



Southeast Asia Commercial Joint Stock Bank

Separate Financial Statements
for the year ended 31 December 2021



Southeast Asia Commercial Joint Stock Bank

Corporate Information

Banking Operation Licence No. 0051/QĐ/NH-GP 25 March 1994

The Banking Operation Licence was issued by the State Bank of Vietnam and is valid for 99 years from the date of the Banking Operation Licence. The Banking Operation Licence have been amended several times, the most recent of which is under Decision 2078/QĐ-NHNN dated 24 December 2021 of the State Bank of Vietnam.

Business Registration Certificate No. 0200253985 14 January 2005

The Business Registration Certificate has been amended several times, the most recent of which is the 33rd amendment dated 5 January 2022 issued by Hanoi Department of Planning and Investment.

Board of Directors	Mr. Le Van Tan	Chairman
	Ms. Nguyen Thi Nga	Standing Vice Chairwoman
	Ms. Le Thu Thuy	Vice Chairwoman
	Ms. Khuc Thi Quynh Lam	Vice Chairwoman
	Mr. Hoang Minh Tan	Member
	Mr. Bui Trung Kien	Member
	Ms. Ngo Thi Nhai	Independent Member
	Mr. Faussier Loic Michel Marc	Independent Member (from 23 April 2021)

Board of Management	Ms. Le Thu Thuy	General Director
	Mr. Le Quoc Long	Standing Deputy General Director
	Ms. Nguyen Thi Thu Huong	Deputy General Director
	Mr. Nguyen Tuan Cuong	Deputy General Director
	Mr. Vu Dinh Khoan	Deputy General Director
	Mr. Nguyen Ngoc Quynh	Deputy General Director
	Ms. Tran Thi Thanh Thuy	Deputy General Director
	Mr. Hoang Manh Phu	Deputy General Director
	Ms. Dang Thu Trang	Deputy General Director
Mr. Vo Long Nhi	Deputy General Director (from 16 November 2021)	

Legal Representative Mr. Le Van Tan Chairman of Board of Directors

Registered office No. 198, Tran Quang Khai, Ly Thai To Ward
Hoan Kiem District, Hanoi, Vietnam

Auditors KPMG Limited
Vietnam

Southeast Asia Commercial Joint Stock Bank Statement of the Board of Management

The Board of Management of Southeast Asia Commercial Joint Stock Bank (“the Bank”) presents this statement and the accompanying separate financial statements of the Bank for the year ended 31 December 2021.

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

- (a) the separate financial statements set out on pages 5 to 71 give a true and fair view of the unconsolidated financial position of the Bank as at 31 December 2021, and of its unconsolidated results of operations and its unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons for the Board of Management to believe that the Bank will not be able to pay its debts as and when they fall due.

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

On behalf of the Board of Management



Nguyễn Thị Thu Hương
Deputy General Director

Hanoi, 15 March 2022



KPMG Limited
46th 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 Southeast Asia Commercial Joint Stock Bank

We have audited the accompanying separate financial statements of Southeast Asia Commercial Joint Stock Bank ("the Bank"), which comprise the separate balance sheet as at 31 December 2021, the separate statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank's Board of Management on 15 March 2022, as set out on pages 5 to 71.

Management's Responsibility

The Bank's Board of Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Bank's Board of Management determines is necessary to enable the preparation of the separate 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 separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free of material misstatement.

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

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

	Note	31/12/2021 VND million	31/12/2020 VND million
A ASSETS			
I Cash and gold on hand	4	1,075,997	1,012,074
II Balances with the State Bank of Vietnam ("SBV")	5	4,796,702	3,374,301
III Deposits with and loans to other credit institutions ("CIs")	6	44,690,477	25,740,328
1 Deposits with other CIs		37,333,492	25,640,328
2 Loans to other CIs		7,356,985	100,000
IV Held-for-trading securities	7	13,482,630	2,678,455
1 Held-for-trading securities		13,494,009	2,683,659
2 Allowance for held-for-trading securities		(11,379)	(5,204)
V Derivatives and other financial assets	19	-	144,604
VI Loans and advances to customers		123,159,955	107,618,502
1 Loans and advances to customers	8	124,899,910	108,724,047
2 Allowance for loans and advances to customers	9	(1,739,955)	(1,105,545)
VIII Investment securities		16,393,870	32,098,250
1 Available-for-sale investment securities	10(a)	16,117,832	31,818,476
2 Held-to-maturity investment securities	10(b)	319,364	319,364
3 Allowance for investment securities	11	(43,326)	(39,590)
IX Capital contribution, long-term investments	12	1,841,729	1,858,172
1 Investments in subsidiaries		1,760,000	1,760,000
4 Other long-term investments		83,172	98,172
5 Allowance for diminution in value of long-term investments		(1,443)	-
X Fixed assets		880,990	861,142
1 Tangible fixed assets	13	285,757	282,780
A Cost		675,433	735,732
B Accumulated depreciation		(389,676)	(452,952)
3 Intangible fixed assets	14	595,233	578,362
A Cost		757,656	739,349
B Accumulated amortisation		(162,423)	(160,987)
XII Other assets	15	5,725,066	5,138,910
1 Receivables		1,955,563	1,064,132
2 Accrued interest and fees receivable		1,665,984	2,594,434
4 Other assets		2,131,576	1,501,972
5 Allowance for losses other assets		(28,057)	(21,628)
TOTAL ASSETS		212,047,416	180,524,738

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

	Note	31/12/2021 VND million	31/12/2020 VND million
B LIABILITIES AND OWNERS' EQUITY			
LIABILITIES			
I Amounts due to the Government and the SBV	16	2,172,763	205,702
II Deposits and borrowings from other CIs	17	58,611,446	42,699,830
1 Deposits from other CIs		35,798,180	25,571,629
2 Borrowings from other CIs		22,813,266	17,128,201
III Deposits from customers	18	109,814,519	113,298,248
IV Derivatives and other financial liabilities	19	47,804	-
VI Valuable papers issued	20	19,053,200	7,064,740
VII Other liabilities	21	3,517,492	3,442,763
1 Accrued interest and fees payable		2,947,320	3,065,604
3 Other liabilities		570,172	377,159
TOTAL LIABILITIES		193,217,224	166,711,283
OWNERS' EQUITY			
VIII Capital and reserves	22	18,830,192	13,813,455
1 Capital		15,595,507	12,087,442
a Charter capital		14,784,884	12,087,442
c Share premium		810,623	-
2 Reserves		813,692	419,156
3 Foreign exchange differences		-	-
5 Retained earnings		2,420,993	1,306,857
TOTAL OWNERS' EQUITY		18,830,192	13,813,455
TOTAL LIABILITIES AND OWNERS' EQUITY		212,047,416	180,524,738

	Note	31/12/2021 VND million	31/12/2020 VND million
OFF-BALANCE SHEET ITEMS			
I	CONTINGENT LIABILITIES AND OTHER COMMITMENTS	33	
1	Loan guarantees	-	-
2	Foreign exchange commitments		
	<i>Foreign currency purchase commitments</i>	1,430,311	541,303
	<i>Foreign currency sale commitments</i>	625,751	447,726
	<i>Currency swaps - Purchase commitments</i>	47,849,800	30,139,120
	<i>Currency swaps - Sale commitments</i>	44,526,580	23,652,400
3	Letters of credit	1,782,559	657,643
4	Other guarantees	4,227,452	2,566,407
6	Interest rate swaps	8,089,470	9,805,803

15 March 2022

Prepared by:



Nghiem Thi Thu Nga
Preparer

Approved by:



Nguyen Thi Hoai Phuong
Chief Accountant

Approved by:



Nguyen Thi Thu Huong
Deputy General Director

	Note	2021 VND million	2020 VND million
1 Interest and similar income		11,653,018	10,684,113
2 Interest and similar expenses		(6,622,912)	(7,645,430)
I Net interest income	25	5,030,106	3,038,683
3 Fee and commission income		1,287,986	493,279
4 Fee and commission expenses		(175,629)	(151,430)
II Net fee and commission income	26	1,112,357	341,849
III Net gain from trading of foreign currencies	27	148,886	74,729
IV Net gain from trading securities	28	57,884	169,361
V Net gain from sales of investment securities	29	306,197	171,441
5 Other income		436,589	1,151,430
6 Other expenses		(246,545)	(403,660)
VI Net other income	30	190,044	747,770
VII Gains from capital contribution, shares purchase	31	22,027	14,911
VIII Operating expenses	32	(2,385,726)	(2,042,510)
IX Net operating profit before allowance expenses for credit losses		4,481,775	2,516,234
X Allowance expenses for credit losses		(1,198,952)	(674,644)
XI Profit before tax		3,282,823	1,841,590
7 Corporate income tax expenses – current		(652,576)	(365,692)
XII Income tax expense	34	(652,576)	(365,692)
XIII Profit after tax		2,630,247	1,475,898

Prepared by:



Nghiem Thi Thu Nga
Preparer

15 March 2022

Approved by:



Nguyen Thi Hoai Phuong
Chief Accountant



Approved by:

Nguyen Thi Thu Huong
Deputy General Director

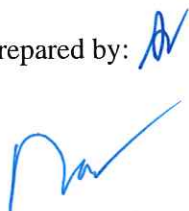
The accompanying notes are an integral part of these separate financial statements

		2021 VND million	2020 VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Interest and similar income received	12,581,468	11,468,513
02	Interest and similar expenses paid	(6,741,196)	(7,599,183)
03	Net fees and commission income received	1,112,357	341,849
04	Net receipts from trading activities (foreign currencies, gold and securities)	522,878	418,406
05	Other income	106,374	722,064
06	Collection of bad debts previously written off	102,746	43,904
07	Payments for salary and operating expenses	(2,303,581)	(1,968,432)
08	Corporate income tax paid during the year	(556,783)	(357,689)
	Cash flows from operating activities before changes in operating assets and liabilities	4,824,263	3,069,432
Changes in operating assets			
09	(Increase)/decrease in balances with and loans to other CIs	(7,256,985)	1,164,679
10	Decrease/(increase) in securities held-for-trading	4,890,294	(13,016,068)
11	Decrease/(increase) in derivatives and other financial assets	192,408	(111,187)
12	Increase in loans and advances to customers	(16,175,863)	(10,103,809)
13	Utilisation of allowance	(564,542)	(698,532)
14	(Increase)/decrease in other operating assets	(1,540,172)	95,419
Changes in operating liabilities			
15	Increase/(decrease) in amounts due to the Government and the SBV	1,967,061	(32,890)
16	Increase in deposits and borrowings from other CIs	15,911,616	10,862,455
17	(Decrease)/increase in deposits from customers	(3,483,729)	17,565,478
18	Increase/(decrease) in valuable papers issued	11,988,460	(8,758,440)
21	Increase in other operating liabilities	97,224	80,200
I	NET CASH FLOWS FROM OPERATING ACTIVITIES	10,850,035	116,737

		2021 VND million	2020 VND million
CASH FLOWS FROM INVESTING ACTIVITIES			
01	Purchases of fixed assets	(113,197)	(177,287)
07	Payments for investments in other entities	-	(1,300)
08	Collections on investments in other entities	21,041	10,152
09	Receipt of dividends and profit from long-term investments	15,986	14,911
II	NET CASH FLOWS FROM INVESTING ACTIVITIES	(76,170)	(153,524)
CASH FLOWS FROM FINANCING ACTIVITIES			
01	Proceeds from issuing shares	2,405,623	1,406,782
III	NET CASH FLOWS FROM FINANCING ACTIVITIES	2,405,623	1,406,782
IV	NET CASH FLOWS DURING THE YEAR	13,179,488	1,369,995
V	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	30,026,703	28,656,708
VII	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 35)	43,206,191	30,026,703

15 March 2022

Prepared by:



Nghiem Thi Thu Nga
Preparer

Approved by:



Nguyen Thi Hoai Phuong
Chief Accountant

Approved by:



Nguyen Thi Thu Huong
Deputy General Director

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

1. Reporting entity

(a) Establishment and operation

Southeast Asia Commercial Joint Stock Bank ("the Bank") is a commercial joint stock bank incorporated and registered in the Socialist Republic of Vietnam.

