



Vietnam Maritime Commercial Joint Stock Bank

Interim consolidated financial statements
For the year ended 31 December 2023

January 2024

Vietnam Maritime Commercial Joint Stock Bank

GENERAL INFORMATION

THE BANK INFORMATION

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

The Bank was established in accordance with Banking Operating License No. 0001/NH-GP issued by the State Bank of Vietnam ("SBV") on 8 June 1991 which was supplemented in accordance with Decision No. 45/QĐ-NHNN dated 9 January 2023 with the operating duration of 99 years. The Bank is operating under Business Registration Certificate No. 0200124891 with the 26th amended Business Registration dated 13 January 2023.

The current principal activities of the Bank are to perform banking services including mobilizing and receiving short, medium and long-term deposits from organizations and individuals; making short, medium and long-term loans to organizations and individuals based on the nature and capability of the Bank's capital; conducting foreign exchange transactions; international trade finance services; discounting of commercial papers, bonds and other valuable papers; conducting payments and treasury services; performing capital contributions, share purchases, securities investments and other banking services as approved by the SBV.

Charter capital

As at 31 December 2023, charter capital of the Bank was VND 20,000,000 million (31 December 2022: VND 19,857,500 million).

Location and operational network

The Bank's Head Office is located at 54A Nguyen Chi Thanh Street, Lang Thuong Ward, Dong Da District, Hanoi, Vietnam.

As at 31 December 2023, the Bank has one (01) Head Office, sixty-two (62) branches, two hundred and one (201) transaction offices nationwide (as at 31 December 2022, the Bank has one (01) Head Office, sixty-two (62) branches, two hundred and one (201) transaction offices nationwide).

BOARD OF DIRECTORS

Members of the Board of Directors of the Bank as at 31 December 2023 are as follows:

<i>Name</i>	<i>Position</i>
Mr. Tran Anh Tuan	Chairman
Ms. Nguyen Thi Thien Huong	Vice - Chairman
Mr. Nguyen Hoang An	Vice - Chairman
Mr. Nguyen Hoang Linh	Member
Mr. Tran Xuan Quang	Member
Ms. Le Thi Lien	Member
Mr. Ta Ngoc Da	Independent Member

BOARD OF SUPERVISION

Members of the Board of Supervision of the Bank as at 31 December 2023 are as follows:

<i>Name</i>	<i>Position</i>
Ms. Pham Thi Thanh	Head of the Board of Supervision
Ms. Chu Thi Dam	Member
Ms. Le Thanh Ha	Member

Vietnam Maritime Commercial Joint Stock Bank

GENERAL INFORMATION (continued)

MANAGEMENT

Members of the Management of the Bank as at 31 December 2023 are as follows:

<i>Name</i>	<i>Position</i>
Mr. Nguyen Hoang Linh	Chief Executive Officer
Mr. Nguyen Phi Hung	Deputy Chief Executive Officer
Ms. Nguyen Huong Loan	Deputy Chief Executive Officer - Head of Financial Institution Banking Division
Mr. Nguyen The Minh	Deputy Chief Executive Officer - Head of Corporate Banking Division
Ms. Nguyen Thi My Hanh	Deputy Chief Executive Officer - Head of Retail Banking Division
Ms. Dinh Thi To Uyen	Deputy Chief Executive Officer - Head of Strategy Division
Mr. Bui Duc Quang	Head of Credit Management Banking Division
Ms. Nguyen Thi Thu Hang	Head of Financial Management
Mr. Nguyen Quoc Khanh	Chief Technology Officer
Mr. Nguyen Ngoc Cuong	Chief Human Resources Officer
Ms. Lai Thanh Mai	Head of Legal and Compliance Division
Mr. Duong Ngoc Dung	Chief Marketing Officer
Ms. Nguyen Ha Thanh	Chief Operating Officer
Ms. Le Cam Thuy	Chief Risk Officer
Mr. Nguyen Viet Son	Head of Strategic Corporate Banking Division
Ms. Nguyen Thu Trang	Head of Office and Internal Services Division

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

	Notes	31 December 2023 VND million	31 December 2022 VND million
ASSETS			
Cash, gold and gemstones	5	939,629	1,393,551
Balances with the State Bank of Vietnam ("SBV")	6	4,589,199	3,689,730
Due from banks	7	61,149,694	39,243,600
Placements with other credit institutions ("CIs")		51,384,709	29,363,640
Loans to other CIs		9,764,985	9,879,960
Securities held for trading		-	21,675
Securities held for trading		-	39,287
Provision for securities held for trading		-	(17,612)
Derivative financial instruments	8	-	446,344
Loans to customers		146,782,639	119,212,621
Loans to customers	9	149,145,386	120,643,542
Provision for credit losses of loans to customers	10	(2,362,747)	(1,430,921)
Investment securities	11	37,880,373	31,534,742
Available-for-sale securities		37,897,490	31,554,087
Provision for investment securities		(17,117)	(19,345)
Long-term investments	12	10,036	10,036
Other long-term investments		10,036	10,036
Fixed assets		402,736	382,873
Tangible fixed assets	13	202,533	153,330
Cost		661,129	606,147
Accumulated depreciation		(458,596)	(452,817)
Intangible fixed assets	14	200,203	229,543
Cost		630,943	618,177
Accumulated amortization		(430,740)	(388,634)
Other assets	15	15,251,532	16,840,686
Receivables		8,480,027	10,881,321
Interest and fee receivables		5,065,400	2,808,476
Deferred tax assets		-	50
Other assets		1,749,755	3,218,269
- In which: Goodwill	16	15,124	25,106
Provision for other assets		(43,650)	(67,430)
TOTAL ASSETS		267,005,838	212,775,858

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
as at 31 December 2023

	<i>Notes</i>	<i>31 December 2023 VND million</i>	<i>31 December 2022 VND million</i>
LIABILITIES			
Borrowings from the Government and the SBV	17	1,012,533	1,014,560
Deposits and borrowings from the Government and the SBV		1,012,533	1,014,560
Due to banks	18	85,553,514	50,374,160
Deposits from other CIs		54,484,312	29,339,865
Borrowings from other CIs		31,069,202	21,034,295
Customer deposits	19	132,350,131	117,120,779
Derivative financial instruments	8	263,356	-
Valuable papers issued	20	8,991,415	11,599,514
Other liabilities		7,536,677	6,012,847
Interest and fee payables		3,813,157	2,253,470
Other payables and liabilities	21	3,723,520	3,759,377
TOTAL LIABILITIES		235,707,626	186,121,860
OWNERS' EQUITY			
Capital		20,034,068	19,891,568
- Charter capital		20,000,000	19,857,500
- Capital expenditure fund		608	608
- Share premium		33,460	33,460
Reserves		2,589,959	1,896,036
Retained earnings		8,674,185	4,866,394
TOTAL OWNERS' EQUITY	24	31,298,212	26,653,998
TOTAL LIABILITIES AND OWNERS' EQUITY		267,005,838	212,775,858

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
as at 31 December 2023

OFF-STATEMENT OF FINANCIAL POSITION ITEMS

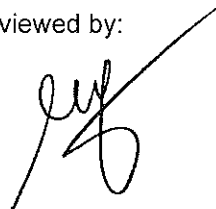
	Notes	31 December 2023 VND million	31 December 2022 VND million
1. Credit guarantees	38	31,980	33,980
2. Foreign exchange commitments	38	343,840,786	223,775,857
2.1 Foreign exchange commitments - buy		11,263,221	1,408,572
2.2 Foreign exchange commitments - sell		11,255,288	1,407,285
2.3 Swap contracts		321,322,277	220,960,000
3. Letters of credit	38	7,555,360	9,141,549
4. Other guarantees	38	21,686,263	20,444,318
5. Other commitments	38	11,326,397	16,451,969
6. Uncollected interests and fee receivables	39	2,089,139	779,182
7. Bad debts written off	40	15,649,464	13,624,430
8. Other assets and documents	41	83,676,862	114,866,183

Prepared by:



Ms. Nguyen Bao Ngoc
Financial Reporting Manager

Reviewed by:



Ms. Phung Thuy Nhung
Chief Accountant

Approved by:




Ms. Nguyen Thi Thu Hang
Head of Financial Management

Hanoi, Vietnam

24 January 2024

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 December 2023

	Notes	The 4 th Quarter		Accumulated from the beginning of the year	
		2023 VND million	2022 VND million	2023 VND million	2022 VND million
Interest and similar income	24	4,570,797	3,651,334	18,951,085	13,252,114
Interest and similar expenses	25	(2,188,295)	(1,553,405)	(9,762,570)	(4,930,323)
Net interest and similar income		2,382,502	2,097,929	9,188,515	8,321,791
Fee and commission income		392,126	385,054	2,017,973	1,605,101
Fee and commission expenses		(111,015)	(128,464)	(420,948)	(492,637)
Net fee and commission income	26	281,111	256,590	1,597,025	1,112,464
Net gains from trading of foreign currencies	27	41,136	111,798	1,072,237	1,000,441
Net losses from trading securities	28	(633)	(553)	(12,705)	(2,028)
Net gains/(losses) from investment securities	29	281,717	(129,817)	511,812	683,122
Other operating income		167,151	336,609	610,169	760,999
Other operating expenses		(432,628)	(7,521)	(679,689)	(1,183,995)
Net gains/(losses) from other operating activities	30	(265,477)	329,088	(69,520)	(422,996)
Income from capital contribution, share purchase	31	1,631	-	1,631	880
Operating expenses	32	(1,787,339)	(1,632,996)	(4,812,331)	(4,427,964)
Net profit before provision for credit losses		934,648	1,032,039	7,476,664	6,265,710
Credit loss expenses		(327,701)	(69,245)	(1,646,754)	(478,507)
PROFIT BEFORE TAX		606,947	962,794	5,829,910	5,787,203
Current corporate income tax ("CIT") expenses	33	(123,226)	(190,471)	(1,185,646)	(1,170,979)
Deferred CIT expenses		(12)	(13)	(50)	(11)
Total CIT expenses		(123,238)	(190,484)	(1,185,696)	(1,170,990)
PROFIT AFTER TAX		483,709	772,310	4,644,214	4,616,213
Basic earnings per share (VND/share)	34	241	316	2,322	2,252

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24 January 2024

INTERIM CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2023

	<i>Notes</i>	<i>Accumulated from the beginning of the year</i>	
		<i>2023 VND million</i>	<i>2022 VND million</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		16,726,536	13,219,183
Interest and similar payments		(8,202,883)	(4,282,479)
Net fee and commission receipts		1,564,653	1,106,784
Net receipts from trading of foreign currencies, gold and securities		1,551,505	1,671,342
Other operating expenses		(962,895)	(1,491,064)
Recoveries from bad debts previously written-off		169,516	448,922
Payments of operating and personnel expenses		(3,819,039)	(3,844,731)
Corporate income tax paid	33	(1,403,506)	(573,278)
Net cash flows from operating activities before changes in operating assets and liabilities		5,623,887	6,254,679
Changes in operating assets		(31,712,938)	1,083,505
(Increase)/Decrease in due from banks		114,974	3,652,782
(Increase)/Decrease in trading securities		(6,903,477)	17,302,758
(Increase)/Decrease in derivative financial instruments		446,344	(446,344)
(Increase)/Decrease in loans to customers		(28,504,837)	(19,082,631)
Utilization of provision to write off (loans to customers, securities, long-term investments and other receivables)		(738,829)	(912,144)
(Increase)/Decrease in other assets		3,872,887	569,084
Changes in operating liabilities		48,074,233	3,390,203
Increase/(Decrease) in borrowings from the Government and the SBV		(2,027)	(2,693)
Increase/(Decrease) in due to banks		35,179,354	(17,661,444)
Increase/(Decrease) in customer deposits		15,229,350	22,504,361
Increase/(Decrease) in valuable papers issued (excluding valuable papers issued for financing activities)		(2,608,098)	(1,443,026)
Increase/(Decrease) in derivative financial instruments		263,356	(76,833)
Increase/(Decrease) in other liabilities		12,298	69,838
Net cash flows from operating activities		21,985,182	10,728,387

