

Nam A Commercial Joint Stock Bank

Interim consolidated financial statements

For the six-month period ended 30 June 2022



Nam A Commercial Joint Stock Bank

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Nam A Commercial Joint Stock Bank

GENERAL INFORMATION

THE BANK

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

The Bank incorporated under Banking Operation License No. 0026/NH-GP on 22 August 1992 issued by the State Bank of Vietnam ("SBV"), Establishment License No. 463/GP-UB issued by the People's Committee of Ho Chi Minh City on 1 September 1992 and Business Registration Certificate No. 0300873215 on 1 September 1992, amended for 42nd times on 26 March 2022 issued by Department of Planning and Investment of Ho Chi Minh City. The valid of operation of the Bank is 99 years.

The Bank's principal activities are to provide banking services including mobilizing short, medium and long-term funds in the form of term deposits, demand deposits, certificates of deposit; receiving entrusted investment and development funds, borrowings from other financial institutions; granting short, medium and long-term loans; discounting of commercial notes, bonds and valuable papers; contributing capital and investing in joint-ventures, providing settlement services to customers, trading foreign currencies, gold, international payment, mobilizing overseas funds and other banking services to overseas counterparties as allowed by the SBV; conducting debt factoring activities; supplying cash management services, banking and financial consultancy; preserving assets, leasing cabinets and safes; buying and selling Government bonds and corporate bonds; giving and receiving entrustment loans; insurance agency; credit granting under bank guarantee; debt purchasing activities; trading and providing foreign exchange services on domestic and international market within the scope as prescribed by the SBV; trading gold; leasing a part of unused office owned by the Bank.

The bank's Head Office is located at 201-203 Cach Mang Thang Tam Street, Ward 4, District 3, Ho Chi Minh City. As at 30 June 2022, the Bank had one (1) Business Center, one hundred and seven (107) branches and transaction offices located in cities and provinces throughout Vietnam.

THE BOARD OF DIRECTORS

The members of the Board of Directors of the Bank during the period and at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Mr. Nguyen Quoc Toan	Chairman	Appointment on 15 April 2016
Mr. Tran Ngo Phuc Vu	Vice Chairman	Appointment on 15 April 2016
Mr. Phan Dinh Tan	Vice Chairman	Appointment on 15 April 2016
Mr. Nguyen Quoc My	Vice Chairman	Appointment on 15 April 2016
Ms. Vo Thi Tuyet Nga	Member	Appointment on 15 April 2016
Ms. Do Anh Thu	Independent Member	Appointment on 15 April 2016

THE BOARD OF SUPERVISION

The members of the Board of Supervision of the Bank during the period and at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Ms. Trieu Kim Can	Chief Supervisor	Appointment on 15 April 2016
Ms. Nguyen Thi Thuy Van	Member	Appointment on 15 April 2016
Ms. Nguyen Thuy Van	Member	Appointment on 15 April 2016

Nam A Commercial Joint Stock Bank

GENERAL INFORMATION (continued)

THE BOARD OF MANAGEMENT AND CHIEF ACCOUNTANT

The members of the Board of Management and Chief Accountant of the Bank during the period and at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Mr. Tran Ngoc Tam	Chief Executive Officer	Appointment on 11 May 2018
Mr. Tran Khai Hoan	Standing Deputy Chief Executive Officer	Appointment on 1 November 2019
Ms. Vo Thi Tuyet Nga	Deputy Chief Executive Officer	Appointment on 1 April 2006
Mr. Le Quang Quang	Deputy Chief Executive Officer	Appointment on 28 April 2016
Mr. Hoang Viet Cuong	Deputy Chief Executive Officer	Appointment on 1 November 2019
Mr. Nguyen Danh Thiet	Deputy Chief Executive Officer	Appointment on 1 November 2019
Mr. Ha Huy Cuong	Deputy Chief Executive Officer	Appointment on 25 August 2020
Mr. Le Anh Tu	Deputy Chief Executive Officer	Appointment on 6 October 2020
Mr. Nguyen Vinh Tuyen	Deputy Chief Executive Officer	Appointment on 11 November 2021
Ms. Nguyen Thi My Lan	Chief Accountant	Appointment on 22 March 2016

LEGAL REPRESENTATIVE

The legal representative of the Bank during the period and at the date of this report is Mr. Nguyen Quoc Toan, Chairman.

Mr. Tran Ngoc Tam – Chief Executives Officer was authorized by Mr. Nguyen Quoc Toan - Chairman of the Board of Directors to sign the accompanying interim financial statements for the six-month period ended 30 June 2022 in accordance with the Power of Attorney No. 397A/2018/UQQT-NHNA dated 19 September 2018.

AUDITOR

The auditor of the Bank and its subsidiary are Ernst & Young Vietnam Limited.

Nam A Commercial Joint Stock Bank

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of Nam A Commercial Joint Stock Bank ("the Bank") is pleased to present this report and the interim consolidated financial statements of the Bank and its subsidiary for the six-month period ended 30 June 2022.

THE BOARD OF MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Board of Management of the Bank is responsible for the interim consolidated financial statements of each financial period which give a true and fair view of the interim consolidated financial position of the Bank and its subsidiary and of the interim consolidated income statement and their interim consolidated cash flows for the period. In preparing these interim consolidated financial statements, the Board of Management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable account standards have been followed by the Bank and its subsidiary, subject to any material departures disclosed and explained in the interim consolidated financial statements; and
- ▶ prepare the interim consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Bank and its subsidiary will continue its business.

The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the interim consolidated financial position of the Bank and its subsidiary and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Bank and its subsidiary and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Management confirmed that it has complied with the above requirements in preparing the accompanying interim consolidated financial statements.

STATEMENT BY THE BOARD OF MANAGEMENT

The Board of Management of the Bank does hereby state that, in its opinion, the accompanying interim consolidated financial statements give a true and fair view of the interim consolidated financial position of the Bank and its subsidiary as at 30 June 2022, the interim consolidated income statement and their interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and the statutory requirements relevant to preparation and presentation of interim consolidated financial statements.

On behalf of the Board of Management



Mr. Tran Ngoc Tam
Chief Executive Officer

Ho Chi Minh City, Vietnam

12 August 2022

Reference: 60758135/66608275-SX-HN

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To: The Shareholders of Nam A Commercial Joint Stock Bank

We have reviewed the accompanying interim consolidated financial statements of Nam A Commercial Joint Stock Bank ("the Bank") and its subsidiary as prepared on 12 August 2022 and set out on pages 6 to 86, which comprise the interim consolidated statement of financial position as at 30 June 2022, the interim consolidated income statement and the interim consolidated cash flows statement for the six-month period then ended and the notes thereto.

The Board of Management's responsibility

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

Auditors' responsibility

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

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

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view, in all material respects, of the interim consolidated financial position of the Bank and its subsidiary as at 30 June 2022, and of the interim consolidated income statement and their interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions, and the statutory requirements relevant to preparation and presentation of interim consolidated financial statements.

Other matter

The interim consolidated financial statement for the six-month period ended 30 June 2021 were review by another audit firm which expressed an unmodified opinion on those financial statements on 11 August 2021 with emphasis of matter on classification of loans to the three people's credit funds under specially supervision following the direction of the State Bank of Vietnam with the amount of VND 229,885 million as at 30 June 2021 as Current debts while awaiting for specific guidance from the State Bank of Vietnam.

In addition, the consolidated financial statements of the Bank and its subsidiary for the year ended 31 December 2021 were audit by another audit firm which expressed an unmodified opinion on those consolidated financial statement on 1 March 2022.

Ernst & Young Vietnam Limited



Nguyễn Phương Nga
Deputy General Director
Audit Practicing Registration Certificate
No. 0763-2019-004-1

Ho Chi Minh City, Vietnam

12 August 2022

Nam A Commercial Joint Stock Bank

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2022

B02a/TCTD-HN

	Notes	30 June 2022 VND million	31 December 2021 VND million
ASSETS			
Cash and gold	4	939,296	1,001,628
Balances with the State Bank of Vietnam	5	3,940,254	5,131,299
Due from and loans to other credit institutions		24,028,178	17,770,233
Due from other credit institutions	6.1	23,738,293	17,540,348
Loans to other credit institutions	6.2	289,885	229,885
Securities held for trading	7	122,441	127,921
Securities held for trading		144,141	144,141
Provision for securities held for trading		(21,700)	(16,220)
Derivatives and other financial assets	8	12,562	-
Loans to customers		110,479,919	101,370,504
Loans to customers	9	111,897,108	102,653,266
Provision for loans to customers	10.1	(1,417,189)	(1,282,762)
Investment securities		24,227,182	22,858,438
Available-for-sale securities	11.1	11,839,590	9,990,857
Held-to-maturity securities		12,803,920	13,173,557
Provision for investment securities	11.5	(416,328)	(305,976)
Long-term investments	12	125,800	125,800
Other long-term investments		125,800	125,800
Fixed assets		1,001,639	981,992
Tangible fixed assets	13	523,871	507,454
Cost		1,079,250	1,024,684
Accumulated depreciation		(555,379)	(517,230)
Financial leases fixed assets	14	69,946	58,928
Cost		99,169	81,614
Accumulated depreciation		(29,223)	(22,686)
Intangible fixed assets	15	407,822	415,610
Cost		556,094	556,094
Accumulated amortization		(148,272)	(140,484)
Investment properties	16	15,971	15,971
Cost		15,971	15,971
Other assets		6,231,253	3,853,720
Receivables	17.1	2,158,666	687,321
Interest and fees receivables	17.2	3,764,938	2,811,443
Other assets	17.3	339,522	371,500
Provision for other assets	17.4	(31,873)	(16,544)
TOTAL ASSETS		171,124,495	153,237,506

Nam A Commercial Joint Stock Bank

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued) B02a/TCTD-HN
as at 30 June 2022

	Notes	30 June 2022 VND million	31 December 2021 VND million
LIABILITIES			
Debts to the State Bank of Vietnam	18	722	996
Due to and borrowings from the Government and the State Bank of Vietnam		722	996
Due to and borrowings from other credit institutions		19,025,940	15,622,295
Due to other credit institutions	19.1	17,976,287	13,071,047
Borrowings from other credit institutions	19.2	1,049,653	2,551,248
Due to customers	20	124,522,501	115,319,388
Derivatives and other financial liabilities	8	-	3,112
Grants, entrusted funds and loans exposed to risks	21	470,009	464,623
Valuable papers issued	22	11,631,693	10,360,103
Other liabilities		3,696,190	3,442,147
Interest and fees payable	23.1	2,546,831	2,371,244
Other payables	23.2	1,149,359	1,070,903
TOTAL LIABILITIES		159,347,055	145,212,664
OWNERS' EQUITY			
Capital		8,136,671	5,305,711
Charter capital		6,564,405	5,134,405
Fund for capital expenditure		10	10
Share premium		1,572,231	171,271
Treasury shares		25	25
Reserves		780,233	777,795
Foreign exchange differences		176	-
Retained earnings		2,860,360	1,941,336
TOTAL OWNERS' EQUITY	25	11,777,440	8,024,842
TOTAL LIABILITIES AND OWNERS' EQUITY		171,124,495	153,237,506

Nam A Commercial Joint Stock Bank

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued) B02a/TCTD-HN
as at 30 June 2022

OFF-STATEMENT OF FINANCIAL POSITION ITEMS

	Notes	30 June 2022 VND million	31 December 2021 VND million
Foreign exchange commitments	39	21,098,171	13,340,102
- Cross currency swap contracts		18,957,331	13,340,102
- Spot foreign exchange commitments - sell		2,140,840	-
Letters of credit	39	2,051,717	932,115
Other guarantees	39	961,661	1,047,175
Lending interest and receivable fees but not collected yet	40	1,512,495	1,232,653
Difficult to collect debts that have been settled	41	1,385,709	1,347,895
Assets and other documents	42	9,091,459	6,202,984
		36,101,212	24,102,924

Prepared by:

Reviewed by:

Approved by:



Ms. Quan Hue Nghi
General Accountant



Ms. Nguyen Thi My Lan
Chief Accountant



Mr. Tran Ngoc Tam
Chief Executive Officer

Ho Chi Minh City, Vietnam

12 August 2022

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Nam A Commercial Joint Stock Bank

INTERIM CONSOLIDATED INCOME STATEMENT
for the six-month period ended 30 June 2022

B03a/TCTD-HN

	Notes	For the six-month period ended 30 June 2022 VND million	For the six-month period ended 30 June 2021 VND million
Interest and similar income	27	5,930,105	5,451,184
Interest and similar expenses	28	(3,590,577)	(3,352,468)
Net interest and similar income		2,339,528	2,098,716
Fee and commission income		195,589	121,928
Fee and commission expenses		(45,019)	(35,587)
Net fee and commission income	29	150,570	86,341
Net gain from trading of foreign currencies	30	38,068	24,034
Net gain from securities held for trading	31	(5,480)	-
Net gain from investment securities	32	41,123	104,068
Other operating income		11,978	10,084
Other operating expenses		(3,584)	(7,150)
Net gain from other operating activities	33	8,394	2,934
Income from investments in other entities	34	-	76
TOTAL OPERATING INCOME		2,572,203	2,316,169
TOTAL OPERATING EXPENSES	35	(1,153,431)	(1,066,283)
Net profit before provision for credit losses		1,418,772	1,249,886
Provision expense for credit losses	10	(247,695)	(176,271)
PROFIT BEFORE TAX		1,171,077	1,073,615
Current corporate income tax expense	24.1	(235,717)	(216,016)
Corporate income tax expenses		(235,717)	(216,016)
PROFIT AFTER TAX		935,360	857,599
Basic earnings per share (VND/share)	26	1,536	1,848

Prepared by:

Reviewed by:

Approved by:



Ms. Quan Hue Nghi
General Accountant



Ms. Nguyen Thi My Lan
Chief Accountant



Mr. Tran Ngoc Tam
Chief Executive Officer

Ho Chi Minh City, Vietnam

12 August 2022

Nam A Commercial Joint Stock Bank

INTERIM CONSOLIDATED CASH FLOWS STATEMENT for the six-month period ended 30 June 2022

B04a/TCTD-HN

	Notes	For the six-month period ended 30 June 2022 VND million	For the six-month period ended 30 June 2021 VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		4,969,991	4,872,304
Interest and similar payments		(3,423,586)	(3,612,205)
Net fee and commission receipts		149,570	85,498
Net receipts from trading of securities, gold and foreign currencies		77,894	129,514
Other income		(2,836)	(4,541)
Recoveries from bad debts written-off previously		10,685	6,879
Payments to employees and other operating expenses		(1,288,687)	(1,009,264)
Corporate income tax paid during the period	24	(208,159)	(125,062)
Net cash flows from operating profit before changes in operating assets and liabilities		284,872	343,123
Changes in operating assets			
(Increase)/decrease in due from and loans to other credit institutions		(60,000)	9,344
(Increase)/decrease in investment securities		(1,499,916)	34,167
Increase in derivatives and other financial assets		(12,562)	(2,838)
Increase in loans to customers		(9,923,022)	(5,197,776)
Utilization of provision to write-off loans to customers, securities and long-term investments		-	(840)
Increase in other assets		(714,456)	(17,993)
Changes in operating liabilities			
Decrease in borrowings from the State Bank of Vietnam		(274)	(129)
Increase/(decrease) in due to and borrowings from other credit institutions		3,396,883	(1,427,751)
Increase in due to customers		9,203,113	9,701,567
Increase in valuable papers issued		1,271,590	2,185,100
Increase/(decrease) in grants, entrusted funds and loans exposed to risks		5,386	(4,036)
Decrease in derivatives and other financial liabilities		(3,112)	(5,571)
Increase in other liabilities		233,735	176,931
Net cash from operating activities		2,182,237	5,793,298

Nam A Commercial Joint Stock Bank

INTERIM CONSOLIDATED CASH FLOWS STATEMENT (continued)
for the six-month period ended 30 June 2022

B04a/TCTD-HN

	Notes	For the six-month period ended 30 June 2022 VND million	For the six-month period ended 30 June 2021 VND million
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(69,305)	(55,048)
Proceeds from disposal of fixed assets		673	499
Proceeds from disposal of investment properties		-	9,515
Dividends received from long-term investments	34	-	76
Net cash used in investing activities		(68,632)	(44,958)
CASH FLOWS FROM FINANCING ACTIVITY			
Increase in charter capital from capital contribution and/or share issuance		2,830,960	-
Dividends distributed to shareholders		(173)	(325)
Net cash from/(used in) financing activities		2,830,787	(325)
Net change of cash for the period		4,944,392	5,748,015
Cash and cash equivalents at the beginning of the period	36	23,673,275	17,067,927
Foreign exchange difference		176	3,171
Cash and cash equivalents at the end of the period	36	28,617,843	22,819,113

Prepared by:

Reviewed by:

Approved by:

Ms. Quan Hue Nghi
General Accountant

Ms. Nguyen Thi My Lan
Chief Accountant

Mr. Tran Ngoc Tam
Chief Executive Officer

Ho Chi Minh City, Vietnam

12 August 2022



Nam A Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
as at 30 June 2022 and for the six-month period then ended

B05a/TCTD-HN

1. THE BANK

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

Establishment and Operations

The Bank incorporated under Banking Operation License No. 0026/NH-GP on 22 August 1992 issued by the State Bank of Vietnam, Establishment License No. 463/GP-UB issued by the People's Committee of Ho Chi Minh City on 1 September 1992 and Business Registration Certificate No. 0300873215 on 1 September 1992, amended for 42nd time on 26 March 2022 issued by Department of Planning and Investment of Ho Chi Minh City. The valid of operation of the Bank is 99 years.