The Bank was established pursuant to Banking Operation License No. 0051/QD/GP-NHNN issued by the Governor of the State Bank of Vietnam on 25 March 1994. The operation period according to the Banking Operation Licence is 99 years from 25 March 1994.

The principal activities of the Bank are mobilising and receiving short, medium and long-term deposits from organisations and individuals; short, medium and long-term lending up to the nature and ability of the Bank's capital resources; conducting settlement and cash services and other banking services as approved by SBV; making capital contributions, purchasing shares, investment in bonds and trading foreign currencies in accordance with the law.

(b) Charter capital

As at 31 December 2021, the Bank's charter capital was VND14,784,884 million (31/12/2020: VND12,087,442 million). The Bank issued 1,478,488,369 ordinary shares with the par value of VND10,000 per share.

(c) Location and network

The Bank's Head Office is located at No. 198, Tran Quang Khai, Ly Thai To Ward, Hoan Kiem District, Hanoi, Vietnam. As at 31 December 2021, the Bank had one (01) Head Office, one (01) representative office, forty four (44) branches, one hundred and twenty nine (129) transaction offices nationwide and two (2) subsidiaries (31/12/2020: the Bank had one (01) Head Office, one (01) representative office, forty four (44) branches, one hundred and twenty nine (129) transaction offices nationwide and two (2) subsidiaries).

At the reporting date, the Bank has two (02) subsidiaries as follows (31/12/2020: two (02) subsidiaries):

Company name	Operation License No.	Business sector	% owned by the Bank
SeABank Asset Management Company Limited	0103099985 dated 16 December 2008 issued by Hanoi Planning and Investment Department and the most recent amendment on 24 October 2018.	Debt and asset management	100%
Post and Telecommunication Finance Company Limited	96/GP-NHNN dated 28 September 2018 and amended under Decision 2284/QD-NHNN dated 31 December 2020 of the Governor of the State Bank of Vietnam	Consumer finance	100%

(d) Total number of employees

As at 31 December 2021, the Bank had 4,501 employees (31/12/2020: 3,946 employees).

2. Basis of preparation

(a) Statement of compliance

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

The Bank also prepares and issues its consolidated financial statements of the Bank and its subsidiaries (collectively referred to as "SeABank") in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for credit institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting. For a comprehensive understanding of SeABank's consolidated financial position, their consolidated results of operations and consolidated cash flows, these separate financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2021.

(b) Basis of measurement

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

(c) Accounting period

The annual accounting period of the Bank is from 1 January to 31 December.

(d) Accounting currency

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

(e) **Changes in accounting policies**

Since 1 October 2021, the Bank has prospectively adopted regulations of Circular 11/2021/TT-NHNN dated 30 July 2021 ("Circular 11") of the SBV the classification of assets, credit loss allowance level, allowance calculation method and utilisation of allowance in operations of credit institutions and branches of foreign banks. Circular 11 replaces Circular No. 02/2013/TT-NHNN dated 21 January 2013 issued by the SBV regulating the classification of assets, credit loss allowance level, allowance calculation method and utilisation of allowance in operations of credit institutions and branches of foreign banks ("Circular 02") and Circular No. 09/2014/TT-NHNN dated 18 March 2014 issued by the SBV amending and supplementing certain articles of Circular 02.

The significant changes in accounting policy due to the prospective adoption of Circular 11 and impacts on the separate financial statement of the Bank, if any, are presented in Note 3(g) of the separate financial statements.

3. **Summary of significant accounting policies**

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

(a) **Foreign currency**

Foreign currency transactions

All transactions are recorded in their original currencies. Monetary items denominated in currencies other than VND are translated into VND at the average buying and selling spot exchange rate of that currency (gold is converted at the average selling and buying rate) of the Bank at the end of the last working day of the annual accounting period if the difference between this rate and the weighted average of the buying and selling exchange rates of the last working day of the annual accounting period is less than 1% (refer to Note 41(b) for details of foreign exchange rates as at 31 December 2021). If the difference between the average exchange rate for spot selling and buying at the end of the last working day of the annual accounting period and the weighted average of the buying and selling exchange rate of the last working day of the annual accounting period is greater than or equal to 1%, the Bank shall use the weighted average of the buying and selling exchange rate of the last working day of the annual accounting period).

Non-monetary foreign currency assets and liabilities are translated into VND using the exchange rates effective at the dates of the transactions.

Income and expense in foreign currencies are translated into VND using the exchange rates effective at the dates of the transactions.

Foreign exchange differences arising from revaluation of monetary items denominated in foreign currencies as at the end of the annual accounting period are recognised in the separate statement of income.

(b) **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, gold on hand, balances with SBV, Government treasury bills and other short-term valuable papers which are eligible for rediscount with SBV, balances with other CIs without a term and with original terms to maturity of not exceeding three months and securities with recovery or maturity period not exceeding three months from the acquisition date.

(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 exceeding one year.

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

Credit risk classification of deposits with and loans to other CIs and allowance thereof is made in accordance with Circular 11. Accordingly, the Bank has provided specific allowance for balances with and loans to other CIs in accordance with the method described in Note 3(g).

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

(d) Securities held-for-trading and investment securities

(i) Classification

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.

Investment securities include available-for-sale investment securities and held-to-maturity investment securities. Available-for-sale investment securities are debt securities, which are held for an indefinite period and may be sold at any time. Held-to-maturity investment securities are debt securities with fixed maturities and fixed or determinable payments, where the Bank has the positive intention and ability to hold until maturity.

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

(ii) Recognition

The Bank recognises securities held-for-trading and investment securities on the date that the Bank becomes a party under purchase contracts for these securities (trade date accounting).

(iii) Measurement

Debt securities

For debt securities held-for-trading, the Bank initially records at cost less allowance for diminution in the value of securities (if any).

For debt investment securities, the Bank initially records 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 of investment securities, including allowance for diminution in value of securities and allowance for risk of unlisted bonds. Premium and discounts arising from purchases of debt securities are amortised to the separate statement of income on a straight-line basis over the period from acquisition date to maturity date.

Allowance for diminution in value of investment securities is determined based on actual market prices. For Government bonds, local government bonds, debt securities issued by other local credit institutions the actual bond price on the market is the latest trading price at the Stock Exchange within 10 days to the end of the annual accounting period. If there is no transaction within 10 days to the end of the annual accounting period, the Bank will not make additional allowance or reverse allowance for these investments.

For debt securities of enterprises that have neither been listed in the stock market nor registered for trading in the market of unlisted public companies, the Bank provides allowance for credit risk of such securities in accordance with the provisions of the Circular as described in Note 3(g).

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

Interest income from debt securities and equity securities after the acquisition date is recognised in the separate statement of income upon receipt.

(iv) De-recognition

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

(e) Long-term investments

(i) Investments in subsidiaries

Subsidiaries are entities controlled by the Bank. Control exists when the Bank has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. When assessing control, it is essential to take into account the exercisability of potential voting rights.

Investments in subsidiaries are stated at cost less allowance for diminution in value of investments. Distributions from the accumulated net profits of the subsidiaries arising subsequent to the date of acquisition are recognised in the separate statement of income.

(ii) Other long-term investments

Other long-term investments are investments in the equity of other companies without having control or significant influence. These long-term investments are initially recognised at cost at the date of acquisition, and subsequently stated at cost less allowance for diminution in the value of investments.

(iii) Allowance for diminution in value of long-term investments

Allowance for diminution in value of other long-term investments is made when the invested economic entities suffer losses causing diminution in the value of the Bank's original investment, except when there is evidence that the value of the investment has not been diminished. Allowance for diminution in value is determined as the total actual contributed capital of parties to the investee less (-) the actual owner's equity multiplied (x) by the Bank's ownership percentage in the investee.

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

(f) Loans and advances to customers

Loans and advances to customers are stated at the amount of the principal outstanding less allowance for loans and advances to customers.

Short-term loans are those with maturity term of not more than 1 year from the loan disbursement date. Medium-term loans are those with maturity term from over 1 year to 5 years from the loan disbursement date. Long-term loans are those with maturity term of more than 5 years from the loan disbursement date.

The Bank derecognises loans when the contractual rights to the cash flows from these loans expire or when substantially all the risks and rewards of ownership of these loans have been transferred.

Debt classification and allowance for loans and advances to customers are made in accordance with Circular 11 as described in Note 3(g).

(g) **Debt classification and the rate and method of making allowance for credit losses**

(i) **Debt classification**

Before 1 October 2021

Classification of term deposits with and loans to other CIs and foreign bank branches, purchase of unlisted corporate bonds, loans and advances to customers, entrusted extension of credit, debts already sold but payments not yet collected, debts repurchased (collectively referred to as “debts”) is implemented in accordance with Circular 02. Accordingly, the Bank conducts quarterly debt classification based on the outstanding principals of debts at the last working day of each quarter; for the last quarter of the annual accounting period, debt classification is based on the outstanding principal balance of debts at the last working day of the second month of the last quarter of the annual accounting period.

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

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

<i>Debt group</i>		<i>Overdue status</i>
5	Loss	<p>(a) Debts which are overdue for a period of more than 360 days; or</p> <p>(b) Debts which are restructured repayment term for the first time but still overdue for a period of 90 days or more than under that first restructured repayment term; or</p> <p>(c) Debts which are restructured repayment term for the second time but still overdue under that second restructured repayment term; or</p> <p>(d) Debts which are restructured repayment term for the third time or more, whether debts are overdue or not; or</p> <p>(e) Debts which are specified in point (d) of debt Group 3 have not been recoverable for a period of more than 60 days after decisions on recovery have been issued; or</p> <p>(f) Debts which must be recovered under inspection conclusions but fail to be repaid although recovery term was overdue for more than 60 days; or</p> <p>(g) Debts of customers being CIs which are announced by SBV to place in special control status, or foreign bank branches of which capital and assets are blockaded.</p>

From 1 October 2021

Classification of term deposits with and loans to other CIs and foreign banks' branches, purchase of unlisted corporate bonds, loans and advances to customers, entrusted extension of credit, debts already sold but not yet collected, debts repurchased, repurchase of Government bonds, purchase of treasury notes, treasury bills, certificates of deposit issued by other credit institutions or foreign bank branches (collectively referred to as "debts") is implemented in accordance with Circular 11. Accordingly, the Bank implements monthly debt classification based on outstanding principal balance of debts at the last working day of the month.