INTERIM CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 December 2023

	Notes	Accumulated from the beginning of the year	
		2023 VND million	2022 VND million
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(120,062)	(174,712)
Proceeds from disposal of fixed assets		503	1,762
Dividends distributed from long-term investments and capital contributions		1,631	880
Net cash flows used in investing activities		(117,928)	(172,070)
Net cash flows during the year		21,867,254	10,556,317
Cash and cash equivalents at the beginning of the year		35,046,283	24,489,966
Cash and cash equivalents at the end of the year	35	56,913,537	35,046,283

Prepared by:



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Financial Reporting Manager

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Chief Accountant

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Head of Financial Management

Hanoi, Vietnam

24 January 2024

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2023 and for the year then ended

1. THE BANK INFORMATION

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

The Bank was established in accordance with Banking Operating License No. 0001/NH-GP issued by the State Bank of Vietnam ("SBV") on 8 June 1991 which was amended in accordance with Decision No. 45/QĐ-NHNN dated 09 January 2023 with the operating duration of 99 years. The Bank is operating under Business Registration Certificate No. 0200124891 with the 26th amended Business Registration dated 13 January 2023.

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Charter capital

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Location and operational network

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As at 31 December 2023, the Bank has one (01) Head Office, sixty-two (62) branches, two hundred and one (201) transaction offices nationwide (as at 31 December 2022, the Bank has one (01) Head Office, sixty-two (62) branches, two hundred and one (201) transaction offices nationwide).

Subsidiaries

As at 31 December 2023, the Bank had one (01) subsidiary as follows:

No.	Company name	Enterprise Registration Certificate	Business sector	% owned by the Bank
1	TNEX Finance Company Limited ("TNEX FINANCE") (formerly known as Finance Company Limited for Community)	No. 0301516782 initially issued on 1 December 2010 and amended for the 7 th time on 13 November 2023 by the Hanoi Department of Planning and Investments	Other financial activities	100%

Employees

Total number of employees of the Bank as at 31 December 2023 was 6,308 persons (as at 31 December 2022: 6,317 persons).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

2. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

2.1 *Fiscal year*

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

2.2 *Accounting currency*

The currency used in the preparation of the consolidated financial statements of the Bank is Vietnam dong ("VND"). For purpose of preparing the consolidated financial statements as at 31 December 2023, all amounts are rounded to the nearest million and presented in VND million. The presentation makes no impact on readers' view of the consolidated financial position, consolidated operational results and consolidated cash flows of the Bank and its subsidiaries.

3. ACCOUNTING STANDARDS AND SYSTEM

3.1 *Statement of compliance*

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

3.2 *Basis of preparation*

The consolidated financial statements of the Bank are prepared in accordance with the Accounting System applicable to Credit Institutions required under Decision No. 479/2004/QD-NHNN issued on 29 April 2004; Circular No. 10/2014/TT-NHNN dated 20 March 2014; Circular No. 22/2017/TT-NHNN dated 29 December 2017 and Circular No. 27/2021/TT-NHNN dated 31 December 2021 amending and supplementing Decision No. 479/2004/QD-NHNN; the financial reporting regime applicable to credit institutions required under Decision No. 16/2007/QD-NHNN dated 18 April 2007; Circular No. 49/2014/TT-NHNN amending and supplementing a number of articles of Decision No. 16/2007/QD-NHNN and the chart of account system for Credit Institutions issued in connection with Decision No. 479/2004/QD-NHNN by the Governor of the State Bank of Vietnam; Decree No. 93/2017/ND-CP dated 7 August 2017; Circular No. 16/2018/TT-BTC dated 7 February 2018 on guidelines for financial regulations applied to credit institutions and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

The accompanying consolidated financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Vietnam. Accordingly, the accompanying consolidated financial statements and their utilization are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the consolidated financial position, results of consolidated operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

3. ACCOUNTING STANDARDS AND SYSTEM (continued)

3.2 *Basis of preparation* (continued)

Items that are not presented in these consolidated financial statements regarding the financial reporting regime for credit institutions as required by Decision No. 16/2007/QĐ-NHNN dated 18 April 2007, Circular No. 49/2014/TT-NHNN dated 31 December 2014 and Circular No. 27/2021/TT-NHNN dated 31 December 2021 issued by the SBV indicate nil balance.

3.3 *Basis of assumptions and uses of estimates*

The preparation of the consolidated financial statements requires Management of the Bank to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income, expenses and the resultant provision. Such estimates are necessarily based on assumptions involving varying degrees of subjectivity and uncertainty and actual results may differ resulting in future changes in such estimates and assumptions.

3.4 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries for the year ended 31 December 2023.

Subsidiaries are fully consolidated from the acquisition date, on which the Bank obtains control and continue to be consolidated until the Bank terminates the control.

The financial statements of the Bank and its subsidiaries are prepared for the same reporting period, using consistent accounting policies.

All intra-company balances, income and expenses and unrealized gains or losses resulting from intra-company transactions are eliminated in full. Non-controlling interest represents the portion of net results of operations and net assets are not owned, by the Bank and are presented separately in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 *Changes in accounting policies and disclosures*

The accounting policies adopted by the Bank in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Bank's consolidated financial statements for the year ended 31 December 2022, except for:

Circular No.02/2023/TT-NHNN dated 23 April 2023 issued by the State Bank of Vietnam providing instructions for credit institutions and foreign bank branches on debt rescheduling and retention of debt category to assist borrowers in difficulties ("Circular 02")

Main contents of Circular 02 included:

- ▶ Scope and conditions of loan eligible for term restructuring;
- ▶ Principles of retention of debt classification, accounting for accrued interest and making provision for debts whose principal and/or interest balances are rescheduled for repayment.

This Circular takes effect from 24 April 2023.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, gold, balances with the SBV, demand deposits and placements with other credit institutions with an original maturity of three months or less from the transaction date, securities with recovery or maturity of three months or less from date of purchase which can be converted into a known amount of cash and do not bear the liquidity risk as at the date of these consolidated financial statements.

4.3 *Due from banks*

Due from banks are presented at the principal amounts outstanding at the end of the period.

The classification of credit risk for due from banks and the corresponding provision for credit losses is made in accordance with Circular No. 11/2021 /TT-NHNN issued by the SBV on 30 July 2021 guiding the classification of assets, the level and method of risk provisioning and the use of provisions against credit risks in the operations of CIs and foreign bank branches ("Circular 11"). Accordingly, the Bank makes a specific provision for placements with (except for current accounts at other CIs, foreign bank's branches in Vietnam) and loans to other CIs according to the method as described in *Note 4.5*.

According to Circular 11, the Bank is not required to make a general provision for due from banks.

4.4 *Loans to customers and debts purchased*

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

Provision for credit losses of loans to customers is accounted and presented in a separate line in the consolidated statement of financial position.

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

Debts purchased are disclosed at cost which is the purchase price of the debts.

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

4.5 *Classification, level and method for making provision for credit losses*

Debt classification

The classification of placements with and loans to other CIs (except for current accounts), direct and entrusted investments in unlisted corporate bonds, loans to customers, debts purchased and entrustments for credit granting (collectively called "debts") is made in compliance with Article 10 of Circular 11.

Specific provision

Specific provision is made based on the principal balance less discounted value of collaterals multiplied by provision rates which are determined based on the debt classification results. The specific provision rates for each group are presented as follows:

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Classification, level and method for making provision for credit losses (continued)

Specific provision (continued)

Group		Description	Provision rate
1	Current	(a) Current debts are assessed as fully and timely recoverable for both principals and interests; or (b) Debts are overdue for a period of less than 10 days and assessed as fully recoverable for both overdue principals and interests, and fully and timely recoverable for both remaining principals and interests.	0%
2	Special mention	(a) Debts are overdue for a period of 90 days or less, other than those specified in Point (b) of Loan group 1; or (b) Undue debts whose repayment terms are restructured for the first time.	5%
3	Sub-standard	(a) Debts are overdue for a period of between 91 days and 180 days; or (b) Undue debts whose repayment terms are extended for the first time; or (c) Debts which interests are exempted or reduced because customers do not have sufficient capability to repay all interests under credit contracts; or (d) Debts under one of the following cases which have not been recovered in less than 30 days from the date of the recovery decision: ▶ Debts made in compliance with Clause 1, 3, 4, 5, 6 under Article 126 of Law on Credit Institutions; or ▶ Debts made in compliance with Clause 1, 2, 3, 4 under Article 127 of Law on Credit Institutions; or ▶ Debts made in compliance with Clauses 1, 2, 5 under Article 128 of Law on Credit Institutions. (e) Debts are required to be recovered according to regulatory inspection conclusions; or (f) Debts are required to be recovered as follows the before-due recovery decision of the Bank due to customers' breach of the agreement with the Bank but still outstanding with an overdue for a period of less than 30 days from the date of recovery decision; or (g) At the request of the SBV based on regulatory inspection, supervision results and relevant credit information.	20%
4	Doubtful	(a) Debts are overdue for a period of between 181 days and 360 days; or (b) Debts whose repayment terms are restructured for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or (c) Debts whose repayment terms are restructured for the second time; or (d) Debts are specified in Point (d) of Loan group 3 and overdue for a period of between 30 days and 60 days after decisions of recovery have been issued; or (e) Debts are required to be recovered according to regulatory inspection conclusions but still outstanding with an overdue period up to 60 days since the recovery date as required by regulatory inspection conclusions; or (f) Debts are required to be recovered as follows the before-due recovery decision of the Bank due to customers' breach of the agreement with the Bank but still outstanding with an overdue for a period of 30 to 60 days from the date of recovery decision; or (g) At the request of the SBV based on regulatory inspection, supervision results and relevant credit information.	50%

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Classification, level and method for making provision for credit losses (continued)

Specific provision (continued)

Group	Description	Provision rate
5 Loss	(a) Debts are overdue for a period of more than 360 days; or (b) Debts whose repayment terms are restructured for the first time but still overdue for a period of 90 days or more under that first restructured repayment term; or (c) Debts whose repayment terms are restructured for the second time but still overdue under that second restructured repayment term; or (d) Debts whose repayment terms are restructured for the third time or more; or (e) Debts are specified in Point (d) of Loan group 3 and overdue for a period of more than 60 days after decisions on recovery have been issued; or (f) Debts are required to be recovered under regulatory inspection conclusions but still outstanding with an overdue period of more than 60 days since the recovery date as required by regulatory inspection conclusions; or (g) Debts are required to be recovered as follows the before-due recovery decision of the Bank due to customers' breach of the agreement with the Bank but still outstanding with an overdue for a period of more than 60 days from the date of recovery decision; or (h) Debts of credit institutions under special control as announced by the SBV, or debts of foreign bank branches whose capital and assets are blocked. (i) At the request of the SBV based on regulatory inspection, supervision results and relevant credit information.	100%

If a customer has more than one debt with the Bank and any of the outstanding debts are classified into a higher risk group, the entire remaining debts of such customer should be classified into the corresponding higher risk group.