The Bank's principal activities are to provide banking services including mobilizing short, medium and long-term funds in the form of term deposits, demand deposits, certificates of deposit; receiving entrusted investment and development funds, borrowings from other financial institutions; granting short, medium and long-term loans; discounting of commercial notes, bonds and valuable papers; contributing capital and investing in joint-ventures, providing settlement services to customers, trading foreign currencies, gold, international payment, mobilizing overseas funds and other banking services to overseas counterparties as allowed by the SBV; conducting debt factoring activities; supplying cash management services, banking and financial consultancy; preserving assets, leasing cabinets and safes; buying and selling Government bonds and corporate bonds; giving and receiving entrustment loans; insurance agency; credit granting under bank guarantee; debt purchasing activities; trading and providing foreign exchange services on domestic and international market within the scope as prescribed by the SBV; trading gold; leasing a part of unused office owned by the Bank.

Charter capital

The charter capital of the Bank as at 30 June 2022 is VND6,564,405,040,000 (as at 31 December 2021: VND5,134,405,040,000).

Operation network

The Bank's Head Office is located at 201-203 Cach Mang Thang Tam Street, Ward 4, District 3, Ho Chi Minh City. As at 30 June 2022, the Bank had one (1) Business Center, one hundred and seven (107) branches and transaction offices located in cities and provinces throughout Vietnam.

Subsidiary

As at 30 June 2022, the Bank had one (1) subsidiary:

<i>Subsidiary</i>	<i>Operating License No.</i>	<i>Nature of business</i>	<i>Ownership of the Bank</i>
Nam A Bank Asset Management Company Limited	0304691951 issued by the Department of Planning and Investment of Ho Chi Minh City, amended for eighteenth (18) times on 9 September 2020	Debt management and asset mining	100%

Employees

The Bank and its subsidiary's total number of employees as at 30 June 2022 was 4,271 persons (as at 31 December 2021: 3,888 persons).

Nam A Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2022 and for the six-month period then ended

B05a/TCTD-HN

2. BASIS OF PREPARATION

2.1 *Statement of compliance*

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

2.2 *Accounting standards and system*

The interim consolidated financial statements of the Bank and its subsidiary have been prepared in accordance with the Accounting System applicable to Credit Institutions required under Decision No. 479/2004/QĐ-NHNN issued on 29 April 2004, Circular No. 10/2014/TT-NHNN dated 20 March 2014 and Circular No. 22/2017/TT-NHNN dated 29 December 2017 amending and supplementing Decision No. 479/2004/QĐ-NHNN; Decision No. 16/2007/QĐ-NHNN dated 18 April 2007, Circular No. 27/2021/TT-NHNN issued by State Bank of Vietnam on 31 December 2021, Circular No. 49/2014/TT-NHNN amending and supplementing a number of articles of Decision No. 16/2007/QĐ-NHNN, Vietnamese Accounting Standard No. 27 – Interim Financial Reporting and other Vietnamese Accounting Standard issued by the Ministry of Finance as per:

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

Accordingly, the accompanying interim consolidated financial statements have been prepared 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 interim consolidated financial position, interim consolidated income statement and interim consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

Items or balances required by Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 and Circular No. 49/2014/TT-NHNN dated 31 December 2014 and Circular No. 27/2021/TT-NHNN dated 31 December 2021 stipulating the interim consolidated financial statements reporting mechanism for credit institutions that are not shown in these interim consolidated financial statements indicate nil balance.

2.3 *Fiscal year*

The Bank and its subsidiary's fiscal year applicable for the preparation of its consolidated financial statements starts on 1 January and ends on 31 December.

The Bank and its subsidiary's interim period starts on 1 January and ends on 30 June.

Nam A Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2022 and for the six-month period then ended

B05a/TCTD-HN

2. BASIS OF PREPARATION (continued)

2.4 Accounting currency

The interim consolidated financial statements are prepared in Vietnam dong ("VND"). For the presentation of the interim consolidated financial statements as at 30 June 2022, the data is rounded to millions and expressed in millions of Vietnam dong ("VND million"). This presentation does not affect the view of users of interim consolidated financial statements on the interim consolidated financial position, its interim consolidated income statement and its interim consolidated cash flow.

2.5 Basis of consolidation

The interim consolidated financial statements comprise the financial statements of the Bank and its subsidiary for the six-month period ended 30 June 2022.

Subsidiary is fully consolidated from the date of acquisition, being the date on which the Bank and its subsidiary obtains control and continued to be consolidated until the date that such control ceases.

The interim financial statements of the subsidiary are prepared for the same reporting period as the parent bank, 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.

2.6 Assumptions and uses of estimates

The preparation of the interim consolidated financial statements requires the Board of Management of the Bank to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income, expenses and the resultant provisions. 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 provision.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in accounting policies and disclosures

The accounting policies adopted by the Bank and its subsidiary in preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Bank and its subsidiary consolidated financial statements for the year ended 31 December 2021 and the interim consolidated financial statements for the six-month period ended 30 June 2021, except for the following change in the accounting policies:

As at 31 December 2021, The State Bank of Vietnam has issued Circular No. 27/2021/TT-NHNN effective date from 1 April 2022, amending and supplementing a number of articles in the Accounting system of credit institutions issued as attachment to Decision No. 479/2004/QĐ-NHNN dated 29 April 2004, and the financial reporting regime for credit institutions issued as attachment to Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 by the Governor of the State Bank of Vietnam ("Circular 27").

The main amendments of Circular 27 include:

- ▶ Amending and supplementing a number of accounts in the Accounting system of credit institutions;
- ▶ Amending a number of items on the financial position statement and the items outside the financial position statement;

Nam A Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2022 and for the six-month period then ended

B05a/TCTD-HN

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Changes in accounting policies and disclosures (continued)

- ▶ Amending and supplementing a number of note to the financial statement;
- ▶ To replace, repeal a number of phrases of the financial reporting framework for credit institutions.

Circular No. 24/2022/TT-BTC ("Circular 24") dated 7 April 2022, amending and supplementing a number of articles of Circular No. 48/2019/TT-BTC ("Circular 48") dated 8 August 2019 of Ministry of Finance, providing instructions on the appropriation and use of provisions of devaluation of inventories, loss of investments, bad receivable debts and warranty of products, goods, services, contruction works at enterprises.

Circular 24 take effects from 25 May 2022, amending and supplementing regulations on the object of provision making, accordingly, objects to the provisioning requirement are types of securities issued by domestic business entities in accordance with the law; under the ownership of enterprises; listed or registered for trades to be performed on the domestic securities market; freely trading on the market, with the market price at the time of making the annual financial statements which is less than the book value of investments in securities.

The above-mentioned objects do not include Government bonds, Government-guaranteed bonds and municipal bonds.

3.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and gold, current accounts at the SBV, due from other credit institutions on demand or with an original maturity of less than three months from the transaction date, securities investment with maturity of less than three months from purchase date, which are readily convertible into cash and do not bear the liquidity risk at the reporting date.

3.3 Due from and loans to other credit institutions

Due from and loans to other credit institutions are presented at the principal amounts outstanding at the end of the accounting period.

The credit risk classification of due from and credit granting to other credit institutions and provision for credit risks thereof are provided in accordance with Circular 11.

Accordingly, the Bank and its subsidiary makes a specific provision for due from (except for current accounts) and loans to other credit institutions according to the method as described in Note 3.5.

According to Circular 11, the Bank and its subsidiary is not required to make a general provision for due from and loans to other credit institutions.

3.4 Loans to customers

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

Provision for credit losses of loans to customers is presented separately as one (1) line in the interim consolidated statement of financial position.

Short-term loans have term of less than one year from the disbursement date. Medium-term loans have term of one to five years from the disbursement date. Long-term loans are loans with term of over 5 years from the disbursement date.

Loan classification and provision for credit losses are made according to Circular 11 as described in Note 3.5.



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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 *Loan classification and provision for credit losses applied to due from and loans to other credit institutions, direct and entrusted investments in unlisted corporate bonds, loans to customers, entrustments for credit granting and other credit risk bearing assets*

3.5.1 *Loan classification and provision for credit losses*

The classification of due from and loans to other credit institutions, direct and entrusted investments in unlisted corporate bond, and loans to customers and entrustments for credit granting and other credit risk bearing assets (collectively called "debts") is recognized on the basis of quantitative method as prescribed in Article 10 of Circular 11. Accordingly, loans to customers are classified according to the following levels of risk: Current, Special mention, Substandard, Doubtful and Loss based on overdue status. Debts classified as Substandard, Doubtful and Loss are considered bad debt.

General provision as at 30 June 2022 is made at 0.75% of total outstanding loans as at 30 June 2022 excluding due from and loans to other credit institutions and loans classified as loss.

Specific provision as at 30 June 2022 is calculated using the principal balance less discounted value of collaterals multiplied by provision rates which are determined based on the debt classification results as at 30 June 2022. The basis for value and discounted value determination for each type of collateral is specified in Circular 11.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 *Loan classification and provision for credit losses applied to due from and loans to other credit institutions, direct and entrusted investments in unlisted corporate bonds, loans to customers, entrustments for credit granting and other credit risk bearing assets* (continued)

3.5.1 *Loan classification and provision for credit losses* (continued)

The debt classification and specific provision rate for each loan group are as follows:

Loan group		Description	Specific 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 between 10 days and 90 days; or (b) Debts which the 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) Debts which the 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: <ul style="list-style-type: none"> ▪ 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 and 5 under Article 128 of Law on Credit Institutions. (e) Debts are required to be recovered according to regulatory inspection conclusions. (f) Debts are required to be recovered according to credit institutions, foreign bank branches' decisions on early payment due to customers' breach of agreements but have not yet been recovered in 30 days from the issuance date of the decision; or (g) At the request of the SBV based on the inspection, supervision conclusions and relevant credit information.	20%

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 *Loan classification and provision for credit losses applied to due from and loans to other credit institutions, direct and entrusted investments in unlisted corporate bonds, loans to customers, entrustments for credit granting and other credit risk bearing assets* (continued)

3.5.1 *Loan classification and provision for credit losses* (continued)

Loan group	Description	Specific provision rate
4 Doubtful	<ul style="list-style-type: none"> (a) Debts are overdue for a period of between 181 days and 360 days; or (b) Debts which the 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 which the 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. (f) Debts are required to be recovered according to credit institutions, foreign bank branches' decisions on early payment due to customers' breach of agreements but have not yet been recovered for a period between 30 days to 60 days from the issuance date of the decision; or (g) At the request of the SBV based on the inspection, supervision conclusions and relevant credit information. 	50%
5 Loss	<ul style="list-style-type: none"> (a) Debts are overdue for a period of more than 360 days; or (b) Debts of which the repayment terms are restructured for the first time but still overdue for a period of 91 days or more under that first restructured repayment term; or (c) Debts of which the repayment terms are restructured for the second time but still overdue under that second restructured repayment term; or (d) Debts of which the repayment terms are restructured for the third time or more, regardless of being overdue or not; 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 according to credit institutions, foreign bank branches' decisions on early payment due to customers' breach of agreements but have not yet been recovered for a period of more than 60 days from the issuance date of the decision; or (h) Debts of credit institutions under special control as announced by the SBV, or debts of foreign bank branches which capital and assets are blocked; or (i) At the request of the SBV based on the inspection, supervision conclusions and relevant credit information. 	100%

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 *Loan classification and provision for credit losses applied to due from and loans to other credit institutions, direct and entrusted investments in unlisted corporate bonds, loans to customers, entrustments for credit granting and other credit risk bearing assets* (continued)

3.5.1 *Loan classification and provision for credit losses* (continued)

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

If a customer is classified into debt group with lower risk than debt group in CIC list, the Bank and its subsidiary must adjust the debt classification results according to CIC list.

When the Bank and its subsidiary participate in a syndicated loan as a participant, they should classify loans (including syndicated loans) of the customer into the group of higher risk between the assessment of the leading bank and the Bank and its subsidiary.

3.5.2 *Term restructuring, interest and/or fees exemption or reduction and debt classification retention to assist customers affected by the COVID-19*

The Bank and its subsidiary also applies the regulations for restructuring repayment terms then keeping the same debt group for loans which meet requirements of Circular No. 01/2020/TT-NHNN ("Circular 01") dated 13 March 2020 by the State Bank of Vietnam, Circular No. 03/2021/TT-NHNN ("Circular 03") dated 2 April 2021, effect from 17 May 2021 and Circular No.14/2021/TT-NHNN ("Circular 14") dated 7 September 2021 on amending and supplementing a number of articles of Circular 01 specified that credit institutions, foreign bank's branches restructure loan, exemption or reduction of interest and fees and keep the same debt group to assist the customers affected by Covid 19 pandemic.

From 13 March 2020, the Bank and its subsidiary applied Circular No. 01/2020/TT-NHNN ("Circular 01") issued by the State Bank of Vietnam providing regulations on loan restructuring, interest and/or fees exemption or reduction and debt classification retention for credit institutions and foreign bank branches to assist customers affected by the COVID-19 pandemic. Accordingly, for debts that principal and/or interest payment obligations incur during the period from 23 January 2020 to the day after 3 months from the date the Prime Minister announces the end of the COVID-19 pandemic, and the customers fail to make the principal and/or interest payment on time under the signed loan agreements, contracts due to decrease in revenue and income affected by the COVID-19 pandemic, the Bank and its subsidiary are allowed to restructure the repayment term for these debts and retain the latest debt classification as before 23 January 2020.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Loan classification and provision for credit losses applied to due from and loans to other credit institutions, direct and entrusted investments in unlisted corporate bonds, loans to customers, entrustments for credit granting and other credit risk bearing assets (continued)

3.5.2 Term restructuring, interest and/or fees exemption or reduction and debt classification retention to assist customers affected by the COVID-19 (continued)

From 17 May 2021, the Bank and its subsidiary applied Circular No. 03/2021/TT-NHNN ("Circular 03") issued by the State Bank of Vietnam amending and supplementing a number of articles of Circular 01. Accordingly, for debts arising before 10 June 2020 and having principal and/or interest payment obligations incur during the period from 23 January 2020 to 31 December 2021, and the customers fail to make the principal and/or interest payment on time under the signed loan agreements, contracts due to decrease in revenue and income affected by the COVID-19 pandemic, the Bank and its subsidiary are allowed to restructure the repayment term, exempt or reduce interest and/or fees, and retain debt classification as follows:

Disbursement date	Payment obligation due	Overdue status	Overdue date	Principle of debt classification retention
Before 23/1/2020	From 23/1/2020 to 31/12/2021	Current or overdue for a period of 10 days	From 30/3/2020 to 31/12/2021	Retain the latest debt classification as before 23 January 2020
		Overdue	From 23/1/2020 to 29/3/2020	
From 23/1/2021 to before 10/6/2020		Current or overdue for a period of 10 days	From 17/5/2021 to 31/12/2021	Retain the latest debt classification as before the first-time restructuring date
		Overdue	From 23/1/2020 to 17/05/2021	Retain the latest debt classification as before overdue transferring date

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Loan classification and provision for credit losses applied to due from and loans to other credit institutions, direct and entrusted investments in unlisted corporate bonds, loans to customers, entrustments for credit granting and other credit risk bearing assets (continued)