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

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

<i>Debt group</i>		<i>Overdue status</i>
		(f) Debts in the collection process under decision on early debt collection when customers violate the terms of agreements but have not been collected within a period of less than 30 days from the date of the collection decision
4	Doubtful	(a) Debts being overdue between 181 days and 360 days; or (b) Debts having terms of repayment rescheduled for the first time and being overdue less than 90 days according to the first rescheduled terms of repayment; or (c) Debts having terms of repayment rescheduled for the second time which is undue; or (d) Debts specified in point (d) of Sub-standard debts not yet collected between 30 days and 60 days since 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; or (f) Debts in the collection process under decision on early debt collection when customers violate the terms of agreements but have not been collected within a period between 30 to 60 days from the date of the collection decision.
5	Loss	(a) Debts being overdue more than 360 days; or (b) Debts having terms of repayment rescheduled for the first time and being overdue from 90 days and more according to the first rescheduled terms of repayment; or (c) Debts having terms of repayment rescheduled for the second time and being overdue according to the second reschedule terms of repayment; or (d) Debts having terms of repayment rescheduled for the third time or more, regardless of whether the debts are overdue or not; or (e) Debts specified in point (d) of Sub-standard debts not yet collected over 60 days since the issuance date of recovery decision; or (f) Debts in the collection process under inspection conclusions but being overdue of more than 60 days according to recovery term; or (g) Debts in the collection process under decision on early debt collection when customers violate the terms of agreements but have not been collected for more than 60 days from the date of the collection decision; or (h) Debts to credit institutions being announced under special supervision status by the SBV, or to foreign bank 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 Bank committed obligations:

- Group 3 - Sub-standard debts: overdue below 30 days;
- Group 4 - Doubtful debts: overdue from 30 days to less than 90 days;
- Group 5 - Loss debts: overdue from 90 days and above.

Where a customer owes more than one debt to the Group and has any of its debts transferred to a higher risk group, the Bank is obliged to classify the remaining debts of such customer into the group of debts with higher risk corresponding with their level of risk.

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

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

Before 17 May 2021

The Bank has applied Circular No. 01/2020/TT-NHNN issued by the SBV dated 13 March 2020 (“Circular 01”) on rescheduling of debt repayment terms, waiver/reduction of interest/fees and maintaining the debt classifications in order to support customers affected by Covid-19 pandemic. Accordingly, for customers who have the obligation to repay the principals and/or interest being due during the period from 23 January 2020 until 3 months after the date the Prime Minister announces that Covid-19 pandemic is over, and for customers who are unable to repay their principals and/or interest in due time under the signed contract or loan agreement because of declines in revenue and income caused by the impacts of Covid-19 pandemic, the Bank is allowed to reschedule the repayment period for these debts while maintaining the same debt group as previously classified before 23 January 2020.

From 17 May 2021 to 7 September 2021

The Bank has applied Circular No. 03/2021/TT-NHNN dated 2 April 2021 (“Circular 03”) issued by the SBV amending and supplementing some articles of Circular 01. Accordingly, for customers who have debts incurred before 10 June 2020 and have an obligation to repay principal and/or interest during the period from 23 January 2020 to 31 December 2021, and these customers unable to repay the principals and/or interest in due time under the signed contract or loan agreement because of declines in revenue or income caused by the impacts of Covid-19 pandemic, the Bank are allowed to restructure repayment terms, waiver/reduction of interest/fees and classified debts as follows:

Time of debt origination	Arising period of debt repayment obligation	Overdue status	Period of overdue	Debt classification
Before 23/1/2020	From 23/1/2020 to 31/12/2021	Either current or overdue for up to 10 days	From 30/3/2020 and prior to 31/12/2021	Maintain the same debt group as classified at the most recent time before 23 January 2020.
		Overdue	From 23/1/2020 to 29/3/2020	
From 23/01/2020 to before 10/06/2020		Either current or overdue for up to 10 days	From 17/5/2021 and prior to 31/12/2021	Maintain the same debt group as classified at the most recent time before the date of the first time rescheduling of repayment terms.
		Overdue	From 23/1/2020 and prior to 17/5/2021	Maintain the same debt group as classified at the most recent time before the date the debt is overdue.

From 7 September 2021

The Bank has adopted Circular No. 14/2021/TT-NHNN dated 7 September 2021 (“Circular 14”) amending and supplementing certain articles of the Circular 01. Accordingly, for customers who have debts incurred prior 1 August 2021 and have an obligation to repay principal and/or interest during the period from 23 January 2020 to 30 June 2022, and these customers are unable to repay the principals and/or interest in due time under the signed contract or loan agreement because of declines in revenue or income caused by the impacts of Covid-19 pandemic, the Bank are allowed to restructure repayment terms, waiver/reduction of interest/fees and classified debts as follows:

Time of debt origination	Arising period of debt repayment obligation	Overdue status	Period of overdue	Debt classification
Before 23/1/2020	From 23/1/2020 to 30/6/2022	Either current or overdue for up to 10 days.	From 30/3/2020 to 30/6/2022	Maintain the same debt group as classified at the most recent time before 23 January 2020.
From 23/1/2020 to before 1/8/2021		Either current or overdue for up to 10 days	From 17/05/2021 and prior to 17/7/2021; or from 7/9/2021 and prior to 30/6/2022	Maintain the same debt group as classified at the most recent time before the date of the first time rescheduling of repayment terms.
Before 23/1/2020		Overdue	From 23/1/2020 to 29/3/2020	Maintain the same debt group as classified at the most recent time before 23 January 2020.
From 23/1/2020 to before 10/6/2020		Overdue	From 23/1/2020 and prior to 17/5/2021	Maintain the same debt group as classified at the most recent time before the date the debt is overdue.
From 10/6/2020 to before 1/8/2021		Overdue	From 17/7/2021 and prior to 7/9/2021	

Moreover, the Bank determines and records the additional specific allowance amount required for the entire debt balance of borrowers, including the debt balances with repayment period rescheduled, interest exempted or reduced according to the debt classifications in accordance with Circular 11 (if not applying the regulations on maintaining debt group unchanged under the provisions of Circular 01, Circular 03 and Circular 14) as follows:

Additional allowance by	Deadline
At least 30% of the additional specific allowance amount shall be made	By 31 December 2021
At least 60% of the additional specific allowance amount shall be made	By 31 December 2022
100% of the additional specific allowance amount shall be made	By 31 December 2023

(ii) **Specific allowance for credit risks**

Before 1 October 2021

In accordance with Circular 02, specific allowance for credit risks for debts at the end of each quarter is determined based on the allowance rates corresponding to debt classification results and debt principals balance as at the end of the last working day of each quarter (for the last quarter of the annual accounting period, specific allowance for credit risks is determined based on the allowance rates corresponding to debt classification results and debt principals balance as at the end of the last working day of the second month of the last quarter of the annual accounting period) less discounted value of collateral assets.

From 1 October 2021

In accordance with Circular 11, specific allowance for credit risks at the end of each month is determined based on the allowance rates corresponding to debt classification results and debt principals balance as at the end of the month 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 value of collateral assets are determined in accordance with Circular 11 and the following principles:

- Collateral assets with value of VND50 billion or more for debts to related parties or other parties subject to credit restriction under Article 127 of Law on Credit Institutions and collateral assets with value of VND200 billion or more must be revalued by a licensed asset valuation organisation; and
- Other than the above, collaterals are revalued in accordance with the Bank's internal policies and procedures.
- Collateral assets that do not satisfy the legal conditions as specified in Point 3, Article 12 of Circular 11 are deemed to have zero allowed value.

Maximum discount rates for collateral assets are determined as follows:

Types of collateral assets	Discount rates
(a) Deposits and certificates of deposits from customers in VND at the credit institutions or foreign banks' branches	100%
(b) Government bonds, gold bars, certificates of deposits from customers in foreign currencies at the credit institutions or foreign banks' branches	95%
(c) Municipal bonds, government-guaranteed bonds, transferable instruments, valuable papers issued by the credit institution; deposits, certificates of deposit, bills and notes issued by other credit institutions or foreign bank branches:	
▪ With a remaining term of below 1 year	95%
▪ With a remaining term of between 1 year to 5 years	85%
▪ With a remaining term of over 5 years	80%
(d) Securities issued by other credit institutions and listed on a stock exchange	70%
(e) Securities issued by other enterprises (except for credit institutions) and listed on a stock exchange	65%
(f) Securities unlisted on the Stock Exchange, valuable papers, except items specified in Point c, issued by other credit institutions which have registered securities listing on the Stock Exchange	50%
Securities unlisted on the Stock Exchange, valuable papers, except items specified in Point (c), issued by other credit institutions which have not registered securities listing on the Stock Exchange	30%
(g) Unlisted securities and valuable papers issued by other enterprises registered for listing on a stock exchange	30%

Types of collateral assets	Discount rates
Unlisted securities and valuable papers issued by enterprises not registered for listing on a stock exchange	10%
(h) Real estates	50%
(i) Other collateral assets	30%

(iii) General allowance for credit risks

Before 1 October 2021

According to Circular 02, general allowance for credit risks is required at the rate of 0.75% of total outstanding principals of debts at the last working day of each quarter (for the last quarter of the annual accounting period, general allowance for credit risks is required at the rate of 0.75% of total outstanding principals of debts at the last working day of the second month of the last quarter of the annual accounting period) for debts classified in Group 1 to Group 4 excluding the balances with and loans to other CIs.

From 1 October 2021

According to Circular 11, general allowance is also required at the rate of 0.75% of total outstanding principals of debts at the last working day of each month for debts classified in Group 1 to Group 4 excluding term deposits with and loans to other CIs, purchases of valuable papers issued by other ICs and repurchases of government bonds.

(iv) Write-off of bad debts

According to Circular 11, debts are written-off against the allowance when they have been classified to Group 5 or when borrowers have been declared bankrupt or dissolved (for borrowers being organisations and enterprises) or borrowers are deceased or missing (for borrowers being individuals). Debts written-off against allowance are recorded as off-balance sheet items for following up and collection. The amounts collected from the debts previously written-off are recognised in the statement of income upon receipt.

(v) Off-balance sheet commitments

According to Circular 11, the debt classification of off-balance sheet commitments is done solely for risk management, credit quality supervision of credit granting activities. The Group is not required to make provision for off-balance sheet commitments, except where the Bank has been required to make payment under the guarantee contract, in which case the payment on behalf is classified and provision is made in accordance with the accounting policy as described in Note 3(g).

(h) Derivative financial instruments

(i) Currency forward, swap and option contracts

The Bank involves in derivative contracts including: forward, swaps and option contracts to facilitate customers to transfer, adjust or mitigate foreign exchange risks, and also for the business purposes of the Bank.

Forward contracts are commitments to buy/sell amount of foreign currency against VND or with another foreign currency at a future date at the forward rate determined on the transaction date. The forward contracts are recorded at nominal value at the date of transaction and are revalued at exchange rate at the annual reporting date and are stated at net value on the separate balance sheet. Differences upon revaluation at the end of the period are recognised as "Foreign exchange differences" on the separate balance sheet and are fully transferred to the statement of income at the end of the annual accounting period. Differences between the amounts in VND of the foreign currency amounts which are committed to buy/sell at forward rate and spot rate are recognised in the separate statement of income on a straight-line basis over the term of the contracts.

The currency swap contracts are commitments to buy and sell the same amount of foreign currency with VND or with a different foreign currency with the same party where the settlement dates of two transactions are different and the exchange rate of the two transactions are determined at the transaction date. A currency swap can consist of two spot transactions, two forward transactions or one spot transaction and one forward transaction. Swaps for foreign currencies and VND must have at least one forward transaction. Premiums/discounts arising from the difference of the spot exchange rate at the effective date of the contracts and the forward exchange rate will be recognised immediately on the effective date of the contracts as an asset if they are positive or as a liability if they are negative in the separate balance sheet. This difference is amortised to the separate statement of income on a straight-line basis over the term of the swap contracts.

Foreign currency option contracts are a transaction where a customer gives the Bank an option purchase price to sell the right to allow the customer to buy or sell an amount of foreign currency in the future at the exchange rate determined at trading date. Accordingly, customers have the right but no obligation to perform the committed purchase and sale transaction. Commitment value are recorded on off-balance sheet account in "Option trading commitment". Fee paid for buying currency option contracts is amortised to expense on a straight-line basis over the term of the contract from effective date to maturity date.