When the Bank participates in a syndicated loan as a participant, except for the case where the Bank provides a syndicated loan with entrusted capital from a third party that this third party commits to be responsible for any risks occurred, it should classify loans (including syndicated loans) of the customer into a higher of the risk group assessed by the leading bank and by the Bank.

If a customer is classified by the Bank into the risk group which is lower than the risk group provided by Credit Information Center ("CIC"), the Bank is required to adjust the risk group of such customer following the risk group provided by CIC.

The Bank also applies the regulations under Circular No. 01/2020/TT-NHNN ("Circular 01"), Circular No. 03/2021/TT-NHNN ("Circular 03"), Circular No. 04/2021/TT-NHNN ("Circular 04") and Circular No. 14/2021/TT-NHNN ("Circular 14"). For the debt balance whose repayment term is restructured, interest is exempted or reduced, the group of overdue debts remains unchanged according to the restructured term, and the Bank restructures the repayment term and keeps the same debt group, according to current regulations, the Bank shall classify debts and make provision for risks in accordance with Circular 11.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 *Classification, level and method for making provision for credit losses* (continued)

Specific provision (continued)

These Circulars require the Bank to make specific provisions for customers whose outstanding balances are restructured, repayment terms, interest exemption and reduction are classified into two types of debt as follows: (1) debt classification remains the same as before the restructuring, interest exemption and reduction; (2) debt classification according to the State Bank's regulations on debt classification in credit institutions' operations. In case the difference in the amount of provision that needs to be made by type of debt (2) compared to type of debt (1) is positive, the Bank will make additional specific provisions as follows:

<i>Additional provision</i>	<i>Deadline</i>
At least 30% of the additional specific provision	By 31 December 2021
At least 60% of the additional specific provision	By 31 December 2022
100% of the additional specific provision	By 31 December 2023

From 1 January 2024, based on regulations of the SBV regarding risk provisioning in the operations of credit institutions, the Bank makes provision for all outstanding loans and off-balance sheet commitments of customers, including outstanding loans which the repayment term is restructured, interest is exempted or reduced, debt classification is retained under Circular 03.

From 24 April 2023, the Bank applied policies to restructure the repayment term but retain the debt classification for assisting customer with difficulties in operating activities and customers with debt repayment difficulties to meet requirement of Circular 02 issued by the SBV providing instructions for credit institutions and foreign branch banks on debt rescheduling and retention of debt category to assist borrowers in difficulties.

Accordingly, the Bank is allowed to restructure the repayment term for these debts and retain the debt classification as follows:

<i>Disbursement date</i>	<i>Overdue status of debts</i>	<i>Due/overdue date</i>	<i>Debt classification retention</i>
Before 24 April 2023	In due or overdue for a period of 10 days since the due date	From 24 April 2023 to 30 June 2023	Retain the latest debt classification as before the overdue date or the date that interest obligation was exempted/reduced

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 *Classification, level and method for making provision for credit losses* (continued)

Specific provision (continued)

The Bank makes specific provisions for customers whose debt repayment term is restructured and debt classification is retained by following formula: $C = A - B$

In which:

C: Additional specific provision;

A: Specific provision made for customer's outstanding loan balance according to Circular 11's debt classification (retention of debt category is not applicable);

B: Specific provision made for the restructured loan balance and specific provision made for the remaining loan balance of customer according to Circular 11's debt classification.

Additional specific provision (C) is made at the date of the financial statements to ensure the minimum provision as follows:

- As of 31 December 2023: At least 50% of the specific provision;
- As of 31 December 2024: 100% of the specific provision.

General provision

According to Circular 11, general provision is made at 0.75% of total outstanding loans classified as Current, Special mention, Substandard and Doubtful excluding:

- ▶ Placements with other CIs, foreign bank branches in Vietnam and foreign CIs;
- ▶ Loans to and purchases of valuable papers issued by other CIs, foreign bank branches in Vietnam;
- ▶ Promissory notes and bills; certificates of deposit, bonds issued by other CIs and foreign bank branches; and
- ▶ Repurchases of government bonds.

Bad debts written off

According to Circular 11, loans to customers are written off against the provision if they are classified in Group 5 or if the borrower is a dissolved, bankrupt organization or individual who is dead or missing.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 *Securities held for trading*

Securities held for trading include equity securities acquired and held for the purpose of trading. Equity securities are initially recognized at cost at the purchase date and subsequently presented at cost.

Securities held for trading are subject to impairment review at the end of fiscal year.

Provision for diminution in value of securities is made when the carrying value is higher than the market value in compliance with Article 5, Circular No. 48/2019/TT-BTC issued by the Ministry of Finance on 8 August 2019 ("Circular 48"). In case market prices of securities are not available or cannot be determined reliably, no provision is calculated. Provision is recognized in "Net gain/(loss) from trading securities" on the consolidated statement of profit or loss.

In case securities are not listed on the stock exchanges or not registered for trading on the UPCoM trading system (hereinafter referred to as "unlisted securities"), the Bank determines the amount of provisions based on the consolidated financial statements of economic entities receiving capital contribution at the same time as the Bank's annual reporting date, provision for each investment is calculated by the following formula:

$$\text{Provision for each investment} = \text{Proportion of actual charter capital contribution (\% of the Bank at the economic entity receiving contributed capital at the time of provisioning)} \times \left[\begin{array}{l} \text{Actual investment capital of owners of the economic entity receiving contributed capital at the time of provisioning} \\ - \\ \text{Owners' equity of the economic entity receiving contributed capital at the time of provisioning} \end{array} \right]$$

Gains or losses from sales of securities held for trading are recognized in the consolidated statement of profit or loss. Securities held for trading are derecognized when the rights to receive cash flows from these securities are terminated or the Bank transfers substantially all the risks and rewards of ownership of these securities.

4.7 *Available-for-sale securities*

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

Equity securities are initially recognized at cost at the purchase date and subsequently presented at cost.

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Available-for-sale securities are subject to impairment review at year end.

Provision for diminution in value of securities (except for unlisted corporate bonds and government bonds, government-guaranteed bonds, local government bonds) is made when the carrying value is higher than the market value in compliance with Article 5, Circular 48 and Circular 24 amending and supplementing a number of articles of Circular 48. In case market prices of securities are not available or cannot be determined reliably, no provision is calculated. Provision is recognized in the "*Net gains/(losses) from investment securities*" on the consolidated statement of profit or loss.

Provision for credit losses of unlisted corporate bonds is made in accordance with Circular 11 as described in *Note 4.5*.

Investment securities are derecognized when the rights to receive cash flows from these securities are terminated or the Bank transfers substantially all the risks and rewards of ownership of these securities.

4.8 *Re-purchase and reverse-repurchase contracts*

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

Conversely, securities purchased under agreements to resell at a specific date in the future are not recognized in the consolidated financial statements. The corresponding cash paid under these agreements is recognized as an asset in the consolidated statement of financial position and the difference between the purchase price and resale price is amortized in the consolidated statement of profit or loss over the term of the agreement using the straight-line method based on the interest rate stipulated in the contract.

4.9 *Other long-term investments*

Other long-term investments are investments in other entities in which the Bank holds less than or equal to 11% of voting rights and securities of these entities are not listed on the stock exchanges. These investments are initially recorded at cost at the transaction date.

Provision for diminution in the value of long-term investments is made when there is reliable evidence of the decrease in value of those investments at year end as stipulated in Article 5, Circular 48.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 *Other long-term investments* (continued)

Provision is reversed, if the recoverable amount of the investments increases after making provision, to the extent that the carrying value of these investments does not exceed the carrying value of this investment assuming that no allowance has been recorded.

Increase or decrease in provision for long-term investments is recognized in "*Operating expenses*" on the consolidated statement of profit or loss.

4.10 *Fixed assets*

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

The cost of a fixed asset comprises its purchase price plus any directly attributable cost of bringing the asset to working condition for its intended use. Costs related to additions, improvements and renewals are capitalized while expenditures for maintenance and repairs are charged to the consolidated statement of profit or loss when incurred.

When assets are sold or liquidated, their cost and accumulated depreciation are deducted from the statement of financial position item and any gains or losses resulting from their disposal are recorded to the consolidated e statement of profit or loss.

4.11 *Depreciation and amortization*

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

Buildings and structures	5 – 50 years
Machines and equipment	3 – 20 years
Means of transportation	6 – 30 years
Office equipment	3 – 10 years
Other tangible fixed assets	4 – 25 years
Computer software	3 – 20 years
Other intangible fixed assets	3 – 8 years

Land use rights granted by the Government with indefinite term are not amortized. Land use rights with definite term are amortized over the leased term or duration of use.

4.12 *Receivables*

Receivables are initially recognized at cost and subsequently presented at cost.

Provision for receivables is determined based on the overdue status of debts or expected loss of current debts in case the debts are undue yet the organization has fallen into bankruptcy, is under dissolution process or has absconded; or individual who is being prosecuted, detained, on trial or under sentence or is suffering from fatal diseases (with medical certificate) or has deceased or the debts requested for sentence yet are unenforceable due to individual escaping or the debts sued for debt collection yet are under suspension. Provision expenses for receivables classified as credit risk-bearing assets are recorded in "*Credit loss expenses*", and provision expenses for other receivables are recorded in "*Operating expenses*" on the consolidated statement of profit or loss.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 *Receivables* (continued)

Provision for doubtful receivables is made in accordance with Circular 48 as follows:

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

4.13 *Prepaid expenses and expenses awaiting allocation*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated statement of financial position and amortized over the period for which the amount is paid or the period in which economic benefit is generated in relation to these expenses.

4.14 *Operating lease*

Rentals under operating lease are charged to the "Operating expenses" on the consolidated statement of profit or loss on a straight-line basis over the term of the lease.

4.15 *Business combinations and goodwill*

Business combinations are accounted for using the cost method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued by the acquirer in exchange for control of the acquiree and liabilities incurred or assumed at the date of business combination plus any cost directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination of the acquiree are measured initially at fair value at the date of business combination.

Goodwill acquired in a business combination is initially recognized at cost being the excess of the cost the business combination over the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of profit or loss. After initial recognition, goodwill is recognized at cost less any accumulated amortization. Goodwill is amortized on a straight-line basis over a period of ten (10) years.

4.16 *Borrowings from the Government and the SBV*

Borrowings from the Government and the SBV are recognized at cost.

4.17 *Due to banks, customer deposits and valuable papers issued*

Due to banks, customer deposits and valuable papers issued are presented at the principal amounts outstanding at year end.

At the date of initial recognition, expenses for bond issuance are deducted from principal amount of the bonds. The Bank then allocates these expenses into "Interest and similar expenses" on straight-line basis according to the terms of the valuable papers.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 *Derivatives*

The Bank enters in currency forward contracts and swap contracts to facilitate customers to transfer, modify or mitigate foreign exchange risk or other market risks, and also for the business purpose of the Bank.