3.5.2 Term restructuring, interest and/or fees exemption or reduction and debt classification retention to assist customers affected by the COVID-19 (continued)

From 7 September 2021, the Bank and its subsidiary applied Circular No. 14/2021/TT-NHNN ("Circular 14") dated 7 September 2021 issued by the State Bank of Vietnam amending and supplementing a number of articles of Circular 01. Accordingly, for debts arising before 1 August 2021 and having principal and/or interest payment obligations incur during the period from 23 January 2020 to 30 June 2022, and the customers fail to make the principal and/or interest payment on time under the signed loan agreements, contracts due to decrease in revenue and income affected by the COVID-19 pandemic, the Bank and its subsidiary are allowed to restructure the repayment term, exempt or reduce interest and/or fees, and retain debt classification as follows:

Disbursement date	Payment obligation due	Overdue status	Overdue date	Principle of debt classification retention
Before 23/1/2020	From 23/1/2020 to 30/6/2022	Current or overdue for a period of 10 days	From 30/3/2020 to before 30/6/2022	Retain the latest debt classification as before 23 January 2020
From 23/1/2020 to 1/8/2021		Current or overdue for a period of 10 days	From 17/5/2021 to before 17/7/2021 or from 7/9/2021 to 30/6/2022	Retain the latest debt classification as before the first-time restructuring date
Before 23/1/2020		Overdue	From 23/1/2020 to 29/3/2020	Retain the latest debt classification as before 23 January 2020
From 23/1/2020 to 10/6/2020		Overdue	From 23/1/2020 to 17/5/2021	Retain the latest debt classification as before overdue transferring date
From 10/6/2020 to 1/8/2021		Overdue	From 17/7/2021 to 7/9/2021	

For debts, which repayment term was restructured, interest and/or fees were exempted or reduced and debt classification was retained, are overdue under restructured repayment term and not continued to restructured under current regulations, the Bank and its subsidiary make debt classification and provision in accordance with Circular 11.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 *Loan classification and provision for credit losses applied to due from and loans to other credit institutions, direct and entrusted investments in unlisted corporate bonds, loans to customers, entrustments for credit granting and other credit risk bearing assets* (continued)

3.5.3 *Additional specific provision for loans eligible for debt restructuring as prescribed in Circular 01, Circular 03, Circular 14.*

The Bank and its subsidiary determined additional specific provision for the outstanding debts that are rescheduled, granted interest exemption, interest reduction or debt category retention prescribed by Circular 03 as follows: $C = A - B$

In which:

C: Additional provision;

A: Specific provision to be made for all outstanding debt balance of customers according to the results of debt classification according to Circular 11 (Note 3.5.1);

B: Total specific provision to be made for the outstanding balance of debts retained debt classification according to Circular 01, Circular 03 and Circular 14 (Note 3.5.2) and specific provision to be made for remaining balance of the customers as debt classification according to Circular 11 (Note 3.5.1).

The additional provision C shall be made additional provision by The Bank and its subsidiary at the end of the financial year as follows:

- + By 31/12/2021: At least 30% of the additional provision;
- + By 31/12/2022: At least 60% of the additional provision;
- + By 31/12/2023: 100% of the additional provision.

Write-off bad debts

Provisions are recognized as an expense in the consolidated income statement and are used to deal with bad debts. According to Circular 11, the Bank and its subsidiary establish a risk settlement committee to deal with bad debts if they are classified in group 5, or if the borrower is an organization that is dissolved or bankruptcy or individual who is dead or missing.

3.6 *Loans sold to Vietnam Asset Management Company ("VAMC")*

The Bank and its subsidiary sell loans to VAMC at the carrying amount in accordance with Decree No. 53/2013/ND-CP effective from 9 July 2013 on "Establishment, structure and operations of Vietnam Asset Management Company", Circular No. 19/2013/TT-NHNN "Regulations on purchasing, selling and writing-off of bad debts of Vietnam Asset Management Company", circulars amend and supplement Circular 19/2013/TT-NHNN and Official Letter No. 8499/NHNN-TCKT on "Accounting guidance on selling and purchasing of bad debts between VAMC and credit institutions". Accordingly, selling price equals to the outstanding loan balance minus (-) unused balance of specific provision. The Bank and its subsidiary then receives the special bonds issued by VAMC.

Upon the sale of loans to VAMC, the Bank and its subsidiary writes off loan balances and corresponding specific provisions and recognizes special bonds issued by VAMC at par value. When receiving loans previously sold to VAMC, the Bank and its subsidiary use specific provisions for special bonds to write off bad debts and recognize the difference between provision for credit losses and the remaining outstanding loan balance/bond value in "Other income" of the interim consolidated income statement.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Securities held for trading

3.7.1 Classification and recognition

Securities held for trading include debt securities purchased for trading purposes. Securities held for trading are initially recognized at cost on transaction date.

3.7.2 Measurement

Periodically, securities held for trading will be considered for diminution in value.

Provision for diminution in value of securities held for trading is made specifically for loss investment. The Bank and its subsidiary make provision for securities held for trading if there is substantial evidence indicating a decline in the value of these investment at interim consolidated statement of financial position date. Provision for diminution is recognized to the interim consolidated income statement at "Net gain from securities held for trading".

Provision for securities held for trading which is mentioned above is reversed when the recoverable amount of securities held for trading increases after the provision is made as a result of an objective event. Provision is reversed up to the gross value of these securities before the provision is made.

Gains or losses from sales of trading securities are recognized in the interim consolidated income statement.

Interest and dividends derived from securities held for trading are recognized on cash basis in the interim consolidated income statement.

3.7.3 De-recognition

Securities held for trading are de-recognized when the rights to receive cash flows from these securities are terminated or the Bank and its subsidiary transfers substantially all the risks and rewards of ownership of these securities.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Available-for-sale securities

3.8.1 Classification and recognition

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

Available-for-sale equity securities are initially recognized at cost at the purchase date and continuously presented at cost in subsequent periods.

Available-for-sale debt securities are recognized at par value at the purchase date. Accrued interest (for debt securities with interest payment in arrears) and deferred interest (for debt securities with interest payment in advance) is 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.

In subsequent periods, these securities are continuously recorded at par value, and the discount/premium (if any) is amortized to the interim consolidated income statement 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.

3.8.2 Measurement

Periodically, available-for-sale securities will be considered for diminution in value.

Provision for diminution in value of available-for-sale securities is made when book value of the securities is higher than its market value. Provision for diminution in value is recorded to "Net gain/loss from investment securities" in the interim consolidated income statement.

For corporate bonds that have not yet been listed on the securities market or have not been registered for trading on unlisted public companies, the Bank and its subsidiary shall make provisions for those bonds in accordance with Circular 11 as presented in Note 3.5.

3.9 Held-to-maturity investment securities

Held-to-maturity investment securities include special bonds issued by Vietnam Asset Management Company ("VAMC") and other investment securities held to maturity.

Special bonds issued by VAMC

Special bonds issued by VAMC are fixed-term valuable papers used to purchase bad debts of the Bank and its subsidiary. These special bonds are initially recognized at face value at the date of transaction and subsequently carried at the face value during the holding period. Face value of the bonds equals to the outstanding balance of the debts sold less their unused specific allowance.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 *Held-to-maturity investment securities* (continued)

During the holding period, the Bank and its subsidiary periodically calculate and make allowance in accordance with Circular No. 14/2015/TT-NHNN dated 28 August 2015, Circular No. 08/2016/TT-NHNN dated 16 June 2016 amending and supplementing some articles of Circular No. 19/2013/TT-NHNN which stimulates the purchase, sale and write-off bad debts of VAMC.

As required by circulars, each year within five consecutive working days prior to the maturity date of special bonds, the Bank is obliged to fully make specific provision for each special bond using the below formula:

$$X_{(m)} = \frac{Y}{n} \times m - (Z_m + X_{m-1})$$

In which:

- $X_{(m)}$ is minimum provision for special bonds in the m^{th} year;
- X_{m-1} is accumulated specific provision for special bonds in the $m-1^{\text{th}}$ year;
- Y is face value of special bonds;
- n is term of special bonds (years);
- m is number of years from the bond issuance date to the provision date;
- Z_m is accumulated bad debt recoveries at the provision date (m^{th} year). Credit institution co-operate with VAMC to confirm such debt recoveries.

If $(Z_m + X_{m-1}) \geq (Y/n \times m)$, the specific provision ($X_{(m)}$) will be (0).

Specific provision for each special bond is recognized in the interim consolidated income statement in "Provision expense for credit loss". General provision is not required for the special bonds.

On settlement date of special bonds, interest occurred from debts collection shall be recognized into "Interest and similar income".

Other held-to-maturity investment securities

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

Debt securities are recognized and measured similarly as available-for-sale securities at Note 3.8.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 *Repurchase and reverse repurchase agreements*

Securities sold under agreements to be repurchased at a specific date in the future ("repos") are not derecognized from the interim consolidated financial statements. The corresponding cash received is recognized in the interim consolidated statement of financial position as a liability item. The difference between the sale price and repurchase price is recognized to the interim consolidated income statement using contract interest rate.

Securities purchased under agreements to resell at a specified future date ("reverse repos") are not recognized in the interim consolidated financial statements. The corresponding cash payment is recognized in the interim consolidated statement of financial position as an asset. The difference between the purchasing price and reselling price is recognized to the interim consolidated income statement using contract interest rate.

3.11 *Other long-term investments*

Other long-term investments represent investments in other entities in which the Bank holds less than or equal to 11% of voting rights. These investments are initially recorded at cost at the investment date.

Provision for diminution in the value of investment is made when there is substantial evidence indicating a decline in the value of these investments at the interim consolidated statement of financial position date.

For securities which are not listed but are registered for trading on unlisted public company market (UPCoM), provision for diminution in value is made when their average referenced price within the last 30 trading days prior to the time of preparing the interim consolidated financial statements announced by the Stock Exchange is lower than the carrying value of the securities at the end of accounting period.

Provision is reversed when the recoverable amount of the investment increases after the provision is made. Provision is reversed up to the gross value of the investment before the provision is made.

Increase or decrease in provision for long-term investments is recognized in "Net gain/(loss) from investments securities" on the interim consolidated income statement.

3.12 *Fixed assets*

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

The cost of a fixed asset comprises any directly attributable costs of bringing the fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and other expenditures are charged to the interim consolidated income statement as incurred.

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

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Lease

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

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

Assets held under finance leases are capitalised in the interim consolidated statement of financial position at the inception of the lease at the fair value of the leased assets or, if lower, at the net present value of the minimum lease payments. The principal amount included in future lease payments under finance leases are recorded as a liability. The interest amounts included in lease payments are charged to the interim consolidated income statement over the lease term to achieve a constant rate on interest on the remaining balance of the finance lease liability.

Capitalised financial leased assets are depreciated using straight-line basis over the shorter of the estimated useful lives of the asset and the lease term, if there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term.

Rentals under operating leases are charged to the interim consolidated income statement in "Other operating expenses" on a straight-line basis over the lease term.

Lease income is recognised in the interim consolidated income statement in "Other operating income" on a straight-line basis over the lease term.

3.14 Investment properties

Investment properties are stated at cost including transaction costs less accumulated depreciation and/or amortization.

Subsequent expenditure relating to an investment property that has already been recognized is added to the net book value of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the Bank and its subsidiary.

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognized in the interim consolidated income statement in the period of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. When reclassifying investment properties to fixed assets, the cost and the net book value of the fixed assets remain unchanged at reclassified date.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Depreciation and amortization

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

Buildings and structures	5 - 50 years
Machinery and equipment	3 - 14 years
Vehicles	3 - 10 years
Office equipment	3 - 10 years
Other tangible assets	4 - 10 years
Computer software	3 - 8 years
Land use rights	6 - 50 years

Infinite land use rights granted by the Government are not amortized. Definite term land use rights are amortized over the term of use.

3.16 Other receivables

3.16.1 Receivables classified as credit-risk assets

Receivables classified as credit-risk assets are recognized at cost. Doubtful receivables are classified and provided for allowance by the Bank and its subsidiary in accordance with the regulations on recognition and use of provision as presented in Note 3.5.

3.16.2 Other receivables

Receivables other than receivables from credit activities in the Bank's operations are recognized at cost and subsequently recognized at cost during the holding periods.

Provision for receivables is determined based on the overdue status of debts or expected loss of current debts in case the debts are not due for payment yet but the corporate debtors have fallen into bankruptcy or are in the process of dissolution, or of individual debtors are missing, escaped, prosecuted, on trial or deceased. Provision expense incurred is recorded into "Other operating expenses" of the income statement during the period.

Provision for overdue debts is made in accordance with the guidance of Circular No. 48/2019/TT-BTC as amended by Circular No.24/2022/TT-BTC as follows:

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

3.17 Prepaid expenses

Prepaid expenses include the short-term prepaids or long-term prepaids on the interim consolidated statement of financial position and are amortized over the period for which the amounts are paid or the period in which economic benefit are generated in relation to these expenses.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 *Debt to the State Bank, due to and borrowings from other credit institutions, due to customer, valuable papers issued and grants, entrusted funds and loans exposed to risks*

Debt to the State Bank, due to and borrowings from other credit institutions, due to customer, valuable papers issued and grants, entrusted funds and loans exposed to risks are disclosed at the principal amounts outstanding at the date of interim consolidated financial statements. At initial recognition, issuance costs are deducted from the cost of the valuable papers. These costs are allocated on a straight-line method during the lifetime of the valuable papers to "Interest and similar expenses".

3.19 *Payables and accruals*

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

3.20 *Loan classification for off-statement of financial position commitments*

Off-statement of financial position commitments include guarantees, payment acceptances, loan commitments which are irrevocable, unconditional and have the specific time of execution.

Classification for off-statement of financial position commitments is only used to monitor the credit quality. Accordingly, commitments and contingent liabilities are classified for management, credit quality monitoring purposes as described in Note 3.5.

According to Circular 11, the Bank and its subsidiary do not have to make provisions for off-statement of financial position commitments.

3.21 *Fiduciary assets*

Assets in entrusted assets management of the Bank and its subsidiary are not recognized as the Bank and its subsidiary's assets hence will not be included in the interim consolidated financial statements.

3.22 *Derivatives financial instruments*

The Bank and its subsidiary involve in currency forward contracts and currency swap contracts to facilitate customers to transfer, modify or minimize foreign exchange risk or other market risks, and also for the trading purpose of the Bank and its subsidiary.

Currency forward contracts

The currency forward contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates, calculated on the notional amount. The currency forward contracts are recognized at nominal value at the transaction date and are revalued for the reporting purpose at the exchange rate at the reporting date. Gains or losses realized or unrealized are recognized in the "Foreign exchange differences" under "Owners' equity" and will be transferred to the consolidated income statement at the end of the financial year.

The premium or discount derived from the difference between spot rate and forward rate are recorded at contract date as assets if positive or liabilities if negative in interim consolidated statement of financial position. The difference is amortized to the interim consolidated income statement on straight-line basis over the forward contract period.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.22 Derivatives financial instruments (continued)

Currency swap contracts

The swap contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates calculated on the notional principal amount. The premium or discount resulting from the difference between the spot rate at the effective date of the contract and the forward rate will be recognized immediately at the effective date of the contract as an asset if positive or a liability if the negative on the interim consolidated statement of financial position. The difference will be amortized on a straight-line basis over the life of the swap contract to the interim consolidated income statement.

3.23 Capital

3.23.1 Ordinary shares

Ordinary shares are classified as equity.

3.23.2 Share premium

The Bank record the difference between the par value and issue price of shares if the issue price is higher than par value, and the difference between price of repurchasing of treasury stocks and the re-issue price of treasury stocks to share premium account. The expense related to issue shares will be recorded as the share premium deductible.

3.23.3 Funds and reserves

The Bank has set up the following reserves in accordance with the Law on Credit Institutions No. 47/2010/QH12 and Decree No. 93/2017/ND-CP and the Bank's Charter as follows:

	% of profit after tax	Maximum rate
Capital supplementary reserve	5% of profit after tax	100% chartered capital
Financial reserve	10% of profit after tax	Not regulated

Other funds will be allocated from profit after tax. The allocation from profit after tax and utilization of funds must be approved by the Annual General Meeting of Shareholder. These reserves are not regulated by statutory and allowed to be fully allocated.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.23 Capital (continued)

3.23.3 Funds and reserves (continued)

Reserves of Nam A Bank Asset Management Company Limited

According to Circular No. 27/2002/TT-BTC dated 22 March 2002, retained earning allocation, making appropriation of profit to reserves and reserves utilization of the Company is implemented in accordance with regulations applied to the Bank by which the Company was established.