(ii) Interest rate swap contracts

The swap contracts are commitments to pay interest at a floating rate or a fixed rate charged on a nominal principal amount. The value of the notional principal amount in interest rate swap contracts per currency is recorded on the off-balance sheet account in item "Interest rate swap commitment". The arising income and expenses are recognised on an accrual basis.

For cross currency interest rate swaps to exchange principals denominated in two different currencies which are exchanged at the effective date, the contract value is recognised on the separate balance sheet. Income earned and expenses incurred are recognised on an accrual basis.

For cross currency interest rate swaps to exchange principals denominated in two different currencies which are not exchanged at the effective date, the contract value is recognised on the separate balance sheet for in the same manner with the contract value of currency forward contracts. These contracts are accounted for in the same manner with currency forward contracts. Income earned and expenses incurred due to interest rate effects are recognised on an accrual basis.

(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 charged to the separate 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 tangible fixed assets beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) **Depreciation**

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

▪ buildings and structures	25 years
▪ machines and equipment	5 - 15 years
▪ means of transportation	6 - 10 years
▪ office equipment	5 - 8 years
▪ others	4 - 7 years

(j) **Intangible fixed assets**

(i) **Software**

The cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software costs are amortised on a straight-line basis ranging from 3 to 15 years.

(ii) **Land use rights**

Land use rights are stated at cost less accumulated amortisation. The initial cost of definite land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Definite land use rights are amortised on a straight-line basis over lease term or useful lives.

(k) **Other assets**

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

For other assets that are not classified as credit risk assets and are overdue, allowance are made based on the overdue status of receivables or expected losses which may incur in case receivables are overdue or undue receivables are likely to become overdue. Allowance expense is recorded in operating expense during the year.

Allowance rates by overdue period are determined 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%
▪ Three (03) years or more	100%

(l) Other provisions

A provision other than provisions described in Notes 3(c), 3(d), 3(e), 3(f), 3(g) and 3(k) is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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.

(m) Deposits from customers

Deposits from customers are stated at cost.

(n) Valuable papers issued

Valuable papers issued are stated at cost less premiums and discounts. Costs of valuable papers issued include the proceeds from issuance minus directly attributable expenses from issuance.

(o) Other payables

Other payables are stated at cost.

(p) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(q) Reserves and fund

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

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

The financial reserve is used to cover financial losses incurred during the normal course of business. The financial reserve and the reserve to supplement charter capital are non-distributable and classified as part of equity.

Other equity funds are allocated from profit after tax. The allocation from profit after tax to these funds and utilisation of these funds is approved by the shareholders in the Annual General Meeting. Other equity funds are not required by law and are fully distributable.

(r) 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 Bank's employees.

(s) Revenue

(i) Interest income

Interest income is recognised in the separate statement of income on an accrual basis, except for interest on debts classified in Group 2 to Group 5 as defined in Note 3(g) and debts classified in Current debts as a result of implementation of rulings of the State authorities which are recognised upon receipt. Accrued interest receivable on these loans will be derecognised and recorded as off-balance sheet items. Interest on these debts are recognised in the separate statement of income upon receipt.

(ii) Fee and commission income

Fee and commissions income is recognised in the separate statement of income upon completion of the services rendered.

(iii) Income from investing activities

Income from trading of securities is determined based on the differences between selling price and weighted average cost of securities.

Dividend income in the form of cash is recognised in the separate statement of income when the Bank's right to receive dividend is established.

Dividends received in the form of shares, bonus shares and rights to purchase shares given to existing shareholders, shares distributed from retained earnings are not recognised as an increase in investment and such dividend income is not recognised in the separate statement of income. When share dividends are received, the Bank only recognises an increase in the number of shares in the notes to the separate financial statements.

Dividends received which are attributable to the period before acquisition date are deducted against the carrying amount of the investment.

(t) Interest expenses

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

(u) Fee and commission expenses

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

(v) Operating lease payments

Payments for operating leases are recognised in the statement of income on a straight-line basis over the term of the lease.

(w) Taxation

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

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

Deferred tax is provided using the 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 end of the annual accounting period.

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

2539
N HAN
MAI CO
NAM
M-TP

(x) Related parties

Related parties of the Bank include:

- The subsidiaries of the Bank;
- Management or members of the Supervisory Board of the Bank;
- Individuals, organisations that hold at least 5% of charter capital or share capital with voting rights of the Bank;
- Wives, husbands, parents, children, siblings of managers or members of the Supervisory Board, capital contributors or shareholders who hold at least 5% of charter capital or share capital with voting rights of the Bank;
- Enterprises held directly or indirectly by such individuals hold an important part of voting rights or through this person, this person may significantly influence the enterprises. This case includes businesses owned by the Bank's leaders or key shareholders and those businesses that have a key managing member with the Bank;
- Representatives for the Bank's paid-in capital and shares.

(y) Commitments and contingent liabilities

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

(z) Nil balances

Items or balances required by Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 ("Decision 16") of SBV's Governor promulgating the regulation on financial reporting regime applicable to CIs and Circular No. 49/2014/TT-NHNN dated 31 December 2014 ("Circular 49") of SBV's Governor on amending and supplementing a number of articles of the regulation on financial reporting regime applicable to CIs accompanying Decision 16, Decision No. 479/2004/QĐ-NHNN dated 29 April 2004 and the chart of accounts of CIs accompanying the Decision that are not shown in these separate financial statements indicate nil balances.

(aa) Financial instruments

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

(i) **Financial assets**

Financial assets at fair value through profit or loss:

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

- It is considered by management as held-for-trading. A financial asset is classified as held-for-trading if it meets either of the following conditions:
 - it is acquired principally for the purpose of selling it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Bank as 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 the Bank has the positive intention and ability to hold to maturity, other than:

- financial assets that, upon initial recognition, were designated by the Bank as financial assets at fair value through profit or loss;
- financial assets already designated by the Bank as assets that available for sale;
- financial assets that meet the definition of loans and receivables.

Loans and receivables

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

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

Available-for-sale financial assets

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

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

(ii) **Financial liabilities**

Financial liabilities at fair value through profit or loss

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

- It is considered by management as held-for-trading. A financial liability is classified as held-for-trading if:
 - it is incurred principally for the purpose of repurchasing it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Bank as 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 financial instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

4. Cash and gold on hand

	31/12/2021 VND million	31/12/2020 VND million
Cash on hand in VND	799,577	720,561
Cash on hand in foreign currencies	276,213	291,306
Gold	207	207
	<hr/> 1,075,997	<hr/> 1,012,074

5. Balances with the SBV

	31/12/2021 VND million	31/12/2020 VND million
Balances with the SBV in VND	2,541,196	2,062,256
Balances with the SBV in foreign currencies	2,230,506	1,287,045
Guarantee deposit	25,000	25,000
	<hr/> 4,796,702	<hr/> 3,374,301

Under the SBV's regulations relating to the compulsory reserve, banks are permitted to maintain a floating balance for the compulsory reserve requirement ("CRR"). The monthly average balance of the reserves must not be less than CRR rates multiplied by the preceding month's average balances of deposits of individual and corporate customers in scope.

Year-end CRR rates were as follows:

Deposits in scope	CRR rates	
	31/12/2021	31/12/2020
▪ Deposits in foreign currencies other than VND with term of less than 12 months	8.00%	8.00%
▪ Deposits in foreign currencies other than VND with term of and more than 12 months	6.00%	6.00%
▪ Deposits in VND with term of less than 12 months	3.00%	3.00%
▪ Deposits in VND with term of and more than 12 months	1.00%	1.00%

6. Deposits with and loans to other CIs

	31/12/2021 VND million	31/12/2020 VND million
Current accounts		
Current accounts in VND	12,264,081	49,275
Current accounts in foreign currencies	728,371	679,963
Term deposits		
Term deposits in VND	20,458,240	21,964,690
Term deposits in foreign currencies	3,882,800	2,946,400
	37,333,492	25,640,328
Loans to other CIs		
Loans to other CIs in VND	5,083,507	100,000
Loans to other CIs in foreign currencies	2,273,478	-
	44,690,477	25,740,328

As at 31 December 2021 and 31 December 2020, all term deposits with and loans to other credit institutions were Group 1 - Current debts.

Year-end annual interest rates was as follows:

	31/12/2021 % per annum	31/12/2020 % per annum
▪ Term deposits in VND	1.10% - 5.00%	0.12% - 1.50%
▪ Term deposits in foreign currencies	0.10% - 0.50%	0.25% - 0.70%
▪ Loans in VND	0.25% - 2.70%	1.50%
▪ Loans in foreign currencies	0.20% - 1.54%	Not applicable

7. Held-for-trading securities

	31/12/2021 VND million	31/12/2020 VND million
Debt securities		
Bonds issued by the Government	8,544,746	1,296,581
Bonds issued by local CIs	3,445,688	659,570
Bonds issued by local economic entities	1,503,575	727,508
	<hr/> 13,494,009	<hr/> 2,683,659
Allowance for held-for-trading securities		
General allowance for unlisted corporate bonds	(11,277)	(4,765)
Allowance for diminution in value of held-for-trading securities	(102)	(439)
	<hr/> (11,379)	<hr/> (5,204)
	<hr/> 13,482,630	<hr/> 2,678,455

Listing status at the end of the year were as follows:

	31/12/2021 VND million	31/12/2020 VND million
Listed	9,076,713	1,597,220

8. Loans and advances to customers

	31/12/2021 VND million	31/12/2020 VND million
Loans to local economic entities and individuals	124,514,411	108,317,908
Payments on behalf of customers	5,761	-
Loans to foreign economic entities and individuals	379,738	406,139
	<u>124,899,910</u>	<u>108,724,047</u>

Loan portfolio by loan groups was as follows:

	31/12/2021 VND million	31/12/2020 VND million
Group 1 - Current	122,717,627	106,608,728
Group 2 - Special mentioned	133,717	98,455
Group 3 - Sub-standard	307,217	301,988
Group 4 - Doubtful	316,348	380,092
Group 5 - Loss	1,425,001	1,334,784
	<u>124,899,910</u>	<u>108,724,047</u>

Debt classification is performed in accordance with the accounting policy described in Note 3(g)(i).

