of November.

The Company implements debt classification using the quantitative method as follows:

<i>Loan group</i>		<i>Overdue status</i>
1	Current	(a) Current debts being assessed as fully and timely recoverable, both principal and interest; or (b) Debts being overdue of less than 10 days and being assessed as fully recoverable, both overdue principal and interest, and fully and timely recoverable, both remaining principal and interest.
2	Special mentioned	(a) Debts being overdue between 10 days and 90 days; or (b) Debts having rescheduled terms of repayment for the first time.
3	Sub-standard	(a) Debts being overdue between 91 days and 180 days; or (b) Debts having extended terms of repayment for the first time; or (c) Debts having exempt or reduced interest because customers are not able to pay the interest according to credit contract; or (d) Debts falling in one of the following cases not yet collected less than 30 days after the issuance date of recovery decision: <ul style="list-style-type: none"> <li>• Debts having violated regulations specified in Points 1, 3, 4, 5, 6 of Article 126 of Law on Credit Institutions; or</li> <li>• Debts having violated regulations specified in Points 1, 2, 3, 4 of Article 127 of Law on Credit Institutions; or</li> <li>• Debts having violated regulations specified in Points 1, 2, 5 of Article 128 of Law on Credit Institutions.</li> </ul> (e) Debts in the collection process under inspection conclusions.

4	Doubtful	(a) Debts being overdue between 181 days and 360 days; or (b) Debts having rescheduled terms of repayment for the first time and being overdue less than 90 days according to the first rescheduled terms of repayment; or (c) Debts having rescheduled terms of repayment for the second time; or (d) Debts specified in point (d) of Sub-standard debts not yet collected between 30 days and 60 days after the issuance date of recovery decision; or (e) Debts in the collection process under inspection conclusions but being overdue up to 60 days according to recovery term.
5	Loss	(a) Debts being overdue more than 360 days; or (b) Debts having rescheduled terms of repayment for the first time and being overdue more than 90 days according to the first rescheduled terms of repayment; or (c) Debts having rescheduled terms of repayment for the second time and being overdue according to the second reschedule terms of repayment; or (d) Debts having rescheduled terms of repayment for the third time or more, regardless whether the debts are overdue or not; or (e) Debts specified in point (d) of Sub-standard debts not yet collected over 60 days after the issuance date of recovery decision; or (f) Debts in the collection process under inspection conclusions but being overdue for more than 60 days according to recovery term; or (g) Debts to credit institutions being announced under special control status by the SBV, or to foreign bank branches of which capital and assets are blockaded.

From 1 October 2021

Classification of term deposits with and loans to other credit institutions, unlisted corporate bonds, loans and advances to customers, and entrusted extension of credit (collectively referred to as "loans"), is implemented on a monthly basis using the method based on the quantitative elements as stipulated in Article 10 of Circular 11. The Bank conducts monthly debt classification based on the outstanding principals of debts at the last working day of each month. For December, debt classification is based on the outstanding principals of debts at the last working day of December.

The Company implements debt classification using the quantitative method as follows:

<i>Loan group</i>		<i>Overdue status</i>
1	Current	(a) Current loans that being assessed as fully and timely recoverable, both principals and interests; or (b) Loans 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 mentioned	(a) Loans which are overdue for a period of between 10 days and 90 days; or (b) Loans repayment terms of which are restructured for the first time and are undue.
3	Sub - standard	(a) Loans which are overdue for a period of between 91 days and 180 days; or (b) Loans repayment terms of which are extended for the first time and are undue; or (c) Loans which are exempted or reduced interests because customers are not sufficiently capable of paying all interests under credit contracts; or (d) Loans in one of the following circumstances which remain unrecovered during a period of less than 30 days after the date of the recovery decision: <ul style="list-style-type: none"> <li>• Loans in breach of clauses 1, 3, 4, 5, 6 of Article 126 of the Law on Credit Institutions; or</li> <li>• Loans in breach of clauses 1, 2, 3, 4 of Article 127 of the Law on Credit Institutions; or</li> <li>• Loans in breach of clauses 1, 2, 5 of Article 128 of the Law on Credit Institutions.</li> </ul>

<i>Loan group</i>		<i>Overdue status</i>
		(e) Loans which are recovered under inspection conclusions; or (f) Debts that need to be recovered under premature debt recovery decisions of credit institutions 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) Loans which are overdue for a period of between 181 days and 360 days; or (b) Loans repayment terms of which are restructured for the first time but still overdue for a period of up to 90 days under that restructured repayment term; or (c) Loans repayment terms of which are restructured for the second time and are undue; or (d) Loans which are specified in point (d) of Sub - standard loan have not been recoverable for a period of between 30 days and 60 days after decisions on recovery have been issued; or (e) Loans which must be recovered under inspection conclusions but fail to be repaid although recovery term was overdue up to 60 days; 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 30 to 60 days from the effective dates of recovery decisions.
5	Loss	(a) Loans which are overdue for a period of more than 360 days; or (b) Loans repayment terms of which are restructured for the first time but still overdue for a period of 91 days or more under that first restructured repayment term; or (c) Loans repayment terms of which are restructured for the second time but still overdue under that second restructured repayment term; or (d) Loans repayment terms of which are restructured for the third time or later, whether loans are overdue or not; or (e) Loans which are specified in point (d) of Sub-standard loan have not been recoverable for a period of more than 60 days after decisions on recovery have been issued; or (f) Loans which must be recovered under inspection conclusions but fail to be repaid although recovery term was overdue for more than 60 days; or (g) 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 more than 60 days from the effective dates of recovery decisions; or (h) Loans of customers being credit institutions which are announced by the SBV to place in special control status, or foreign banks' branches of which capital and assets are blockaded.

Payments on behalf arising from off-balance sheet commitments are classified based on the number of overdue days, starting from the date when the Company 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.

Bad debts are those under Groups 3, 4 and 5.

Where a customer has more than one debt at the Company, and if any of them is classified into the group with higher risk, the Company is obliged to classify the remaining debts of such customer into the highest debt group.

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

***Debt classification for the debts with restructured debt repayment periods, exemption/reduction of interest/fees to support customers affected by the Covid-19 pandemic***

*Before 17 May 2021*

From 13 March 2020 to prior to 17 May 2021, the Company applied Circular No. 01/2020/TT-NHNN ("Circular 01") issued by the SBV on rescheduling of the debt repayment term, exempting, reducing interests and fees, retention of debt group in order to support customers affected by Covid-19 pandemic. Accordingly, for customers with debts arising the principal and/or interest repayment obligation during the period from 23 January 2020 to the day after 3 months from the day the Prime Minister declares the end of the Covid-19 pandemic and the borrowers are not able to repay the principal and/or interest on schedule specified in the contract, original signed agreement due to decrease in revenue, profit caused by the effect of Covid-19 pandemic, the Company is allowed to reschedule the repayment period, for these debts while maintaining the same debt group as classified at the nearest time before 23 January 2020.

*From 17 May 2021 to before 7 September 2021*

The Company applied Circular No. 03/2021/TT-NHNN dated 2 April 2021 ("Circular 03") issued by the SBV amending and supplementing a number of articles of Circular 01. Accordingly, for customers whose debts are incurred before 10 June 2020 and incurred obligations of debt principal repayments and/or interest payments during the period from 23 January 2020 to 31 December 2021, and these customers are unable to repay the principal and/or interest on schedule under the agreement due to decrease in revenue or income caused by Covid-19 pandemic, the Company is allowed to reschedule the repayment period, and exempt and reduce interests and fees for these debts and keep loan groups unchanged from those classified in accordance with Circular 02 follows:

Time of loan incurrence	Period of debt obligation incurrence	Overdue status	Period of overdue	Principles in keeping loan groups unchanged
Before 23/1/2020	From 23/1/2020 to 31/12/2021	Not past due or overdue for up to 10 days	From 30/3/2020 to prior to before 31/12/2021	Keeping the loan group unchanged as classified at the most recent date <b>before 23/1/2020.</b>
		Overdue	From 23/1/2020 to 29/3/2020	
Not past due or overdue for up to 10 days		From 17/5/2021 to before 31/12/2021	Keeping the loan group unchanged as classified at the most recent date <b>before the first rescheduling of loan repayment period.</b>	
Overdue		From 23/1/2020 to before 17/5/2021	Keeping the loan group unchanged as classified at the most recent date <b>before the loan becomes overdue.</b>	
From 23/1/2020 to before 10/6/2020				

From 7 September 2021

The Company adopted Circular No. 14/2021/TT-NHNN dated 7 September 2021 (“Circular 14”) issued by the SBV amending and supplementing to some articles of Circular 01. Accordingly, for customers whose debts are incurred before 1 August 2021 and incurred obligations of debt principal repayments and/or interest payments during the period from 23 January 2020 to 30 June 2022, and these customers are unable to repay the principal and/or interest on schedule under the agreement due to decrease in revenue or income caused by Covid-19 pandemic, the Company is allowed to reschedule the repayment period, and exempt and reduce interests and fees for these debts and keep loan groups unchanged follows:

Time of loan incurrence	Period of debt obligation incurrence	Overdue status	Period of overdue	Principles in keeping loan groups unchanged
Before 23/1/2020	From 23/1/2020 to 30/6/2022	Not past due or overdue for up to 10 days	From 30/3/2020 to 30/6/2022	Keeping the loan group unchanged as classified at the most recent date <b>before 23/1/2020.</b>
From 23/1/2020 to before 1/8/2021		Not past due or overdue for up to 10 days	From 17/05/2021 to before 17/7/2021 or from 7/9/2021 to 30/6/2022	Keeping the loan group unchanged as classified at the most recent date <b>before the first rescheduling of loan repayment period.</b>
Before 23/1/2020		Overdue	From 23/1/2020 to 29/3/2020	Keeping the loan group unchanged as classified at the most recent date <b>before 23/1/2020.</b>
From 23/1/2020 to before 10/6/2020		Overdue	From 23/1/2020 to before 17/5/2021	Keeping the loan group unchanged as classified <b>at the most recent date before the loan becomes overdue.</b>
From 10/6/2020 to before 1/8/2021		Overdue	From 17/7/2021 to before 7/9/2021	

For the outstanding loan balances with repayment period rescheduled, interest exempted or reduced, overdue loan group kept unchanged according to the restructured term and the repayment period is no longer rescheduled by the Company in accordance with current regulations: The Company will classify the loans in accordance with Circular 11, taking into account the number of times of rescheduling repayment periods and keeping loan groups unchanged.

(ii) *Specific allowance for credit risks*

*Before 1 October 2021*

According to Circular 02, specific allowance for credit risks for debts at 31 December is determined based on the debt principals balance less discounted collateral value multiplied with the specific allowance rates corresponding to each debt group at the end of the last working day of November.

*From 1 October 2021*

Specific allowance for credit risks at 31 December in accordance with Circular 11 is determined based on the allowance rates corresponding to debt principals balance at the end of the last working day of December less discounted value of collateral assets.

The rates of specific allowance for specific debt groups are as follows:

Group	Type of debt	Specific allowance rate
1	Current debt	0%
2	Special mentioned debt	5%
3	Sub-standard debt	20%
4	Doubtful debt	50%
5	Loss debt	100%

The discounted value of collateral assets are determined in accordance with Circular 11, specifically as follows:

- Those collaterals valued at VND50 billion or more in respect of the loans of customers that are related persons of the Company and other persons under Article 127 of the Law on Credit Institutions; and those collaterals that are valued at VND200 billion or more, shall be evaluated by professional valuers.
- Other than the above, collaterals are valued in accordance with the Company's internal regulations and procedures.