3.24 Recognition of income and expenses

Interest income and interest expenses

Interest income and interest expenses are recognized in the interim consolidated income statement on accrual basis for debts classified as current debts that do not have to make specific provisions. The recognition of accrued interest income is suspended when such debt is classified in groups 2 to 5 according Circular 11 as presented at Note 3.5.1 or debts retained classification as group 1 due to the application of Circular 01, Circular 03 and Circular 14 at Note 3.5.2 is not recognized in the interim consolidated income statement. Suspended interest income is reversed and monitored off-statement of financial position and recognized in the interim consolidated income statement upon actual receipt.

Fees and commissions income

Fees and commissions are recognized when services are rendered..

Income from investment

Income from investments is recognized on the difference between the selling price and average cost of the securities sold.

Cash dividends from investment are recognized in the interim consolidated income statement when the Bank and its subsidiary's right to receive the payment are established. For stock dividends and bonus shares, the number of shares is just updated, and no dividend income is recognized in the interim consolidated income statement.

Other income

Other revenues are recognized on cash basis.

According to Circular 16/2018/TT-BTC dated 07 February 2018 of the Ministry of Finance guiding for financial regulation applied to credit institutions and branches of foreign banks, with regard to accounts receivable which have been accounted for as income but they are considered uncollectible or they are not obtained when they are due, the Banks and its subsidiary shall recognize a reduction in revenue if it is in the same accounting period or recognize them as expenses if it is not in the same accounting period and monitoring off-statement of financial position to urge the collection. When accounts receivable is collected, the Bank and its subsidiary shall account them for as income in the interim consolidated income statement.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.25 Corporate income tax

Current corporate 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. The tax rates and tax laws used to compute the amount are those that are effective as at the interim consolidated statement of financial position date.

Current income tax is charged or credited to the interim consolidated income statement, except when it relates to items recognized directly to equity, in which case the current income tax is also dealt with in equity.

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

The tax returns of the Bank and its subsidiary are subject to examination by the tax authorities. Due to the ambiguity associated with the applicability of tax laws and regulations, amounts reported in the interim consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

3.26 Foreign currency transactions

In accordance with the accounting system of the Bank and its subsidiary, all transactions are recorded in original currencies. Monetary assets and liabilities denominated in foreign currencies are converted into VND using exchange rates ruling at the interim consolidated statement of financial position dated (Note 52). Income and expenses arising in foreign currencies during the year are converted into VND at rates ruling at the transaction dates. Foreign exchange differences arising from the conversion of monetary assets and liabilities are recognized and followed in the "Foreign exchange differences" under "Owners' equity" in the interim consolidated statement of financial position and will be transferred to the consolidated income statement at the end of the financial year.

3.27 Offsetting

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

3.28 Employee benefits

3.28.1 Post-employment benefits

Post-employment benefits are paid to retired employees of the Bank and its subsidiary by the Social Insurance Agency, which belongs to the Ministry of Labor, Invalids and Social Affairs. The Bank and its subsidiary are required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 17.50% of an employee's basic salary on a monthly basis (17.00% from 1 July 2021). Besides, the Bank and its subsidiary have no further obligation of post-employee benefits.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.28 *Employee benefits* (continued)

3.28.2 *Voluntary resignation benefits*

Under Article 46 of Labor Code No. 45/2019/QH14 effective from 1 January 2021, The Bank and its subsidiary have the obligation 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 six-month period up to the resignation date.

3.28.3 *Unemployment insurance*

According to Circular No. 28/2015/TT-BLDTBXH on guidelines for Article 52 of the Law on Employment and Decree No. 28/2015/ND-CP dated 12 March 2015 of the Government on guidelines for the Law on Employment in term of unemployment insurance, the Bank and its subsidiary are obliged to pay unemployment insurance at 1.00% of its salary fund (except the period from 1 October 2021 to 30 September 2022 is 0%) used to pay for unemployment insurance and deduct 1.00% of salary of each employee to pay simultaneously to the Unemployment Insurance Fund.

3.29 *Earnings per share*

The Bank and its subsidiary present 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 and its subsidiary (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 and its subsidiary will adjust the weighted average number of ordinary shares currently circulated to the previous presented on the interim consolidated financial statements, resulting in a corresponding adjustment of the opening balance of the basic earnings per shares.

3.30 *Segment reporting*

A segment is a component determined separately by the Bank and its subsidiary which is engaged in providing products or related services (business segment) or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments. The Bank and its subsidiary business segment are derived mainly from business segment.

3.31 *Related parties*

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

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.32 Business combinations

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

4. CASH AND GOLD

	30 June 2022 VND million	31 December 2021 VND million
Cash on hand in VND	851,526	850,531
Cash on hand in foreign currencies	85,933	149,103
Monetary gold	1,837	1,994
	939,296	1,001,628

5. BALANCES WITH THE STATE BANK OF VIETNAM

	30 June 2022 VND million	31 December 2021 VND million
In VND	3,851,430	5,022,618
In foreign currencies	88,824	108,681
	3,940,254	5,131,299

Balances with the State Bank of Vietnam include settlement and compulsory reserve. The average balances of the Bank and its subsidiary with the State Bank of Vietnam are not less than the compulsory reserve in the month. The compulsory reserve is calculated by multiplying previous month average deposit balances and compulsory reserve rates.

The compulsory deposit rates are as follows:

	30 June 2022 % p.a.	31 December 2021 % p.a.
<i>For customers</i>		
Demand deposits and term deposits with maturity term less than 12 months in VND	3.00	3.00
Term deposits with maturity term from 12 months and above in VND	1.00	1.00
Demand deposits and term deposits with maturity term less than 12 months in foreign currencies	8.00	8.00
Term deposits with maturity term from 12 months and above in foreign currencies	6.00	6.00
<i>For overseas credit institutions</i>		
Deposits in foreign currencies	1.00	1.00

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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5. BALANCES WITH THE STATE BANK OF VIETNAM (continued)

The actual annual interest rates on deposits with the SBV are as follows:

	30 June 2022 % p.a.	31 December 2021 % p.a.
Within compulsory reserve in VND	0.50	0.50
Within compulsory reserve foreign currencies	0.00	0.00
Over compulsory reserve in VND and foreign currencies	0.00	0.00

6. DUE FROM AND LOANS TO OTHER CREDIT INSTITUTIONS

6.1 Due from other credit institutions

	30 June 2022 VND million	31 December 2021 VND million
Demand deposits	9,947,803	9,959,388
- In VND	9,618,688	9,214,417
- In foreign currencies	329,115	744,971
Term deposits	13,790,490	7,580,960
- In VND	11,766,000	2,699,000
- In foreign currencies	2,024,490	4,881,960
	23,738,293	17,540,348

The annual interest rates of deposits at other credit institutions are as follows:

	30 June 2022 % p.a.	31 December 2021 % p.a.
Demand deposits		
- In VND	0.00 - 0.60	0.00 - 1.00
- In foreign currencies	0.00 - 0.40	0.00 - 0.08
Term deposits		
- In VND	0.65 - 3.50	1.50 - 3.50
- In foreign currencies	1.40 - 1.65	0.25 - 0.60

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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6. DUE FROM AND LOANS TO OTHER CREDIT (continued)

6.2 Loans to other credit institutions

	30 June 2022 VND million	31 December 2021 VND million
In VND (i)	289,885	229,885

- (i) These are loans to three people's credit funds under specially supervision following the direction of the State Bank of Vietnam at 0% interest rate (31 December 2021: 0%) with the amount of VND289,885 million (31 December 2021: VND 229,885 million).

6.3 Analysis of term deposits and loans to other credit institutions by quality

	30 June 2022 VND million	31 December 2021 VND million
Current	14,080,375	7,810,845
Term deposits	13,790,490	7,580,960
Loans	289,885	229,885

7. SECURITIES HELD FOR TRADING

	30 June 2022 VND million	31 December 2021 VND million
Equity securities		
Issued by other domestic credit institutions	103,369	103,369
Issued by domestic economic entities	40,772	40,772
	144,141	144,141
Provision for securities held for trading		
Diminution provision	(21,700)	(16,220)
	122,441	127,921

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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7. SECURITIES HELD FOR TRADING (continued)

The status of securities held for trading are as follows:

	30 June 2022 VND million	31 December 2021 VND million
Unlisted	144,141	144,141

The movements of provision for securities held for trading in current period are as follows:

	For the six-month period ended 30 June 2022 VND million	For the six-month period ended 30 June 2021 VND million
Beginning balance	16,220	16,220
Provision charged in the period	5,480	-
Ending balance	21,700	16,220

8. DERIVATIVES AND OTHER FINANCIAL ASSETS/LIABILITIES

	Total contract nominal value (at contractual exchange rate) VND million	Total carrying value (at exchange rate as at reporting date)	
		Assets VND million	Liabilities VND million
Currency derivative instruments as at 30 June 2022			
Forward contracts	233,855	-	1,155
Swap contracts	9,463,171	13,717	-
	9,697,026	13,717	1,155
Net amount		12,562	
Currency derivative instruments as at 31 December 2021			
Forward contracts	913,231	1,489	-
Swap contracts	6,693,302	-	4,601
	7,606,533	1,489	4,601
Net amount			3,112

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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9. LOANS TO CUSTOMERS

	30 June 2022 VND million	31 December 2021 VND million
Loans to domestic economic entities and individuals	111,895,159	102,635,521
Loans for discounted commercial notes and valuable papers	1,325	16,271
Loans by grants and entrusted funds	624	1,474
	111,897,108	102,653,266

The annual interest rates of loans to customer are as follows:

	30 June 2022 % p.a.	31 December 2021 % p.a.
In VND	3.00 - 25.00	3.90 - 25.00
In foreign currencies	3.00 - 7.00	3.00 - 5.10

9.1 Analysis of loans by quality

	30 June 2022 VND million	31 December 2021 VND million
Current	109,295,362	99,023,365
Special mention	1,084,448	2,016,764
Substandard	101,911	321,506
Doubtful	298,804	192,739
Loss	1,116,583	1,098,892
	111,897,108	102,653,266

9.2 Analysis of loans by original terms

	30 June 2022 VND million	31 December 2021 VND million
Short-term	53,518,014	49,743,605
Medium-term	26,296,507	24,798,591
Long-term	32,082,587	28,111,070
	111,897,108	102,653,266

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9. LOANS TO CUSTOMERS (continued)

9.3 Analysis of loans by type of customers and ownership

	30 June 2022		31 December 2021	
	VND million	%	VND million	%
Corporate loans	85,342,559	76.27	77,576,160	75.57
Other limited companies	42,781,559	38.25	39,448,587	38.42
Other joint stock companies	42,425,004	37.91	38,039,741	37.06
One-member limited liability companies of which 100% charter capital is held by the State	-	0.00	15,864	0.02
Joint-foreign-invested enterprises	69,810	0.06	-	0.00
Private companies	5,032	0.00	332	0.00
Cooperatives and inter-cooperatives	3,090	0.00	3,715	0.00
Others	58,064	0.05	67,921	0.07
Loans to individuals	26,554,549	23.73	25,077,106	24.43
	111,897,108	100	102,653,266	100

9.4 Analysis of loans by industry

	30 June 2022		31 December 2021	
	VND million	%	VND million	%
Trading, repair of motor vehicles, motorcycles and other vehicles	26,869,009	24.02	22,993,805	22.41
Hotels and accommodation services	22,692,690	20.28	22,398,666	21.82
Activities of households as employers, undifferentiated goods and services producing activities of households for own use	13,515,143	12.08	13,123,162	12.78
Construction	12,716,982	11.36	12,142,802	11.83
Electricity, gas, steam and air conditioning supply	11,179,731	9.99	11,326,319	11.03
Agriculture, forestry and fisheries	9,630,671	8.61	7,908,396	7.70
Real estate trading and consulting services	7,068,174	6.32	6,569,527	6.40
Arts, entertainment and recreation	2,988,850	2.67	2,158,871	2.10
Manufacturing and processing	2,756,626	2.46	2,774,895	2.70
Transportation and warehousing	1,259,751	1.13	561,702	0.55
Mining exploration	649,765	0.58	281,422	0.27
Finance services, banking and insurance activities	250,110	0.22	88,722	0.09
Science and technology activities	138,374	0.12	134,813	0.13
Water supply; sewerage, waste management and remediation activities	64,854	0.06	58,168	0.06
Others	54,226	0.05	70,539	0.07
Administrative activities and supporting service	34,657	0.03	30,483	0.03
Health and social support activities	11,477	0.01	6,882	0.01
Education and training	10,835	0.01	14,984	0.01
Information and communication	5,183	0.00	9,108	0.01
	111,897,108	100	102,653,266	100

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10. PROVISION FOR CREDIT LOSSES

Breakdown of provision for credit losses at the period-end are as follows:

	<i>Note</i>	<i>30 June 2022 VND million</i>	<i>31 December 2021 VND million</i>
Provision for loans to customers	10.1	1,417,189	1,282,762
Provision for special bonds issued by VAMC	11.5	383,457	275,439
Provision for credit risk receivables	17.4	9,325	4,075
		1,809,971	1,562,276

Provision expenses during the period are as follows:

	<i>Note</i>	<i>For the six-month period ended 30 June 2022 VND million</i>	<i>For the six-month period ended 30 June 2021 VND million</i>
Provision expense for loans	10.1	134,427	113,950
Provision expense for special bonds issued by VAMC	11.5	108,018	65,445
Provision charged/(reversal) for credit risk receivables	17.4	5,250	(3,124)
		247,695	176,271

10.1 Provision for loans to customers

Result of the loan classification as at 30 June 2022 and provision for credit losses of loans to customers as required by Circular No. 11/2021/TT-NHNN and the Bank and its subsidiary's policy on loan classification and provision.

The movements of provision for credit losses during the current period are as follows:

	<i>Specific provision VND million</i>	<i>General provision VND million</i>	<i>Total VND million</i>
31 December 2021	521,104	761,658	1,282,762
Provision charged to during the period	65,600	68,827	134,427
30 June 2022	586,704	830,485	1,417,189

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10. PROVISION FOR CREDIT LOSSES (continued)

10.1 Provision for loans to customers (continued)

The movements of provision for credit losses during the previous period are as follows:

	Specific provision VND million	General provision VND million	Total VND million
31 December 2020	208,999	642,348	851,347
Provision charged to during the period	45,906	68,044	113,950
Provision used to debts sell to VAMC	(840)	-	(840)
30 June 2021	254,065	710,392	964,457

11. INVESTMENT SECURITIES

11.1 Available-for-sale securities

	30 June 2022 VND million	31 December 2021 VND million
Debt securities		
Government bonds (a)	3,895,053	5,207,436
Bonds and deposit certificates issued by other domestic credit institutions (b)	5,049,991	2,400,045
Bonds issued by domestic economic entities (c)	2,894,546	2,383,376
	11,839,590	9,990,857
Provision for available-for-sale securities	(32,871)	(29,037)
Diminution provision	(11,162)	(11,162)
General provision	(21,709)	(17,875)
	11,806,719	9,961,820

- (a) Government bonds have term from fifteen (15) years to thirty (30) years and bear interest at rates from 2.70% p.a. to 7.80% p.a., interest is paid annually. In which, the Bank and its subsidiary used some bonds amounting to VND1,900,000 million as collaterals for credit limit with State Bank of Vietnam.
- (b) Bonds issued by other credit institutions have terms from eighteen (18) months to one hundred and twenty (120) months and earn interest at rates from 4.20% p.a. to 6.73% p.a., interest is paid semi-annually and annually. Deposit certificates issued by other credit institutions have term from nine (9) months to twenty-four (24) months and earn interest at rates from 4.00% p.a. to 7.70% p.a., interest is paid semi-annually, annually or at maturity date.
- (c) Bonds issued by domestic economic entities have terms from three (3) years to seven (7) years, interest is paid semi-annually, annually or at maturity date. The interest rate ranges from 9.03% p.a. to 10.50% p.a. and is fixed or subject to change on a semi-annually or annually basis depending on each type of bonds. Certain corporate bonds are secured by land use rights, real estate project, shares, property rights.