Loan portfolio by term was as follows:

	31/12/2021 VND million	31/12/2020 VND million
Short-term loan	70,550,464	53,185,742
Medium-term loan	26,514,307	30,789,068
Long-term loan	27,835,139	24,749,237
	<u>124,899,910</u>	<u>108,724,047</u>

Loan portfolio by customer type and ownership was as follows:

	31/12/2021 VND million	%	31/12/2020 VND million	%
Loans to economic entities				
State-owned companies	1,447,697	1.16	1,517,713	1.40
Limited liability companies	41,826,685	33.49	37,024,433	34.05
Joint stock companies in which the State's holding percentage is more than 50% (dominating percentage)	3,105,530	2.49	508,317	0.47
Other joint stock companies	50,595,918	40.51	45,672,113	42.01
Partnerships	24,154	0.02	18,052	0.02
Private companies	155,845	0.12	118,876	0.11
Foreign invested enterprises	437,743	0.35	443,275	0.41
Cooperatives, cooperative unions	35,714	0.03	44,432	0.04
Loans to individuals				
Household business, individuals	27,266,314	21.83	23,366,417	21.48
Other loans				
Other economic sectors	4,310	0.00	10,419	0.01
	<u>124,899,910</u>	<u>100.00</u>	<u>108,724,047</u>	<u>100.00</u>

Loan portfolio by industry sectors was as follows:

	31/12/2021 VND million	%	31/12/2020 VND million	%
Agriculture, forestry and aquaculture	186,674	0.15	386,188	0.36
Mining	1,182,702	0.95	613,528	0.56
Manufacturing and processing	7,857,069	6.29	7,679,934	7.06
Electricity, gas, hot water, steam and air-conditioning	1,563,952	1.25	1,173,278	1.08
Construction	4,597,966	3.68	4,893,402	4.50
Wholesale and retail trade; repair of motor vehicles, motorcycles	21,195,602	16.97	20,055,213	18.45
Transportation and warehousing	8,615,412	6.90	3,594,541	3.31
Hospitality services	10,969,642	8.78	9,452,275	8.69
Information and communications	2,620,737	2.10	3,496,134	3.22
Financial and insurance services	2,298,678	1.84	445,664	0.41
Real estate	5,845,064	4.68	5,875,123	5.40
Science and technology	7,990,560	6.40	8,577,045	7.89
Education and training	4,190	0.00	10,157	0.00
Health care and social work	119,426	0.10	105,861	0.10
Art, entertainment and recreation	7,585,494	6.07	6,586,426	6.06
Employment activities in households, production of material products and services for household self-consumption	27,266,314	21.83	19,676,065	18.10
Other service activities	15,000,428	12.01	16,103,213	14.81
	124,899,910	100.00	108,724,047	100.00

Loan portfolio by currency was as follows:

	31/12/2021 VND million	31/12/2020 VND million
Loans in VND	121,864,616	106,292,950
Loans in foreign currencies	3,035,294	2,431,097
	124,899,910	108,724,047

Year-end annual interest rates were as follows:

	31/12/2021	31/12/2020
Loans in VND	3.5% - 10.35%	3.7% - 13.24%
Loans in foreign currencies	2.5% - 3.64%	2.5% - 4.5%

9. Allowance for loans to customers

Allowance for loans to customers consists of:

	31/12/2021 VND million	31/12/2020 VND million
General allowance (i)	926,062	741,690
Specific allowance (ii)	813,893	363,855
	<u>1,739,955</u>	<u>1,105,545</u>

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

	2021 VND million	2020 VND million
Opening balance	741,690	709,872
Allowance made during the year	184,372	31,818
Closing balance	<u>926,062</u>	<u>741,690</u>

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

	2021 VND million	2020 VND million
Opening balance	363,855	419,561
Allowance made during the year	1,014,580	642,826
Utilisation of allowance during the year	(564,542)	(698,532)
Closing balance	<u>813,893</u>	<u>363,855</u>

(*) Include in specific allowance for loans and advances to customers was VND60,988 million made additionally during the year in accordance with Circular 03 as described in Note 3(g).

10. Investment securities

(a) Available-for-sale investment securities

	31/12/2021 VND million	31/12/2020 VND million
Available-for-sale investment securities		
Debt securities		
In which:		
- Government bonds	6,705,572	20,800,896
- Debt securities issued by other local CIs	1,829,073	2,532,464
- Debt securities issued by local economic entities	5,457,404	5,032,002
- Certificates of deposits issued by other local CIs	2,125,783	3,453,114
	16,117,832	31,818,476

The term and annual interest rate of available-for-sale investment debt securities at the end of the accounting period were as follows:

	31/12/2021		31/12/2020	
	Term	Interest rate per annum	Term	Interest rate per annum
Government bonds	5 years - 30 years	2.2% - 8.8%	5 years - 30 years	2.3% - 8.8%
Debt securities issued by other local CIs	1 year - 15 years	2.9% - 15%	1 year - 15 years	2.7% - 15%
Debt securities issued by local economic entities	3 years - 5 years	9% - 11%	3 years - 5 years	9% - 10.5%
Certificates of deposits issued by other local CIs	1 year - 3 years	2.9% - 11.5%	1 year - 3 years	4.2% - 11.5%

Portfolio of unlisted corporate bonds classified as assets exposed to credit risk by loan groups was as follows:

	31/12/2021 VND million	31/12/2020 VND million
Current	5,457,404	5,032,002

(b) Held-to-maturity investment securities

	31/12/2021 VND million	31/12/2020 VND million
Bonds issued by local economic entities	319,364	319,364

The term and annual interest rate of held-to-maturity debt securities at the year-end were as follows:

	31/12/2021		31/12/2020	
	Term	Interest rate per annum	Term	Interest rate per annum
Held-to-maturity investment securities				
Bonds issued by local economic entities	10 years	8.9%	10 years	8.9%

11. Allowance for investment securities

	31/12/2021 VND million	31/12/2020 VND million
Available-for-sale securities (i)	40,931	37,195
Held-to-maturity securities	2,395	2,395
	43,326	39,590

(i) Movements in allowance for available-for-sale securities in the year were as follows:

Year ended 31 December 2021

	General allowance for available-for-sale debt securities VND million	Specific allowance for available-for- sale debt securities VND million	Total VND million
Opening balance	36,066	1,129	37,195
Allowance made/(reversed) during the year	4,865	(1,129)	3,736
Closing balance	40,931	-	40,931

Year ended 31 December 2020

	General allowance for available-for-sale debt securities VND million	Specific allowance for available-for- sale debt securities VND million	Total VND million
Opening balance	32,468	-	32,468
Allowance made during the year	3,598	1,129	4,727
Closing balance	36,066	1,129	37,195

12. Long-term investments

	31/12/2021 VND million	31/12/2020 VND million
Investments in subsidiaries (i)	1,760,000	1,760,000
Other long-term investments (ii)	83,172	98,172
Allowance for diminution in value of long-term investments (iii)	(1,443)	-
	1,841,729	1,858,172

(i) Details of investments in subsidiaries of the Bank at the end of the year were as follows:

Subsidiary's name	31/12/2021		31/12/2020	
	Cost VND million	% owned	Cost VND million	% owned
SeABank Asset Management Company Limited	500,000	100%	500,000	100%
Post and Telecommunication Finance Company Limited	1,260,000	100%	1,260,000	100%
	1,760,000		1,760,000	

- (ii) Details of other long-term investments of the Bank at the end of the year were as follows:

Investees' names	31/12/2021		31/12/2020	
	Cost VND million	% owned	Cost VND million	% owned
AJC Joint Stock Company	24,102	10.00%	24,102	10.00%
PetroVietnam Oil Tay Ninh Joint Stock Company	12,470	9.59%	12,470	9.59%
Phu My Oil Processing Joint Stock Company	11,000	2.20%	11,000	2.20%
PetroVietnam Oil Saigon Joint Stock Company	10,000	5.00%	10,000	5.00%
PetroVietnam Oil Vung Tau Joint Stock Company	10,000	8.33%	10,000	8.33%
PetroVietnam Oil Mien Trung Joint Stock Company	4,800	1.59%	4,800	6.00%
National Payment Corporation of Vietnam	3,300	1.06%	3,300	1.06%
PetroVietnam Oil Hanoi Joint Stock Company	7,500	3.00%	7,500	3.00%
Bao Minh Securities Company	-	-	15,000	3.00%
	<u>83,172</u>		<u>98,172</u>	

- (iii) Movements in allowance for diminution in value of long-term investments:

	2021 VND million	2020 VND million
Opening balance	-	-
Allowance made during the year	1,443	-
Closing balance	<u>1,443</u>	-

13. Tangible fixed assets

Cost	Buildings and structures VND million	Machines and equipment VND million	Means of transportation VND million	Office equipment VND million	Other tangible fixed assets VND million	Total VND million
Opening balance	18,127	338,843	275,564	90,430	12,768	735,732
Additions	-	9,111	41,134	14,545	1,401	66,191
Disposals	-	(89,167)	(26,649)	(8,864)	(1,810)	(126,490)
Closing balance	18,127	258,787	290,049	96,111	12,359	675,433
Accumulated depreciation						
Opening balance	4,253	195,101	168,275	75,429	9,894	452,952
Charge for the year	828	20,580	17,315	7,431	709	46,863
Disposals	-	(72,816)	(26,649)	(8,861)	(1,813)	(110,139)
Closing balance	5,081	142,865	158,941	73,999	8,790	389,676
Net book value						
Opening balance	13,874	143,742	107,289	15,001	2,874	282,780
Closing balance	13,046	115,922	131,108	22,112	3,569	285,757

Included in tangible fixed assets were assets costing VND71,943 million which were fully depreciated as of 31 December 2021 (31/12/2020: VND90,386 million), but which are still in active use.

Southeast Asia Commercial Joint Stock Bank

No. 198, Tran Quang Khai, Ly Thai To Ward, Hoan Kiem District, Hanoi, Vietnam

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

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

Year ended 31 December 2020

	Buildings and structures VND million	Machines and equipment VND million	Means of transportation VND million	Office equipment VND million	Other tangible fixed assets VND million	Total VND million
Cost						
Opening balance	18,249	289,248	215,859	90,711	11,268	625,335
Additions	-	49,833	59,885	3,453	1,500	114,671
Disposals	(122)	(238)	(180)	(3,734)	-	(4,274)
Closing balance	18,127	338,843	275,564	90,430	12,768	735,732
Accumulated depreciation						
Opening balance	3,539	174,301	155,254	72,037	9,259	414,390
Charge for the year	836	21,038	13,134	7,100	635	42,743
Disposals	(122)	(238)	(113)	(3,708)	-	(4,181)
Closing balance	4,253	195,101	168,275	75,429	9,894	452,952
Net book value						
Opening balance	14,710	114,947	60,605	18,674	2,009	210,945
Closing balance	13,874	143,742	107,289	15,001	2,874	282,780



14. Intangible fixed assets

Year ended 31 December 2021

	Land use rights VND million	Software VND million	Total VND million
Cost			
Opening balance	377,996	361,353	739,349
Additions	-	47,006	47,006
Decreases	-	(28,699)	(28,699)
Closing balance	377,996	379,660	757,656
Accumulated amortisation			
Opening balance	-	160,987	160,987
Charge for the year	-	27,410	27,410
Decreases	-	(25,974)	(25,974)
Closing balance	-	162,423	162,423
Net book value			
Opening balance	377,996	200,366	578,362
Closing balance	377,996	217,237	595,233

Included in intangible fixed assets were assets costing VND20,251 million which were fully amortised as of 31 December 2021 (31/12/2020: VND23,008 million), but which are still in active use.