Currency forward contracts

Currency forward contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates, and the notional amount of the contracts. Currency forward contracts are recognized at nominal value at the transaction date and are revalued periodically. Gains or losses from revaluation are recognized in the "Impact of exchange rate fluctuation" under "Owners' equity" and will be transferred to the consolidated statement of profit or loss at the maturity date or at year end.

Swap contracts

Swap contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates and the notional principal amount of the contracts or commitments to settle interest based on a floating rate or a fixed rate calculated on the notional amount and in a given period. Currency swap contracts are revalued periodically. Gains or losses from revaluation are recognized in "Impact of exchange rate fluctuation" under "Owners' equity" and will be transferred to the consolidated statement of profit or loss at the maturity date or at year end.

Differences in interest rate swaps are recognized in the consolidated statement of profit or loss on an accrual basis.

4.19 *Foreign currency transactions*

According to accounting system of the Bank, all transactions are recorded in original currencies. Monetary assets and liabilities denominated in foreign currencies are translated into VND using exchange rates ruling at the consolidated statement of financial position date (Note 45). Income and expenses arising in foreign currencies during the year are translated into VND at rates ruling at the transaction dates. Foreign exchange differences arising from the translation of monetary assets and liabilities are recognized in the "Impact of exchange rate fluctuation" under "Owners' equity" and will be transferred to the consolidated statement of profit or loss at year end.

4.20 *Payables and accruals*

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

4.21 *Capital and reserves*

4.21.1 *Ordinary shares*

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 *Capital and reserves* (continued)

4.21.2 *Share premium*

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

4.21.3 *Treasury shares*

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognized as a reduction from equity. Repurchased shares are classified as treasury shares under equity. When treasury shares are sold for reissue subsequently, cost of the reissued shares is determined on a weighted average basis. Any difference between the amount received and the cost of the shares reissued is presented within share premium.

4.21.4 *Reserves*

The Bank makes appropriation to reserves in accordance with current regulations and Resolution of the General Meeting of Shareholders or corresponding owners.

(i) Bank's reserves: Reserves are for specific purposes and appropriated from net profit after tax of the Bank at prescribed rates as below:

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

(ii) Subsidiaries' reserves

- ▶ TNEX Finance Company Limited ("TNEX FINANCE"): According to Decree No. 93/2017/ND-CP, TNEX FINANCE is required to make statutory reserves before distribution of profits similar to the Bank.

4.22 *Classification for off-balance sheet commitments*

Credit institutions shall classify guarantees, payment acceptances and irrevocable loan commitments with specific effective date (generally called "off-statement of financial position commitments") for management and monitoring of credit quality as follows the classification policy applied for debts as stated in Note 4.5. According to Circular 11, the Bank is not required to make provision for off-statement of financial position commitments.

4.23 *Recognition of income and expenses*

Interest income and expenses

Interest income and expenses are recognized in the consolidated statement of profit or loss on an accrual basis. Accrued interest income from debts which are classified into group 2 to 5 in compliance with Circular 11 and debts retained in group 1 in compliance with Circular 01, Circular 03, Circular 04 and Circular 14 will not be recognized in consolidated statement of profit or loss. Suspended interest income is reversed and monitored off-statement of financial position and recognized in the consolidated statement of profit or loss upon actual receipt.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.23 *Recognition of income and expenses* (continued)

Fee and commission income and expenses

Fee and commission income are recognized in the consolidated statement of profit or loss when the services are performed. Fee and commission expenses are recognized in the consolidated statement of profit or loss when these expenses are incurred.

Income from investment activities

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

Cash dividend is recognized in the consolidated statement of profit or loss upon formation of cash dividend right.

Dividend paid in the form of common shares, bonus shares and right shares for existing shareholders, shares distributed from retained earnings are not recognized as an increment in investment value or income of the Bank. Only the quantity of shares is updated.

Dividends received in connection with the period before the investment is made are recognized as a decrease in carrying amount of the investment.

Income/expenses from debt trading

Income from debt trading is determined by the difference between the price of debts purchased or sold and their book value.

Book value of debts purchased and sold is the book value of the principal, interest and related financial obligations (if any) of debts recorded in the statement of financial position or off the statement of financial position at the date of debt purchase or sale; or the book value at the date of writing-off of debts; or the book value of debts written off previously at the date of debt purchase and sale.

Debt purchase and sale price are the sum of money to be paid by a debt purchaser to a debt seller under a debt purchase and sale contract.

4.24 *Corporate income tax*

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from (or paid to) the taxation authorities – using the tax rates and tax laws applied and enacted at the consolidated statement of financial position date.

Current income tax is charged or credited to the consolidated statement of profit or loss except when it relates to items recognized directly to equity, in this case the current income tax is also recognized in equity.

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.24 *Corporate income tax* (continued)

Deferred tax

Deferred tax is provided on temporary differences at the consolidated statement of financial position date between the tax base of assets and liabilities and their carrying amount for the financial reporting purposes.

Deferred tax payables are recognized for temporary taxable differences.

Deferred tax assets are recognized for all deductible temporary differences, deductible amounts carried over subsequent periods of taxable losses and unused tax credits when it is probable that there will be sufficient taxable profit to use deductible temporary differences, taxable losses and tax credits. Deferred tax assets and deferred tax liabilities are determined on the basis of expected tax rate applied when assets are recovered, or liabilities are settled and on the basis of tax rate and tax laws which effective at year end.

4.25 *Employee benefits*

4.25.1 *Post-employment benefits*

Post-employment benefits are paid to retired employees of the Bank by the Social Insurance Agency which belongs to the Ministry of Labor, Invalids and Social Affairs. The Bank is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 17.5% of an employee's basic monthly salary, salary-related allowance and other supplements. Other than that, the Bank has no further obligation relating to post-employment benefits.

4.25.2 *Voluntary resignation benefits*

The Bank has the obligation, under Article 46 of the Vietnam Labor Code No.45/2019/QH14 effective from 1 January 2021, to pay allowance arising from voluntary resignation of employees, equal to one-half month's salary for each year of employment up to 31 December 2008 plus salary allowances (if any). From 1 January 2009, the average monthly salary used in this calculation is the average monthly salary of the latest nine-month period up to the resignation date. Accordingly, working time at the Bank to calculate severance allowance is the total actual working time at the Bank minus (-) the time the employee has participated in unemployment insurance in accordance with the law regarding unemployment insurance, and the working time that has been paid off by employers for severance allowance.

4.25.3 *Unemployment insurance*

According to Circular No. 28/2015/TT-BLĐTBXH providing guidelines for Article 52 of the Law on Employment and Decree No. 28/2015/ND-CP dated 12 March 2015 of the Government providing guidelines for the Law on Employment in term of unemployment insurance, the Bank is required to contribute to the unemployment insurance at the rate of 1% of salary and wage fund of unemployment insurance joiners and deduct 1% of monthly salary and wage of each employee to contribute to the unemployment insurance fund.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.26 *Related parties*

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

4.27 *Earnings per share*

The Bank presents basic earnings per share for ordinary shares. Basic earnings per share amounts are calculated by dividing net profit or loss after tax for the year attributable to ordinary shareholders of the Bank (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year.

If the shares issued during the year only change the number of shares without changing the total equity, the Bank will adjust the weighted average number of ordinary shares currently circulated to the prior year presented on the consolidated financial statements, resulting in a corresponding adjustment of the opening balance of the basic earnings per shares.

4.28 *Offsetting*

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

5. CASH, GOLD AND GEMSTONES

	<u>31 December 2023</u> VND million	<u>31 December 2022</u> VND million
Cash in VND	734,824	878,133
Cash in foreign currencies	203,287	514,085
Gold	1,518	1,333
	<u>939,629</u>	<u>1,393,551</u>

6. BALANCES WITH THE STATE BANK OF VIETNAM ("SBV")

	<u>31 December 2023</u> VND million	<u>31 December 2022</u> VND million
Balances with the SBV		
- <i>In VND</i>	3,277,068	3,206,421
- <i>In foreign currencies</i>	1,312,131	483,309
	<u>4,589,199</u>	<u>3,689,730</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

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

Balances with the SBV include current account and compulsory reserves. In accordance with the SBV’s regulations, as at 31 December 2023, the Bank is required to maintain certain cash reserve with the SBV in the form of compulsory reserves as follow:

- ▶ Reserves are computed at 3.00% and 1.00% of customer deposits in VND with original maturities of less than 12 months and from 12 months respectively;
- ▶ Reserves are computed at 8.00% and 6.00% of customer deposits in foreign currencies with original maturities of less than 12 months and from 12 months respectively.

During the period, the Bank has maintained the compulsory reserve in accordance with the SBV’s regulations.

7. **DUE FROM BANKS**

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>VND million</i>	<i>VND million</i>
Placements with other CIs	51,384,709	29,363,640
Demand deposits with other CIs	13,813,935	9,763,592
- <i>In VND</i>	12,674,755	8,985,314
- <i>In foreign currencies</i>	1,139,180	778,278
Term deposits with other CIs	37,570,774	19,600,048
- <i>In VND</i>	29,200,000	17,418,700
- <i>In foreign currencies</i>	8,370,774	2,181,348
Loans to other CIs	9,764,985	9,879,960
In VND	9,374,123	8,716,441
In foreign currencies	390,862	1,163,519
	<u>61,149,694</u>	<u>39,243,600</u>

Analysis of outstanding due from banks by quality are as follows:

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>VND million</i>	<i>VND million</i>
Current	<u>47,335,759</u>	<u>29,480,008</u>
	<u>47,335,759</u>	<u>29,480,008</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

8. DERIVATIVE FINANCIAL INSTRUMENTS

	<i>Total contract nominal value (*) VND million</i>	<i>Total carrying value (**)</i>		<i>Net realizable value VND million</i>
		<i>Assets VND million</i>	<i>Liabilities VND million</i>	
As at 31 December 2023				
Derivative financial instruments				
Forward contracts	62,703,812	-	(43,307)	(43,307)
Swap contracts	158,208,872	-	(220,049)	(220,049)
	220,912,684	-	(263,356)	(263,356)
As at 31 December 2022				
Derivative financial instruments				
Forward contracts	38,382,147	150,331	-	150,331
Swap contracts	111,162,730	296,013	-	296,013
	149,544,877	446,344	-	446,344

(*) Total contract value is translated using exchange rates at the contract value date.

(**) Total carrying value is the net value translated using exchange rates at the statement of financial position date.