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11. INVESTMENT SECURITIES (continued)

11.1 Available-for-sale securities (continued)

Listing status of available-for-sale securities are as follows:

	30 June 2022 VND million	31 December 2021 VND million
Debt securities		
Listed	3,895,053	5,207,436
Unlisted	7,944,537	4,783,421
	11,839,590	9,990,857

11.2 Held-to-maturity securities (excluding special bonds issued by VAMC)

	30 June 2022 VND million	31 December 2021 VND million
Government bonds (a)	10,211,062	10,522,954
Bonds issued by other domestic credit institutions (b)	1,236,485	1,073,410
Bonds issued by other domestic economic institutions	-	200,000
	11,447,547	11,796,364
Provision for held-to-maturity securities		
General provision	-	(1,500)
	11,447,547	11,794,864

(a) These are Government bonds that have term of seven (7) years to thirty (30) years and earn interest at 2.20% p.a. to 7.40% p.a., interest is paid annually. In which, the Bank and its subsidiary used some bonds amounting to VND1,994,000 million as collaterals for credit limit with State Bank of Vietnam.

(b) These are bonds issued by other domestic credit institutions. In which, bonds have term from ten (10) years to fifteen (15) years and earn interest at the rate ranging from 6.10% p.a. to 7.60% p.a., interest is paid annually. In which, the Bank and its subsidiary used some bonds amounting to VND6,000 million as collaterals for credit limit with State Bank of Vietnam.

Listing status of held-to-maturity securities (excluding special bonds issued by VAMC) are as follows:

	30 June 2022 VND million	31 December 2021 VND million
Debt securities		
Listed	11,248,163	11,571,364
Unlisted	199,384	225,000
	11,447,547	11,796,364

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11. INVESTMENT SECURITIES (continued)

11.3 Special bonds issued by VAMC

	30 June 2022 VND million	31 December 2021 VND million
Par value of special bonds	1,356,373	1,377,193
Provision expense for special bonds issued by VAMC	(383,457)	(275,439)
	972,916	1,101,754

These are special bonds issued by Vietnam Asset Management Company ("VAMC") to purchase bad debts of the Bank and its subsidiary. These bonds have term of five (5) years and earn interest at rate 0.00% p.a. Par value of these special bonds is the difference between the outstanding loan balance and the corresponding unused specific provision at the purchasing date.

The increase/(decrease) movement of VAMC bonds during the year are as follows:

	For the six-month period ended 30 June 2022 VND million	For the six-month period ended 30 June 2021 VND million
Beginning balance	1,377,193	1,950,033
Increase during in period	-	73,834
Settlement during the period	(20,820)	(618,625)
Ending balance	1,356,373	1,405,242

11.4 Analysis of securities classified as credit risk assets by quality

	30 June 2022 VND million	31 December 2021 VND million
Bonds issued by domestic economic entities		
Current	2,894,546	2,583,376

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11. INVESTMENT SECURITIES (continued)

11.5 Provision for investment securities

The movements of provision for investment securities during the period are as follows:

	For the six-month period ended 30 June 2022 VND million	For the six-month period ended 30 June 2021 VND million
31 December 2021		
Available-for-sale securities	29,037	4,788
Held-to-maturity securities (excluded special bonds issued by VAMC)	1,500	1,350
Special bond issued by VAMC	275,439	-
	305,976	6,138
Provision charged/(reversal) in the period		
Available for sale securities	3,834	-
Held to maturity securities (excluded special bonds issued by VAMC)	(1,500)	(1,350)
Special bonds issued by VAMC	108,018	65,445
	110,352	64,095
30 June 2022		
Available for sale securities	32,871	4,788
Special bonds issued by VAMC	383,457	65,445
	416,328	70,233

12. LONG-TERM INVESTMENTS

12.1 Other long-term investments

Details of other long-term investments are as follows:

	30 June 2022		31 December 2021	
	Cost VND million	Ownership (%)	Cost VND million	Ownership (%)
Beta Securities Incorporation	74,800	11.00	74,800	11.00
Hoa Binh Land Joint Stock Company	40,480	11.00	40,480	11.00
Vietnam Investors Service and Credit Rating Agency Joint Stock Company	10,520	10.20	10,520	10.20
	125,800		125,800	

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12. LONG-TERM INVESTMENTS (continued)

12.2 Provision for other long-term investments

	<i>For the six-month period ended 30 June 2022 VND million</i>	<i>For the six-month period ended 30 June 2021 VND million</i>
Beginning balance	-	932
Provision reversal during the period	-	(932)
Ending balance	-	-

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13. TANGIBLE FIXED ASSETS

	Buildings and structures VND million	Machinery and equipment VND million	Vehicles VND million	Office equipment VND million	Other fixed assets VND million	Total VND million
Cost						
31 December 2021	423,120	354,279	197,880	35,306	14,099	1,024,684
Increase in period	-	6,930	2	103	-	7,035
Transfer from Constructions in progress	-	47,949	2,633	-	-	50,582
Transfer from finance lease fixed assets	-	-	813	-	-	813
Disposal	-	(346)	(3,362)	(45)	(111)	(3,864)
30 June 2022	423,120	408,812	197,966	35,364	13,988	1,079,250
Accumulated depreciation						
31 December 2021	143,729	203,301	129,019	29,374	11,807	517,230
Charged for the period	7,872	20,470	11,126	1,056	660	41,184
Transfer from finance lease fixed assets	-	-	701	-	-	701
Disposal	-	(346)	(3,234)	(45)	(111)	(3,736)
30 June 2022	151,601	223,425	137,612	30,385	12,356	555,379
Net book value						
31 December 2021	279,391	150,978	68,861	5,932	2,292	507,454
30 June 2022	271,519	185,387	60,354	4,979	1,632	523,871

Cost of fully depreciated tangible fixed assets that are still in use as at 30 June 2022 VND258,507 million (31 December 2021: VND233,088 million).



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14. FINANCE LEASES FIXED ASSETS

	<i>Vehicles VND million</i>
Cost	
31 December 2021	81,614
Increase in period	12,734
Transfer from construction in progress	5,635
Transfer to tangible fixed assets	(814)
30 June 2022	99,169
Accumulated depreciation	
31 December 2021	22,686
Charged for the period	7,238
Transfer to tangible fixed assets	(701)
30 June 2022	29,223
Net book value	
31 December 2021	58,928
30 June 2022	69,946

The Bank and its subsidiary leases some motor vehicles under various finance lease agreements. At the end of the lease term, the Bank and its subsidiary has the option to purchase the motor vehicles.

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15. INTANGIBLE FIXED ASSETS

	Definite-term land use rights VND million	Indefinite-term land use rights VND million	Computer software VND million	Total VND million
Cost				
31 December 2021	44,788	356,378	154,928	556,094
30 June 2022	44,788	356,378	154,928	556,094
Accumulated amortization				
31 December 2021	3,304	-	137,180	140,484
Charged for the period	652	-	7,136	7,788
30 June 2022	3,956	-	144,316	148,272
Net book value				
31 December 2021	41,484	356,378	17,748	415,610
30 June 2022	40,832	356,378	10,612	407,822

Cost of fully depreciated intangible fixed assets that are still in use as at 30 June 2022 VND97,160 million (31 December 2021: VND76,461 million).

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16. INVESTMENT PROPERTIES

Investment properties including land use rights with indefinite terms and buildings which were acquired by Asset Management Limited Company - Nam A Commercial Joint Stock Bank from bidding the foreclosed assets. Those properties are held for the purpose of earning rental income or for the capital appreciation. However, the Board of Directors cannot estimate the fair value of investment properties due to lack of information at the end of accounting period. As a result, the fair value of investment property has not been formally assessed and determined at the reporting date.

	<i>Buildings and structures VND million</i>
Cost	
31 December 2021	15,971
30 June 2022	15,971
Accumulated depreciation	
31 December 2021	-
30 June 2022	-
Net book value	
31 December 2021	15,971
30 June 2022	15,971

17. OTHER ASSETS

17.1 Receivables

	<i>30 June 2022 VND million</i>	<i>31 December 2021 VND million</i>
Receivables in fast money transfer	1,134,117	434,298
Receivables from debt trading (i)	766,001	46,065
Deposit, mortgage, pledge (ii)	121,790	119,354
Operating advances	54,509	18,198
Constructions in progress (iii)	42,949	42,867
Receivables from card payment activities	16,885	20,143
Others	22,415	6,396
	2,158,666	687,321

(i) There are receivables arising from the sale of debt by the Bank and its subsidiary to an economic organization. At the date of this report, the Bank and its subsidiary collected VND719,936 million.

(ii) This item includes deposits for the lease of branches and transaction offices of the Bank and its subsidiary.

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17. OTHER ASSETS (continued)

17.1 Receivables (continued)

(iii) Constructions in progress include:

	30 June 2022 VND million	31 December 2021 VND million
Purchase of houses and offices	24,557	16,478
Machinery and equipment	180	26,302
Transportation vehicles	2,557	-
Purchase of other assets	15,655	87
	42,949	42,867

The movement of constructions in progress during the period are as follows:

	For the six-month period ended 30 June 2022 VND million	For the six-month period ended 30 June 2021 VND million
Beginning balance	42,867	31,111
Increase in the period	56,299	46,913
Transfer to tangible fixed assets	(50,582)	(8,088)
Transfer to finance lease fixed assets	(5,635)	(4,685)
Ending balance	42,949	65,251

17.2 Interest and fees receivable

	30 June 2022 VND million	31 December 2021 VND million
Interest receivable from credit activities	3,309,933	2,239,283
Interest receivable from held-to-maturity investment securities	218,347	208,131
Interest receivable from available-for-sale investment securities	197,416	342,783
Interest receivable from swap contracts	29,811	17,171
Interest receivable from deposits	7,865	3,312
Interest receivable from forward contracts	1,566	763
	3,764,938	2,811,443

17.3 Other assets

	30 June 2022 VND million	31 December 2021 VND million
Prepaid and deferred expenses (i)	258,672	288,554
Foreclosed assets awaiting resolution (ii)	70,357	70,357
Tools and supplies	10,493	12,589
	339,522	371,500

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17. OTHER ASSETS (continued)

17.3 Other assets (continued)

(i) Prepaid and deferred expenses include:

	30 June 2022 VND million	31 December 2021 VND million
Property rental and repair costs	191,690	212,382
Expenses for purchasing tools	24,501	27,028
Cost of waiting for distribution of prepaid deposit interest	8,694	9,910
Others	33,787	39,234
	258,672	288,554

(ii) Details of foreclosed assets awaiting resolution are as follow:

	30 June 2022 VND million	31 December 2021 VND million
Shares	48,803	48,803
Real estate	21,554	21,554
	70,357	70,357

17.4 Provision for other assets

Provision for other assets include provision for impairment in value of doubtful receivables and overdue advances in compliance with Circular No.48/2019/TT-BTC amended by Circular No.24/2022/TT-BTC and and provision for credit risk receivables accordance with Circular 11.

Provision for other assets include:

	30 June 2022 VND million	31 December 2021 VND million
Provision for credit losses	9,325	4,075
General provision	5,250	-
Specific provision	4,075	4,075
Provision for diminution	22,548	12,469
	31,873	16,544



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17. OTHER ASSETS (continued)

17.4 Provision for other assets (continued)

Changes in provision for other assets during the period are as follow:

	<i>For the six-month period ended 30 June 2022 VND million</i>	<i>For the six-month period ended 30 June 2021 VND million</i>
Beginning balance	16,544	47,121
Diminution provision charged in the period	10,079	2,601
General provision/(reversal) of debts trading	5,250	(7,200)
Specific provision of debts trading	-	4,076
Ending balance	31,873	46,598

18. DEBTS TO THE STATE BANK OF VIETNAM

	<i>30 June 2022 VND million</i>	<i>31 December 2021 VND million</i>
Borrowing under credit facilities	722	996

19. DUE TO AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

19.1 Due to other credit institutions

	<i>30 June 2022 VND million</i>	<i>31 December 2021 VND million</i>
Demand deposits	9,057,357	9,048,287
In VND	9,057,357	9,048,287
Term deposits	8,918,930	4,022,760
In VND	7,546,000	2,235,000
In foreign currencies	1,372,930	1,787,760
	17,976,287	13,071,047

The annual interest rates applicable to due to other credit institutions are as follows:

	<i>30 June 2022 % p.a.</i>	<i>31 December 2021 % p.a.</i>
Term deposits in VND	0.70 - 3.05	1.50 - 3.50
Term deposits in foreign currencies	1.40 - 1.60	0.35 - 0.60

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19. DUE TO AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS (continued)

19.2 Borrowings from other credit institutions

	30 June 2022 VND million	31 December 2021 VND million
Borrowings from other credit institutions		
In VND	44,588	1,361,896
Pledge or mortgage	-	1,324,070
Finance leases	44,588	37,826
In foreign currencies	1,005,065	1,189,352
	1,049,653	2,551,248

The annual interest rates applicable to borrowings from other credit institutions are as follows:

	30 June 2022 % p.a.	31 December 2021 % p.a.
In VND	8.95 - 9.45	1.40 - 9.45
In foreign currencies	0.75 - 4.57	0.75 - 3.65

20. DUE TO CUSTOMERS

20.1 Analysis by type of deposits

	30 June 2022 VND million	31 December 2021 VND million
Demand deposits	10,888,501	10,483,864
Demand deposits in VND	10,715,218	9,937,509
Demand deposits in foreign currencies	157,196	534,516
Demand savings deposits in VND	14,519	9,624
Demand savings deposits in foreign currencies	1,568	2,215
Term deposits	113,136,734	104,474,553
Term deposits in VND	20,259,579	20,227,736
Term deposits in foreign currencies	58,874	67,759
Term savings deposits in VND	91,856,618	83,200,342
Term savings deposits in foreign currencies	961,663	978,716
Deposits for specific purposes	178,238	58,494
Deposits for specific purposes in VND	132,625	54,960
Deposits for specific purposes in foreign currencies	45,613	3,534
Margin deposits	319,028	302,477
Margin deposits in VND	319,028	302,477
	124,522,501	115,319,388

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20. DUE TO CUSTOMERS (continued)

20.1 Analysis by type of deposits (continued)

Annual interest rates applicable to customer deposits are as follows:

	30 June 2022 % p.a.	31 December 2021 % p.a.
Demand deposits in VND	0.00 - 0.20	0.00 - 0.20
Demand savings deposits in VND	0.10 - 0.20	0.10 - 0.20
Demand deposits in foreign currencies	0.00	0.00
Demand savings deposits in foreign currencies	0.00	0.00
Term deposits in VND	0.70 - 8.80	0.20 - 8.80
Term savings deposits in VND	0.20 - 8.70	0.20 - 8.85
Term deposits in foreign currencies	0.00	0.00
Term savings deposits in foreign currencies	0.00	0.00

In case term deposits are withdrawn before the maturity date, the demand interest rate shall be applied.

20.2 Analysis by customers and type of business

	30 June 2022 VND million	31 December 2021 VND million
Deposits from economic entities	24,413,175	24,949,616
Other joint stock companies	11,584,418	12,434,211
Other limited companies	5,157,713	5,434,656
One-member limited liability companies of which 100% charter capital is held by the State	2,774,532	2,150,057
Public administrative units, agencies of the Communist Party, unions and associations	3,267,783	3,138,777
The joint stock company of which over 50% of share capital or the total voting share capital is held or coordinated by the State under the company's charter	591,252	823,559
State-owned companies	545,024	537,882
Joint-foreign-invested enterprises	390,884	343,536
Private companies	54,182	41,215
Cooperatives and inter-cooperatives	25,258	21,861
Partnership	22,129	23,862
Deposits from individuals	97,641,657	88,128,497
Others	2,467,669	2,241,275
	124,522,501	115,319,388

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21. GRANTS, ENTRUSTED FUNDS AND LOANS EXPOSED TO RISKS

	30 June 2022 VND million	31 December 2021 VND million
In VND (i)	4,609	6,223
In foreign currencies (ii)	465,400	458,400
	470,009	464,623

(i) These are entrusted funds received from the State Bank of Vietnam with the funding from Japan International Cooperation Agency (JICA) in VND, with original terms ranging from 3 to 7 years and bearing annual interest rate at 3.840% (31 December 2021: 3.864%) for the purpose of supporting small and medium enterprises.