The maximum discount rates for collateral assets are determined as follows:

Types of collateral assets	Discount rates
(a) Deposits from customers in VND	100%
(b) Gold bars, except for gold bars as described in item (j); deposits from customers in foreign currencies	95%
(c) Government bonds, negotiable instruments, valuable papers issued by the Bank; saving cards, deposit certificates, treasury notes, treasury bills issued by other credit institutions, foreign banks' branches: <ul style="list-style-type: none"> <li>▪ With the remaining term of less than 1 year</li> <li>▪ With the remaining term of between 1 year and 5 years</li> <li>▪ With the remaining term of more than 5 years</li> </ul>	95% 85% 80%
(d) Securities issued by other credit institutions and listed on the Stock Exchange	70%
(e) Securities issued by other enterprises and listed on the Stock Exchange	65%



Types of collateral assets	<u>Discount rates</u>
(f) Securities unlisted on the Stock Exchange, valuable papers (except securities and valuable papers specified in Point c of this clause, and issued by credit institutions which have registered securities listing on the Stock Exchange)	50%
Securities unlisted on the Stock Exchange, valuable papers (except securities and valuable papers specified in Point c of this clause, and issued by credit institutions which have not registered securities listing on the Stock Exchange)	30%
(g) Securities unlisted on the Stock Exchange, valuable papers issued by enterprises which have registered securities listing on the Stock Exchange	30%
(h) Securities unlisted on the Stock Exchange, valuable papers issued by enterprises which have not registered securities listing on the Stock Exchange	10%
(i) Real estate	50%
(j) Gold bars without listed prices and other gold and other collateral assets	30%

Collateral assets that fail to fully meet conditions specified in Article 12, Clause 3 of Circular 11 are deemed to have zero allowed value.

Moreover, the Company should determine and record the specific allowance amount required to be added for customers who have loan balances with repayment period rescheduled, interest exempted or reduced if the regulations on keeping loan groups unchanged under the provisions of Circular 03 are not applied as follows:

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

Effects of the adoption of Circular 11, Circular 01, Circular 03 and Circular 14 are described in Note 9.

(iii) **General allowance for credit risks**

*Prior to 1 October 2021*

According to Circular 02, general allowance is also required at the rate of 0.75% of total balance of debts, except for the deposits with and loans to other credit institutions and the debts classified into the loss group. General allowance as at 31 December is determined based on debt classification results and the outstanding principal balance and at the last working day of November.

*From 1 October 2021*

According to Circular 11, general allowance is also required at the rate of 0.75% of total balance of loans, except for the balances with and loans to other credit institutions or foreign banks' branches in accordance with the law; deposits at credit institutions in foreign countries; loans granted, forward purchase of valuable papers between credit institutions or foreign banks' branches in Vietnam; purchase of treasury notes, treasury bills, certificates of deposit domestically issued by other credit institutions or foreign banks' branches; repurchase of Government bonds and the loans classified into the loss group. General allowance is calculated based on loan classification at 31 December and loan principal outstanding balance at the end of the last working day of December.

**(iv) Treatment of bad debts**

Allowance is recognised as an expense in the statement of income and used to write off non-performing debts. In accordance with Circular 11, the Company established the Risk Handling Council to write off non-performing debts when they have been classified to Group 5 or when borrowers being enterprises have been declared bankrupt or dissolved under the Law or borrowers being individuals are deceased or missing.

**(v) Classification and provision for off-balance sheet commitments**

In accordance with Circular 11, the classification of off-balance sheet commitments is conducted solely for risk management, credit quality supervision of credit granting activities. The Company is not required to make provision for off-balance sheet commitments, except where the Company 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 the policy described in this Note 4(h)(i) and Note 4(h)(ii).

**(i) 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 in the year 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.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the statement of income.



(ii) **Depreciation**

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

▪ buildings and structures	5 years
▪ means of transportation	8 years
▪ office equipment and furniture	<u>3 - 7 years</u>

(j) **Intangible fixed assets**

(i) **Software**

The cost of acquiring a 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 over a period ranging from 3 to 7 years.

(ii) **Other intangible fixed assets**

Other intangible fixed assets are stated at cost less accumulated amortisation. Amortisation is computed on a straight-line basis over 7 years.

(k) **Leased assets**

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

*Where the Company is the lessee*

Rentals under operating leases are charged to the statement of income on a straight-line basis over the lease term.

(l) **Other assets**

Other assets, except for accounts receivable with credit risks, are initially recognised at cost less allowance for on-balance sheet assets.

Other assets are subject to review for impairment based on overdue periods of receivables 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. Allowances are recorded in operating expense during the year.

Provision for losses on other assets which are not classified as the ones with credit risks and are overdue is made based on the overdue status of debts or expected losses which may occur in the cases of overdue debts and undue receivables which are likely to become overdue. Provision expense is recorded in operating expense during the year.

Allowance rates by overdue period are as follows:

Overdue period	Allowance rate
▪ From more than six (06) months up to less than one (01) year	30%
▪ From one (01) year up to less than two (02) years	50%
▪ From two (02) years up to less than three (03) years	70%
▪ Over three (03) years	100%

***Foreclosed assets transferred to the CIs awaiting resolution***

Foreclosed assets transferred to the CIs awaiting resolution represent the foreclosed value of collaterals plus attributable costs of bringing the asset to its working condition and location for its intended use less accumulated depreciation. Depreciation is computed on a straight-line basis over periods ranging from 11 to 15 years.

***Costs awaiting for amortization***

Costs awaiting for amortization related to consumer lending are direct expenses attributable to lending activities and are recognized and amortized on a straight-line basis over 3 years in accordance with the valid term of the card loans.

Other costs awaiting for amortization include tools and instruments awaiting for amortization. Tools and instruments include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulation. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 1 to 3 years.

**(m) Other provisions**

A provision, except for the allowances described in Notes 4(c), 4(d), 4(e), 4(f), 4(h) and 4(l) is recognised if, as a result of a past event, the Company 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. Provisions are 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 liabilities.

**(n) Deposits and borrowings from other CIs**

Deposits and borrowings from other CIs are stated at cost.

**(o) Deposits from customers**

Deposits from customers are stated at cost.

**(p) Other borrowed and entrusted funds**

Other borrowed and entrusted funds are stated at cost.

**(q) Valuable papers issued**

Valuable papers issued are recorded at cost. Costs of valuable papers issued include amounts received from issuance minus direct expenses of issuance.

(r) **Other payables**

Other payables are stated at cost.

(s) **Share capital**

(i) **Ordinary shares**

Ordinary shares are recognized at issuance price less incremental costs directly attributable to the issue of shares, net of tax effects. Such costs are recognized as a deduction from share premium.

(ii) **Share premium**

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

(t) **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 Company 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% charter capital
Financial reserve	10% of profit after tax	Not regulated

The financial reserve is used to cover losses incurred during the normal course of business. The financial reserve and the reserve to supplement charter capital are not used to pay dividends to shareholders or distribute profit to owners or capital contributors and classified as equity.

Other equity funds are allocated from profit after tax. The allocation from profit after tax and the utilisation of other equity funds are approved in the General Meeting of Shareholders. These funds are not required by law and are fully distributable.

(u) **Bonus and welfare fund**

Bonus and welfare fund is allocated from profit after tax in accordance with the resolution of the annual General Meeting of Shareholders and are used primarily to make payments to the Company's employees.

(v) **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 as described in Note 4(h) and restructured debts kept unchanged in Group 1 as a result of adoption of Circular 01, Circular 03 and Circular 14. For the loans classified in Group 2 to Group 5 as described in Note 4(h), interest receivable on these loans will be derecognised and recorded as off-balance sheet items. For the loans that are restructured and retained in Group 1 due to the application of Circular 01, Circular 03 and Circular 14, the Company will stop accruing interest from the date of starting the restructuring. Interests on these debts are recognised in the statement of income upon receipt.

(ii) ***Fee and commission income***

Fee and commission income is recognised in the statement of income when services are 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.

Dividend income in cash and profit received from investment activities and capital contribution are recorded into the statement of income when the Company's right to receive dividends and profit has been established.

Dividends received in the form of shares of joint stock companies are not recognised as an increase in investment and such dividend income is not recognised in the statement of income. When share dividends are received, the Company only recognises an increase in the number of shares.

(w) **Interest expenses**

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

(x) **Fee and commission expenses**

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

(y) **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 reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet 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 reporting date.

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.

**(z) Offsetting**

Financial assets and financial liabilities are offset and presented as net amounts reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**(aa) Basic earnings per share**

The Company presents basic earnings per share (EPS) for its ordinary shares. Basic earnings per share is determined by dividing the profit or loss attributable to the ordinary shareholders of the Company (after deducting any amounts appropriated to bonus and welfare fund for the annual accounting period by the weighted average number of ordinary shares outstanding during the year.

**(bb) Related parties**

Parties are considered to be related to Company 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 Company 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.

**(cc) Commitments and contingent liabilities**

At any point of time, the Company has outstanding credit commitments. These commitments are approved and unutilised loans and overdraft facilities. The Company also provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These transactions are recorded in the financial statements when performed or when related expenses are incurred or received.

**(dd) Nil balances**

Items that are not shown in these financial statements in accordance to Decision No. 16/2007/QD-NHNN dated 18 April 2007 and Circular No. 49/2014/TT-NHNN dated 31 December 2014 on the regulation on financial reporting regime applicable to credit institutions issued by the SBV on 31 December 2014 are nil balances.

**(ee) Financial instruments**

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

(i) *Financial assets*

(i) *Financial assets*

*Financial assets recognised 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 Company as financial assets 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 Company has the positive intention and ability to hold to maturity, other than:

- Financial assets that, upon initial recognition, were categorised as financial assets such recognised at fair value through profit or loss;
- Financial assets already categorised as assets that available for sale; or
- Financial assets that meet the definitions 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 Company intends to sell immediately or in the near term, which are classified as held for trading, and those that the entity on initial recognition designates as financial assets at fair value through profit or loss;
- that Company, upon initial recognition, designates as available-for-sale; or
- for which Company may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as assets available-for-sale.

*Available-for-sale financial assets*

Available-for-sale assets are non-derivative financial assets that are designated as available for sale or 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. 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 Company as financial liabilities 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.

(ff) **Comparative information**

Comparative information in these financial statements is presented as corresponding figures. Under this method, comparative information for the prior year are included as an integral part of the current year financial statements and are intended to be read only in relation to the amounts and other disclosures relating to the current year. Accordingly, the comparative information included in these financial statements is not intended to present the Company's financial position, results of operation or cash flows for the prior year.

## 5. Balances with the State Bank of Vietnam

	31/12/2021 VND	31/12/2020 VND
Balance of current account at the SBV in VND	252,417,115	97,617,895

These consist of a compulsory reserve for liquidity and current accounts.

Under the State Bank of Vietnam's regulations relating to the compulsory reserve, the Company is permitted to maintain a floating balance for the compulsory reserve requirement ("CRR"). The monthly average balance of the reserve must not be less than CRR rates multiply with preceding month's average balances of deposits in scope.