9. LOANS TO CUSTOMERS

	<i>31 December 2023 VND million</i>	<i>31 December 2022 VND million</i>
Loans to local economic entities and individuals	148,789,541	120,532,719
Commercial papers and valuable papers discount	355,845	110,823
	149,145,386	120,643,542

9.1 Analysis of loan to customers by quality

	<i>31 December 2023 VND million</i>	<i>31 December 2022 VND million</i>
Current	142,221,856	116,900,964
Special mention	2,642,701	1,673,825
Substandard	1,032,207	616,555
Doubtful	1,441,280	442,851
Loss	1,807,342	1,009,347
	149,145,386	120,643,542

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

9. LOANS TO CUSTOMERS (continued)

9.2 *Analysis of loan to customers by original maturity*

	31 December 2023 VND million	31 December 2022 VND million
Short-term loan	67,725,380	51,830,929
Medium-term loan	43,819,385	27,862,422
Long-term loan	37,600,621	40,950,191
	149,145,386	120,643,542

9.3 *Analysis of loan to customers by type of customers and ownership*

	31 December 2023		31 December 2022	
	VND million	%	VND million	%
State-owned enterprises	3,605,975	2.42	1,548,658	1.28
State-owned limited liability companies	756,626	0.51	1,147,306	0.95
Privately-owned limited liability companies	39,938,570	26.78	29,215,085	24.22
Joint-stock companies with state-owned share capital accounting for more than 50% of the charter capital or the total number of voting shares; or the state retains control of the company in its charter	1,852,456	1.24	1,134,953	0.94
Other joint stock companies	61,423,469	41.18	49,721,221	41.21
Private companies	3,777	0.00	149	0.00
Foreign invested enterprises	253,713	0.17	286,082	0.24
Cooperatives, cooperative unions	22,442	0.02	26,161	0.02
Individuals	41,286,931	27.68	37,563,927	31.14
Operation administration entity, the Party, unions and associations	398	0.00	-	-
Others	1,029	0.00	-	-
	149,145,386	100.00	120,643,542	100.00

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

9. LOANS TO CUSTOMERS (continued)

9.4 Analysis of loan to customers by industries

	31 December 2023		31 December 2022	
	VND million	%	VND million	%
Agriculture, forestry and fisheries	2,346,262	1.57	656,190	0.54
Mining	332,646	0.22	1,150,939	0.95
Seafood processing	1,427,864	0.96	1,256,232	1.04
Manufacturing, food processing, beverages, animal feed	1,609,573	1.08	1,121,771	0.93
Textile, skin and costumes manufacturing	1,613,649	1.08	1,553,930	1.29
Wood extraction, primary processing, manufacturing and other wood products	1,310,563	0.88	1,266,880	1.05
Paper manufacturing and printing	1,357,596	0.91	1,025,660	0.85
Pharmaceuticals, medicinal chemical, rubber, plastics, fertilizers, chemicals manufacturing	2,123,551	1.42	1,558,786	1.29
Production of construction materials (excluding steel, stainless steel, paint, mastic...)	1,537,847	1.03	838,965	0.70
Steel products	295,669	0.20	105,312	0.09
Billet production	17,276	0.01	25,164	0.02
Production of stainless steel and other metallurgy	49,198	0.03	77,233	0.06
Mechanical, assembly, manufacturing of machinery, automobiles, motorcycles	1,366,705	0.92	1,438,804	1.19
Manufacturing of electronic, electrical equipment, optical computers, telecommunications equipment	2,711,575	1.82	3,269,622	2.71
Ship, boats	3,382	0.00	3,852	0.00
Office equipment, home appliances, medical equipment, education, sports	41,335	0.03	57,352	0.05
Production and distribution of electricity, energy	8,346,872	5.60	10,315,040	8.55
Construction	13,105,715	8.79	11,207,188	9.29
Light industry and consumer goods	16,285,336	10.92	10,714,319	8.88
Fertilizers, chemicals and other chemical products, medicines, pharmaceuticals, medical devices	1,086,396	0.73	778,370	0.65
Commercial of gasoline, oil	4,645,331	3.11	990,165	0.82
Trading of steel, cement, building materials other synthetic	7,426,527	4.98	4,482,711	3.72
Heavy industry	2,978,469	2.00	2,782,320	2.31
Transportation and waterways	3,519,426	2.36	2,925,191	2.42
Shipping business	683,712	0.46	581,322	0.48
Hotel services, tourism, dining, entertainment	188,876	0.13	151,226	0.13
Property and infrastructure	13,163,399	8.83	10,386,690	8.60
Telecommunications services	1,108,097	0.74	769,794	0.64
Professional, scientific and technological activities, administrative and support services, health education, information and communication	4,087,884	2.74	4,259,915	3.53
Warehousing and support services	91,464	0.06	165,387	0.14
Financial and securities activities	7,281,125	4.88	1,446,536	1.20
Other industries	5,715,135	3.83	5,716,749	4.74
Individuals	41,286,931	27.68	37,563,927	31.14
	149,145,386	100.00	120,643,542	100.00

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

10. PROVISION FOR CREDIT LOSSES OF LOANS TO CUSTOMERS

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
General provision	1,105,035	898,256
Specific provision	1,257,712	532,665
	<u>2,362,747</u>	<u>1,430,921</u>

Changes in provision for credit losses of loans to customers during the year ended 31 December 2023 are as follows:

	<i>General provision</i> <i>VND million</i>	<i>Specific provision</i> <i>VND million</i>	<i>Total</i> <i>VND million</i>
Opening balance	898,256	532,665	1,430,921
Provision charged	206,779	1,437,329	1,644,108
Bad debts written off	-	(709,288)	(709,288)
Other decreases	-	(3,185)	(3,185)
Other increases	-	191	191
Closing balance	<u>1,105,035</u>	<u>1,257,712</u>	<u>2,362,747</u>

Changes in provision for credit losses of loans to customers during the year ended 31 December 2022 are as follows:

	<i>General provision</i> <i>VND million</i>	<i>Specific provision</i> <i>VND million</i>	<i>Total</i> <i>VND million</i>
Opening balance	754,974	931,834	1,686,808
Provision charged	143,282	352,235	495,517
Bad debts written off	-	(749,706)	(749,706)
Other decreases	-	(1,698)	(1,698)
Closing balance	<u>898,256</u>	<u>532,665</u>	<u>1,430,921</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

11. INVESTMENT SECURITIES

11.1 Available-for-sale securities

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
Debt securities	37,897,490	31,554,087
Government bonds	22,572,105	16,577,065
Debt securities issued by other local CIs	13,800,000	12,097,953
Debt securities issued by local economic entities	1,525,385	2,579,385
Treasury bills issued by the SBV	-	299,684
Provision for available-for-sale securities	(17,117)	(19,345)
General provision	(11,440)	(19,345)
Specific provision	(5,677)	-
	37,880,373	31,534,742

11.2 Analysis by quality of debt securities classified as credit risk-bearing assets according to Circular 11

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
Current	14,921,000	14,677,338
Special mention	376,000	-
Substandard	28,385	-
	15,325,385	14,677,338

12. LONG-TERM INVESTMENTS

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
Other long-term investments	10,036	10,036
	10,036	10,036

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

13. TANGIBLE FIXED ASSETS

	Buildings and structures VND million	Machines and equipment VND million	Means of transportation VND million	Office equipment VND million	Others VND million	Total VND million
Cost						
Opening balance	28,589	393,508	91,919	91,905	226	606,147
Additions	-	94,948	-	6,938	5,410	107,296
Disposal	-	(34,098)	(748)	(17,424)	(44)	(52,314)
Closing balance	28,589	454,358	91,171	81,419	5,592	661,129
Accumulated depreciation						
Opening balance	13,379	281,136	75,447	82,659	196	452,817
Depreciation during the year	562	47,809	2,770	6,084	931	58,156
Disposal	-	(34,091)	(748)	(17,389)	(44)	(52,272)
Other decreases	-	(105)	-	-	-	(105)
Closing balance	13,941	294,749	77,469	71,354	1,083	458,596
Net book value						
Opening balance	15,210	112,372	16,472	9,246	30	153,330
Closing balance	14,648	159,609	13,702	10,065	4,509	202,533

Cost of fully depreciated tangible fixed assets in use as at 31 December 2023 is VND 311,425 million.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

14. INTANGIBLE FIXED ASSETS

	<i>Land use rights VND million</i>	<i>Computer software VND million</i>	<i>Others VND million</i>	<i>Total VND million</i>
Cost				
Opening balance	52,233	546,134	19,810	618,177
Additions	-	10,490	2,276	12,766
Closing balance	<u>52,233</u>	<u>556,624</u>	<u>22,086</u>	<u>630,943</u>
Accumulated amortization				
Opening balance	-	379,060	9,574	388,634
Amortization during the year	-	39,127	2,979	42,106
Closing balance	<u>-</u>	<u>418,187</u>	<u>12,553</u>	<u>430,740</u>
Net book value				
Opening balance	<u>52,233</u>	<u>167,074</u>	<u>10,236</u>	<u>229,543</u>
Closing balance	<u>52,233</u>	<u>138,437</u>	<u>9,533</u>	<u>200,203</u>

Cost of fully amortized intangible fixed assets in use as at 31 December 2023 is VND 164,409 million.

15. OTHER ASSETS

	<i>31 December 2023 VND million</i>	<i>31 December 2022 VND million</i>
Construction in progress	171,356	116,095
Advances for purchase of fixed assets	86,778	63,108
Repair of fixed assets	84,578	52,987
Receivables	8,308,671	10,765,226
Internal receivables	76,338	101,260
External receivables	8,232,333	10,663,966
- <i>Receivables from debt selling contracts</i>	4,001,159	2,481,159
- <i>Other receivables</i>	4,231,174	8,182,807
Provision for other assets	(43,650)	(67,430)
General provision	(30,008)	(27,362)
Other provision	(13,642)	(40,068)
Interest and fee receivables	5,065,400	2,808,476
Deferred tax assets	-	50
Other assets	1,749,755	3,218,269
Foreclosed assets awaiting resolution	1,115,496	2,164,447
Goodwill	15,124	25,106
Other assets	619,135	1,028,716
	<u>15,251,532</u>	<u>16,840,686</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

15. OTHER ASSETS (continued)

Foreclosed assets awaiting resolution

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
Shares	58,729	374,029
Others	1,056,767	1,790,418
	1,115,496	2,164,447

16. GOODWILL

	<i>2023</i> <i>VND million</i>	<i>2022</i> <i>VND million</i>
Total value of goodwill	99,823	99,823
Amortization period (year)	10 năm	10 năm
Value of accumulated amortized goodwill at the beginning of the period	74,717	64,735
Value of unamortized goodwill	25,106	35,088
Goodwill amortized during the period	(9,982)	(9,982)
Goodwill amortized during the period	(9,982)	(9,982)
Total value of unamortized goodwill at the end of the period	15,124	25,106

17. BORROWINGS FROM THE GOVERNMENT AND THE STATE BANK OF VIETNAM ("SBV")

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
Borrowings from the SBV	1,011,561	1,014,560
Borrowings according to credit records	999,972	999,972
Borrowings for Banking and Settlement System Modernization Project	11,589	14,588
Deposits from the State Treasury	972	-
Deposits in VND	972	-
	1,012,533	1,014,560

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

18. DUE TO BANKS

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>VND million</i>	<i>VND million</i>
Deposits from other CIs	54,484,312	29,339,865
Demand deposits	13,292,684	13,370,028
- <i>In VND</i>	12,936,882	12,969,177
- <i>In foreign currencies</i>	355,802	400,851
Term deposits	41,191,628	15,969,837
- <i>In VND</i>	40,881,510	15,261,837
- <i>In foreign currencies</i>	310,118	708,000
Borrowings from other CIs	31,069,202	21,034,295
In VND	11,880,021	9,345,443
In foreign currencies	19,189,181	11,688,852
	85,553,514	50,374,160