(ii) This is a part of entrusted funds in USD to finance projects with purposes in compliance with the agreement

22. VALUABLE PAPERS ISSUED

	30 June 2022 VND million	31 December 2021 VND million
Certificate of deposits over 1 year	10,631,693	9,660,103
Bonds having term over 1 year	1,000,000	700,000
	11,631,693	10,360,103

The annual interest rates applicable to valuable papers issued are as follows:

	30 June 2022 % p.a.	31 December 2021 % p.a.
Certificates of deposit over 1 year	3.70 - 8.00	3.70 - 8.60
Bonds having term over 1 year	4.10 - 7.80	5.80 - 7.80

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23. OTHER LIABILITIES

23.1 Interest and fees payable

	30 June 2022 VND million	31 December 2021 VND million
Interest on saving deposits	1,772,647	1,653,382
Interest on deposits	432,525	341,313
Interest on valuable papers	311,115	356,247
Interest on swap contracts	21,668	8,950
Interest on borrowings	8,181	7,753
Interest on grants, entrusted funds	695	693
Interest on forward contracts	-	2,906
	2,546,831	2,371,244

23.2 Other payables

	30 June 2022 VND million	31 December 2021 VND million
Internal payables	122,264	303,802
Payables to employees	95,469	290,905
Bonus and welfare fund	26,795	12,897
External payables	1,027,095	767,101
Payables to fast remittance transaction	790,298	571,106
Taxes and other payables to the State Budget	114,806	96,679
Unearned income from insurance brokerage activities	32,654	33,501
Payables related to card payment services	27,177	27,676
Payments pending in payment operations	15,314	1,811
Cash held in trust and waiting for settlement	12,210	13,013
Foreign currency trading waiting for settlement	8,030	-
Union payables	5,325	7,744
Dividends	4,141	4,314
Other unearned income	1,894	2,173
Others	15,246	9,084
	1,149,359	1,070,903

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23. OTHER LIABILITIES (continued)

23.2 Other payables (continued)

(i) The increase/(decrease) of the bonus and welfare fund in the period are as follows:

	For the six-month period ended 30 June 2022 VND million	For the six-month period ended 30 June 2021 VND million
Beginning balance	12,897	7,130
Appropriation in period	13,898	8,291
Utilization during the period	-	(1,205)
Ending balance	26,795	14,216

24. STATUTORY OBLIGATIONS

	31 December 2021 VND million	Movement during the period		30 June 2022 VND million
		Payable VND million	Paid VND million	
Value added tax	2,735	11,771	(11,740)	2,766
Corporate income tax	78,530	235,717	(208,159)	106,088
Other taxes	15,414	81,837	(91,299)	5,952
Personal income tax	14,666	79,428	(88,856)	5,238
Withholding tax	748	2,296	(2,330)	714
License tax	-	113	(113)	-
	96,679	329,325	(311,198)	114,806

24.1 Current corporate income tax

The Bank and its subsidiary have the obligations to pay corporate income tax ("CIT") at the rate of 20% of taxable profits for the current period (previous period: 20%).

The Bank and its subsidiary tax returns are subject to examination by the taxation authorities. Since the application of tax laws and regulations to many types of transactions are susceptible to varying interpretations, amounts reported in the interim consolidated financial statements could be changed at a later date upon final determination by the taxation authorities.

The current tax payable is based on taxable profit for the current period. Taxable income differs from profit as reported in the interim consolidate income statement since it excludes taxable income or deductible expenses in prior years due to the differences between the Bank and its subsidiary's accounting policies and the current income tax policies, and also excludes non-taxable income or non-deductible expenses. The current CIT payables are calculated based on the statutory tax rates applicable at the end of the period.

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24. STATUTORY OBLIGATIONS (continued)

24.1 Current corporate income tax (continued)

Current CIT during the period is calculated as follows:

	<i>For the six-month period ended 30 June 2022 VND million</i>	<i>For the six-month period ended 30 June 2021 VND million</i>
Profit before tax	1,171,077	1,073,615
The Bank and its subsidiary's CIT expense at rate 20%	234,215	214,723
<i>Adjustments to decrease:</i>		
- Income from untaxable dividends	-	(15)
<i>Adjustments to increase:</i>		
- Non-deductible expenses	1,502	1,308
Estimated CIT expenses for the period	235,717	216,016

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25. OWNERS' EQUITY

The movement of the equity is presented below:

Items	Charter capital VND million	Share premium VND million	Others VND million	Fund for capital expenditure VND million	Foreign currency conversion reserve VND million	Reserves of credit institutions VND million	Retained earnings VND million	Total VND million
31 December 2021	5,134,405	171,271	25	10	-	777,795	1,941,336	8,024,842
Increase in the period	1,430,000	1,400,960	-	-	-	-	-	2,830,960
Net profit for the period	-	-	-	-	-	-	935,360	935,360
Appropriation to reserves	-	-	-	-	-	2,438	(2,438)	-
Appropriation to bonus and welfare funds	-	-	-	-	-	-	(13,898)	(13,898)
Foreign exchange differences	-	-	-	-	176	-	-	176
30 June 2022	6,564,405	1,572,231	25	10	176	780,233	2,860,360	11,777,440

During the year, the Bank and its subsidiary made the financial reserve, the capital supplementary reserve and the bonus and welfare fund according to the approval of the profit distribution plan for 2021 on 22 April 2022.

For the six-month period ended 30 June 2022, the Bank and its subsidiary issued an additional 143,000,000 individual shares to offer to the investor. Accordingly, the Bank and its subsidiary increased its charter capital by VND1,430,000,000,000 from VND5,134,405,040,000 to VND6,564,405,040,000. This charter capital has been confirmed by the Competent authorities:

- Official letter No. 1030/UBCK-QLCB dated 2 March 2022 of State Securities Commission approving the results of the individual shares issuing of Nam A Commercial Joint Stock Bank;
- Business Registration Certificate amended for 42nd time on 26 March 2022 issued by Department of Planning and Investment of Ho Chi Minh City; and
- Decision No. 913/QĐ-NHNN dated 22 May 2022 of State Bank of Vietnam.

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25. OWNER'S EQUITY (continued)

The movement of the Bank and its subsidiary reserves during the period are presented below:

Items	Financial reserve VND million	Capital supplementary reserve VND million	Other reserve VND million	Total VND million
31 December 2021	513,757	257,611	6,427	777,795
Appropriation to reserves	-	-	2,438	2,438
30 June 2022	513,757	257,611	8,865	780,233

Details of the Bank and its subsidiary 's shares are as follows:

	30 June 2022 Shares	31 December 2021 Shares
Number of registered shares	656,440,504	513,440,504
Number of shares issued		
- Ordinary shares	656,440,504	513,440,504
Number of shares repurchased		
- Ordinary shares	-	-
Number of outstanding shares		
- Ordinary shares	656,440,504	513,440,504

Details of changes in number of shares of the Bank and its subsidiary during the year are as follows:

	30 June 2022 VND million	30 June 2021 VND million
Beginning balance	513,440,504	456,446,843
Increase shares issued	143,000,000	-
Ending balance	656,440,504	456,446,843

26. BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit after tax for the period attributable to ordinary shareholders of the Bank and its subsidiary by the weighted average number of ordinary shares outstanding during the period.

Net profit after tax for the period attributable to ordinary shareholders of the Bank and its subsidiary is amount after adjusted to appropriation of bonus and welfares reserves. At the six-month period ended 30 June 2022, this amount has not been deducted appropriation of bonus and welfares reserves because there is no decision from the General Meeting of Shareholders.

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26. BASIC EARNINGS PER SHARE (continued)

Information for basic earnings per share calculation of the Bank and its subsidiary are as follows:

	<i>For the six-month period ended 30 June 2022</i>	<i>For the six-month period ended 30 June 2021 Restate</i>
Net profit attributable to ordinary shareholders of the Bank and its subsidiary (VND million)	935,360	857,599
Adjustment for appropriation to bonus and welfare funds (VND million)	-	(13,898)
Net profit attributable to ordinary shareholders for basic earnings per share calculation (VND million)	935,360	843,701
Weighted average number of outstanding ordinary shares (shares)	608,773,837	456,466,843
Basic earnings per share (VND/share)	1,536	1,848

27. INTEREST AND SIMILAR INCOME

	<i>For the six-month period ended 30 June 2022 VND million</i>	<i>For the six-month period ended 30 June 2021 VND million</i>
Interest income from loans to customers and other credit institutions	5,280,385	5,001,434
Interest income from investing securities	478,850	343,055
Interest income from deposit	90,811	26,793
Interest income from guarantee services	6,172	5,915
Other income from credit activities	73,887	73,987
	5,930,105	5,451,184

28. INTEREST AND SIMILAR EXPENSES

	<i>For the six-month period ended 30 June 2022 VND million</i>	<i>For the six-month period ended 30 June 2021 VND million</i>
Interest expense on deposits	3,208,580	3,035,496
Interest expense on valuable papers	342,891	257,126
Interest expense on borrowings	31,118	30,224
Expenses for other credit activities	6,203	28,035
Interest expense on finance lease	1,785	1,587
	3,590,577	3,352,468

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29. NET FEES AND COMMISSION INCOME

	<i>For the six-month period ended 30 June 2022 VND million</i>	<i>For the six-month period ended 30 June 2021 VND million</i>
Fees and commission income	195,589	121,928
Settlement services	67,475	47,654
Insurance brokerage fees	34,537	26,903
Asset preservation services	28,424	6,844
Consulting service	24,581	12,091
Property rental service	16,289	20,938
Treasury services	1,463	1,787
Others	22,820	5,711
Fees and commission expenses	(45,019)	(35,587)
Settlement services	(40,080)	(29,327)
Consulting service	(2,066)	(4,118)
Treasury services	(2,008)	(1,253)
Others	(865)	(889)
	150,570	86,341

30. NET GAIN FROM TRADING OF FOREIGN CURRENCIES

	<i>For the six-month period ended 30 June 2022 VND million</i>	<i>For the six-month period ended 30 June 2021 VND million</i>
Income from foreign exchange	98,859	51,424
Income from spot foreign exchange	69,774	43,198
Income from currency derivatives	28,993	8,212
Income from gold trading	92	14
Expense from foreign exchange	(60,791)	(27,390)
Expense from spot foreign exchange	(28,355)	(17,049)
Expense from currency derivatives	(32,436)	(10,336)
Expense from gold trading	-	(5)
	38,068	24,034

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31. NET GAIN FROM SECURITIES HELD FOR TRADING

	<i>For the six-month period ended 30 June 2022 VND million</i>	<i>For the six-month period ended 30 June 2021 VND million</i>
Provision charged for trading securities	<u>(5,480)</u>	<u>-</u>

32. NET GAIN FROM INVESTMENT SECURITIES

	<i>For the six-month period ended 30 June 2022 VND million</i>	<i>For the six-month period ended 30 June 2021 VND million</i>
Income from dealing of investment securities	43,457	102,723
Expenses from dealing of investment securities	-	(5)
Provision charged for available-for-sale securities	(3,834)	-
Provision reversed for held-to-maturity securities	1,500	1,350
	<u>41,123</u>	<u>104,068</u>

33. NET GAIN FROM OTHER OPERATING ACTIVITIES

	<i>For the six-month period ended 30 June 2022 VND million</i>	<i>For the six-month period ended 30 June 2021 VND million</i>
Other operating income	11,978	10,084
Income from recovery of written-off debts	10,685	6,879
Interest from defer income of disposals of fixed assets	545	401
Income from disposals of fixed assets and investment properties	-	195
Other income	748	2,609
Other operating expenses	(3,584)	(7,150)
Sponsoring cost	(1,288)	(6,143)
Other expenses	(2,296)	(1,007)
	<u>8,394</u>	<u>2,934</u>

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34. INCOME FROM INVESTMENTS IN OTHER ENTITIES

	<i>For the six-month period ended 30 June 2022 VND million</i>	<i>For the six-month period ended 30 June 2021 VND million</i>
Dividend received from equity securities	-	76

35. OPERATING EXPENSES

	<i>For the six-month period ended 30 June 2022 VND million</i>	<i>For the six-month period ended 30 June 2021 VND million</i>
Personnel expenses	578,388	584,323
- Salary and allowances	530,790	532,485
- Salary-related allowances	36,035	34,291
- Allowances	11,563	17,547
Depreciation expenses on fixed assets	56,210	53,842
Other operating expenses	518,833	428,118
- General management	135,630	125,051
- Office rental	105,305	80,483
- Advertising, marketing, promotion and entertainment	73,200	59,935
- Repair and maintenance assets	71,761	59,674
- Insurance expenses for customer deposits	69,867	62,202
- Other assets expenses	16,551	14,742
- Printing materials expenses	12,443	11,897
- Provision expenses (excluding provision for credit losses, investment)	10,079	1,669
- Union expenses	7,028	4,906
- Business trips expenses	6,210	4,553
- Other expenses	10,759	3,006
	1,153,431	1,066,283

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36. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the interim consolidated cash flows statement comprises the following balances in the interim consolidated statement of financial position:

	30 June 2022 VND million	31 December 2021 VND million
Cash and gold	939,296	1,001,628
Balances with the State Bank of Vietnam	3,940,254	5,131,299
Due from and loans to other credit institutions with term of less than 3 months	23,738,293	17,540,348
	28,617,843	23,673,275

37. EMPLOYEES' INCOME

	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
I. Total number of employees (persons)	4,101	3,699
II. Employees' income (VND million)		
1. Total salary	530,790	532,485
2. Other income	-	1,200
3. Total income (1+2)	530,790	533,685
4. Average monthly salary (VND million/person)	22	24
5. Average monthly income (VND million/person)	22	24

38. TYPES AND BOOK VALUE OF COLLATERALS

38.1 Assets and valuable papers, mortgaged, pledged and discounted, re-discounted

Types and book value of collaterals of customers at the period-end are as follows:

	30 June 2022 VND million	31 December 2021 VND million
Real estate properties	125,715,178	116,480,416
Valuable papers	52,989,905	46,583,231
Movable assets	3,022,758	3,029,625
Other assets	43,397,266	36,396,720
	225,125,107	202,489,992

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38. TYPES AND BOOK VALUE OF COLLATERALS (continued)

38.2 *Assets and valuable papers of the Bank mortgaged, pledged and discounted, re-discounted*

Breakdown of the Bank and its subsidiary's financial assets mortgaged, pledged for credit granting for activities with State Bank of Vietnam and discounted and for borrowings or transferred under purchase and repurchases agreements with SBV and other credit institutions are as follows:

	30 June 2022 VND million	31 December 2021 VND million
Valuable papers	4,228,753	4,932,147

39. CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of business, the Bank and its subsidiary are parties to financial instruments which are recorded as off-statement of financial position items. These financial instruments mainly comprise foreign exchange commitments, guarantee commitments and commercial letters of credit. These instruments involve elements of credit risk for the Bank and its subsidiary out of the items recognized in the interim consolidated statement of financial position.

Credit risk for off-statement of financial position financial instruments is defined as the possibility of sustaining a loss for the Bank and its subsidiary because any other party to a financial instrument fails to perform in accordance with the terms of the contract.

Financial guarantees are conditional commitments issued by the Bank and its subsidiary to guarantee the performance of a customer to a third-party including guarantee for borrowings, settlement, and performing contracts and bidding. The credit risk involved in issuing guarantees is essentially the same as that involved in extending loans to other customers.

Commercial at sight letters of credit represents a financing transaction by the Bank and its subsidiary to its customer who is usually the buyer/importer of goods and the beneficiary is typically the seller/exporter. Credit risk from this type of letters of credit is limited as the merchandise shipped serves as collateral for the transaction.

Deferred payment letters of credits represent the amounts at risk should the contract be fully performed but the client defaults in repayment to the beneficiary. Deferred payment letters of credit that defaulted by clients are recognized by the Bank and its subsidiary as granting of a compulsory loan with a corresponding liability representing the financial obligation of the Bank and its subsidiary to pay the beneficiaries and to fulfil the guarantor obligation.

The Bank and its subsidiary require margin deposits to support credit-related financial instruments when it is deemed necessary. The margin deposit required varies from nil to 100% of the value of a commitment granted, depending on the creditworthiness of clients as assessed by the Bank and its subsidiary.

The currency trading commitments are commitments to purchase, sell at spot and currency swap commitments. Commitments to purchase, sell at spot are commitments to purchase, sell currency according to exchange rate dealt and payment within 2 (two) days since transaction date. Currency swap commitments are commitments to purchase and sell with the same notional principal amount (only two currencies used for transaction) to one client, including one transaction for term payment at spot and one transaction for term payment in the future with the exchange rate of both transactions determined at spot transaction date.