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

Currency	CRR rate	
	31/12/2021	31/12/2020
Preceding month's average balances of:		
▪ Deposits in VND with term of less than 12 months	3%	3%
▪ Deposits in VND with term of and more than 12 months	1%	1%
▪ Deposits in foreign currencies with term of less than 12 months	8%	8%
▪ Deposits in foreign currencies with term of and more than 12 months	6%	6%
▪ Deposits from overseas credit institutions in foreign currencies	1%	1%

Annual interest rates of current accounts and compulsory reserve at the year-end were as follows:

	31/12/2021	31/12/2020
Deposits in VND within the CRR	0.5%	1.0%
Deposits in VND beyond the CRR	0%	0%

## 6. Deposits with and loans to other credit institutions

	31/12/2021 VND	31/12/2020 VND
<b>Current accounts</b>		
Current accounts in VND	146,961,618,811	87,027,320,986
Current accounts in foreign currencies	3,923,886,001	4,273,761,067
<b>Term deposits</b>		
Term deposits in VND	200,000,000,000	250,000,000,000
	<u>350,885,504,812</u>	<u>341,301,082,053</u>

Balances with and loans to other CIs by groups at year-end were as follows:

	31/12/2021 VND	31/12/2020 VND
Group 1 - Current debt	200,000,000,000	250,000,000,000

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

	31/12/2021	31/12/2020
Term deposits in VND	2.00% - 2.90%	0.20% - 3.50%
Term deposits in foreign currencies	0.00%	0.00%

## 7. Securities held-for-trading

	31/12/2021 VND	31/12/2020 VND
Debt securities issued by local economic entities	539,088,744,600	-
General allowance for unlisted securities held-for-trading	(3,422,544,050)	-
	535,666,200,550	-

Movements in general allowance for securities held-for-trading:

	2021 VND	2020 VND
Opening balance	-	-
Allowance made during the year (Note 26)	3,422,544,050	-
Closing balance	3,422,544,050	-

## 8. Loans to customers

	31/12/2021 VND	31/12/2020 VND
Loans to local economic entities and individuals	3,548,202,405,999	3,024,737,532,515

Loan portfolio by debt group was as follows:

	31/12/2021 VND	31/12/2020 VND
Group 1 - Current debts	2,689,082,410,146	2,557,654,863,113
Group 2 - Special mentioned debts	386,885,570,102	226,351,533,499
Group 3 - Substandard debts	268,930,789,058	150,477,759,622
Group 4 - Doubtful debts	197,225,341,657	83,844,096,303
Group 5 - Loss debts	6,078,295,036	6,409,279,978
	3,548,202,405,999	3,024,737,532,515

Loan portfolio by term was as follows:

	31/12/2021 VND	31/12/2020 VND
Short term loans	11,955,497,278	38,725,000,945
Medium term loans	3,522,605,986,693	2,973,429,903,658
Long term loans	13,640,922,028	12,582,627,912
	3,548,202,405,999	3,024,737,532,515



Loan portfolio by type of borrowers was as follows:

	31/12/2021		31/12/2020	
	VND	%	VND	%
Loans to economic entities	4,696,560,000	0.13%	15,665,929,605	0.52%
<i>Other joint stock companies</i>	3,500,000,000	0.10%	14,390,369,605	0.48%
<i>Private limited companies</i>	1,196,560,000	0.03%	1,275,560,000	0.04%
Loans to individuals and unions	3,543,505,845,999	99.87%	3,009,071,602,910	99.48%
	3,548,202,405,999	100.00%	3,024,737,532,515	100.00%

Loan portfolio by industry sectors was as follows:

	31/12/2021		31/12/2020	
	VND	%	VND	%
Manufacturing and production of construction materials	-	0.00%	9,890,369,605	0.33%
Mining	3,500,000,000	0.10%	4,500,000,000	0.15%
Commerce, repair of motor vehicles, motor cycles, individual and household appliances	1,196,560,000	0.03%	1,275,560,000	0.04%
Individual and public services	3,543,505,845,999	99.87%	3,009,071,602,910	99.48%
	3,548,202,405,999	100%	3,024,737,532,515	100.00%

Interest rates of loans to customers at the year-end were as follows:

	31/12/2021	31/12/2020
Loans in VND	8.00% - 55.00%	8.00% - 55.00%

## 9. Allowance for loans to customers

Allowance for loans to customers consists of:

	31/12/2021 VND	31/12/2020 VND
General allowance	26,565,933,616	21,124,586,800
Specific allowance	205,688,907,112	82,831,783,363
	232,254,840,728	103,956,370,163

Movements in allowance for loans to customers for the year ended 31 December 2021 were as follows:

	Specific allowance VND	General allowance VND	Total VND
Opening balance	82,831,783,363	21,124,586,800	103,956,370,163
Allowance made during the year (Note 30)	617,394,643,623	5,441,346,816	622,835,990,439
Allowance utilised during the year	(494,537,519,874)	-	(494,537,519,874)
Closing balance	205,688,907,112	26,565,933,616	232,254,840,728

Movements in allowance for loans to customers for the year ended 31 December 2020 were as follows:

	Specific allowance VND	General allowance VND	Total VND
Opening balance	34,702,639,124	13,420,485,478	48,123,124,602
Allowance made during the year (Note 30)	358,555,263,699	7,704,101,322	366,259,365,021
Allowance utilised during the year	(310,426,119,460)	-	(310,426,119,460)
Closing balance	82,831,783,363	21,124,586,800	103,956,370,163

## 10. Investment securities

	31/12/2021 VND	31/12/2020 VND
<b>Available-for-sale securities</b>		
<i>Debt securities</i>		
Securities issued by other local credit institutions	535,000,000,000	425,246,066,359
Securities issued by local economic entities	474,000,000,000	499,984,566,932
General allowance for available-for-sale securities (i)	(3,555,000,000)	(1,500,000,000)
	<u>1,005,445,000,000</u>	<u>923,730,633,291</u>
<b>Held-to-maturity investment securities</b>		
<i>Debt securities (excluding special bonds issued by VAMC)</i>		
Bonds issued by local economic entities	40,200,000,000	40,200,000,000
<i>Vietnam Debt and Asset Trading Corporation</i>		
<i>("DATC")</i>	<u>40,200,000,000</u>	<u>40,200,000,000</u>
General allowance for held-to-maturity investment securities (excluding special bonds issued by VAMC) (i)	(301,500,000)	(301,500,000)
	<u>39,898,500,000</u>	<u>39,898,500,000</u>
<i>Special bonds issued by VAMC</i>		
Special bonds cost	241,001,720,930	241,001,720,930
Allowance for special bonds (ii)	(38,000,991,872)	(27,500,991,872)
	<u>203,000,729,058</u>	<u>213,500,729,058</u>
	<u>1,248,344,229,058</u>	<u>1,177,129,862,349</u>

Portfolio of debt securities classified as assets exposed to credit risk by loan group was as follows:

	31/12/2021 VND	31/12/2020 VND
Current debt	<u>40,200,000,000</u>	<u>40,200,000,000</u>

- (i) Movements in general allowance for unlisted corporate bonds during the year were as follows:

	2021 VND	2020 VND
Opening balance	1,801,500,000	331,500,000
Allowance made during the year (Note 27)	2,055,000,000	1,470,000,000
Closing balance	<u>3,856,500,000</u>	<u>1,801,500,000</u>

- (ii) Movements in allowance for special bonds issued by VAMC during the year were as follows:

	2021 VND	2020 VND
Opening balance	27,500,991,872	19,956,991,872
Allowance made during the year (Note 30)	10,500,000,000	7,544,000,000
Closing balance	<u>38,000,991,872</u>	<u>27,500,991,872</u>



Notes to the financial statements for the year ended 31 December 2021 (continued)

## 11. Long-term investments

	31/12/2021			31/12/2020		
	% of ownership	% of voting rights	Cost VND	% of ownership	% of voting rights	Cost VND
Med-Aid Cong Minh Joint Stock Company	8.64%	8.64%	2,150,000,000	8.64%	8.64%	2,150,000,000
Thong Nhat Flat Steel Joint Stock Company	6.00%	6.00%	12,359,062,700	6.00%	6.00%	12,359,062,700
			14,509,062,700			14,509,062,700
			(2,150,000,000)			(2,150,000,000)
			-			(9,599,272,000)
						(11,749,272,000)

Movements in allowance for diminution in the value of long-term investments in the year were as follows:

	2021 VND	2020 VND
Opening balance	11,749,272,000	10,309,381,200
Allowance (reversed)/made during the year (Note 29(i))	(9,599,272,000)	1,439,890,800
Closing balance	2,150,000,000	11,749,272,000

## 12. Tangible fixed assets

### Year ended 31 December 2021

	Buildings and structures VND	Means of transportation VND	Office equipment and furniture VND	Total VND
<b>Cost</b>				
Opening balance	1,318,354,477	8,955,371,090	12,534,122,180	22,807,847,747
Additions	-	3,335,800,000	6,744,913,801	10,080,713,801
Closing balance	1,318,354,477	12,291,171,090	19,279,035,981	32,888,561,548
<b>Accumulated depreciation</b>				
Opening balance	1,318,354,477	4,042,258,817	7,766,191,937	13,126,805,231
Charge for the year	-	1,198,319,235	3,438,374,990	4,636,694,225
Closing balance	1,318,354,477	5,240,578,052	11,204,566,927	17,763,499,456
<b>Net book value</b>				
Opening balance	-	4,913,112,273	4,767,930,243	9,681,042,516
Closing balance	-	7,050,593,038	8,074,469,054	15,125,062,092

### Year ended 31 December 2020

	Buildings and structures VND	Means of transportation VND	Office equipment and furniture VND	Total VND
<b>Cost</b>				
Opening balance	1,318,354,477	5,498,651,090	10,708,893,352	17,525,898,919
Additions	-	3,456,720,000	1,905,879,078	5,362,599,078
Disposals	-	-	(80,650,250)	(80,650,250)
Closing balance	1,318,354,477	8,955,371,090	12,534,122,180	22,807,847,747
<b>Accumulated depreciation</b>				
Opening balance	1,318,354,477	3,108,835,601	5,438,564,563	9,865,754,641
Charge for the year	-	933,423,216	2,408,277,624	3,341,700,840
Disposals	-	-	(80,650,250)	(80,650,250)
Closing balance	1,318,354,477	4,042,258,817	7,766,191,937	13,126,805,231
<b>Net book value</b>				
Opening balance	-	2,389,815,489	5,270,328,789	7,660,144,278
Closing balance	-	4,913,112,273	4,767,930,243	9,681,042,516

Included in tangible fixed assets were assets costing VND7,946,745,905 which were fully depreciated as of 31 December 2021 (31/12/2020: VND6,457,740,405), but which are still in use.

### 13. Intangible fixed assets

*Year ended 31 December 2021*

	Software VND	Other intangible fixed assets VND	Total VND
<b>Cost</b>			
Opening balance	51,006,599,699	4,854,832,416	55,861,432,115
Additions	4,411,480,000	-	4,411,480,000
Closing balance	55,418,079,699	4,854,832,416	60,272,912,115
<b>Accumulated amortisation</b>			
Opening balance	19,045,359,603	1,422,427,095	20,467,786,698
Charge for the year	8,348,938,825	688,407,709	9,037,346,534
Closing balance	27,394,298,428	2,110,834,804	29,505,133,232
<b>Net book value</b>			
Opening balance	31,961,240,096	3,432,405,321	35,393,645,417
Closing balance	28,023,781,271	2,743,997,612	30,767,778,883

*Year ended 31 December 2020*

	Software VND	Other intangible fixed assets VND	Total VND
<b>Cost</b>			
Opening balance	45,012,312,934	4,854,832,416	49,867,145,350
Additions	5,994,286,765	-	5,994,286,765
Closing balance	51,006,599,699	4,854,832,416	55,861,432,115
<b>Accumulated amortisation</b>			
Opening balance	11,902,533,624	734,019,375	12,636,552,999
Charge for the year	7,142,825,979	688,407,720	7,831,233,699
Closing balance	19,045,359,603	1,422,427,095	20,467,786,698
<b>Net book value</b>			
Opening balance	33,109,779,310	4,120,813,041	37,230,592,351
Closing balance	31,961,240,096	3,432,405,321	35,393,645,417

Included in intangible fixed assets were assets costing VND1,126,812,000 which were fully amortised as of 31 December 2021 (31/12/2020: VND1,052,012,000), but which are still in use.