Year ended 31 December 2020

	Land use rights VND million	Software VND million	Total VND million
Cost			
Opening balance	396,100	298,738	694,838
Additions	-	62,615	62,615
Decreases	(18,104)	-	(18,104)
Closing balance	377,996	361,353	739,349
Accumulated amortisation			
Opening balance	-	136,923	136,923
Charge for the year	-	24,064	24,064
Closing balance	-	160,987	160,987
Net book value			
Opening balance	396,100	161,815	557,915
Closing balance	377,996	200,366	578,362

15. Other assets

	31/12/2021 VND million	31/12/2020 VND million
Receivables		
Internal receivables	412,117	362,150
External receivables	1,543,446	701,982
<i>In which:</i>		
- Receivables from sales of securities	-	356,606
- Receivables from usance payable at sight letters of credit (i)	1,339,893	235,873
- Other external receivables	203,553	109,503
Interest and fee receivables	1,665,984	2,594,434
Other assets		
Prepaid expenses	1,222,594	540,036
Assets foreclosed	908,982	961,936
	5,753,123	5,160,538
Allowance for other on-balance sheet assets	(28,057)	(21,628)
	5,725,066	5,138,910

- (i) Receivables from UPAS L/C are receivables from commodity buyers (importers) who are the Bank's customers related to the UPAS L/C Usance Payable At Sight Letters of Credit issued by the Bank. Accordingly, the Bank, through a corresponding bank, made payment to the beneficiaries (exporters) of UPAS L/C prior to those letter of credits' matured dates and is entitled to an income from advance payment.
- (ii) Movements in allowance for other on-balance sheet assets were as follows

	2021 VND million	2020 VND million
Opening balance	21,628	14,357
Allowance made during the year	6,429	7,271
	28,057	21,628

16. Amounts due to the Government and the SBV

	31/12/2021 VND million	31/12/2020 VND million
Borrowings from the SBV	2,172,763	205,702

17. Deposits and borrowings from other credit institutions

	31/12/2021 VND million	31/12/2020 VND million
Demand deposits from other CIs		
In VND	12,506,163	188,781
In foreign currencies	8	8
Term deposits from other CIs		
In VND	20,939,489	20,719,640
In foreign currencies	2,352,520	4,663,200
	35,798,180	25,571,629
Borrowings from other CIs		
In VND	17,889,112	16,863,643
In which: - Borrowings on discounted and rediscounted valuable papers	11,549,130	15,381,328
- Borrowings on mortgages and pledges	2,564,883	290,000
In foreign currencies	4,924,154	264,558
	22,813,266	17,128,201
	58,611,446	42,699,830

Year-end annual interest rates were as follows:

	31/12/2021	31/12/2020
Term deposits in VND	1.15% - 3.60%	0.11% - 1.6%
Term deposits in foreign currencies	0.20% - 0.45%	0.1% - 0.75%
Borrowings in VND	0.80% - 4.73%	0.15% - 5.66%
Borrowings in foreign currencies	0.53% - 2.90%	1.01% - 3.26%

18. Deposits from customers

	31/12/2021 VND million	31/12/2020 VND million
Demand deposits		
Demand deposits in VND	7,855,084	9,634,185
Demand deposits in foreign currencies	660,476	1,462,498
Savings deposits and term deposits		
Savings deposits and term deposits in VND	98,946,537	100,025,610
Savings deposits and term deposits in foreign currencies	1,118,662	1,529,638
Deposits for special purpose	350,626	359,074
Margin deposits	883,134	287,243
	<u>109,814,519</u>	<u>113,298,248</u>

Deposits from customers by customer type and ownership was as follows:

	31/12/2021 VND million	31/12/2020 VND million
State-owned enterprises	10,736,497	10,810,173
Limited liability companies	8,010,237	9,205,417
Joint stock companies in which the State's holding percentage is more than 50%	7,331,166	4,761,087
Other joint stock companies	15,082,426	12,733,275
Partnerships	13,807	18,698
Private companies	391,654	282,401
Foreign invested enterprises	955,081	290,024
Cooperatives, cooperative unions	145,415	118,010
Household business, individuals	66,614,614	74,574,823
Others	533,622	504,340
	<u>109,814,519</u>	<u>113,298,248</u>

Year-end annual interest rates were as follows:

	31/12/2021	31/12/2020
Demand deposits in VND	0% - 0.2%	0% - 0.2%
Demand deposits in foreign currencies	0%	0%
Term deposits in VND	0.2% - 6.25%	0.2% - 7.92%
Term deposits in foreign currencies	0.2% - 0.98%	0% - 0.98%

19. Derivatives and other financial liabilities

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

	At 31 December 2021		At 31 December 2020	
	Total contract nominal value (at exchange rate as of the effective date of the contract)	Total carrying value (at exchange rate as of the reporting date) Assets/ (Liabilities)	Total contract nominal value (at exchange rate as of the effective date of the contract)	Total carrying value (at exchange rate as of the reporting date) Assets/ (Liabilities)
	VND million	VND million	VND million	VND million
Currency forward contracts	44,384,185	4,052	33,847,379	45,006
Interest rate forward contracts	-	-	6,391	(11)
Currency swap contracts	92,696,124	(104,126)	47,238,782	99,584
Interest rate swap contracts	3,478,270	52,270	4,304,914	25
	140,558,579	(47,804)	85,397,466	144,604

20. Valuable papers issued

	31/12/2021 VND million	31/12/2020 VND million
Term bonds		
- From 12 months up to less than 5 years	9,900,000	950,000
- Over 5 years	900,000	1,866,000
Certificates of deposits	8,253,200	4,248,740
	19,053,200	7,064,740

Year-end annual interest rates were as follows:

	31/12/2021	31/12/2020
Term bonds		
▪ From 12 months up to less than 5 years	3.60% - 4.00%	7.30%
▪ Over 5 years	7.80% - 9.00%	8.50 - 9.00%
Certificates of deposits	3.60% - 8.60%	3.50% - 8.60%

21. Other liabilities

	31/12/2021 VND million	31/12/2020 VND million
Internal payables	14,475	5,034
External payables	3,472,140	3,424,102
In which:		
- Accrued interest and fees payable	2,947,320	3,065,604
- Deferred income	634	492
- Taxes and others payable to State Treasury (Note 37)	297,807	183,946
- Other payables	226,379	174,060
Bonus and welfare fund	30,877	13,627
	<hr/> 3,517,492 <hr/>	<hr/> 3,442,763 <hr/>

22. Capital and reserves

Changes in capital and reserves of the Bank during the year ended 31 December 2021 and 31 December 2020 were as follows:

	Charter capital VND million	Share premium VND million	Financial reserve VND million	Reserve to supplement charter capital VND million	Retained earnings VND million	Total VND million
Balance at 1 January 2020	9,369,000	-	115,462	82,308	1,386,266	10,953,036
Increase of capital from shares issued	1,406,782	-	-	-	-	1,406,782
Profit for the year	-	-	-	-	1,475,898	1,475,898
Shares issued for payment of dividends	1,311,660	-	-	-	(1,311,660)	-
Appropriation to reserves	-	-	147,590	73,796	(221,386)	-
Appropriation to bonus and welfare fund	-	-	-	-	(22,261)	(22,261)
Balance at 1 January 2021	12,087,442	-	263,052	156,104	1,306,857	13,813,455
Increase of capital from shares issued (*)	1,595,000	810,623	-	-	-	2,405,623
Shares issued for payment of dividends (Note 24)	1,102,442	-	-	-	(1,102,442)	-
Profit for the year	-	-	-	-	2,630,247	2,630,247
Appropriation to reserves	-	-	263,025	131,511	(394,536)	-
Appropriation to bonus and welfare fund	-	-	-	-	(18,419)	(18,419)
Other decreases	-	-	-	-	(714)	(714)
Balance at 31 December 2021	14,784,884	810,623	526,077	287,615	2,420,993	18,830,192

(*) On 17 August 2021, the Bank issued 23,500,000 shares to employees on an employee share-based payment plan. On 29 November 2021, the Bank issued 136,000,000 shares to existing shareholders.

23. Share capital

	31/12/2021		31/12/2020	
	Number of shares	VND million	Number of shares	VND million
Shares issued to the public				
Ordinary shares	1,478,488,369	14,784,884	1,208,744,208	12,087,442
Shares in circulation				
Ordinary shares	1,478,488,369	14,784,884	1,208,744,208	12,087,442

All ordinary shares of the Bank have a par value of VND10,000. Each share is entitled to one vote at shareholder meetings of the Bank. Shareholders are entitled to receive dividends as declared by the Bank from time to time. All ordinary shares are ranked equally with regard to the Bank's residual assets.

24. Dividends

On 10 June 2021, the Board of Directors of the Bank approved Resolution No. 675/2021/NQ-HDQT on the issuance of shares for payment of dividends to its existing shareholders at the ratio of 9.1206% from profit after tax as at 31 December 2020.

According to the result report on issuance of shares for payment of dividends dated 5 August 2021 submitted to the State Security Commission of Vietnam, the Bank completed the issuance of 110,244,161 shares for payment of dividends.

25. Net interest income

	2021 VND million	2020 VND million
Interest and similar income		
Interest income from deposits	143,116	129,944
Interest income from loans	9,593,340	8,928,987
Income from investments in securities	1,751,934	1,484,305
Income from guarantee services	72,823	45,552
Other income from credit activities	91,805	95,325
	11,653,018	10,684,113
Interest and similar expense		
Interest expense for deposits	5,825,276	6,489,424
Interest expense for borrowings	153,714	113,501
Interest expense for valuable papers issued	538,142	965,548
Interest expense for other credit activities	105,780	76,957
	6,622,912	7,645,430
Net interest income	5,030,106	3,038,683

26. Net fee and commission income

	2021 VND million	2020 VND million
Fee and commission income from		
Settlement and cash services	184,938	149,658
Treasury services	5,411	8,123
Insurance agency services	249,392	135,267
Consulting services	237,684	30,562
Other services	610,561	169,669
	<hr/> 1,287,986	<hr/> 493,279
Fee and commission expenses for		
Settlement and cash services	59,034	55,884
Treasury services	18,290	17,364
Other services	98,305	78,182
	<hr/> 175,629	<hr/> 151,430
Net fee and commission income	<hr/> 1,112,357	<hr/> 341,849

27. Net gain from trading of foreign currencies

	2021 VND million	2020 VND million
Income from trading of foreign currencies		
Spot foreign exchange trading	1,182,391	692,217
Currency derivatives	486,641	534,132
Income from trading of gold	2,606	632
	<hr/> 1,671,638	<hr/> 1,226,981
Expenses for trading of foreign currencies		
Spot foreign exchange trading	77,748	6,828
Currency derivatives	1,444,547	1,145,424
Expenses for trading of gold	457	-
	<hr/> 1,522,752	<hr/> 1,152,252
Net gain from trading of foreign currencies	<hr/> 148,886	<hr/> 74,729

28. Net gain from trading securities

	2021 VND million	2020 VND million
Gain from held-for-trading securities	378,497	197,670
Loss from held-for-trading securities	(314,438)	(32,556)
Allowance (made)/reversed for held-for-trading securities	(6,175)	4,247
	<u>57,884</u>	<u>169,361</u>

29. Net gain from sales of investment securities

	2021 VND million	2020 VND million
Gain from investment securities	400,540	255,836
Loss from investment securities	(90,607)	(77,272)
Allowance made for investment securities	(3,736)	(7,123)
	<u>306,197</u>	<u>171,441</u>

30. Net gain from other activities

	2021 VND million	2020 VND million
Income from other activities		
Income from other derivatives	294,620	267,810
Income from support	-	821,517
Other income	141,969	62,103
	<u>436,589</u>	<u>1,151,430</u>
Income from other activities		
Expenses for other activities		
Expenses for other derivatives	197,763	191,832
Expenses for other activities	48,782	211,828
	<u>246,545</u>	<u>403,660</u>
Expenses for other activities		
	<u>190,044</u>	<u>747,770</u>
Net income from other activities		

31. Income from capital contribution, share purchase

	2021 VND million	2020 VND million
Dividends received from capital contribution, share purchase	15,986	14,911
Gain from disposal of long-term investments	6,041	-
	<u>22,027</u>	<u>14,911</u>

32. Operating expenses

	2021 VND million	2020 VND million
Tax, duties and fees	77,847	23,553
Staff costs:		
▪ Salary and allowances	1,157,075	1,052,418
▪ Salary based contribution	57,551	54,097
▪ Allowances	486	164
▪ Other staff expenses	21,753	25,252
Expenses on assets		
▪ Depreciation and amortisation of fixed assets	74,273	66,807
▪ Others	332,686	280,426
Administrative expenses		
▪ Per diems	17,492	15,251
▪ Other administrative expenses	303,909	226,841
▪ Printing materials and papers	36,649	44,321
▪ Postage and telephone expenses	37,297	31,970
Insurance fee for customers' deposits	112,083	107,923
Allowance expenses	7,872	7,271
Other expenses	148,753	106,216
	<u>2,385,726</u>	<u>2,042,510</u>

33. Contingent liabilities and other commitments

	31/12/2021		31/12/2020	
	VND million		VND million	
	Contractual value - gross	Marginal deposits	Contractual value - net	Contractual value - net
Loan guarantees	94,083	(94,083)	98,155	-
Foreign exchange commitments				
▪ Foreign currency purchase commitments	1,430,311	-	541,303	541,303
▪ Foreign currency sale commitments	625,751	-	447,726	447,726
▪ Currency swaps - purchase commitments	47,849,800	-	30,139,120	30,139,120
▪ Currency swaps - sale commitments	44,526,580	-	23,652,400	23,652,400
Letters of credit	1,828,529	(45,970)	683,086	657,643
Other guarantees	4,467,549	(240,097)	2,711,789	2,566,407
Interest rate swaps	8,089,470	-	9,805,803	9,805,803

34. Corporate income tax

(a) Recognition in the separate statement of income

	2021 VND million	2020 VND million
Current tax expense		
Current year	652,576	365,692

(b) Reconciliation of effective tax rate

	2021 VND million	2020 VND million
Accounting profit before tax	3,282,823	1,841,590
Tax at the Bank's tax rate	656,565	368,318
Effect of tax-exempted income	(4,405)	(2,983)
Effect of non-deductible expenses	416	357
	652,576	365,692

(c) Applicable tax rate

The Bank has an obligation to pay corporate income tax to the Government at the rate of 20% of taxable profit (2020: 20%). The corporate income tax computation is subject to review and approval by local tax authorities.