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39. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Details of outstanding commitments and contingent liabilities at the end of period are as follows:

	30 June 2022 VND million	31 December 2021 VND million
Foreign exchange commitments	21,098,171	13,340,102
- Cross currency swap contracts	18,957,331	13,340,102
- Spot foreign exchange commitments - sell	2,140,840	-
Letters of credit	2,051,717	932,115
- At sight letters of credit	774	808
- Deferred letters of credit	2,050,943	931,307
Other guarantees	978,480	1,066,273
- Settlement guarantee	650,087	733,402
- Contract performance guarantee	111,221	180,059
- Bid guarantee	72,665	12,114
- Other guarantees	144,507	140,698
	24,128,368	15,338,490
Less: Margin deposits	(16,819)	(19,098)
Contingent liabilities and commitments	24,111,549	15,319,392

40. LENDING INTEREST AND RECEIVABLE FEES BUT NOT COLLECTED YET

Details of outstanding lending interest and receivable fees but not collected yet at the end of period are as follows:

	30 June 2022 VND million	31 December 2021 VND million
Lending interest but not collected yet	1,512,495	1,232,653

41. DIFFICULT TO COLLECT DEBTS THAT HAVE BEEN SETTLED

Details of outstanding difficult to collect debts that have been settled at the end of period are as follows:

	30 June 2022 VND million	31 December 2021 VND million
Debts that have been written-off and under monitoring	1,385,104	1,347,290
Principal	749,879	757,710
Interest	635,225	589,580
Others	605	605
	1,385,709	1,347,895

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42. ASSETS AND OTHER DOCUMENTS

Details of outstanding assets and other documents at the end of period are as follows:

	30 June 2022 VND million	31 December 2021 VND million
Other assets kept for customers	2,444,240	2,471,016
Foreclosed assets pending for settlement	4,251	-
Other valuable documents being preserved	6,642,968	3,731,968
	9,091,459	6,202,984

43. RELATED PARTY TRANSACTIONS

Related party transactions include all transactions undertaken with other entities to which the Bank and its subsidiary are related. Parties are considered as related parties if one party is able to control over or significantly influence to the other party in making decision of financial and operational policies. A party is deemed to be related to the Bank and its subsidiary if:

- (a) Directly, or indirectly through one or more intermediaries, the party:
 - ▶ controls, is controlled by, or is under common control with the Bank and its subsidiary (including parents and subsidiary);
 - ▶ has an interest (owing 5% or more of the charter capital or voting share capital) in the Bank and its subsidiary that gives it significant influence over the Bank and its subsidiary;
 - ▶ has joint control over the Bank and its subsidiary;
- (b) The party is a joint venture in which the Bank and its subsidiary are ventures (owning over 11% of the charter capital or voting share capital but is not a subsidiary of the Bank and its subsidiary);
- (c) The party is a member of the key management personnel of the Bank and its subsidiary;
- (d) The party is a close member of the family of any person 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 entity resides with, directly or indirectly, any person referred to in (c) or (d).

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43. RELATED PARTY TRANSACTIONS (continued)

Significant transactions with related parties in the current period are as follows:

<i>Related party</i>	<i>Transactions</i>	<i>For the six-month period ended 30 June 2022 VND million</i>	<i>For the six-month period ended 30 June 2021 VND million</i>
Member of Board of Directors, Board of Supervision and Board of Managements and other related parties to these individuals	Deposit/loan interest income	1,981	2,035
	Interest expense on deposits	2,451	6,129
	Salary and allowances of the Board of Directors	20,208	12,419
	Remuneration for members of the Board of Directors	3,120	2,220
	Remuneration for members of the Board of Supervision	860	860
Others related party (*)	Interest expense on deposits	21,820	21,813
	Income from leasing activities	746	745
	Lease expense	6,922	6,802
	Income from other activities	13	13
	Expense from other activities	2	1

(*) Others related party include included businesses where these individuals hold, directly or indirectly, a substantial part of the voting rights or through which they can exercise significant influence over the Bank and its subsidiary.

Significant transactions with related parties in the current period are as follows:

<i>Related party</i>	<i>Transactions</i>	<i>30 June 2022 VND million</i>	<i>31 December 2021 VND million</i>
Member of Board of Directors, Board of Supervision and Board of Managements and other related parties to these individuals	Deposits	118,849	133,195
	Loans	51,292	60,697
	Accrual interest expense from deposits	1,711	1,073
	Accrual interest income from loans	287	331
	Other payables	73	73
Others related party	Deposits	573,444	554,958
	Accrual interest income from loans	18,999	21,398
	Other receivable	270	270

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

	<i>Domestic VND million</i>	<i>Overseas VND million</i>	<i>Total VND million</i>
Assets at 30 June 2022	170,342,485	193,278	170,535,763
Due from and loans to other credit institutions	23,834,900	193,278	24,028,178
Loans to customers - gross	111,897,108	-	111,897,108
Derivative and financial instruments (Total transaction value amount to contract)	9,697,026	-	9,697,026
Trading and investment securities - gross	24,787,651	-	24,787,651
Long-term investments - gross	125,800	-	125,800
Liabilities at 30 June 2022	154,179,770	1,470,373	155,650,143
Due to and borrowings from other credit institutions	18,020,967	1,004,973	19,025,940
Due to customers	124,522,501	-	124,522,501
Grants, entrusted funds and loans exposed to risks	4,609	465,400	470,009
Valuable papers issued	11,631,693	-	11,631,693
Off-balance-sheet commitments at 30 June 2022	24,111,549	-	24,111,549

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45. INFORMATION BY GEOGRAPHICAL REGIONS

	Northern VND million	Central VND million	South VND million	Total submitted VND million	Eliminated VND million	Total VND million
Income						
Interest income	1,088,412	1,325,768	12,173,610	14,587,790	(8,657,685)	5,930,105
Fee and commission income	8,774	20,232	166,583	195,589	-	195,589
Other operation income	8,430	956	144,908	154,294	-	154,294
Expense						
Interest expense	(872,843)	(1,018,922)	(10,356,497)	(12,248,262)	8,657,685	(3,590,577)
Depreciation expense	(2,772)	(6,058)	(47,380)	(56,210)	-	(56,210)
Expense directly related to operation activities	(91,539)	(147,886)	(975,004)	(1,214,429)	-	(1,214,429)
Net operating profit before provision for credit losses	138,462	174,090	1,106,220	1,418,772	-	1,418,772
Provision for credit losses	1,125	6,594	(255,414)	(247,695)	-	(247,695)
Profit before tax	139,587	180,684	850,806	1,171,077	-	1,171,077

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45. INFORMATION BY GEOGRAPHICAL REGIONS (continued)

Information on asset and liability of each segment by geographical area of the Bank and its subsidiary as at 30 June 2022 and for the six-month period then ended as follows:

	Northern VND million	Central VND million	South VND million	Total submitted VND million	Eliminated VND million	Total VND million
ASSETS						
Cash and gold	90,866	183,802	664,628	939,296	-	939,296
Due from the State Bank of Vietnam	2,857	4,510	3,932,887	3,940,254	-	3,940,254
Due from and loans to other credit institutions	75	50	24,028,053	24,028,178	-	24,028,178
Securities held for trading	-	-	122,441	122,441	-	122,441
Derivatives and other financial assets	-	-	12,562	12,562	-	12,562
Loans to customers	1,827,484	10,730,779	97,921,656	110,479,919	-	110,479,919
Investments	-	(89,480)	24,442,462	24,352,982	-	24,352,982
Fixed assets	34,631	144,919	822,089	1,001,639	-	1,001,639
Other assets	52,087	220,521	5,974,616	6,247,224	-	6,247,224
TOTAL ASSETS	2,008,000	11,195,101	157,921,394	171,124,495	-	171,124,495
LIABILITIES						
Due to and borrowings from other credit institutions and the State Bank of Vietnam	100	20,278	19,006,284	19,026,662	-	19,026,662
Due to customers	29,611,986	21,170,346	73,740,169	124,522,501	-	124,522,501
Valuable papers issued	1,453,633	2,642,254	7,535,806	11,631,693	-	11,631,693
Grants, entrusted funds and loans exposed to risks	-	-	470,009	470,009	-	470,009
Other liabilities	657,739	444,413	2,594,038	3,696,190	-	3,696,190
TOTAL LIABILITIES	31,723,458	24,277,291	103,346,306	159,347,055	-	159,347,055

46. FINANCIAL RISK MANAGEMENT

Risk is inherent in the Bank and its subsidiary's activities and is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank and its subsidiary's continuing profitability and each individual within the Bank and its subsidiary are accountable for the risk prevention within his or her responsibilities. The Bank and its subsidiary are exposed to credit risk, liquidity risk and market risk (then being subdivided into trading and non-trading risks). The Bank and its subsidiary are also subject to various operational risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Bank and its subsidiary's policy is to monitor those business risks through the Bank and its subsidiary's strategic planning process.

(i) Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks. However, each separate member shall be responsible for managing and monitoring risks.

(ii) Board of Directors

The Board of Directors is responsible for monitoring the overall risk management process within the Bank and its subsidiary.

(iii) Risk Management Committee

Risk Management Committee advises the Board of Directors in the promulgation of procedures and policies under their jurisdiction relating to risk management in the Bank and its subsidiary's activities.

Risk Management Committee analyses and provides warnings on the potential risks that may affect the Bank and its subsidiary's operation and preventive measures in the short term as well as long term.

Risk Management Committee reviews and evaluates the appropriateness and effectiveness of the risk management of procedures and policies of the Bank and its subsidiary to make recommendations to the Board of Directors on the improvement of procedures, policies and operational strategies.

(iv) Board of Supervision

The Board of Supervision has the responsibility to control the overall risk management process within the Bank and its subsidiary.

(v) Internal Audit

According to the annual internal audit plan, business processes throughout the Bank and its subsidiary are audited annually by the internal audit function, which examines both the adequacy of the procedures and compliance with the Bank and its subsidiary's procedures. Internal Audit discusses the results of all assessments with Board of Directors, and reports its findings and recommendations to the Board of Supervision.

(vi) Risk measurement and reporting systems

The Bank and its subsidiary's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models.

Monitoring and controlling of risks is primarily performed based on limits established by the Bank and its subsidiary in compliance with the State Bank of Vietnam's regulations. These limits reflect the business strategy and market environment of the Bank and its subsidiary as well as the level of risk that the Bank and its subsidiary are willing to accept.

43. FINANCIAL RISK MANAGEMENT (continued)

(vi) Risk measurement and reporting systems (continued)

Information compiled from all business activities is examined and processed in order to analyze, control and early identify risks. This information is presented and explained to the Board of Management, Board of Directors, and the department heads. The report includes aggregate credit exposure, credit metric forecasts, limit exceptions, liquidity ratios and risk profile changes. The Board of Directors assesses the appropriateness of the allowance for credit losses on a quarterly basis. The Board of Directors receives a comprehensive risk report quarterly which is designed to provide all the necessary information to assess and conclude on the risks of the Bank and its subsidiary.

For all levels throughout the Bank and its subsidiary, specifically tailored risk reports are prepared and distributed in order to ensure that all business departments have access to extensive, necessary and up-to-date information.

(vii) Risk reduction

The bank and its subsidiary have actively used collateral to mitigate credit risk.

(viii) Excessive risk concentration

Concentrations arise when a number of counterparties of the Bank and its subsidiary are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would affect the group of customers' payment obligations or payment receipt rights when due under changes in economic, political or other conditions.

These above concentrations indicate the relative sensitivity of the Bank and its subsidiary's performance to the developments of a particular industry or geographic allocation.

In order to avoid excessive concentrations of risk, the Bank and its subsidiary's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risk are controlled and managed accordingly. Selective hedging is used within the Bank and its subsidiary in respect of the industries and other related factors.

47. CREDIT RISK

Credit risk is the risk that the Bank and its subsidiary will incur a loss because its customers or counterparties fail to discharge their contractual obligations.

The Bank and its subsidiary manage and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank and its subsidiary have established a credit quality review process to provide early identification of possible changes in the financial position and creditworthiness of counterparties based on qualitative and quantitative indicators. Counterparty's limits are established by the use of a credit rating system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision.

The effective interest rates on deposits with the SBV, due from and loans to other credit institutions, loans to customers and due to customers in currencies are presented in Notes 5, 6, 9 and 20 respectively.

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47. CREDIT RISK (continued)

47.1 Maximum exposure to credit risk before collateral held or other credit enhancements

The maximum exposures to credit risk relating to each group of financial assets, which are equivalent to their book values on the interim consolidated statement of financial position, are listed below:

	30 June 2022 VND million	31 December 2021 VND million
Credit risk exposures of statement of financial position items		
Due from and loans to other credit institutions	24,028,178	17,770,233
Derivatives and other financial assets	12,562	-
Loans to customers		
- Individuals	26,554,549	25,077,106
- Corporates	85,342,559	77,576,160
Investment securities		
- Debt securities - available-for-sale	7,944,537	4,783,421
- Debt securities - held-to-maturity	1,236,485	1,273,410
Other financial assets	5,880,655	3,455,897
Credit risk exposures of off-statement of financial position items		
Financial guarantees	978,480	1,066,273
Letters of credit	2,051,717	932,115

This table presents the worst scenario which the Bank and its subsidiary will incur the maximum credit exposures as at 30 June 2022 and 31 December 2021, without taking into account of any collateral held or their credit enhancements.

47.2 Financial assets neither past due nor impaired

The Bank and its subsidiary's financial assets which are neither past due nor impaired comprise loans to customers classified as Group 1 (Current) loans in accordance with Circular 11; securities, receivables and other financial assets which are not past due and no provision is required in accordance with Circular No. 48/2019/TT-BTC as amended by Circular No.24/2022/TT-BTC.

The Bank and its subsidiary see that they have absolutely capacity to fully and timely recover these financial assets in the futures.

47.3 Financial assets past due but not impaired

The age of financial assets past due but not impaired as at 30 June 2022 is presented below:

	Past due				
	Less than 90 days	From 91 to 180 days	From 181 to 360 days	More than 360 days	Total
	VND million	VND million	VND million	VND million	VND million
Loans to customers	23,093	16,047	25,999	503,801	568,940

Loans that are overdue but not impaired are overdue loans but not required to make provisions as the Bank and its subsidiary holds all collaterals in the form of counterparty deposits, real estate, movable assets, valuable papers and other types of collaterals.

48. MARKET RISK

48.1 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair values of financial instruments. The Bank and its subsidiary are exposed to interest rate risk as a result of mismatches of maturity dates or dates of interest rate re-pricing in respect of assets, liabilities and off-statement of financial position instruments over a certain period. The Bank and its subsidiary manage this risk by matching the dates of interest rate re-pricing of assets and liabilities through risk management strategies.

Analysis of assets and liabilities based on interest rate re-pricing date

Re-pricing term of the effective interest rate is the remaining period from the date of the interim consolidated financial statements to the nearest re-pricing date of interest rate or remaining contractual term whichever is earlier.

The following assumptions and conditions are used in analysis of the re-pricing period of interest rates of the Bank and its subsidiary's assets and liabilities:

- ▶ Cash and gold; trading securities, investment securities - equity securities; derivatives financial instruments; long-term investment and other assets (including fixed assets, investment properties and other assets) and other liabilities are classified as non-interest bearing items;
- ▶ The re-pricing term of balances with the State Bank of Vietnam is considered as up to 1-month;
- ▶ The re-pricing term of investment securities – debt securities (excluding special bond issued by VAMC; loans to customers; due from and loans to other credit institutions; grants, entrusted funds and loans exposed to risks; borrowings from State Bank of Vietnam; valuable papers issued; due to and borrowings from other credit institutions and due to customers are determined as follows:
 - Items which bear fixed interest rate during the contractual term: The re-pricing term is determined based on the time to maturity from the interim consolidated statement of financial position date.
 - Items which bear floating interest rate: The re-pricing term is determined based on the time to the nearest interest rate re-pricing date from the interim consolidated statement of financial position date.