## 14. Other assets

	31/12/2021 VND	31/12/2020 VND
Receivables (a)	53,485,116,539	49,253,250,583
Interest and fee receivables (b)	165,355,392,014	157,414,313,017
Other assets (c)	483,512,414,398	459,238,712,299
Allowance for other on-balance sheet assets (d)	(2,156,937,828)	(17,310,257,814)
	700,195,985,123	648,596,018,085

### (a) Receivables

	31/12/2021 VND	31/12/2020 VND
<b>Internal receivables</b>		
Receivables from employees	302,387,895	234,398,077
<b>External receivables</b>		
Advances to suppliers on finishing fees for ship CFC 05 (i)	14,219,739,429	14,219,739,429
Receivables from payment channels of partners	6,661,161,555	7,965,639,934
Deposits for head office rental	8,197,213,010	7,603,811,880
Receivables from VAMC (ii)	4,100,000,000	4,100,000,000
Corporate income tax overpaid (Note 20)	3,899,315,174	1,550,073,234
Input VAT (Note 20)	1,343,549,076	1,280,853,722
Amount waiting reimbursement on subsidized loans	1,064,584,890	1,064,584,890
Receivables from Vietnam MTB Series Corporation	2,750,000,000	2,750,000,000
Receivables from Saigon Basketball Company Limited	1,650,000,000	-
Receivables from Viet An Construction Architecture Company Limited	1,479,887,316	1,826,244,894
Receivables from Savis Technology Group	1,351,200,000	-
Receivables from CMC Sai Gon Technology and Solution Company Limited	1,318,242,000	375,032,300
Receivables from FPT International Telecom Company Limited	816,050,000	-
Receivables from BPC Banking Technologies (Asia Pacific) Pte.Ltd	622,350,000	-
Receivables from An Tam Marine Company Limited	431,451,613	1,380,000,007
Receivables from Hai Phong Cement Transport JSC	152,931,001	152,931,001
Receivables from Ha Tien Transport Joint Stock Company	13,690,549	13,690,549
Receivables from Be Concept Company Limited	-	1,358,280,000
Dividend receivables from Long Son Phu Joint Stock Company	-	206,500,000
Deposit placed at security company for trading purpose	267,155,015	33,175,588
Receivables on consulting fees	86,300,000	86,300,000
Deposits from customers	75,468,812	85,468,812
Advances for ship operation and repair expenses	-	44,880,000
Other receivables	2,682,439,204	2,921,646,266
	53,485,116,539	49,253,250,583

- (i) This represents the advance paid by the Company for finishing Ship CFC 05 to the lead contractor, An Dong Joint Stock Company (“An Dong”) under Economic Contract No. 01/2015/CFC-AD dated 25 September 2015 and related contracts on supply of equipment and services to other sub-contractors. Ship CFC 05 is currently in the finishing process and has not been put into operation. In 2020 and 2021, the Company and An Dong met to discuss and work on the completion progress of the ship. At the same time, the Company signed a contract with Huong Anh Shipping Trading Company Limited (“Huong Anh”), under which, Huong Anh would be in charge of consulting and supervising the completion of the CFC 05 ship resumed by An Dong, ensuring to put into operation and exploitation within 18 months from the date of signing the contract between the Company and Huong Anh.
- (ii) This represents the receivables from VAMC on debt collection related to the sale of the debts to VAMC and receipt of special bonds. The Company recorded these in accordance with guidance in Official Letter No. 8499/NHNN-TCKT dated 14 November 2013 of the SBV; accordingly, the debt collection amount is recognised in receivables from VAMC and deposits from customers (Note 16). These deposits will be returned to the Company on the date that the Company repurchases special bonds at the latest or on maturity of the bonds.

(b) **Interest and fee receivables**

	31/12/2021 VND	31/12/2020 VND
Interest receivables from deposits in VND	84,931,507	85,479,452
Interest receivables from investment securities	43,371,226,833	39,411,218,615
Interest receivables from loans in VND	60,065,795,786	66,568,705,130
Fee receivables	61,833,437,888	51,348,909,820
	165,355,392,014	157,414,313,017

(c) Other assets

	31/12/2021 VND	31/12/2020 VND
Foreclosed assets transferred to the CI awaiting for resolution (i)	135,815,916,876	145,807,708,614
In which:		
<i>Foreclosed value</i>	209,086,219,628	209,877,892,928
<i>Finishing expenses</i>	5,694,953,453	4,845,623,753
<i>Depreciation made</i>	(78,965,256,205)	(68,915,808,067)
Prepaid expenses	347,696,497,522	313,431,003,685
In which:		
<i>Tools and instruments (ii)</i>	8,810,148,594	11,233,659,838
<i>Office repair (iii)</i>	8,302,813,912	8,978,854,512
<i>Consumer lending activity (iv)</i>	289,456,680,377	230,003,112,032
<i>Prepaid expenses - management</i>	39,404,384,880	59,692,656,919
<i>Other prepaid expenses</i>	1,722,469,759	3,522,720,384
	483,512,414,398	459,238,712,299

- (i) These represent collaterals being ships arising from the collection for settlement of customer's debts. For the finished ships awaiting resolution, the Company operated these ships through business cooperation contracts. Income and expenses, including depreciation charges of ships, from business cooperation contracts are shared at a ratio between the Company and other parties that operate the ships and are recognised in other income and other operating expenses, respectively. For the year ended 31 December 2021, the Company recognised depreciation charges for the ships of VND10,049,448,138 (31/12/2020: VND9,956,140,092).

Details of foreclosed assets as at 31 December 2021 were as follows:

Asset	Mortgaging party	Value determined by parties upon foreclosure VND	Value added tax VND	Foreclosure value VND	Finishing expenses VND	Depreciation charge VND	Carrying amount VND
Ship CFC 01	Huong Thinh Land-Route and Ship Transport JSC	51,682,398,851	5,168,239,885	56,850,638,736	3,424,131,515	(29,467,665,480)	30,807,104,771
Ship CFC 02	Manh Ha Sea Transport Co., Ltd.	45,367,988,183	4,536,798,818	49,904,787,001	921,833,300	(28,801,751,526)	22,024,868,775
Ship CFC 03	Huong Thuy Joint Stock Company	25,615,679,855	2,527,730,167	28,143,410,022	20,000,000	(20,695,839,199)	7,467,570,823
Ship CFC 04 (*)	Huong Thuy Joint Stock Company	36,214,198,928	-	36,214,198,928	936,472,729	-	37,150,671,657
Ship CFC 05 (*)	Tien Thanh Co., Ltd.	34,521,077,219	3,452,107,722	37,973,184,941	392,515,909	-	38,365,700,850
		193,401,343,036	15,684,876,592	209,086,219,628	5,694,953,453	(78,965,256,205)	135,815,916,876

Details of foreclosed assets as at 31 December 2020 were as follows:

Asset	Mortgaging party	Value determined by parties upon foreclosure VND	Value added tax VND	Foreclosure value VND	Finishing expenses VND	Depreciation charge VND	Carrying amount VND
Ship CFC 01	Huong Thinh Land-Route and Ship Transport JSC	51,682,398,851	5,168,239,885	56,850,638,736	3,496,635,115	(25,455,680,768)	34,891,593,083
Ship CFC 02	Manh Ha Sea Transport Co., Ltd.	46,159,661,483	4,536,798,818	50,696,460,301	-	(25,337,476,889)	25,358,983,412
Ship CFC 03	Huong Thuy Joint Stock Company	25,615,679,855	2,527,730,167	28,143,410,022	20,000,000	(18,122,650,410)	10,040,759,612
Ship CFC 04 (*)	Huong Thuy Joint Stock Company	36,214,198,928	-	36,214,198,928	936,472,729	-	37,150,671,657
Ship CFC 05 (*)	Tien Thanh Co., Ltd.	34,521,077,219	3,452,107,722	37,973,184,941	392,515,909	-	38,365,700,850
		194,193,016,336	15,684,876,592	209,877,892,928	4,845,623,753	(68,915,808,067)	145,807,708,614

(\*) Ships CFC 04 and CFC 05 are in the finishing process and have not been put into operation.

- (ii) Movements of expenses awaiting amortisation which are tools and instruments during the year were as follows:

	2021 VND	2020 VND
Opening balance	11,233,659,838	11,716,494,387
Incurred during the year	5,503,722,738	7,488,710,497
Amortised in expenses during the year	(7,927,233,982)	(7,971,545,046)
Closing balance	8,810,148,594	11,233,659,838

- (iii) Movements of expenses awaiting amortisation which are repair and renovation expenses for leased office during the year were as follows:

	2021 VND	2020 VND
Opening balance	8,978,854,512	7,111,697,689
Incurred during the year	4,279,423,637	7,321,116,760
Amortised in expenses during the year	(4,955,464,237)	(5,453,959,937)
Closing balance	8,302,813,912	8,978,854,512

- (iv) Movements of expenses awaiting amortisation which are consumer lending expenses during the year were as follows:

	2021 VND	2020 VND
Opening balance	230,003,112,032	123,793,320,054
Incurred during the year	223,165,243,001	202,666,512,641
Amortised in expenses during the year	(163,711,674,656)	(96,456,720,663)
Closing balance	289,456,680,377	230,003,112,032

- (d) Allowance for on-balance sheet assets

	31/12/2021 VND	31/12/2020 VND
Allowance for Advances to suppliers on finishing fees for ship CFC 05	-	14,219,739,429
Provision for fees receivable from customers	1,562,652,127	-
Allowance for receivables on company guarantee fees	150,000,000	150,000,000
Allowance for fee receivables from Med-Aid Cong Minh Joint Stock Company	136,108,320	95,336,935
Allowance for receivables on fund arrangement expenses - Thong Nhat Flat Steel Joint Stock Company	16,118,465	2,190,581,135
Allowance for dividends receivables from Long Son Phu Joint Stock Company	-	206,500,000
Other allowance	292,058,916	448,100,315
	2,156,937,828	17,310,257,814



Movements of allowance for other on-balance sheet assets during the year were as follows:

	2021 VND	2020 VND
Opening balance	17,310,257,814	2,791,046,697
Allowance (reversed)/made during the year (Note 29)	(15,153,319,986)	14,519,211,117
Closing balance	2,156,937,828	17,310,257,814

## 15. Deposits and borrowings from other credit institutions

	31/12/2021 VND	31/12/2020 VND
Term deposits from other credit institutions in VND	830,000,000,000	675,000,000,000
Borrowings from other credit institutions in VND	280,000,000,000	692,937,213,750
	1,110,000,000,000	1,367,937,213,750

Annual interest rates of deposits and borrowings from other CIs at the year-end were as follows:

	31/12/2021	31/12/2020
Term deposits from other credit institutions in VND	2.50% - 4.20%	0.30% - 4.00%
Borrowings from other credit institutions in VND	2.20% - 5.00%	4.00% - 8.00%

## 16. Deposits from customers

	31/12/2021 VND	31/12/2020 VND
Deposits from VAMC (i)	4,100,000,000	4,100,000,000
Deposits from corporates in VND	66,748,542,466	26,800,000,000
Marginal deposits in VND	20,000,000	-
	70,868,542,466	30,900,000,000

- (i) This represents the debt collection related to the sale of the debts to VAMC and receipt of special bonds (Note 14(a)(ii)). The Company recognised in accordance with the Official Letter No. 8499/NHNN-TCKT dated 14 November 2013 of the SBV. Accordingly, the debt collection was recognised in accounts receivable from VAMC and deposits from customers. This amount shall be returned to the Company no later than the period from the day the Company repurchases special bonds or by the maturity date of the bonds.