35. Cash and cash equivalents

	31/12/2021 VND million	31/12/2020 VND million
Cash and gold on hand	1,075,997	1,012,074
Balances with the SBV	4,796,702	3,374,301
Demand deposits with other CIs	12,992,451	729,238
Deposits with other CIs with original terms not exceeding three months	24,341,041	24,911,090
	43,206,191	30,026,703

36. Employee benefits

	2021	2020
Average number of employees (persons)	4,234	3,987
Employees' income (VND million)	1,157,075	1,052,418
Incentives	17,893	16,197
	<u>1,174,968</u>	<u>1,068,615</u>
Average monthly income (VND million/person/month)	<u>23,12</u>	<u>22,33</u>

37. Obligations to the State Treasury

Year ended 31 December 2021

	1/1/2021 VND million	Incurred during year VND million	Paid during the year VND million	31/12/2021 VND million
Payables to State Treasury				
Value added tax	3,923	104,491	(88,149)	20,265
Corporate income tax	174,376	652,576	(556,783)	270,169
Personal income tax	5,647	90,302	(88,577)	7,372
Other taxes	-	12,721	(12,721)	-
	<u>183,946</u>	<u>860,090</u>	<u>(746,230)</u>	<u>297,806</u>

Year ended 31 December 2020

	1/1/2020 VND million	Incurred during year VND million	Paid during the year VND million	31/12/2020 VND million
Value added tax	3,506	32,401	(31,984)	3,923
Corporate income tax	166,373	365,692	(357,689)	174,376
Personal income tax	5,310	86,573	(86,236)	5,647
Other taxes	-	20,538	(20,538)	-
	<u>175,189</u>	<u>505,204</u>	<u>(496,447)</u>	<u>183,946</u>

38. Significant transactions and balances with related parties

In the normal course of operation, the Bank carries out transactions with related parties.

The following related parties had transactions and/or balances with the Bank during the year:

Related parties	Relationship
SeABank Asset Management Company Limited	Subsidiary
Post and Telecommunication Finance Company Limited	Subsidiary
Opera Hotel Limited Company	Common members of BOD
Espace Big C Thang Long	Common members of BOD
Thang Long GTC Joint Stock Company	Common members of BOD
Hanoitourist Service Joint Stock Company	Common members of BOD
Hanoi Trade Joint Stock Corporation	Common members of BOD
BRG Group Joint Stock Company ("BRG")	Common members of BOD
North Hanoi Smart City Development Investment Joint Stock Company	Common members of BOD
Vietnam Engine and Agricultural Machinery Corporation ("VEAM")	Common members of BOD
Tran Hung Dao Mechanical Co., Ltd.	Subsidiary of VEAM
Song Cong Diesel Limited Company	Subsidiary of VEAM
Hoang Vien Quang Ba Co., Ltd	Subsidiary of BRG
Hue Tourism Investment Joint Stock Company	Subsidiary of BRG

Board of Directors, Supervisory Board and Board of Management

Balances with related parties as at year-end are as follows:

	Assets/(Liabilities)	
	31/12/2021	31/12/2020
	VND million	VND million
<i>SeABank Asset Management Company Limited</i>		
▪ Capital contribution from the Bank	500,000	500,000
▪ Demand deposits at the Bank	(15,538)	(2,204)
▪ Term deposits at the Bank	(15,000)	(20,100)
▪ Other payables to the Bank	11,462	12,227
▪ Borrowings from the Bank	-	44,417
<i>Post and Telecommunication Finance Company Limited</i>		
▪ Capital contribution from the Bank	1,260,000	1,260,000
▪ Demand deposits at the Bank	(245,448)	(183,157)
▪ Term deposits by the Bank	2,100,000	-
▪ Certificates of deposits by the Bank	400,000	-
▪ Other payables to the Bank	5,747	-
<i>Opera Hotel Limited Company</i>		
▪ Demand deposits at the Bank	(30,836)	(34,862)
▪ Term deposits at the Bank	(54,915)	(77,415)
<i>Espace Big C Thang Long</i>		
▪ Demand deposits at the Bank	(9,248)	(4,949)
▪ Term deposits at the Bank	(326,431)	(618,106)
<i>Thang Long GTC Joint Stock Company</i>		
▪ Demand deposits at the Bank	(60,785)	(173,126)
▪ Term deposits at the Bank	(370,400)	(375,400)
<i>BRG Group Joint Stock Company and Subsidiaries</i>		
▪ Demand deposits at the Bank	(152,553)	(139,713)
▪ Term deposits at the Bank	(631,545)	(8,500)
<i>Hanoi Tourist Service Joint Stock Company</i>		
▪ Demand deposits at the Bank	(9,473)	(5,259)
▪ Term deposits at the Bank	(301,228)	(312,582)
<i>Vietnam Engine and Agricultural Machinery Corporation</i>		
▪ Demand deposits at the Bank	(25,704)	(23,565)
▪ Term deposits at the Bank	(1,679,300)	(910,000)
<i>North Hanoi Smart City Development Investment Joint Stock Company</i>		
▪ Demand deposits at the Bank	(163,416)	(135,545)
▪ Term deposits at the Bank	(3,000,000)	(3,100,000)

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

	Income/(Expenses)	
	2021	2020
	VND million	VND million
<i>SeABank Asset Management Company Limited</i>		
▪ Interest income from loans	4,338	4,851
▪ Interest expenses for deposits	(4,999)	(10,165)
▪ Office rental expenses	(4,260)	(4,009)
▪ Income from capital contribution	14,025	13,725
<i>Post and Telecommunication Finance Company Limited</i>		
▪ Interest income from deposits	8,700	-
▪ Interest expenses for deposits	(196)	(1,221)
<i>Opera Hotel Limited Company</i>		
▪ Interest expenses for deposits	(2,168)	(3,620)
<i>Espace Big C Thang Long</i>		
▪ Interest expenses for deposits	(16,048)	(28,180)
<i>Thang Long GTC Joint Stock Company</i>		
▪ Interest expenses for deposits	(20,394)	(22,290)
▪ Interest income from loans	-	227
<i>BRG Group Joint Stock Company and its subsidiaries</i>		
▪ Interest expenses for deposits	(16,467)	(1,540)
▪ Interest income from loans	41,407	144
<i>Hanoi Tourist Service Joint Stock Company</i>		
▪ Interest expenses for deposits	(12,817)	(15,526)
<i>Vietnam Engine and Agricultural Machinery Corporation and its subsidiaries</i>		
▪ Interest expenses for deposits	(74,501)	(63,431)
<i>North Hanoi Smart City Development Investment Joint Stock Company</i>		
▪ Interest expenses for deposits	(95,648)	(100,587)
Remuneration of the Board of Directors, Supervisory Board	(12,522)	(11,200)
Salary, bonus and other benefits of the General Director and other managers	(35,511)	(33,062)

39. Concentration of assets, liabilities and off-balance sheet commitments by geographical region

Concentration of assets, liabilities and off-balance sheet items by geographical region of the Bank's partners as at 31 December 2021 are as follows:

	Total loans	Total deposits, borrowings	Contingent credit commitments	Derivatives	Trading and investment securities
	VND million	VND million	VND million	VND million	VND million
Domestic	131,877,157	145,543,598	6,010,011	47,804	29,931,205
Overseas	379,738	69,101	-	-	-
	132,256,895	145,612,699	6,010,011	47,804	29,931,205

Concentration of assets, liabilities and off-balance sheet items by geographical region of the Bank's partners as at 31 December 2020 are as follows:

	Total loans	Total deposits, borrowings	Contingent credit commitments	Derivatives	Trading and investment securities
	VND million	VND million	VND million	VND million	VND million
Domestic	108,417,908	138,860,752	3,224,050	144,604	34,821,499
Overseas	406,139	9,125	-	-	-
	108,824,047	138,869,877	3,224,050	144,604	34,821,499

40. Financial risk management

This section provides information of the Bank's exposure to risk and describes the policies, the methods used by the Bank's management to control risk. The most important types of financial risks to which the Bank is exposed are credit risk, liquidity risk and market risk.

Risk management policy

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's financial risk management framework to facilitate its business activities to thrive safely and sustainably.

Having taken that responsibility, the Board of Directors appropriately promulgates risk management policies and strategies, establishes business limit, directly approves high-value business transactions in accordance with both legal and internal requirement, and determine organisational structure and key managing directors.

Risk management strategies and policies are adhered to the Bank's Charter and General Shareholders' Meeting resolution from time to time.

The Risk Management Division is an agency established by the Bank. The agency is responsible for development and management of risk management policies and tools; organising and managing risk management in the Bank's operations.

41. Market risk

(a) Interest rate risk

The Bank's operating activities are subject to the risk of interest rate fluctuation since interest-bearing assets and interest-bearing liabilities differ in terms of maturity and amount. Some assets have indefinite maturities or interest rate sensitivities and are not readily matched with specific liabilities.

The Bank adopts a interest risk measurement method for all assets - liabilities items with respect to interest income. The Bank also establishes and applies a limit system and decision authority at each level based on results of risk measurement for each category.

The following tables show the Bank's assets and liabilities categorised by the contractual re-pricing or maturity date and the interest rates at the end of the annual accounting period. The interest rate re-pricing date and expected maturity date may differ from the respective dates in the contract, especially for maturity date of customers' deposits.