19. CUSTOMER DEPOSITS

19.1 *Analysis of customer deposits by type of deposits*

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>VND million</i>	<i>VND million</i>
Demand deposits	33,317,559	34,736,911
Demand deposits in VND	29,490,769	28,473,485
Demand deposits in foreign currencies	3,826,790	6,263,426
Term deposits	97,229,772	80,625,545
Term deposits in VND	95,434,641	78,136,273
Term deposits in foreign currencies	1,795,131	2,489,272
Deposit for specific purposes	361,807	171,944
Deposit for specific purposes in VND	307,283	162,110
Deposit for specific purposes in foreign currencies	54,524	9,834
Margin deposits	1,440,993	1,586,379
Margin deposits in VND	1,376,826	1,539,236
Margin deposits in foreign currencies	64,167	47,143
	132,350,131	117,120,779

19.2 *Analysis of customer deposits by type of customers*

	<i>31 December 2023</i>		<i>31 December 2022</i>	
	<i>VND million</i>	<i>%</i>	<i>VND million</i>	<i>%</i>
Deposits from economic entities	56,762,543	42.89	57,175,663	48.82
Deposits from individuals	75,587,588	57.11	59,945,116	51.18
	132,350,131	100.00	117,120,779	100.00

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

20. VALUABLE PAPERS ISSUED

	31 December 2023 VND million	31 December 2022 VND million
Certificate of deposit	2,091,415	3,199,514
Ordinary bonds	6,900,000	8,400,000
	8,991,415	11,599,514

Details of terms of valuable papers issued by par value at the end of the period of are as follow:

	Ordinary bonds VND million	Certificate of deposit VND million	Total VND million
Up to 12 months			
- In VND	-	2,000,700	2,000,700
From 12 months to 5 years			
- In VND	4,400,000	90,715	4,490,715
Over 5 years			
- In VND	2,500,000	-	2,500,000
	6,900,000	2,091,415	8,991,415

21. OTHER LIABILITIES

	31 December 2023 VND million	31 December 2022 VND million
Internal payables	1,357,884	964,796
Payables to employees	828,508	658,804
Other internal payables	529,376	305,992
External payables	2,337,402	2,764,267
Escrow accounts awaiting settlement	51,775	28,577
Tax payables to the State Budget	670,804	966,439
Payables relating to fund transferring	185,572	159,115
Other external payables	1,429,251	1,610,136
Bonus and welfare fund	28,234	30,314
	3,723,520	3,759,377

22. TAXES AND OTHER OBLIGATIONS TO THE STATE BUDGET ("SBV")

Unit: VND million

	Opening balance	Movement during the year		Closing balance
		Payables	Paid	
Receivables from the State Budget	(689)	(3,766)	-	(4,455)
Corporate income tax	(689)	(3,766)	-	(4,455)
Payables to the State Budget	966,439	1,618,818	(1,914,453)	670,804
Value added tax	10,735	130,876	(129,753)	11,858
Corporate income tax	821,224	1,189,412	(1,403,506)	607,130
Other taxes	134,480	297,686	(380,350)	51,816
Other payables	-	844	(844)	-
	965,750	1,615,052	(1,914,453)	666,349

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

23. OWNERS' EQUITY AND RESERVES

23.1 Statement of changes in equity

	Charter capital	Share premium	Development and investment reserve	Financial reserve	Capital supplementary reserve	Capital expenditure fund	Retained earnings	Total
As at 1 January 2022	15,275,000	491,710	3,397	932,058	341,518	608	4,993,494	22,037,785
Net profit during the year	-	-	-	-	-	-	4,616,213	4,616,213
Issuing shares for paying dividends	4,582,500	(458,250)	-	-	-	-	(4,124,250)	-
Appropriation to reserves	-	-	-	412,709	206,354	-	(619,063)	-
As at 1 January 2023	19,857,500	33,460	3,397	1,344,767	547,872	608	4,866,394	26,653,998
Net profit during the year	-	-	-	-	-	-	4,644,214	4,644,214
Issuing shares under the Bank's Employee Stock Ownership Program	142,500	-	-	462,615	231,308	-	(142,500)	-
Appropriation to reserves	-	-	-	-	-	-	(693,923)	-
As at 31 December 2023	20,000,000	33,460	3,397	1,807,382	779,180	608	8,674,185	31,298,212

Unit: VND million

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

23. OWNERS' EQUITY AND RESERVES (continued)

23.2 Capital

	<u>31 December 2023</u> <i>shares</i>	<u>31 December 2022</u> <i>shares</i>
Number of registered shares	2,000,000,000	2,000,000,000
Number of shares issued	2,000,000,000	2,000,000,000
Common shares	2,000,000,000	2,000,000,000
Number of outstanding shares	2,000,000,000	2,000,000,000
Common shares	2,000,000,000	2,000,000,000
Face value per share	<u>10,000</u>	<u>10,000</u>

The list of major shareholders holding shares of 5% or more of the Bank's charter capital is as follows:

	<u>31 December 2023</u>		<u>31 December 2022</u>	
	<i>Number of common shares</i>	<i>%</i>	<i>Number of common shares</i>	<i>%</i>
Vietnam Posts and Telecommunications Group	<u>120,965,367</u>	<u>6.05</u>	<u>120,965,367</u>	<u>6.05</u>

Vietnam Posts and Telecommunications Group operates in the form of a one-member limited liability company owned by the State according to Decision No. 955/QĐ-TTg dated 24 June 2010 of the Prime Minister and Business Registration Certificate of One Member Limited Liability Company No. 0100684378 issued by the Hanoi Department of Planning and Investments on 17 August 2010.

Capital adequacy ratio of the Bank as at 31 December 2023: 12.76%.



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

24. INTEREST AND SIMILAR INCOME

	2023 <i>VND million</i>	2022 <i>VND million</i>
Interest income from deposits	749,702	228,547
Interest income from loans to customers	15,112,494	10,270,547
Interest income from investment securities	1,970,187	2,030,171
Interest income from guarantee services	283,123	268,965
Interest income from debt trading	34	-
Other income from credit activities	835,545	453,884
	18,951,085	13,252,114

25. INTEREST AND SIMILAR EXPENSES

	2023 <i>VND million</i>	2022 <i>VND million</i>
Interest expenses on deposits	7,608,989	3,404,093
Interest expenses on borrowings	1,457,534	845,561
Interest expenses on valuable papers issued	644,767	625,349
Expenses for other credit activities	51,280	55,320
	9,762,570	4,930,323

26. NET FEES AND COMMISSION INCOME

	2023 <i>VND million</i>	2022 <i>VND million</i>
Fees and commission income	2,017,973	1,605,101
Settlement services	919,218	830,289
Treasury services	1,955	3,466
Entrustment and agent operations	443,318	269,218
Others	653,482	502,128
Fees and commission expenses	(420,948)	(492,637)
Settlement services	(224,734)	(264,189)
Treasury services	(9,091)	(11,195)
Others	(187,123)	(217,253)
Net fees and commission income	1,597,025	1,112,464

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

27. NET GAINS FROM TRADING OF FOREIGN CURRENCIES

	2023 <i>VND million</i>	2022 <i>VND million</i>
Income from foreign exchange	6,160,214	5,366,265
Income from spot trading of foreign currencies and gold	1,201,639	999,045
Income from trading of currency derivative financial instruments	4,958,575	4,367,220
Expenses for foreign exchange	(5,087,977)	(4,365,824)
Expense for spot trading of foreign currencies and gold	(171,232)	(180,454)
Expense for trading of currency derivative financial instruments	(4,916,745)	(4,185,370)
Net gains from trading of foreign currencies	1,072,237	1,000,441

28. NET LOSSES FROM TRADING SECURITIES

	2023 <i>VND million</i>	2022 <i>VND million</i>
Expenses for trading securities	(30,317)	(216)
Provision reversed/(charged) for trading securities	17,612	(1,812)
Net losses from trading securities	(12,705)	(2,028)

29. NET GAINS FROM INVESTMENT SECURITIES

	2023 <i>VND million</i>	2022 <i>VND million</i>
Income from trading of investment securities	821,095	1,894,599
Expenses for trading of investment securities	(311,511)	(1,223,482)
Provision reversed for investment securities	2,228	12,005
Net gains from investment securities	511,812	683,122

30. NET LOSSES FROM OTHER OPERATING ACTIVITIES

	2023 <i>VND million</i>	2022 <i>VND million</i>
Other operating income	610,169	760,999
Other operating expenses	(679,689)	(1,183,995)
Net losses from other operating activities	(69,520)	(422,996)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

31. INCOME FROM CAPITAL CONTRIBUTION, SHARE PURCHASE

	2023 <i>VND million</i>	2022 <i>VND million</i>
Dividends distributed from long-term investments and capital contributions	1,631	880
Income from capital contribution, share purchase	1,631	880

32. OPERATING EXPENSES

	2023 <i>VND million</i>	2022 <i>VND million</i>
Tax expenses, fees and charges	87,993	81,597
Personnel expenses	2,838,027	2,647,866
Salaries, bonus and allowances	2,498,722	2,341,959
Salary-related allowances	215,854	174,963
Subsidies	59,186	58,635
Others	64,265	72,309
Asset expenses	639,932	574,742
<i>Includes: Depreciation and amortization</i>	<i>100,262</i>	<i>103,323</i>
Administrative expenses	1,150,713	1,055,338
<i>Includes:</i>		
- <i>Per diem expenses</i>	<i>65,405</i>	<i>47,707</i>
- <i>Credit institutions' mass activities expenses</i>	<i>2,402</i>	<i>-</i>
Insurance expenses for customer deposits	95,736	66,303
Provision charged (excluding provision for on- and off-statement of financial position credit risks; provision for diminution in value of securities)	(70)	2,118
	4,812,331	4,427,964

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33. CORPORATE INCOME TAX (“CIT”) EXPENSES

	2023 <i>VND million</i>	2022 <i>VND million</i>
Profit before tax	5,829,910	5,787,203
Adjustments		
- <i>Non-taxable income</i>	(1,631)	(904)
- <i>Non-deductible expenses</i>	4,793	10,475
- <i>Movements of temporary differences</i>	(36,420)	(203,028)
- <i>Non-taxable consolidated adjustments (Goodwill, disposal of assets)</i>	9,730	9,929
Taxable income incurred during the year	5,806,382	5,603,675
Include:		
- <i>Income from operating activities</i>	5,806,382	5,603,675
Tax rate	20%	20%
CIT expenses	1,161,277	1,120,735
Include:		
- <i>CIT expenses from operating activities</i>	1,161,277	1,120,735
Adjustments of prior periods CIT expenses	24,369	50,244
CIT incurred during the year	1,185,646	1,170,979
CIT payable at the beginning of the year	820,535	222,834
CIT paid during the year	(1,403,506)	(573,278)
CIT payable at the end of the year	602,675	820,535
Total deferred CIT expenses	50	11

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34. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of the Bank.

	<i>2023</i> <i>VND million</i>	<i>2022</i> <i>VND million</i>
Net profit after tax attributable to ordinary shareholders (VND million) (*)	4,644,214	4,473,713
Weighted average number of ordinary shares (shares)	2,000,000,000	1,986,921,233
Basic earnings per share (VND/share)	<u>2,322</u>	<u>2,252</u>

Weighted average number of outstanding ordinary shares and basic earnings per share in 2022 are adjusted for comparative purposes as results of the Bank issuing 30% stock dividends in 2022 to increase its capital.

35. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated cash flow statement comprise the following amounts on the consolidated statement of financial position:

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
Cash and cash equivalents	939,629	1,393,551
Balances with the SBV	4,589,199	3,689,730
Demand deposit with other CIs	13,813,935	9,763,592
Placements with other CIs with original terms of 3 months or less	37,570,774	19,600,048
Securities with a term of redemption or maturity not exceeding 3 months from the date of purchase	-	599,362
	<u>56,913,537</u>	<u>35,046,283</u>

36. ASSETS, VALUABLE PAPERS USED FOR MORTGAGE, DISCOUNT AND REDISCOUNT

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
Immovables	141,598,463	135,999,992
Movables	10,667,281	13,297,846
Valuable papers	56,394,481	48,828,117
Other assets	268,115,355	224,652,264
	<u>476,775,580</u>	<u>422,778,219</u>

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37. EMPLOYEES' REMUNERATIONS

	2023 VND million	2022 VND million
I. Total average number of employees (person)	6,731	6,091
II. Employees' remuneration		
1. Total salary fund and bonus	2,325,588	2,484,920
2. Total income	2,327,667	2,487,355
3. Average monthly salary	28.79	34.00
4. Average monthly income	28.82	34.03

38. CONTINGENT LIABILITIES AND COMMITMENTS

	31 December 2023 VND million	31 December 2022 VND million
Credit guarantees	31,980	33,980
Foreign exchange commitments	343,840,786	223,775,857
Spot foreign exchange commitments - buy	11,263,221	1,408,572
Spot foreign exchange commitments - sell	11,255,288	1,407,285
Cross currency swap contracts	321,322,277	220,960,000
Letters of credit	7,555,360	9,141,549
Letters of credit	7,865,215	9,575,780
- Less: Margin deposits	(309,855)	(434,231)
Other guarantees	21,686,263	20,444,318
Settlement guarantees	3,343,207	4,528,714
Contract performance guarantees	5,332,633	4,539,156
Bid guarantees	913,928	798,158
Other guarantees	12,934,764	11,508,786
- Less: Margin deposits	(838,269)	(930,496)
Other commitments	11,326,397	16,451,969

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39. UNCOLLECTED INTERESTS AND FEE RECEIVABLES

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
Uncollected loan interest	1,471,647	779,123
Uncollected securities interest	617,433	-
Uncollected receivable fees	59	59
	<u>2,089,139</u>	<u>779,182</u>

40. BAD DEBTS WRITTEN OFF

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
Principal of the bad debts written off is under monitoring	5,615,707	4,752,064
Interest of the bad debts written off is under monitoring	10,001,777	8,869,928
Other bad debts written off	31,980	2,438
	<u>15,649,464</u>	<u>13,624,430</u>

41. OTHER ASSETS AND DOCUMENTS

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
Other assets kept nominally	17,789,628	21,340,752
Assets under operating leases	4,892	4,892
Collateral received as a substitute for obligations of the guarantor awaiting settlement	-	5,120
Other valuable documents are being preserved	65,882,342	93,515,419
	<u>83,676,862</u>	<u>114,866,183</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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42. RELATED PARTY TRANSACTIONS

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

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

Details of significant balances with related parties at the end of the period are as follows:

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>Receivables/(Payables)</i>	<i>Receivables/(Payables)</i>
	<i>VND million</i>	<i>VND million</i>
Vietnam Posts and Telecommunications Group ("VNPT") – Major shareholder		
Deposits	(1,558,638)	(2,489,341)
Other payables	(21,864)	(45,698)
TNG Holding Vietnam Investment JSC – Related party of the Board of Directors		
Deposits	(3,588)	(1,041)
Loans	48	44
FamilyMart Vietnam JSC – Related party of the Board of Directors		
Deposits	(381)	(576)
Loans	13	-
TNG Realty JSC – Related party of the Board of Directors		
Deposits	(2,086)	-
Loans	15	-
TNS Holdings Trading Service Joint Stock Company – Related party of the Board of Directors		
Deposits	(223,735)	-
Loans	(42)	-
ROX Asset JSC – Related party of the Board of Directors		
Deposits	(336)	(1,689)
Loans	9	-
Members of the Board of Directors, Board of Management, Board of Supervision and related individuals		
Deposits	(637,558)	(91,139)
Loans	59,417	53,811
Interest and fee receivables	282	202
Interest and other payables	(4,672)	(897)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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42. RELATED PARTY TRANSACTIONS (continued)

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

	2023 VND million	2022 VND million
VNPT – Major shareholder		
Interest expenses on deposits	(164,886)	(75,979)
TNG Holding Vietnam Investment JSC – Related party of the Board of Directors		
Interest expenses on deposits	(6)	(5)
Fee income	38	145
Interest income from loans	1	1
FamilyMart Vietnam JSC – Related party of the Board of Directors		
Interest expenses on deposits	(2)	(1)
TNG Realty JSC – Related party of the Board of Directors		
Interest expenses on deposits	(3)	-
Fee income	5	-
ROX Asset JSC – Related party of the Board of Directors		
Interest expenses on deposits	(2)	(3)
TNS Holdings Trading Service Joint Stock Company – Related party of the Board of Directors		
Interest expenses on deposits	(47)	-
Members of the Board of Directors, Board of Management, Board of Supervision and related individuals		
Remunerations of the Board of Directors	(15,039)	(16,363)
- <i>Chairman</i>	-	-
- <i>Vice - Chairman 1</i>	(3,230)	(3,334)
- <i>Vice - Chairman 2</i>	(2,936)	(3,243)
- <i>Member 1</i>	(2,585)	(2,954)
- <i>Member 2</i>	(2,827)	(3,159)
- <i>Member 3</i>	(1,869)	(2,132)
- <i>Member 4</i>	(1,592)	(1,541)
Remunerations of the Board of Supervision	(5,071)	(4,783)
Salaries of the Chief Executive Officer and Deputy Chief Executive Officers	(34,608)	(35,689)
Interest income from loans	3,116	1,295
Fee income and other income	252	64
Interest expenses on deposits and valuable paper issued	(39,211)	(2,675)

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43. CONCENTRATION OF ASSETS, LIABILITIES AND OFF-STATEMENT OF FINANCIAL POSITION ITEMS BY GEOGRAPHICAL REGIONS

	<i>Credit granting (loans to customers and other CIs) VND million</i>	<i>Fund mobilized (deposits from customers, due to banks) VND million</i>	<i>Credit commitments VND million</i>	<i>Derivative instruments (Total contract nominal value) VND million</i>	<i>Trading and investment securities VND million</i>
Domestic	158,910,371	186,723,174	29,273,603	220,912,684	37,897,490
Overseas	-	111,269	-	-	-
Total	158,910,371	186,834,443	29,273,603	220,912,684	37,897,490

44. RISK MANAGEMENT POLICIES

The Bank's business goal is to be a multi-functional financial institution. Accordingly, the Bank provides a variety of products and services to its customers in order to achieve the above goal and at the same time ensure the expected profit. The utilization of financial instruments, including fund mobilization (customer deposits and valuable papers issued) and investments of these funds in high-quality assets, which is the core of the Bank's activities, helps it achieve its profit goal but also incur risks that need to be managed closely. The Bank manages its risks through the use of limits in order to proactively managing risks and implementing preventive measures/tools in order to reduce risks. Through holding a large proportion of high-quality financial instruments, the statement of financial position structure of the Bank is adequate to avoid significant exposures within the scope of its operations and manage its liquidity position.

In managing credit risk, the Bank has fully issued and effectively applied documents on credit risk management with details on lending policies, procedures and implementation instructions standardizing the Bank's credit activities. Liquidity risks are controlled and managed through management instruments for liquidity risks such as holding a high proportion of assets as a large base of cash and cash equivalents in the form of Nostro accounts, balances with the SBV, placements with other CIs and especially highly liquid valuable papers. The risk-weighted ratios are also used to manage the Bank's liquidity. The Bank frequently assesses its interest rate gaps, compares them with those in domestic and international markets, and then applies appropriate adjustments timely. In addition, the effective implementation of a number of the Bank's risk management has been enhanced by the deployment of the Centralized Capital Management and the Centralized Payment System, in which the Bank's capital and payment transactions are solely performed by the Head Office. This helps monitoring the Bank's funds movements more effectively, efficiently, and reduces possible errors and unnecessarily complexities.

44.1 Market risk

44.1.1 Interest rate risk

Interest rate risk is the risk of adverse fluctuations in interest rates on income, assets, liabilities and off - statement of financial position commitments of the Bank, arising from:

- ▶ Differences between the period of fixing new interest rate or redefining interest rate;
- ▶ Changes in relationship between interest rates of various financial instruments with the same maturity date;
- ▶ Changes in relationship between interest rates at different maturities;
- ▶ Influences from interest rate options, products with interest rate options elements.



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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44. RISK MANAGEMENT POLICIES (continued)

44.1 Market risk (continued)

44.1.1 Interest rate risk (continued)

The Bank maintains an interest rate risk management policy that ensures the following principles:

- ▶ Complying with the regulations of the SBV and its internal regulations on the internal control system over interest rate risk management;
- ▶ Periodically measuring; Strictly monitoring and controlling potential interest rate risks in the Bank's key business operations (including assets, liabilities and off-balance sheet commitments); thereby fully implementing measures to balance assets-liabilities structure; and/or preventive measures to minimize the Bank's exposures against adverse fluctuations in market interest rates;
- ▶ Establishing interest rate risk management limits on the interest rate re-pricing period; change in net interest and similar income and change in economic value of owners' equity based on stress test results in normal scenarios and adverse scenarios.

Principles for classifying and measuring interest rate risk status through the gap of interest rate re-pricing period of Asset; Liabilities items located on and off-balance sheet meet the following contents:

- ▶ Interest-sensitive items (assets, liabilities) are those whose income/expenses/prices change when interest rates change;
- ▶ Non-interest bearing items (non-interest rate sensitive) include but are not limited to: cash, gold, silver, gemstones, balances with the SBV, securities held for trading, premiums, discounts, interest and fees receivable, long-term investments, fixed assets, investment securities (equity securities), other assets, other non-interest-bearing debt and overdue portion of asset items;
- ▶ Overdue indicators of asset items are cash flows that are overdue and/or classified as group 2 or higher according to CIC;
- ▶ Interest-sensitive items are allocated to periods on the report based on the actual interest rate re-pricing period of each transaction arising in the item;
- ▶ The actual term used for determining interest rate is the period of time (number of days) from the end of the accounting period until the interest rate re-adjustment date (the interest rate re-pricing date) or the due date/partial due date according to the contract of the financial assets and liabilities, whichever comes first. Details are as follows:
 - Items that are sensitive to interest rates but whose interest rate re-pricing period cannot be specifically determined (deposits/demand deposits from CIs, economic entities and individuals, overdrafts, credit cards) will be recorded in the period closest on report (up to 1 month);
 - Items with floating interest rate: the actual interest rate repricing term is calculated from the end of the accounting period until the interest rate re-pricing date or maturity date/partial due date according to the contract, whichever comes first;
 - The interest-sensitive items of other assets and liabilities which have fixed interest rate: the actual interest rate re-pricing term is calculated from the end of the accounting period until maturity date/partial due date according to the contract.