## 17. Other borrowed and entrusted funds

	31/12/2021 VND	31/12/2020 VND
Other borrowed and entrusted funds in VND	93,962,238,428	106,788,982,753
Other borrowed and entrusted funds in gold and foreign currencies	-	1,476,467,777
	<u>93,962,238,428</u>	<u>108,265,450,530</u>

Annual interest rates of other borrowed and entrusted funds at the year-end were as follows:

	31/12/2021	31/12/2020
Other borrowed and entrusted funds in VND	0.00% - 4.00%	0.00% - 4.00%
Other borrowed and entrusted funds in gold and foreign currencies	0.00%	0.10%

## 18. Valuable papers issued

	31/12/2021 VND	31/12/2020 VND
Certificates of deposits in VND	3,871,400,000,000	2,636,000,000,000

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

	31/12/2021	31/12/2020
Certificates of deposits in VND	4.00% - 11.50%	4.00% - 11.50%

## 19. Other liabilities

	31/12/2021 VND	31/12/2020 VND
Accrued interest and fees payable (a)	153,013,166,059	126,665,238,447
Other liabilities (b)	125,866,656,931	111,435,445,705
	<u>278,879,822,990</u>	<u>238,100,684,152</u>

(a) Accrued interest and fees payable

	31/12/2021 VND	31/12/2020 VND
Accrued interest payable for deposits	3,262,734,854	2,356,668,493
Accrued interest payable for valuable papers issued in VND	148,393,072,981	115,590,639,641
Accrued interest payable for other borrowed and entrusted funds	2,015,759	310,238,311
Accrued interest payable for borrowings from other CIs	1,355,342,465	8,407,692,002
	<u>153,013,166,059</u>	<u>126,665,238,447</u>

(b) Other liabilities:

	31/12/2021 VND	31/12/2020 VND
Internal payables	25,294,990,770	24,493,429,411
In which:		
<i>Payables to employees</i>	18,931,837,731	21,225,990,672
<i>Bonus and welfare fund, science and technology     development fund (i)</i>	6,362,946,461	3,267,232,161
<i>Other payables</i>	206,578	206,578
External payables	100,571,666,161	86,942,016,294
In which:		
<i>Payables to counterparties related to consumer loans (ii)</i>	20,898,944,312	27,071,097,456
<i>Receipt of contributed capital for     business cooperation (iii)</i>	12,703,957,485	12,588,977,485
<i>Payables related to purchase of securities</i>	32,275,670,630	16,566,328,596
<i>Payables to Vietnam Credit Information Joint Stock     Company</i>	3,634,322,408	3,919,032,000
<i>Payables to Hi Gio Cloud</i>	3,501,312,845	4,179,113,557
<i>Payables to FPT International Telecom Company     Limited</i>	3,146,892,738	1,824,211,448
<i>Payables to Vien Dong Assurance Joint Stock     Company</i>	504,361,030	1,907,367,812
<i>Payables to suppliers on finishing fees for Ship CFC 05</i>	2,726,747,936	2,726,747,936
<i>Taxes payable (Note 20)</i>	2,085,879,667	1,747,673,463
<i>Dividends payable from 2008 to 2014</i>	1,815,683,000	1,815,683,000
<i>Receipt of deposits for bareboat charter     - Ships CFC 01, 02, 03</i>	1,600,000,000	970,000,000
<i>Payables on social insurance, health insurance,     unemployment insurance and trade union fees</i>	445,344,611	396,788,573
<i>Revenue from guarantee fees awaiting amortisation</i>	12,369,229	22,785,896
<i>Others awaiting payment</i>	15,220,180,270	11,206,209,072
	<u>125,866,656,931</u>	<u>111,435,445,705</u>

- (i) Movements of bonus and welfare fund, science and technology development fund during the year were as follows:

	2021 VND	2020 VND
Opening balance	3,267,232,161	2,074,937,061
Appropriation during the year (Note 21)	7,000,000,000	3,500,000,000
Utilisation during the year	(3,904,285,700)	(2,307,704,900)
Closing balance	6,362,946,461	3,267,232,161

- (ii) These represent payables to National Payment Corporation of Vietnam (NAPAS) related to consumer loans granted in the form of borrowing cards via the national bank network within the NAPAS system. Payables are incurred and reconciled on a daily basis between the Company and NAPAS.
- (iii) This represents the differences between the value of recovered assets and obligations of principles and interests of debts written off and recovered for customers, namely Manh Ha Sea Transport Co., Ltd., Huong Thuy Joint Stock Company, Huong Thinh Land-Route and Ship Transport JSC and Tien Thanh Co., Ltd. (details on write-off and recovery of debts for these customers are presented in Note 14(c)) which are recognised in accordance with Business Cooperation Contracts between the Company and these customers.

## 20. Taxes and others payable to State Treasury

Movements of taxes payable during the year ended 31 December 2020 were as follows:

	Balance as at 1/1/2021	Incurred during the year		Balance as at 31/12/2021
	VND	Incurred VND	Paid/ deducted VND	VND
Value added tax (Note 14(a))	(1,280,853,722)	(10,978,008,841)	10,915,313,487	(1,343,549,076)
Corporate income tax (Note 14(a))	(1,550,073,234)	12,863,860,072	(15,213,102,012)	(3,899,315,174)
Other taxes (Note 19(b))	1,747,673,463	22,701,006,420	(22,362,800,216)	2,085,879,667
	(1,083,253,493)	24,586,857,651	(26,660,588,741)	(3,156,984,583)

Movements of taxes payable during the year ended 31 December 2020 were as follows:

	Balance as at	Incurred during the year		Balance as at
	1/1/2020	Incurred	Paid/ deducted	31/12/2020
	VND	VND	VND	VND
Value added tax	413,870,466	9,011,588,290	(10,706,312,478)	(1,280,853,722)
Corporate income tax	(1,550,073,234)	-	-	(1,550,073,234)
Other taxes	1,006,702,861	16,248,379,639	(15,507,409,037)	1,747,673,463
	(129,499,907)	25,259,967,929	(26,213,721,515)	(1,083,253,493)

The Company's tax returns are subject to examination by the tax authorities. Since the application of tax laws and regulations to various types of transactions can be interpreted in a number of different ways, the amounts reported in the financial statements may change at a later date upon final determination by the tax authorities.

## 21. Capital and reserves

### Statement of changes in equity during the year

	Charter capital VND	Investment and development fund VND	Financial reserve fund VND	Reserve to supplement charter capital VND	Retained profits VND	Total VND
<b>Balance at 1 January 2020</b>	687,872,140,000	24,627,095	30,432,237,724	470,615,542	6,624,470,152	725,424,090,513
Net profit for the year	-	-	-	-	32,612,782,422	32,612,782,422
Appropriation to equity funds for 2019 in accordance to Resolution of General Meeting of Shareholders 2020	-	1,656,117,538	662,447,015	331,223,508	(2,649,788,061)	-
Appropriation to bonus and welfare fund for employees and bonus fund for CI management personnel, Board of Management, Supervisors in 2019	-	-	-	-	(2,700,000,000)	(2,700,000,000)
Appropriation to Science and technology development fund	-	-	-	-	(800,000,000)	(800,000,000)
<b>Balance at 31 December 2020</b>	687,872,140,000	1,680,744,633	31,094,684,739	801,839,050	33,087,464,513	754,536,872,935
Net profit for the year	-	-	-	-	36,896,328,785	36,896,328,785
Appropriation to equity funds for 2020 in accordance to Resolution of General Meeting of Shareholders 2021	-	-	3,261,278,242	1,630,639,121	(4,891,917,363)	-
Appropriation to bonus and welfare fund for employees and bonus fund for CI management personnel, Board of Management, Supervisors in 2020	-	-	-	-	(7,000,000,000)	(7,000,000,000)
<b>Balance at 31 December 2021</b>	687,872,140,000	1,680,744,633	34,355,962,981	2,432,478,171	58,091,875,935	784,433,201,720

Details of charter capital of the Company were as follows:

	31/12/2021 and 31/12/2020	
	Number of shares	VND
Charter capital	68,787,214	687,872,140,000

Details of shares of the Company were as follows:

	31/12/2021	31/12/2020
Shares registered for issuance	68,787,214	68,787,214
Shares sold to the public	68,787,214	68,787,214
- Ordinary shares	68,787,214	68,787,214
Shares in circulation	68,787,214	68,787,214
- Ordinary shares	68,787,214	68,787,214
Par value of shares in circulation (VND)	10,000	10,000

Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets.

## 22. Interest income and similar income

	2021 VND	2020 VND (Reclassified)
Interest income from deposits	4,926,453,159	5,497,204,865
Interest income from loans to customers	1,290,818,582,618	917,712,532,295
Interest income from trading, investments in securities	52,739,148,652	9,137,001,832
Fees from guarantee and other income	367,613,958	248,234,183
Income from finance leases	-	97,678,148
Fees from credit card issuance	185,815,625,000	106,311,315,000
Others	6,523	-
	1,534,667,429,910	1,039,003,966,323

### 23. Interest expenses and similar expenses

	2021 VND	2020 VND
Interest expenses from deposits	18,806,172,464	19,059,415,072
Interest expenses from loans	27,806,079,090	27,651,137,702
Interest expenses from valuable paper issued	286,246,026,848	189,872,113,315
Other interest expenses	1,020,004	-
	332,859,298,406	236,582,666,089

### 24. Net fee and commission income

	2021 VND	2020 VND (Reclassified)
<b>Fee and commission income</b>		
Trustee and agency services	1,475,456	3,410,297
Insurance business and services	37,539,972,061	53,573,570,062
Consulting services	-	240,102,529
Others	641,482,129	572,468,928
	38,182,929,646	54,389,551,816
<b>Fee and commission expenses</b>		
Settlement and agency services	(11,991,152,920)	(10,892,192,668)
Consulting services	(2,409,050,004)	(354,176,392)
Brokerage commission	(31,220,600,813)	(28,057,657,142)
Other expenses	(17,608,373,430)	(25,152,928,485)
	(63,229,177,167)	(64,456,954,687)
	(25,046,247,521)	(10,067,402,871)



## 25. Net gain from trading of foreign currencies

	2021 VND	2020 VND
<b>Gain from trading of foreign currencies</b>		
Gain from spot foreign exchange	719,861,618	1,957,560,953
Gain from currency derivatives	-	132,810,000
	<hr/> 719,861,618	<hr/> 2,090,370,953
<b>Loss from trading of foreign currencies</b>		
Loss from spot foreign exchange	(34,840,061)	(989,933,586)
Loss from currency derivatives	-	(10,240,000)
	<hr/> (34,840,061)	<hr/> (1,000,173,586)
Net gain from trading of foreign currencies	<hr/> 685,021,557	<hr/> 1,090,197,367

## 26. Net loss from securities held for trading

	2021 VND	2020 VND
Gain from securities held for trading	921,245,940	-
Loss from securities held for trading	(16,549,907)	-
Provision of allowance for risks during the year (Note 7)	(3,422,544,050)	-
Net loss from securities held for trading	<hr/> (2,517,848,017)	<hr/> -

## 27. Net loss from investment securities

	2021 VND	2020 VND
Gain from investment securities	55,207,858	3,898
Loss from investment securities	(7,015,689,706)	(846,794,453)
Provision of allowance for investment securities (Note 10)	(2,055,000,000)	(1,470,000,000)
Net loss from investment securities	<hr/> (9,015,481,848)	<hr/> (2,316,790,555)

## 28. Net gain/(loss) from other activities

	2021 VND	2020 VND
<b>Income from other activities</b>		
Income from transfer of shares	-	5,011,905
Gains from debts written off	21,963,482,995	6,169,219,922
Revenue from vessel chartering	2,700,000,003	2,321,261,005
Other income	2,558,180,807	411,390,981
	<u>27,221,663,805</u>	<u>8,906,883,813</u>
<b>Expenses for other activities</b>		
Expenses for vessel chartering	(12,739,460,498)	(11,562,302,539)
Other expenses	(13,242,831,244)	(5,314,672,966)
	<u>(25,982,291,742)</u>	<u>(16,876,975,505)</u>
Net gain/(loss) from other activities	<u>1,239,372,063</u>	<u>(7,970,091,692)</u>

## 29. Operating expenses

	2021 VND	2020 VND
Staff costs	304,792,284,798	185,530,430,651
In which:		
<i>Salary, wages and allowances</i>	267,036,864,626	158,308,635,123
<i>Salary based expenses</i>	29,795,192,793	19,037,456,825
<i>Other staff expenses</i>	7,960,227,379	8,184,338,703
Depreciation charges	13,674,040,759	11,172,934,539
Other expenses (i)	165,590,442,885	180,037,699,850
	<u>484,056,768,442</u>	<u>376,741,065,040</u>

(i) Other expenses comprise:

	2021 VND	2020 VND
Tax, duties and fees	14,743,040,330	14,512,927,176
Asset repair and maintenance costs (*)	1,737,690,004	2,710,390,629
Tools and supplies	24,691,883,889	21,358,501,309
Expenses on assets insurance	105,199,735	114,328,953
Expenses on assets rental (**)	30,793,170,037	25,972,316,915
Office supplies, petrol and oil	813,081,844	1,120,815,572
Post and telecommunication charges	39,443,408,846	31,894,001,454
Meeting, reception, festivals	5,249,088,071	6,521,345,327
Per diem	10,796,021,167	9,612,801,657
Publication, marketing and promotion expenses	32,697,814,095	25,317,812,251
Training/coaching expenses	2,176,310,698	1,930,625,236
Allowance (reversed)/made for long-term investments (Note 11)	(9,599,272,000)	1,439,890,800
Allowance (reversed)/made for other on-balance sheet assets (Note 14)	(15,153,319,986)	14,519,211,117
Expenses for science and technology research and application, innovations	13,143,039,317	10,131,884,451
Other expenses	13,953,286,838	12,880,847,003
	165,590,442,885	180,037,699,850

(\*) These include expenses for repair and renovation of the Head Office, branches and networks of transaction points to serve the consumer finance activity and system maintenance expenses not qualified as fixed assets.