Southeast Asia Commercial Joint Stock Bank

No. 198, Tran Quang Khai, Ly Thai To Ward, Hoan Kiem District, Hanoi, Vietnam

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

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

As at 31 December 2021 (VND million)	Overdue	Non interest - bearing	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Over 5 years	Total
Assets									
Cash and gold on hand	-	1,075,997	-	-	-	-	-	-	1,075,997
Balances with the SBV	-	-	4,796,702	-	-	-	-	-	4,796,702
Deposits with and loans to other CIs - gross	-	-	34,351,405	7,999,769	2,339,303	-	-	-	44,690,477
Securities held for trading - gross	-	-	13,494,009	-	-	-	-	-	13,494,009
Loans to customers - gross	2,182,282	-	19,828,790	34,080,889	38,377,787	26,794,559	2,227,451	1,408,152	124,899,910
Investment securities - gross	-	-	1,099,999	300,008	2,800,220	4,382,989	6,119,601	1,734,379	16,437,196
Long-term investments - gross	-	1,843,172	-	-	-	-	-	-	1,843,172
Fixed assets - net	-	880,990	-	-	-	-	-	-	880,990
Other assets - gross	-	5,753,123	-	-	-	-	-	-	5,753,123
Total assets	2,182,282	9,553,282	73,570,905	42,380,666	43,517,310	31,177,548	8,347,052	3,142,531	213,871,576
Liabilities									
Amounts due to the Government and the SBV	-	-	25,240	60,967	68,086	2,018,470	-	-	2,172,763
Deposits and borrowings from other CIs	-	-	43,083,100	10,943,119	1,354,080	261,947	2,969,200	-	58,611,446
Deposits from customers	-	-	28,888,113	28,210,150	24,047,626	17,333,254	11,333,376	2,000	109,814,519
Derivatives and other financial liabilities	-	47,804	-	-	-	-	-	-	47,804
Valuable papers issued	-	-	41,530	216,580	3,554,690	12,840,400	2,400,000	-	19,053,200
Other liabilities	-	3,517,492	-	-	-	-	-	-	3,517,492
Total liabilities	-	3,565,296	72,037,983	39,430,816	29,024,482	32,454,071	16,702,576	2,000	193,217,224
Interest sensitivity gap	2,182,282	5,987,986	1,532,922	2,949,850	14,492,828	(1,276,523)	(8,355,524)	3,140,531	20,654,352

As at 31 December 2020 (VND million)	Overdue	Non interest- bearing	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Over 5 years	Total
Assets									
Cash and gold on hand	-	1,012,074	-	-	-	-	-	-	1,012,074
Balances with the SBV	-	-	3,374,301	-	-	-	-	-	3,374,301
Deposits with and loans to other CIs - gross	-	-	23,151,828	2,588,500	-	-	-	-	25,740,328
Securities held for trading - gross	-	-	2,683,659	-	-	-	-	-	2,683,659
Derivatives and other financial assets	-	144,604	-	-	-	-	-	-	144,604
Loans to customers - gross	2,115,319	-	32,177,709	21,278,972	40,933,577	12,152,628	57,772	8,070	108,724,047
Investment securities - gross	-	-	3,001,821	3,408,741	9,152,124	14,670,986	1,584,804	319,364	32,137,840
Long-term investments - gross	-	1,858,172	-	-	-	-	-	-	1,858,172
Fixed assets - net	-	861,142	-	-	-	-	-	-	861,142
Other assets - gross	-	5,160,538	-	-	-	-	-	-	5,160,538
Total assets	2,115,319	9,036,530	64,389,318	27,276,213	50,085,701	26,823,614	1,642,576	327,434	181,696,705
Liabilities									
Amounts due to the Government and the SBV	-	-	25,240	60,968	68,086	51,408	-	-	205,702
Deposits and borrowings from other CIs	-	-	39,962,336	2,457,464	280,030	-	-	-	42,699,830
Deposits from customers	-	-	32,262,000	18,678,351	25,143,734	23,337,181	13,876,982	-	113,298,248
Valuable papers issued	-	-	104,610	457,490	1,683,130	2,312,090	1,541,420	966,000	7,064,740
Other liabilities	-	3,442,763	-	-	-	-	-	-	3,442,763
Total liabilities	-	3,442,763	72,354,186	21,654,273	27,174,980	25,700,679	15,418,402	966,000	166,711,283
Interest sensitivity gap	2,115,319	5,593,767	(7,964,868)	5,621,940	22,910,721	1,122,935	(13,775,826)	(638,566)	14,985,422

(b) **Currency risk**

The Bank is exposed to currency risk in transactions in foreign currencies, primarily in United States Dollar. Risks in transactions in foreign currencies shall give rise to foreign exchange gains or losses and such gains or losses are recognised in the separate statement of income.

The Bank has set limits on positions by currency based on its internal risk assessment process and the regulations of the SBV. Currency positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

The following table presents currency status of the Bank's assets and liabilities as at 31 December 2021:

As at 31 December 2021 (VND million)	USD	EUR	Others	Total
Assets				
Cash and gold on hand	108,912	95,065	72,237	276,214
Balances with the SBV	2,230,506	-	-	2,230,506
Deposits with and loans to other CIs - gross	6,612,325	205,438	66,886	6,884,649
Loans to customers - gross	3,035,294	-	-	3,035,294
Other assets - gross	306,586	513	1,090	308,189
	12,293,623	301,016	140,213	12,734,852
Liabilities				
Deposits and borrowings from other CIs	7,275,592	-	1,090	7,276,682
Deposits from customers	1,816,233	273,578	36,724	2,126,535
Derivatives and other financial liabilities	5,991,912	424,789	48,568	6,465,269
Other liabilities	59,643	1,415	-	61,058
	15,143,380	699,782	86,382	15,929,544
FX position on balance sheet	(2,849,757)	(398,766)	53,831	(3,194,692)

As at 31 December 2020 (VND million)	USD	EUR	Others	Total
Assets				
Cash and gold on hand	86,182	97,259	107,866	291,307
Balances with the SBV	1,287,045	-	-	1,287,045
Deposits with and loans to other CIs				
- gross	3,298,451	271,710	56,203	3,626,364
Loans to customers - gross	2,429,101	1,996	-	2,431,097
Other assets - gross	289,500	824	-	290,324
	7,390,279	371,789	164,069	7,926,137
Liabilities				
Deposits and borrowings from other CIs	4,927,766	-	-	4,927,766
Deposits from customers	2,996,152	310,302	41,662	3,348,116
Derivatives and other financial liabilities	2,016,857	71,293	130,125	2,218,275
Other liabilities	55,072	1,138	-	56,210
	9,995,847	382,733	171,787	10,550,367
FX position on balance sheet	(2,605,568)	(10,944)	(7,718)	(2,624,230)

The followings were the significant foreign exchange rates applied by the Bank:

	Exchange rate as at 31/12/2021 VND	31/12/2020 VND
AUD	16,593	17,822
CAD	17,974	18,165
CHF	24,892	26,198
KRW	19	21
EUR	25,981	28,517
GBP	30,958	31,567
HKD	2,920	2,980
JPY	199	225
SGD	16,934	17,503
THB	678	769
USD	22,840	23,200
XAU	6,110,000	5,582,500

42. Credit risk

Credit risk to the Bank mainly derives from loans and advances to customers. The credit risk level is shown on the carrying value of the assets on the separate balance sheet. In addition, the Bank also faces credit risk in the form of off-balance sheet commitments to extend credit and guarantees.

The concentration of credit risk (whether on or off-balance sheet) arising from financial instruments accompanies groups of partners in which members have similar economic characteristics that would cause the ability of the groups to fulfil their obligations to be affected if there are fluctuations in economic conditions or other conditions.

The main concentration of credit risk is from various areas and types of customers regarding to investments, loans and advances, credit commitments and guarantees granted by the Bank.

As at 31 December 2021 (VND million)

	Neither past due nor allowance required	Past due but no allowance required	Past due and allowance provided	Total
Balances with the SBV	4,796,702	-	-	4,796,702
Deposits with and loans to other CIs – gross	44,690,477	-	-	44,690,477
Loans to customers - gross	122,212,339	505,288	2,182,283	124,899,910
Investment securities – gross	16,437,196	-	-	16,437,196
Other financial assets – gross	3,593,490	-	28,057	3,621,547
	191,730,204	505,288	2,210,340	194,445,832

As at 31 December 2020 (VND million)

	Neither past due nor allowance required	Past due but no allowance required	Past due and allowance provided	Total
Balances with the SBV	3,374,301	-	-	3,374,301
Deposits with and loans to other CIs – gross	25,740,328	-	-	25,740,328
Loans to customers - gross	106,464,735	143,993	2,115,319	108,724,047
Investment securities – gross	32,137,840	-	-	32,137,840
Other financial assets – gross	3,658,566	-	-	3,658,566
	171,375,770	143,993	2,115,319	173,635,082

Details of collaterals held by the Bank at the year-end were as follows:

	31/12/2021 VND million	31/12/2020 VND million
Real estates	169,909,818	140,727,512
Movable assets	13,896,766	13,510,422
Valuable papers	26,390,943	28,969,558
Other collaterals	82,455,931	108,944,992
	<u>292,653,458</u>	<u>292,152,484</u>

43. Liquidity risk

Liquidity risk arises from the Bank's funding activities in general and in the management of its currency positions. It includes both the risk of being unable to mobilise assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The following table shows the analysis of assets and liabilities of the Bank according to their maturities as at 31 December 2021 and 31 December 2020.

ĐẢNG CỘNG SẢN VIỆT NAM

As at 31 December 2020 (VND million)	Overdue		Current			Total
	Up to 3 months	More than 3 months	Up to 1 month	From 1 to 3 months	From 1 to 5 years	More than 5 years
Assets						
Cash and gold on hand	-	-	1,012,074	-	-	-
Balances with the SBV	-	-	3,374,301	-	-	-
Deposits with and loans to other CIs	-	-	23,151,828	2,588,500	-	-
Securities held for trading - gross	-	-	2,683,659	-	-	-
Derivatives and other financial assets	-	-	-	121,495	-	-
Loans to customers - gross	98,455	2,016,864	4,202,222	5,100,583	22,627,879	22,804,149
Investment securities - gross	-	-	20,760,907	650,000	6,577,611	1,409,353
Long-term investments - gross	-	-	-	-	-	1,858,172
Fixed assets	-	-	-	-	-	861,142
Other assets - gross	-	-	375,980	1,489,039	2,148,593	-
Total assets	98,455	2,016,864	55,560,971	9,949,617	31,354,083	26,932,816
Liabilities						
Amounts due to the Government and the SBV	-	-	25,240	60,968	-	-
Deposits and borrowings from other CIs	-	-	39,962,336	2,457,464	-	-
Deposits from customers	-	-	32,262,000	18,678,351	13,876,982	-
Valuable papers issued	-	-	104,610	457,490	1,541,420	966,000
Other liabilities	-	-	872,939	693,975	375,481	-
Total liabilities	-	-	73,227,125	22,348,248	15,793,883	966,000
Net liquidity gap	98,455	2,016,864	(17,666,154)	(12,398,631)	15,560,200	25,966,816
						14,985,422

44. Post balance sheet event

On 5 January 2022, the Bank announced the public issuance of shares to existing shareholders under Certificate of Registration of Shares Offering to Public No. 328/GCN-UBCK dated 31 December 2021 issued by the Chairman of the State Securities Commission of Vietnam. The number of shares for the issuance is 181,311,631 shares at the offering price of VND15,000 per share, and registration period is from 26 January 2022 to 28 February 2022.

45. Other events

In 2021, Vietnam's economy and society were dramatically affected by the Covid-19 pandemic.

The Covid-19 pandemic was initially recognised in Vietnam on 23 January 2020 and 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 gradual promotion of universal vaccination. However, the spread and development of the epidemic in Vietnam these days is very complicated. The extent to which the Covid-19 pandemic affects the Bank's business depends on future disease developments, including the timing and extent of the disease's spread, and on unpredictable information at the date of these separate financial statements.

During the year ended 31 December 2021, the Bank restructured loan repayment periods, offered exemption/reduction of interest/fees to and kept loan groups unchanged for Covid-19 in accordance with Circular 01, Circular 03 and Circular 14 (Note 3(g)).

46. Changes in the structure of the Bank

From 1 January 2021 to the issuance date of these separate financial statements, there are no significant changes in the structure of the Bank.

15 March 2022

Prepared by:



Nghiem Thi Thu Nga
Preparer

Approved by:



Nguyen Thi Hoai Phuong
Chief Accountant

Approved by:



Nguyen Thi Thu Huong
Deputy General Director