The following table presents the interest re-pricing period of the Bank and its subsidiary's assets and liabilities as at 30 June 2022:

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48. MARKET RISKS (continued)

48.1 Interest rate risk (continued)

	Interest re-pricing period								Total VND million
	Overdue VND million	Non-interest bearing VND million	Up to 1 month VND million	1 - 3 months VND million	3 - 6 months VND million	6 - 12 months VND million	1 - 5 years VND million	Over 5 years VND million	
Assets									
Cash and gold	-	939,296	-	-	-	-	-	-	939,296
Balances with the State Bank of Vietnam	-	-	3,940,254	-	-	-	-	-	3,940,254
Due from and loans to other credit institutions	-	289,885	19,069,363	4,668,930	-	-	-	-	24,028,178
Securities held for trading - gross	-	144,141	-	-	-	-	-	-	144,141
Derivatives and other financial assets	-	12,562	-	-	-	-	-	-	12,562
Loans to customers - gross	2,601,746	-	26,887,309	57,068,298	7,067,278	17,253,987	1,018,490	-	111,897,108
Investment securities - gross	-	1,356,373	-	199,972	1,599,119	4,895,446	1,844,916	14,747,684	24,643,510
Long-term investments - gross	-	125,800	-	-	-	-	-	-	125,800
Fixed assets	-	1,001,639	-	-	-	-	-	-	1,001,639
Investment properties	-	15,971	-	-	-	-	-	-	15,971
Other assets - gross	-	6,263,126	-	-	-	-	-	-	6,263,126
Total assets	2,601,746	10,148,793	49,896,926	61,937,200	8,666,397	22,149,433	2,863,406	14,747,684	173,011,585
Liabilities									
Borrowings from the State Bank of Vietnam	-	-	722	-	-	-	-	-	722
Due to and borrowings from other credit institutions	-	-	14,314,257	4,024,405	23,283	7,263	656,732	-	19,025,940
Due to customers	-	-	35,707,498	21,510,564	33,092,459	28,855,431	5,354,946	1,603	124,522,501
Grants, entrusted funds and loans exposed to risks	-	-	4,609	116,350	349,050	-	-	-	470,009
Valuable papers issued	-	-	437,040	1,369,770	1,829,110	6,995,773	800,000	200,000	11,631,693
Other liabilities	-	3,696,190	-	-	-	-	-	-	3,696,190
Total liabilities	-	3,696,190	50,464,126	27,021,089	35,293,902	35,858,467	6,811,678	201,603	159,347,055
In-statement of financial position interest sensitivity gap	2,601,746	6,452,603	(567,200)	34,916,111	(26,627,505)	(13,709,034)	(3,948,272)	14,546,081	13,664,530

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48. MARKET RISKS (continued)

48.1 Interest rate risk (continued)

Interest rate sensitivity

As at 30 June 2022, the Bank and its subsidiary did not perform the sensitivity analysis for interest rate due to insufficient input information and database system.

48.2 Currency risk

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

The Bank and its subsidiary are incorporated and operating in Vietnam with reporting currency as VND, the major currency of its transaction is also VND. Financial assets and financial liabilities of the Bank and its subsidiary are dominated in VND, some are denominated in USD, EUR and gold. The Bank and its subsidiary have set limits to control the positions of the currencies. Positions are monitored on a daily basis and hedging strategies are used to ensure positions of the currencies are maintained within the established limits.

The exchange rates of key foreign currencies to VND at the reporting date are presented at Note 52.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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48. MARKET RISKS (continued)

48.2 Currency risk (continued)

The following table presents assets and liabilities in foreign currencies converted into VND as at 30 June 2022:

	EUR equivalent VND million	USD equivalent VND million	Gold equivalent VND million	Other currencies equivalent VND million	Total VND million
Assets					
Cash and gold	2,708	71,667		11,558	87,770
Balances with the State Bank of Vietnam	-	88,824		-	88,824
Due from and loans to other credit institutions	7,218	2,333,190		13,197	2,353,605
Derivatives and other financial assets	-	1,116,960		-	1,116,960
Loans to customers - gross	-	732,374		-	732,374
Other assets - gross	-	25,515		-	25,515
Total assets	9,926	4,368,530	1,837	24,755	4,405,048
Liabilities					
Due to and borrowings from other credit institutions	-	2,377,995		-	2,377,995
Due to customers	8,907	1,206,745		9,262	1,224,914
Grants, entrusted funds and loans exposed to risks	-	465,400		-	465,400
Other liabilities	-	18,989		8,030	27,019
Total liabilities	8,907	4,069,129	-	17,292	4,095,328
Foreign exchange position on-statement of financial position	1,019	299,401	1,837	7,463	309,720
Foreign exchange position off-statement of financial position	-	(2,140,840)	-	-	(2,140,840)
Foreign exchange position on and off-statement of financial position	1,019	(1,841,439)	1,837	7,463	(1,831,120)

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48. MARKET RISK (continued)

48.2 Currency risk (continued)

Exchange rate sensitivity

Assuming that all variables remain constant, the following table shows the effects on profit after tax and equity of the Bank and its subsidiary due to changes in exchange rates. Risk due to changes of exchange rates to other currencies of the Bank and its subsidiary is not significant.

	Assumed level of changed %	Effects on increase/(decrease) profit after tax VND million
As at 30 June 2022		
EUR	3%	24
EUR	(3%)	(24)
USD	3%	7,186
USD	(3%)	(7,186)
SJC	3%	44
SJC	(3%)	(44)

45.3 Liquidity risk

Liquidity risk is the risk which the Bank and its subsidiary have difficulties in meeting the obligations of financial liabilities. Liquidity risk occurs when the Bank and its subsidiary cannot afford to settle debt obligations at the due dates in the normal or stress conditions. To manage the liquidity risk exposure, the Bank and its subsidiary have diversified the mobilization of deposits from various sources in addition to its basic capital resources. In addition, the Bank and its subsidiary have established policy for control of liquidity assets flexibly; monitor the future cash flows and daily liquidity. The Bank and its subsidiary have also evaluated the estimated cash flows and the availability of current collateral assets in case of obtaining more deposits.

The maturity term of assets and liabilities is the remaining period of assets and liabilities as calculated from the interim consolidated statement of financial position date to the settlement date in accordance with contractual terms and conditions.

The following assumptions and conditions are applied in the analysis of maturity of the Bank and its subsidiary's assets and liabilities:

- ▶ Balances with the SBV are classified as demand deposits which considered within one (1) month, include compulsory deposits;
- ▶ The maturity of securities held for trading; investment securities - debt securities is calculated based on the maturity date of each kind of securities; investment securities - listed equity securities is considered within one (1) month because of their high liquidity;
- ▶ The maturity term of due to the SBV, grants, entrusted funds and loans exposed to risk, valuable papers issued, due from and loans to other credit institutions, loans to customers is determined based on the maturity date as stipulated in contracts. The actual maturity term may be altered because loan contracts may be extended;
- ▶ The maturity term of long-term investments is considered as more than five (5) years because these investments do not have specific maturity date;
- ▶ The maturity term of due to and borrowings from other credit institutions, derivatives other financial liabilities and due to customers are determined based on features of these items or the maturity date as stipulated in contracts. Vostro account and demand deposits are transacted as required by customers, and therefore, classified as current accounts. The maturity term of borrowings and term deposits is determined based on the maturity date in contracts. In practice, these amounts may be rolled over, and therefore, they may last beyond the original maturity date;
- ▶ The maturity term of fixed assets is determined based on the remaining useful life of the asset.

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48. MARKET RISK (continued)

48.3 Liquidity risk (continued)

The following table presents assets and liabilities maturity from the Bank and subsidiary at 30 June 2022.

	Overdue		Current					Total VND million
	Above 3 months VND million	Up to 3 months VND million	Up to 1 month VND million	1 – 3 months VND million	3 – 12 months VND million	1 – 5 years VND million	Above 5 years VND million	
Assets								
Cash and gold	-	-	939,296	-	-	-	-	939,296
Balances with the State Bank of Vietnam	-	-	3,940,254	-	-	-	-	3,940,254
Due from and loans to other credit institutions	-	-	19,069,363	4,721,009	159,241	78,565	-	24,028,178
Securities held for trading - gross	-	-	144,141	-	-	-	-	144,141
Derivatives and other financial assets	-	-	1,745	(5,006)	15,823	-	-	12,562
Loans to customers - gross	1,517,298	1,084,448	8,264,360	9,630,190	35,675,556	24,809,222	30,916,034	111,897,108
Investment securities - gross	-	-	-	199,972	4,421,019	4,532,791	15,489,728	24,643,510
Long-term investments - gross	-	-	-	-	-	-	125,800	125,800
Fixed assets	-	-	-	-	-	-	1,001,639	1,001,639
Investment properties	-	-	-	-	-	-	15,971	15,971
Other assets - gross	-	-	2,800,008	1,291,162	1,828,119	314,207	29,630	6,263,126
Total assets	1,517,298	1,084,448	35,159,167	15,837,327	42,099,758	29,734,785	47,578,802	173,011,585
Liabilities								
Borrowings from the State Bank of Vietnam	-	-	-	-	722	-	-	722
Due to and borrowings from other credit institutions	-	-	14,307,357	4,018,128	1,027	699,428	-	19,025,940
Due to customers	-	-	35,707,499	21,510,564	61,947,889	5,354,946	1,603	124,522,501
Grants, entrusted funds and loans exposed to risks	-	-	-	24	224	469,761	-	470,009
Valuable papers issued	-	-	-	1,028,400	4,027,060	5,064,653	1,511,580	11,631,693
Other liabilities	-	-	420,161	648,091	2,493,136	89,868	44,934	3,696,190
Total liabilities	-	-	50,435,017	27,205,207	68,470,058	11,678,656	1,558,117	159,347,055
Net liquidity gap	1,517,298	1,084,448	(15,275,850)	(11,367,880)	(26,370,300)	18,056,129	46,020,685	13,664,530

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48. MARKET RISK (continued)

48.4 Market price risk

Except for the assets and liabilities presented above, the Bank and its subsidiary have no other market price risks which have risk level accounting for 5% or more of net profit or the value of assets, liabilities accounting for 5% or more of total assets.

49. OPERATING LEASE COMMITMENTS

	30 June 2022 VND million	31 December 2021 VND million
Operating lease commitments	851,370	755,795
<i>In which:</i>		
- Due within one year	153,668	125,020
- Due from one to five years	494,664	450,572
- Due after five years	203,038	180,203

50. SUPPLEMENTAL NOTES TO FINANCIAL ASSETS AND FINANCIAL LIABILITIES

On 6 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") which is effective for financial years beginning on or after 1 January 2011.

The Circular 210 only provides for the presentation and disclosures of financial instruments; therefore, the concepts of financial assets, financial liabilities and related concepts are applied solely for the supplemental presentation as requirements of Circular 210. Assets, liabilities and equity of the Bank and its subsidiary have been recognized and measured in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and the statutory requirements relevant to preparation and presentation of the interim consolidated financial statements.

Financial assets

Financial assets of the Bank and its subsidiary within the scope of Circular 210 comprise cash and gold, balances with the State Bank of Vietnam, due from and loans to other credit institutions, loans to customers, held-for-trading and investment securities, receivables and other assets under currency derivative contracts.

According to Circular 210, financial assets are classified appropriately, for the purpose of disclosure in the interim consolidated financial statements, into one of the following categories:

► *A financial asset at fair value through the interim consolidated income statement*

Is a financial asset that meets either of the following conditions:

- It is classified as held-for-trading. A financial asset is classified as held for trading. A financial asset is classified as held-for-trading if:
 - ✓ It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - ✓ There is evidence of recent actual pattern of short-term profit-taking; or
 - ✓ It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument);

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50. SUPPLEMENTAL NOTES TO FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Financial assets (continued)

► *A financial asset at fair value through the interim consolidated income statement* (continued)

- b) Upon initial recognition, it is designated by the Bank and its subsidiary as at fair value through interim consolidated income statement.

► *Held-to-maturity investments:*

Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank and its subsidiary intend and is able to hold to maturity, except:

- a) Financial assets that, at the time of initial recognition, have been classified as a recognized group at their fair value through the interim consolidated statement of income;
- b) Financial assets are classified as available-for-sale;
- c) Financial assets are satisfied the definitions of loans and receivables.

► *Loans and receivables:*

Are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than:

- a) Those that the Bank and its subsidiary intend to sell immediately or in the near term, which shall be classified as held for trading, and those that the Bank and its subsidiary upon initial recognition designate as at fair value through interim consolidated income statement;
- b) Those that the Bank and its subsidiary upon initial recognition designate as available for sale; or
- c) Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

► *Available for sale assets:*

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

- a) Loans and receivables;
- b) Held-to-maturity investments;
- c) Financial assets at fair value through interim consolidated income statement.

Financial liabilities

Financial liabilities of the Bank and its subsidiary under the Circular 210 consist of borrowings from the Government and the State Bank of Vietnam, deposits and borrowings from other banks, due to customers, grants, entrusted funds and loans exposed to risks, valuable papers issued by the Bank and its subsidiary, payables and other liabilities under monetary derivative contracts.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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50. SUPPLEMENTAL NOTES TO FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Financial liabilities (continued)

According to Circular 210, financial liabilities are classified appropriately, for the purpose of disclosure in the interim consolidated financial statements, into one of the following categories:

► *Financial liabilities at fair value through interim consolidated income statement*

Is a financial liability that meets either of the following conditions:

- a) It is classified as held for trading. A financial liability is classified as held for trading if:
 - ✓ It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - ✓ There is evidence of a recent actual pattern of short-term profit-taking; or
 - ✓ It is a derivative (except for a derivative that is a financial guarantee contract or designated and effective hedging instrument).
- b) Upon initial recognition it is designated by the Bank and its subsidiary as at fair value through interim consolidated income statement.

► *Financial liabilities at amortized cost.*

Financial liabilities which are not categorised as at fair value through interim consolidated income statement will classified as financial liabilities at amortised cost.

Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and reported at the net amount in the interim consolidated statement of financial position if, and only if, the Bank and its subsidiary have an enforceable legal right to offset financial assets against financial liabilities and the Bank and its subsidiary have intention to settle on a net basis, or the realization of the assets and settlement of liabilities is made simultaneously.

Determine the fair value of financial instruments

The fair value of cash and short-term deposits approximate their carrying value due to short term maturity of these items.

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50. SUPPLEMENTARY NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The carrying amount and fair value of the Bank and its subsidiary's financial assets and liabilities are presented as at 30 June 2022 as follows:

	Carrying amount					Fair value VND million
	Trading VND million	Held to maturity VND million	Loan and receivable VND million	Available-for- sale VND million	Other assets and liabilities at amortized cost VND million	Total VND million
Financial assets						
Cash and gold	-	-	-	-	939,296	939,296
Balances with the State Bank of Vietnam	-	-	-	-	3,940,254	3,940,254
Due from and loans to other credit institutions	-	-	289,885	-	23,738,293	24,028,178
Securities held for trading	122,441	-	-	-	-	122,441
Derivatives and other financial assets	-	-	-	-	12,562	12,562
Loans to customers	-	-	110,479,919	-	-	110,479,919
Investment securities	-	12,420,463	-	11,806,719	-	24,227,182
Long-term investments	-	-	-	125,800	-	125,800
Other assets	-	-	5,880,655	-	-	5,880,655
	122,441	12,420,463	116,650,459	11,932,519	28,630,405	169,756,287
Financial liabilities						
Borrowings from the State Bank of Vietnam	-	-	-	-	722	722
Due to and borrowings from other credit institutions	-	-	-	-	19,025,940	19,025,940
Due to customers	-	-	-	-	124,522,501	124,522,501
Grants, entrusted funds and loans exposed to risks	-	-	-	-	470,009	470,009
Valuable papers issued	-	-	-	-	11,631,693	11,631,693
Other liabilities	-	-	-	-	3,409,326	3,409,326
	-	-	-	-	159,060,191	159,060,191

(*) As Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and related regulations of the State Bank of Vietnam have no specific guidance on the fair value determination, the fair value of these items cannot be determined.

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51. EVENTS AFTER THE INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATE

There is no matter or circumstance that has arisen since 30 June 2022 that requires adjustment or disclosure in the interim consolidated financial statements of the Bank and its subsidiary.

52. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VIETNAM DONG AT THE END OF THE PERIOD

	30 June 2022 VND	31 December 2021 VND
USD	23,270	22,920
EUR	24,271	25,832
GBP	28,234	30,809
CAD	18,022	17,921
SGD	16,725	16,902
AUD	16,059	16,573
CHF	24,276	24,989
JPY	170.71	198.08
HKD	2,969	2,927
KRW	18.31	19.40
Gold SJC (ounce)	6,855,000	6,135,000

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12 August 2022