(\*\*) These include office rental for the Head Office, branches and networks of transaction points to serve the consumer finance activities.

### 30. Allowance and provision expenses

	Note	2021 VND	2020 VND
Provision of general allowance for loans to customers	9	5,441,346,816	7,704,101,322
Provision of specific allowance for loans to customers	9	617,394,643,623	358,555,263,699
Provision of allowance for special bonds issued by VAMC	10	10,500,000,000	7,544,000,000
		633,335,990,439	373,803,365,021

### 31. Income tax

#### (a) Recognised in the statement of income

	2021 VND	2020 VND
Current year	12,863,860,072	-

#### (b) Reconciliation of effective tax rate

	2021 VND	2020 VND
Accounting profit before tax	49,760,188,857	32,612,782,422
Tax at the Company's tax rate	9,952,037,771	6,522,556,484
Non-deductible expenses	3,497,337,532	(192,149,589)
	13,449,375,303	6,330,406,895
Utilisation of accumulated loss	(585,515,231)	(6,330,406,895)
	12,863,860,072	-

#### (c) Applicable tax rate

The usual tax rate applicable to the Company is 20%.

## 32. Earnings per share

The calculation of basic earnings per share for the period ended 31 December 2021 was based on the Company's net profit of VND36,896,328,785 less bonus and fund and bonus fund for CI management personnel, Board of Management, Supervisors (year ended 31 December 2020: net profit of VND32,612,782,422) and a weighted average number of ordinary shares outstanding of 68,787,214 shares (year ended 31 December 2020: 68,787,214 shares), calculated as follows:

### (i) Profit used for calculation of basic earnings per share

	2021 VND	2020 VND
Net profit attributable to ordinary share holders	36,896,328,785	32,612,782,422
Appropriation to bonus and welfare fund and bonus fund for Board of Management (*)	(7,000,000,000)	(5,000,000,000)
Profit attributable to the ordinary shareholders during the year	<u>29,896,328,785</u>	<u>27,612,782,422</u>

(\*) Bonus and welfare fund for the year of 2021 are estimated by the Company's management, based on the Company's business situation for the year 2021. Actual amount appropriated to bonus and welfare fund from net profit for the year 2020 (Note 21) was higher than estimated when calculating basic earnings per share for 2020. The Company's Board of Management assesses this difference is not material, hence decided not to adjust basic earnings per share for 2020 due to this.

### (ii) Weighted average number of ordinary shares

	2021	2020
Weighted average number of ordinary shares for the year	<u>68,787,214</u>	<u>68,787,214</u>

### (iii) Basic earnings per share

	2021 VND	2020 VND
Basic earnings per share	<u>435</u>	<u>401</u>

As at 31 December 2021 and for the year then ended, the Company had no dilutive potential ordinary shares and therefore, presentation of diluted EPS was not applicable.

### 33. Cash and cash equivalents

	31/12/2021 VND	31/12/2020 VND
Balances with the SBV (Note 5)	252,417,115	97,617,895
Demand deposits with other CIs (Note 6)	150,885,504,812	91,301,082,053
Deposits with other CIs with original term not exceeding 3 months (Note 6)	200,000,000,000	250,000,000,000
	<u>351,137,921,927</u>	<u>341,398,699,948</u>

### 34. Employees' benefits

	2021 VND	2020 VND
Total number of employees as at 31 December (person)	1,982	1,833
Average number of employees during the year (person)	2,003	1,581
Employees' income during the year (VND)	267,036,864,626	158,308,635,123
Average monthly income (VND)	<u>11,109,871</u>	<u>8,344,330</u>

### 35. Commitments and contingencies

In normal course of business, the Company uses financial instruments which are related to off-balance sheet items. These financial instruments mainly comprise irrevocable loan commitments and financial guarantees. These instruments involve elements of credit risk for the Company apart from those recognised in the balance sheet. Financial guarantees are conditional commitments issued by the Company to guarantee the performance of the Company's customer to a third party related to guarantee for borrowings, guarantee for settlement, contract performance guarantee and bid guarantee. The credit risk associated with issuing guarantees is basically the same with risk associated with loans to customers.

Details on contingent liabilities and off-balance sheet commitments at the year-end were as follows:

	31/12/2021 VND	31/12/2020 VND
Irrevocable loan commitments	1,977,327,326,029	1,318,491,406,342
Other guarantees	43,419,000,000	53,419,000,000
Other commitments	367,555,810,000	352,373,598,800
	<u>2,388,302,136,029</u>	<u>1,724,284,005,142</u>

### 36. Significant transactions and balances with related parties

Significant balances with related parties as at 31 December 2020 were as follows:

Related party	Transactions	31/12/2021 Assets/ (liabilities) VND	31/12/2020 Assets/ (liabilities) VND
Major shareholder	Interests payable for entrusted fund management and entrusted cash flow management	-	(263,013,698)
	Entrusted fund management ("EFM") and entrusted cash flow management ("ECFM")	-	(33,682,077,255)
Subsidiary of major shareholder	EFM and ECFM received	-	(94,414,036)
	Interests payable for EFM and ECFM	(1,328,118)	(1,329,668)
	Valuable papers issued	(50,000,000,000)	(50,000,000,000)
	Interest payables for valuable papers issued	(3,851,465,756)	(4,595,890,408)
Share capital contributing entities	Investment	14,509,062,700	14,509,062,700
	Receivables on fund arrangement fees	16,118,465	2,190,581,135

Significant transactions for the year ended 31 December 2021 with related parties were as follows:

Related party	Transactions	2021 Income/ (expenses) VND	2020 Income/ (expenses) VND
Board of Directors	Remuneration		
	Mr. Nguyen Duc Phuong	(2,047,619,048)	(1,842,384,491)
	Mr. Nguyen Chi Hieu	(120,000,000)	(96,000,000)
	Mr. Pham Hai Au	(120,000,000)	(96,000,000)
	Mr. Nguyen Quang Tuan	(110,476,190)	-
	Mr. Nguyen Duc Huynh	(80,909,091)	-
	Ms. Ha Hai Yen	-	(33,272,727)
	Mr. Nguyen Lan Trung Anh	(120,000,000)	(96,000,000)
Board of Management	Salary of General Director	(4,277,923,810)	(2,398,980,614)
	Salary of other key management personnel	(5,400,283,847)	(3,835,581,301)
Supervisory Board	Remuneration	(1,120,190,476)	(998,346,093)
Major shareholder	Interest expenses for EFM and ECFM	(42,300,167)	(1,418,771,987)
	Income from fees for EFM and ECFM	1,566,380	(2,939,406)
Subsidiary of major shareholders	Income from fees for EFM and ECFM	20,988	701,535
	Interest expenses for EFM and ECFM	(38,005)	(473,601,086)
	Income from consulting fees	14,166,667	276,150,873
	Interest expenses from valuable paper issued	(4,285,712,334)	(4,934,958,901)



### 37. Concentration of assets, liabilities and off-balance sheet commitments by geographical segments

As at 31 December 2021

	Total outstanding loans - gross VND	Deposits and loans to the SBV and other CIs - gross VND	Deposits and borrowings from other CIs and customers VND	Trading and investment in securities - gross VND	Other borrowed and entrusted funds and valuable papers issued VND	Commitments and guarantees VND
Domestic	3,548,202,405,999	351,137,921,927	1,180,868,542,466	1,829,290,465,530	3,965,362,238,428	2,388,302,136,029

As at 31 December 2020

	Total outstanding loans - gross VND	Deposits and loans to the SBV and other CIs - gross VND	Deposits and borrowings from other CIs and customers VND	Trading and investment in securities - gross VND	Other borrowed and entrusted funds and valuable papers issued VND	Commitments and guarantees VND
Domestic	3,024,737,532,515	341,398,699,948	1,398,837,213,750	1,206,432,354,221	2,744,265,450,530	1,724,284,005,142



### 38. Credit risk

Credit risk is the possibility of losses in the operation of credit institutions when their clients do not or cannot fulfil their obligations as committed. The Company has established a credit quality review process to provide early identification of changes in financial position, repayment capacity of counterparties based on qualitative and quantitative factors. Counterparty limits are established using a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision.

The maximum risk rating is exclusive of collaterals or credit risk mitigation measures.

The table below presents the worst case with the maximum level of loss of the Company, exclusive of collaterals held or credit risk mitigation measures.

The assets that are neither past due nor impaired include Group 1 debts in accordance with Circular 11; securities receivables and other assets that are not past due and require no allowance. The Company assesses that it is able to fully and promptly recover these financial assets in the future.

The assets that are overdue but not impaired is due to the fact that the Company is holding sufficient collaterals to compensate potential credit losses in accordance with relevant regulations of the State Bank of Vietnam.

The Company is currently holding collaterals in the form of real estate, movable assets, valuable papers and others for the above financial assets. The Company has not been able to determine the fair value of such assets due to the lack of specific guidance and necessary market information.

The maximum risk exposure for each group of assets which is equal to the carrying value (excluding allowance) of that group of assets in the balance sheet is presented as follows:

As at 31 December 2021

	Neither past due nor impaired VND	Overdue but not impaired Over 360 days VND	Overdue and allowance already provided VND	Total VND
Balances with the SBV	252,417,115	-	-	252,417,115
Deposits with and loans to other CIs	350,885,504,812	-	-	350,885,504,812
Trading securities	539,088,744,600	-	-	539,088,744,600
Loans to customers	2,689,082,410,146	1,196,560,000	857,923,435,853	3,548,202,405,999
Available-for-sale investment securities	1,009,000,000,000	-	-	1,009,000,000,000
Held-to-maturity investment securities	281,201,720,930	-	-	281,201,720,930
Other financial assets	181,655,354,769	-	16,355,577,320	198,010,932,089
	5,051,166,152,372	1,196,560,000	874,279,013,173	5,926,641,725,545

As at 31 December 2020

	Neither past due nor impaired VND	Overdue but not impaired Over 360 days VND	Overdue and allowance already provided VND	Total VND
Balances with the SBV	97,617,895	-	-	97,617,895
Deposits with and loans to other CIs	341,301,082,053	-	-	341,301,082,053
Loans to customers	2,557,654,863,113	1,275,560,000	465,807,109,402	3,024,737,532,515
Available-for-sale investment securities	925,230,633,291	-	-	925,230,633,291
Held-to-maturity investment securities	281,201,720,930	-	-	281,201,720,930
Other financial assets	170,339,356,931	-	17,933,677,317	188,273,034,248
	4,275,825,274,213	1,275,560,000	483,740,786,719	4,760,841,620,932

Details for collaterals held by the Company at the end of the years as follows:

	31/12/2021 VND	31/12/2020 VND
Real estates	40,710,180,000	47,866,995,000
Machines and equipments	14,870,195,500	41,245,463,657
Means of transportation	39,500,084,250	10,827,408,000
Corporate shares	9,900,000,000	9,900,000,000
Valuable papers	50,000,000,000	50,000,000,000
Others	5,682,846,000	5,682,846,000
	<u>160,663,305,750</u>	<u>165,522,712,657</u>

### 39. Liquidity risk

Liquidity risk is the risk where the Company has difficulty in meeting its payment obligations. Liquidity risk occurs when the Company might be unable to meet its payment obligations when they fall due under both normal and stress circumstances. To limit this risk, the Company has arranged for diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Company has also assessed the expected cash flows and the availability of current collaterals if additional funding is required.

The maturity term of assets and liabilities represents the remaining period from the reporting date to the maturity date agreed in the contracts or in the terms and conditions of issuance.