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44. RISK MANAGEMENT POLICIES (continued)

44.1 Market risk (continued)

44.1.1 Interest rate risk (continued)

Unit: VND million

	Overdue	Non-interest bearing	Interest re-pricing period					Total	
			Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 5 years		Over 5 years
Assets									
Cash, gold and gemstones	-	939,629	-	-	-	-	-	939,629	
Balances with the SBV	-	4,589,199	-	-	-	-	-	4,589,199	
Due from banks (*)	-	269,747	51,381,342	5,005,507	3,205,285	1,217,813	70,000	61,149,694	
Loans to customers and debts purchased (*)	6,911,542	954,370	35,672,970	57,961,996	25,965,770	12,707,019	8,307,367	149,145,386	
Investment securities (*)	404,385	3,064,349	30,000	5,003,445	225,000	4,696,000	9,102,000	37,897,490	
Long-term investments (*)	-	10,036	-	-	-	-	-	10,036	
Fixed assets	-	402,736	-	-	-	-	-	402,736	
Other assets (*)	10,527	11,737,097	412,382	1,528,706	931,041	122,639	57,600	15,295,182	
Total assets	7,326,454	21,967,163	87,496,694	69,499,654	30,327,096	18,743,471	17,536,967	16,531,853	269,429,352
Liabilities									
Borrowings from the Government and the SBV	-	-	2,665	-	-	1,001,666	8,202	-	1,012,533
Due to banks	-	-	69,376,017	7,116,225	8,690,584	370,688	-	-	85,553,514
Derivative financial instruments	-	-	101,067	14,332	(19,147)	57,053	110,051	-	263,356
Customer deposits	-	-	63,228,992	19,143,305	30,933,645	14,658,736	4,385,380	73	132,350,131
Valuable papers issued	-	-	85,215	2,006,200	-	400,000	6,500,000	-	8,991,415
Other liabilities (*)	-	7,536,360	44	272	1	-	-	-	7,536,677
Total liabilities	-	7,536,360	132,794,000	28,280,334	39,605,083	16,468,143	11,003,633	73	235,707,626
On-statement of financial position interest sensitivity gap	7,326,454	14,430,803	(45,297,306)	41,219,320	(9,277,987)	2,255,328	6,533,334	16,531,780	33,721,726
Off-balance sheet commitments have an impact on the interest rate sensitivity of assets and liabilities (net)	-	-	682,456	10,329,932	1,379,192	(1,260,879)	(3,995,820)	(4,595,000)	2,539,881
On and Off-statement of financial position interest sensitivity gap (*)	7,326,454	14,430,803	(44,614,850)	51,549,252	(7,898,795)	994,449	2,537,514	11,936,780	36,261,607

(*) balances of these items do not include risk provision

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44. RISK MANAGEMENT POLICIES (continued)

44.1 Market risk (continued)

44.1.2 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to fluctuations in foreign exchange rates.

The Bank is incorporated and operates in Vietnam with VND as its reporting currency. The major currency of its transaction is also VND. Asset - liability structure of the Bank includes different foreign currencies such as USD, EUR, JPY,... which is the cause of currency risk.

The Bank maintains a currency risk management policy that ensures the following principles:

- ▶ Complying with the regulations of the SBV and its internal regulations on the internal control system over foreign exchange risk management;
- ▶ Measuring on a daily basis; strictly monitor and control foreign exchange risks on the basis of ensuring compliance with established limits (in accordance with the SBV's regulations) on foreign currency positions; sensitivity; potential profit/loss; concentration levels by currency which are based on stress test results in normal scenarios and adverse scenarios.

	<i>EUR equivalent VND million</i>	<i>USD equivalent VND million</i>	<i>Other foreign currencies equivalent VND million</i>	<i>Total VND million</i>
Asset				
Cash, gold and gemstones	35,961	104,767	64,077	204,805
Balances with the SBV	691	1,311,440	-	1,312,131
Due from banks (*)	52,730	9,606,117	241,969	9,900,816
Derivative financial instruments	35,009	6,329,998	-	6,365,007
Loans to customers and debts purchased (*)		8,799,580	-	8,799,580
Other assets (*)	65,081	1,218,433	15,520	1,299,034
Total assets	189,472	27,370,335	321,566	27,881,373
Liabilities				
Borrowing from the Government and the SBV	-	11,589	-	11,589
Due to banks	81,579	19,721,544	51,978	19,855,101
Customer deposits	96,922	5,549,257	94,433	5,740,612
Derivative financial instruments	-	-	480,808	480,808
Other liabilities (*)	9,391	870,671	54,349	934,411
Total liabilities and owner's equity	187,892	26,153,061	681,568	27,022,521
FX position on statement of financial position	1,580	1,217,274	(360,002)	858,852
FX position off-statement of financial position	1,347	(1,986,311)	434,069	(1,550,895)
Net on, off-statement of financial position	2,927	(769,037)	74,067	(692,043)

(*) balances of these items do not include risk provision

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44. RISK MANAGEMENT POLICIES (continued)

44.2 Liquidity risk

Liquidity risk is the risk that the Bank will not be able to meet its financial obligations as they fall due, or the risk that the Bank has to pay cost higher than the average cost of the market under the Bank's internal regulations in order to meet those obligations.

The Bank has maintained a liquidity risk management policy that ensures the following principles:

- ▶ Complying with the regulations of the SBV and its internal regulations on the internal control system over liquidity risk management. It has outstanding organizational structure of 3 lines of defense; in which the first line is managed in parallel by 02 functions: Balance Sheet Management (BSM) and Asset Liability Management (ALM) on a daily basis;
- ▶ Always maintaining a portfolio of highly liquid assets which are managed according to market value and ability to convert into cash to ensure liquidity required under normal and stressed conditions;
- ▶ Managing and monitoring intraday liquidity; identifying funding sources and ability to mobilize these sources to meet daily payment needs; forecasting situations that cause abnormal changes in liquidity during the day and implementing timely and effective handling measures;
- ▶ Always focus on diversifying funding sources, ensuring ability to access the active market and understanding the correlation of credit risk, market risk and other key risks that impact on the its liquidity;
- ▶ Establishing liquidity risk management limits in accordance with the SBV's regulations and issue a contingency funding plan (CFP) based on the results of a liquidity stress test in a normal scenarios and adverse scenarios;
- ▶ Using internal fund transferring price and liquidity premium component (Liquidity Premium) in the internal fund transfer pricing mechanism (FTP) flexibly to regulate liquidity and term structure in each period.

Principles for classifying and measuring liquidity risk status through the maturity table of assets and liabilities recorded on the statement of financial position as follows:

- ▶ The maturity terms of assets and liabilities represent the remaining period of assets and liabilities as calculated from the separate financial statements date to the maturity date/partial maturity date in accordance with contractual terms and conditions.
- ▶ The following assumptions and conditions are adopted in the analysis of maturity of the Bank's assets and liabilities:
 - ✓ Balances with the SBV including compulsory reserves are considered highly liquid and can be transferred immediately within 1 month;
 - ✓ The maturity of securities is calculated based on investment purposes:
 - Securities held for trading; available-for-sale securities, which are listed on the stock exchanges or registered on the unlisted stock market, are considered highly liquid and can be transferred immediately within 1 month;
 - Other types of investment securities are allocated based on the contractual maturity date of each kind of securities;
- ▶ The maturity of fixed asset investments, capital contribution and share purchase are considered long-term because these investments do not have specific maturity date;

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44. RISK MANAGEMENT POLICIES (continued)

44.2 *Liquidity risk* (continued)

- ▶ The maturity of due from banks, due to banks, loans to customers and customer deposits are based on the contractual maturity date/partial maturity date. The actual maturity date can be adjusted from contractual term when the contract is extended. In fact, demand and term deposits of customers may be rotated, and therefore, lasting beyond the original maturity date;
- ▶ The maturity of loans to customers from debts purchased is determined based on the due date of the loan contract as prescribed;
- ▶ The maturity of derivative contracts (Swap, Forward) is determined based on the contractual term of the transaction net basis of clearing between cash inflows and outflows;
- ▶ The maturity of other assets and other liabilities is classified according to the payment characteristics of each item.
- ▶ For assets and liabilities whose expected payment date/due date cannot be determined, the Bank determines the maturity date according to the conservatism principle. Accordingly, it is considered long-term (over 1 year) for cash inflows and short term (less than 3 months) for cash outflows.

Classification of assets and liabilities according to the original term prescribed in contracts or in the issuance term is as follows:

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44. RISK MANAGEMENT POLICIES (continued)

44.2 Liquidity risk (continued)

Unit: VND million

	Overdue		Current				Total	
	Above 3 months	Up to 3 months	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years		Above 5 years
Assets								
Cash, gold and gemstones	-	-	939,629	-	-	-	-	939,629
Balances with the SBV	-	-	4,589,199	-	-	-	-	4,589,199
Due from banks (*)	-	-	51,095,444	5,382,986	4,463,091	208,173	-	61,149,694
Loans to customers and debts purchased (*)	4,280,640	2,630,902	16,099,298	18,078,781	41,275,807	44,302,419	22,477,539	149,145,386
Investment securities (*)	28,385	376,000	1,030,000	8,067,789	3,425,000	9,598,000	15,372,316	37,897,490
Long-term investment (*)	-	-	-	-	-	-	10,036	10,036
Fixed assets	-	-	-	-	-	-	402,736	402,736
Other assets (*)	10,527	-	1,137,435	2,776,311	2,626,795	596,650	8,147,464	15,295,182
Total assets	4,319,552	3,006,902	74,891,005	34,305,867	51,790,693	54,705,242	46,410,091	269,429,352
Liabilities								
Borrowings from the Government and the SBV	-	-	2,665	-	1,001,666	8,202	-	1,012,533
Due to banks	-	-	65,073,345	7,516,642	10,056,167	2,907,360	-	85,553,514
Derivative financial instruments	-	-	101,067	14,332	37,906	110,051	-	263,356
Customer deposits	-	-	62,983,382	19,248,615	45,727,018	4,391,043	73	132,350,131
Valuable papers issued	-	-	85,215	2,006,200	400,000	6,500,000	-	8,991,415
Other liabilities (*)	-	-	3,744,559	1,158,265	1,399,473	1,233,261	1,119	7,536,677
Total liabilities	-	-	131,990,233	29,944,054	58,622,230	15,149,917	1,192	235,707,626
Net liquidity gap	4,319,552	3,006,902	(57,099,228)	4,361,813	(6,831,537)	39,555,325	46,408,899	33,721,726

(*) balances of these items do not include risk provision

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

45. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AND GOLD AGAINST VIETNAM DONG AT THE END OF THE PERIOD

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<u>VND</u>	<u>VND</u>
USD	24,228	23,600
EUR	26,930	25,261
GBP	30,940	28,800
CHF	28,833	25,618
JPY	172	179
SGD	18,399	17,578
CAD	18,380	17,463
AUD	16,630	16,282

Prepared by:



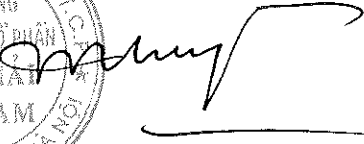
Ms. Nguyen Bao Ngoc
Financial Reporting Manager

Reviewed by:



Ms. Phung Thuy Nhung
Chief Accountant

Approved by:

Ms. Nguyen Thi Thu Hang
Head of Financial Management

Hanoi, Vietnam

24 January 2024