The following assumptions and conditions have been adopted in the analysis of the Company's maturity relating to its assets and liabilities:

- Balance with the State Bank of Vietnam is classified as current deposits including the required reserve, which is determined upon the composition and maturity of the Company's customer deposits.
- The maturity term of investment securities and securities held for trading is based on the maturity date of each type of securities.
- The maturity term of deposits with and loans to other CIs and loans to customers is based on the contractual maturity date. The actual settlement date sometimes varies contractual maturity date when the contract is extended.
- The maturity term of other long-term investments is considered to be more than one year as these investments have indefinite maturity.
- The maturity terms of deposits and borrowings from other CIs and deposits from customers are determined based on the nature of these amounts or their contractual maturity dates. Transactions on current deposit accounts from other CIs and customers are made upon customer's request and therefore are classified as current. The maturity terms of loans and term deposits are determined based on their contractual maturity dates. In reality, these may be revolved and therefore maintained for a longer period than their initial maturity term.

- The maturity terms of other borrowed and entrusted funds are determined based on the nature of these amounts or the maturity under the contract.
- The maturity terms of valuable papers issued are calculated based on the maturity date of each valuable paper.
- The maturity terms of fixed assets are determined based on their remaining useful life.



Notes to the financial statements for the year ended 31 December 2021 (continued)

	As at 31 December 2021		Not past due				Total VND
	Overdue more than 3 months VND	Overdue less than 3 months VND	Up to 1 month VND	From above 1 to 3 months VND	From above 3 to 12 months VND	From above 1 to 5 years VND	
<b>Assets</b>							
Balances with the SBV	-	-	252,417,115	-	-	-	252,417,115
Deposits with and loans to other CIs - gross	-	-	350,885,504,812	-	-	-	350,885,504,812
Trading securities - gross	-	-	-	-	180,414,246,600	358,674,498,000	539,088,744,600
Loans to customers - gross	203,421,462,859	656,026,360,836	4,821,138,380	789,469,066	3,500,000,000	2,666,003,052,830	3,548,202,405,999
Investment securities - gross	-	-	-	-	19,001,720,930	607,200,000,000	1,290,201,720,930
Long-term investments - gross	-	-	-	-	-	-	14,509,062,700
Fixed assets - net	-	-	1,138,027,959	611,323,810	706,216,398	37,178,665,627	45,892,840,975
Other assets - gross	16,355,577,320	-	7,914,062,814	110,308,569,258	56,144,894,860	511,629,818,699	702,352,922,951
	219,777,040,179	656,026,360,836	365,011,151,080	111,709,362,134	259,767,078,788	4,180,686,035,156	6,491,385,620,082
<b>Liabilities</b>							
Deposits and borrowings from other CIs	-	-	860,000,000,000	150,000,000,000	100,000,000,000	-	1,110,000,000,000
Deposits from customers	-	-	34,041,369,863	20,207,172,603	12,520,000,000	4,100,000,000	70,868,542,466
Other borrowed and entrusted funds	-	-	1,228,014	-	19,001,720,930	74,959,289,484	93,962,238,428
Valuable papers issued	-	-	267,500,000,000	532,300,000,000	1,545,000,000,000	1,526,600,000,000	3,871,400,000,000
Other liabilities	-	-	75,252,519,655	28,328,365,092	155,922,512,655	17,553,842,588	278,879,822,990
	-	-	1,236,795,117,532	730,835,537,695	1,832,444,233,585	1,623,213,132,072	5,425,110,603,884
<b>Net liquidity gap</b>	219,777,040,179	656,026,360,836	(871,783,966,452)	(619,126,175,561)	(1,572,677,154,797)	2,557,472,903,084	1,066,275,016,198

Notes to the financial statements for the year ended 31 December 2021 (continued)

	Overdue		Not past due				Total VND
	Overdue more than 3 months VND	Overdue less than 3 months VND	Up to 1 month VND	From above 1 to 3 months VND	From above 3 to 12 months VND	From above 1 to 5 years VND	
<b>As at 31 December 2020</b>							
<b>Assets</b>							
Balances with the SBV	-	-	97,617,895	-	-	-	97,617,895
Deposits with and loans to other CJs - gross	-	-	341,301,082,053	-	-	-	341,301,082,053
Loans to customers - gross	90,547,211,029	374,442,416,301	2,563,020,526	24,923,515,747	8,864,050,279	2,510,814,690,721	3,024,737,532,515
Investment securities - gross	-	-	-	-	-	652,186,287,861	554,246,066,360
Long-term investments - gross	-	-	-	-	-	-	14,509,062,700
Fixed assets - net	-	-	-	87,287,838	715,622,394	40,507,105,499	45,074,687,933
Other assets - gross	17,933,677,317	-	8,921,330,734	116,137,504,268	49,686,844,739	473,226,918,841	665,906,275,899
	108,480,888,346	374,442,416,301	352,883,051,208	141,148,307,853	59,266,517,412	3,676,735,002,922	5,298,058,613,216
<b>Liabilities</b>							
Deposits and borrowings from other CJs	-	-	345,000,000,000	522,937,213,750	500,000,000,000	-	1,367,937,213,750
Deposits from customers	-	-	11,000,000,000	15,800,000,000	-	-	30,900,000,000
Other borrowed and entrusted funds	-	-	33,794,594,635	-	-	74,470,855,895	108,265,450,530
Valuable papers issued	-	-	130,200,000,000	803,000,000,000	1,022,900,000,000	679,900,000,000	2,636,000,000,000
Other liabilities	-	-	50,589,651,157	26,506,540,401	142,097,379,153	17,084,530,441	238,100,684,152
	-	-	570,584,245,792	1,368,243,754,151	1,664,997,379,153	771,455,386,336	4,381,203,348,432
<b>Net liquidity gap</b>	108,480,888,346	374,442,416,301	(217,701,194,584)	(1,227,095,446,298)	(1,605,730,861,741)	2,905,279,616,586	916,855,264,784



## 40. Market risks

### (a) Interest rate risk

#### *Analysis of assets and liabilities by interest rate repricing period*

The repricing period of interest rate is the remaining period from the reporting date to the nearest repricing date of interest rate applicable to assets and resources.

The following assumptions and conditions have been adopted in analysis of interest rate repricing period of the Company's assets and liabilities:

- Long-term equity investments and other assets (including fixed assets, investment property and other assets) which are classified as non-interest bearing items;
- Balances with the SBV are classified as current accounts. Therefore, the interest rate repricing period is classified as up to one month;
- The interest rate repricing period of deposits with and loans to other CIs; loans to customers; trading securities and investment securities being debt securities; Deposits and borrowings from other CIs, deposits from customers and valuable papers issuance is determined as follows:
  - ✓ Items with fixed interest rate during the contractual term: The interest rate repricing period is based on the actual maturity date subsequent to the reporting date;
  - ✓ Items with floating interest rate: The interest rate repricing period is based on the latest repricing period subsequent to the reporting date.
- The interest rate repricing period of other borrowed and entrusted funds is designated as less than one month;
- The interest rate repricing period of other liabilities is designated as 1 to 3 months. In reality, these items may have different interest rate repricing periods.

VietCredit Finance Joint Stock Company  
Level 17, MIPEC Tower  
No. 229 Tay Son, Dong Da District, Hanoi  
Notes to the financial statements for the year ended 31 December 2021 (continued)

Form B05/TCTD  
(Issued under Circular  
No. 49/2014-TT-NHNN  
dated 31 December 2014 of  
the Governor of the State Bank of Vietnam)

As at 31 December 2021	Overdue VND	Free of interest VND	Up to 1 month VND	From 1 to 3 months VND	From above 3 months to 6 months VND	From 6 to 12 months VND	From above 1 year to 5 years VND	Over 5 years VND	Total VND
<b>Assets</b>									
Balances with the SBV	-	-	252,417,115	-	-	-	-	-	252,417,115
Deposits with and loans to other CIs - gross	-	-	350,885,504,812	-	-	-	-	-	350,885,504,812
Trading securities - gross	-	-	-	-	-	180,414,246,600	358,674,498,000	-	539,088,744,600
Loans to customers - gross	859,447,823,695	-	2,688,754,582,304	-	-	-	-	-	3,548,202,405,999
Investment securities - gross	-	241,001,720,930	-	-	-	-	514,200,000,000	535,000,000,000	1,290,201,720,930
Long-term investments - gross	-	14,509,062,700	-	-	-	-	-	-	14,509,062,700
Fixed assets - net	-	45,892,840,975	-	-	-	-	-	-	45,892,840,975
Other assets	16,355,577,320	685,997,345,631	-	-	-	-	-	-	702,352,922,951
	875,803,401,015	987,400,970,236	3,039,892,504,231	-	-	180,414,246,600	872,874,498,000	535,000,000,000	6,491,385,620,082
<b>Liabilities</b>									
Deposits and borrowings from other CIs	-	-	860,000,000,000	150,000,000,000	100,000,000,000	-	-	-	1,110,000,000,000
Deposits from customers	-	70,868,542,466	-	-	-	-	-	-	70,868,542,466
Other borrowed and entrusted funds	-	93,961,010,414	1,228,014	-	-	-	-	-	93,962,238,428
Valuable papers issued	-	-	267,500,000,000	532,300,000,000	759,400,000,000	785,600,000,000	1,526,600,000,000	-	3,871,400,000,000
Other liabilities	-	278,879,822,990	-	-	-	-	-	-	278,879,822,990
	-	443,709,375,870	1,127,501,228,014	682,300,000,000	859,400,000,000	785,600,000,000	1,526,600,000,000	-	5,425,110,603,884
<b>Interest sensitivity gap on balance sheet</b>	875,803,401,015	543,691,594,366	1,912,391,276,217	(682,300,000,000)	(859,400,000,000)	(605,185,753,400)	(653,725,502,000)	535,000,000,000	1,066,275,016,198

As at 31 December 2020	Overdue VND	Free of interest VND	Up to 1 month VND	From 1 to 3 months VND	From above 3 months to 6 months VND	From 6 to 12 months VND	From above 1 year to 5 years VND	Over 5 years VND	Total VND
<b>Assets</b>									
Balances with the SBV	-	-	97,617,895	-	-	-	-	-	97,617,895
Deposits with and loans to other CIs - gross	-	-	341,301,082,053	-	-	-	-	-	341,301,082,053
Loans to customers - gross	464,989,627,330	-	2,559,014,808,498	-	-	733,096,687	-	-	3,024,737,532,515
Investment securities - gross	-	241,001,720,930	-	-	-	-	540,184,566,932	425,246,066,359	1,206,432,354,221
Long-term investments - gross	-	14,509,062,700	-	-	-	-	-	-	14,509,062,700
Fixed assets - net	-	45,074,687,933	-	-	-	-	-	-	45,074,687,933
Other assets	17,933,677,317	647,972,598,582	-	-	-	-	-	-	665,906,275,899
	482,923,304,647	948,558,070,145	2,900,413,508,446	-	-	733,096,687	540,184,566,932	425,246,066,359	5,298,058,613,216
<b>Liabilities</b>									
Deposits and borrowings from other CIs	-	-	345,000,000,000	522,937,213,750	200,000,000,000	300,000,000,000	-	-	1,367,937,213,750
Deposits from customers	-	-	11,000,000,000	15,800,000,000	-	-	-	4,100,000,000	30,900,000,000
Other borrowed and entrusted funds	-	74,470,855,895	33,794,594,635	-	-	-	-	-	108,265,450,530
Valuable papers issued	-	-	130,200,000,000	803,000,000,000	610,500,000,000	412,400,000,000	679,900,000,000	-	2,636,000,000,000
Other liabilities	-	238,100,684,152	-	-	-	-	-	-	238,100,684,152
	-	312,571,540,047	519,994,594,635	1,341,737,213,750	810,500,000,000	712,400,000,000	679,900,000,000	4,100,000,000	4,381,203,348,432
<b>Interest sensitivity gap on balance sheet</b>	482,923,304,647	635,986,530,098	2,380,418,913,811	(1,341,737,213,750)	(810,500,000,000)	(711,666,903,313)	(139,715,433,068)	421,146,066,359	916,855,264,784

*Interest rate sensitivity analysis*

The Company has not conducted any analysis of interest rate sensitivity for the year ended 31 December 2021 and 2020 due to the lack of conditions for database and input information.

**(b) Currency risk**

Currency risk is the risk that the value of a financial instrument fluctuates due to changes in foreign exchange rates.

The Company was incorporated and operates in Vietnam, with VND as its reporting currency. The principal currency for the Company's transactions is VND. During the year, exchange rate between VND and USD fluctuated significantly; however, the Company's loans to customers were primarily in VND and partially in USD. The Company has established a system of limits to manage currency positions. Currency positions are monitored on a daily basis and hedging strategies are used to ensure currency positions are maintained within established limits.

The classification of assets and liabilities by currency translated into VND as at 31 December 2021 and 31 December 2020 is as follows:

Notes to the financial statements for the year ended 31 December 2021 (continued)

As at 31 December 2021  
 (VND equivalent)

Assets	VND	USD	EUR	CHF	JPY	Total
Balances with the SBV	252,417,115	-	-	-	-	252,417,115
Deposits with and loans to other CIs	346,961,618,811	3,882,083,737	20,448,237	10,477,778	10,876,249	350,885,504,812
Trading securities - gross	539,088,744,600	-	-	-	-	539,088,744,600
Loans to customers - gross	3,548,202,405,999	-	-	-	-	3,548,202,405,999
Investment securities - gross	1,290,201,720,930	-	-	-	-	1,290,201,720,930
Long-term investments	14,509,062,700	-	-	-	-	14,509,062,700
Fixed assets - net	45,892,840,975	-	-	-	-	45,892,840,975
Other assets	702,352,922,951	-	-	-	-	702,352,922,951
<b>Total assets</b>	<b>6,487,461,734,081</b>	<b>3,882,083,737</b>	<b>20,448,237</b>	<b>10,477,778</b>	<b>10,876,249</b>	<b>6,491,385,620,082</b>
<b>Liabilities</b>						
Deposits and borrowings from other CIs	1,110,000,000,000	-	-	-	-	1,110,000,000,000
Deposits from customers	70,868,542,466	-	-	-	-	70,868,542,466
Other borrowed and entrusted funds	93,962,238,428	-	-	-	-	93,962,238,428
Valuable papers issued	3,871,400,000,000	-	-	-	-	3,871,400,000,000
Other liabilities	278,878,476,521	-	1,346,469	-	-	278,879,822,990
<b>Total liabilities</b>	<b>5,425,109,257,415</b>	<b>-</b>	<b>1,346,469</b>	<b>-</b>	<b>-</b>	<b>5,425,110,603,884</b>
<b>FX position on balance sheet</b>	<b>1,062,352,476,666</b>	<b>3,882,083,737</b>	<b>19,101,768</b>	<b>10,477,778</b>	<b>10,876,249</b>	<b>1,066,275,016,198</b>

Notes to the financial statements for the year ended 31 December 2021 (continued)

As at 31 December 2020

(VND equivalent)	VND	USD	EUR	CHF	JPY	Total
<b>Assets</b>						
Balances with the SBV	97,617,895	-	-	-	-	97,617,895
Deposits with and loans to other CIs	337,027,320,986	4,226,463,550	22,983,623	11,694,466	12,619,428	341,301,082,053
Loans to customers - gross	3,024,737,532,515	-	-	-	-	3,024,737,532,515
Investment securities - gross	1,206,432,354,221	-	-	-	-	1,206,432,354,221
Long-term investments	14,509,062,700	-	-	-	-	14,509,062,700
Fixed assets - net	45,074,687,933	-	-	-	-	45,074,687,933
Other assets	665,906,275,899	-	-	-	-	665,906,275,899
<b>Total assets</b>	5,293,784,852,149	4,226,463,550	22,983,623	11,694,466	12,619,428	5,298,058,613,216
<b>Liabilities</b>						
Deposits and borrowings from other CIs	1,367,937,213,750	-	-	-	-	1,367,937,213,750
Deposits from customers	30,900,000,000	-	-	-	-	30,900,000,000
Other borrowed and entrusted funds	106,788,982,753	1,475,855,304	612,473	-	-	108,265,450,530
Valuable papers issued	2,636,000,000,000	-	-	-	-	2,636,000,000,000
Other liabilities	238,099,202,354	-	1,481,798	-	-	238,100,684,152
<b>Total liabilities</b>	4,379,725,398,857	1,475,855,304	2,094,271	-	-	4,381,203,348,432
<b>FX position on balance sheet</b>	914,059,453,292	2,750,608,246	20,889,352	11,694,466	12,619,428	916,855,264,784

### *Sensitivity of foreign exchange rate*

The table below provides the effects on profit or loss and owner's equity for the year ended 31 December 2021 and 2020 of the Company (with the assumption that all other variables, interest rates, remain constant) when VND weakened by 1% against USD.

Currency	Effect on profit or loss Increased/(decreased) VND	Effect on owner's equity Increased/(decreased) VND
<b>Year ended 31 December 2021</b>		
USD	38,820,837	31,056,670
<b>Year ended 31 December 2020</b>		
USD	27,506,082	22,004,866

## **41. Fair value disclosure**

As Circular No. 210/2009/TT-BTC of the Ministry of Finance dated 6 November 2009 ("Circular 210") only regulates the presentation and disclosure of financial instruments, the following terms stated in Note 4(ee) are adopted for Note 41 to the financial statements. Assets and liabilities of the Company are recognised in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to credit institutions issued by the SBV and the relevant statutory requirements applicable to financial reporting

### **Financial assets**

Under Circular 210, the Company's financial assets include cash on hand, gold, silver and gemstones, deposits with the SBV and other CIs, securities held for trading, loans to other credit institutions, loans to customers, investment securities and other financial assets. For disclosures in the financial statements, financial assets within the scope of Circular 210 are classified in accordance with accounting policies stated in Note 4(ee)(i).

### **Financial liabilities**

According to Circular 210, the Company's financial liabilities include amounts due to the Government and the SBV, deposits and borrowings from other CIs, deposits from customers, valuable papers issued, other borrowed and entrusted funds and other financial liabilities. For disclosures in the financial statements, financial liabilities within the scope of Circular 210 are classified in accordance with accounting policies stated in Note 4(ee)(ii).

The following table presents the carrying amounts and fair values of the Company's assets and liabilities as at 31 December 2021 and 31 December 2020:

VietCredit Finance Joint Stock Company  
Level 17, MIPEC Tower  
No. 229 Tay Son, Dong Da District, Hanoi  
Notes to the financial statements for the year ended 31 December 2021 (continued)

Form B05/TCTD  
(Issued under Circular  
No. 49/2014-TT-NHNN  
dated 31 December 2014 of  
the Governor of the State Bank of Vietnam)

As at 31 December 2021	Carrying amount				Fair value
	Measured at fair value through profit or loss VND	Loans and receivables VND	Available-for-sale VND	Measured at amortised cost VND	
<b>Financial assets</b>					
Balances with the SBV	-	252,417,115	-	-	252,417,115
Deposits with and loans to other CIs	-	350,885,504,812	-	-	350,885,504,812
Trading securities – gross	539,088,744,600	-	-	-	539,088,744,600
Loans to customers – gross	-	3,548,202,405,999	-	-	3,548,202,405,999
Investment securities – gross	-	281,201,720,930	1,009,000,000,000	-	1,290,201,720,930
Long-term investments	-	-	14,509,062,700	-	14,509,062,700
Other financial assets	-	198,010,932,089	-	-	198,010,932,089
	539,088,744,600	4,097,351,260,015	1,023,509,062,700	-	5,941,150,788,245
<b>Financial liabilities</b>					
Deposits and borrowings from other CIs	-	-	-	1,110,000,000,000	1,110,000,000,000
Deposits from customers	-	-	-	70,868,542,466	70,868,542,466
Other borrowed and entrusted funds	-	-	-	93,962,238,428	93,962,238,428
Valuable papers issued	-	-	-	3,871,400,000,000	3,871,400,000,000
Other financial liabilities	-	-	-	278,875,822,990	278,875,822,990
	-	-	-	5,425,106,603,884	5,425,106,603,884

(\*) The Company 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 or the Vietnamese Accounting System applicable to Credit institutions issued by the State Bank of Vietnam. The fair values of these financial instruments may differ from their carrying amounts.



Notes to the financial statements for the year ended 31 December 2021 (continued)

As at 31 December 2020

	Held-to-maturity VND	Loans and receivables VND	Carrying amount		Total carrying amount VND	Fair value VND
			Available-for-sale VND	Measured at amortised cost VND		
<b>Financial assets</b>						
Balances with the SBV	-	97,617,895	-	-	97,617,895	97,617,895
Deposits with and loans to other CIs	-	341,301,082,053	-	-	341,301,082,053	(*)
Loans to customers - gross	-	3,024,737,532,515	-	-	3,024,737,532,515	(*)
Investment securities - gross	281,201,720,930	-	925,230,633,291	-	1,206,432,354,221	(*)
Long-term investments	-	-	14,509,062,700	-	14,509,062,700	(*)
Other financial assets	-	188,273,034,248	-	-	188,273,034,248	(*)
	281,201,720,930	3,554,409,266,711	939,739,695,991	-	4,775,350,683,632	
<b>Financial liabilities</b>						
Deposits and borrowings from other CIs	-	-	-	1,367,937,213,750	1,367,937,213,750	(*)
Deposits from customers	-	-	-	30,900,000,000	30,900,000,000	(*)
Other borrowed and entrusted funds	-	-	-	108,265,450,530	108,265,450,530	(*)
Valuable papers issued	-	-	-	2,636,000,000,000	2,636,000,000,000	(*)
Other financial liabilities	-	-	-	238,100,684,152	238,100,684,152	(*)
	-	-	-	4,381,203,348,432	4,381,203,348,432	

(\*) The Company 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 or the Vietnamese Accounting System applicable to Credit institutions issued by the State Bank of Vietnam. The fair values of these financial instruments may differ from their carrying amounts.



#### 42. Exchange rates of some currencies at the end of the annual reporting period

The followings were the exchange rates at the reporting date applied by the Company:

	Exchange rate as at	
	31/12/2021 VND	31/12/2020 VND
USD	22,840	23,100
EUR	25,790	28,382
HKD	2,923	2,981
CHF	24,947	26,192
GBP	30,805	31,525
JPY	198	224

#### 43. Unusual items

The widespread recurrence of the Covid-19 outbreak at the end of April 2021 in Vietnam has greatly affected people's income and business activities of many enterprises in various sectors. The Vietnamese Government has implemented various control and prevention measures, notably the implementation of social distancing and promotion of universal vaccination. The Covid-19 vaccination coverage rate in Vietnam has now reached more than 90%. However, the impact of the pandemic on business operations of enterprises including the Company will depend on future developments, including the duration and spread of the outbreak and other unpredictable information at the date of these financial statements.

During year ended 31 December 2021, the Company restructured loan repayment periods, offered exemption/reduction of interest/fees to and kept loan groups unchanged for Covid-19 in accordance with Circular 03 and Circular 14 (Note 4(h)).

#### 44. Post balance sheet events

No significant events have occurred since the ending date of the fiscal year which require adjustments or disclosures in the financial statements of the Company for the year ended 31 December 2021.

## 45. Comparative information

Certain comparative information items have been reclassified to conform with the current year's presentation. A comparison of the amounts previously reported and as reclassified is as follows:

	2020 VND (as reclassified)	2020 VND (as previously reported)
<b>Statement of income</b>		
Interest and similar income	1,039,003,966,323	932,692,651,323
Fee and commission income	54,389,551,816	160,700,866,816
<b>Statement of cash flows</b>		
Interest and similar income received	975,640,664,603	905,884,554,652
Net fee and commission (expenses)/income (paid)/received	(10,077,642,871)	59,678,467,080

## 46. Approval of the financial statements

The financial statements were approved by the Company's Board of Management on 30 March 2022.

30 March 2022

Prepared by:

  
 Lai Ngoc Linh  
 Accountant

Approved by:

  
 Tran Thi Van Anh  
 Chief Accountant

  
 Ho Minh Tam  
 Chief Executive Officer

