

Nam A Commercial Joint Stock Bank

Separate financial statements

For the year ended 31 December 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 44th times on 3 January 2023 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 31 December 2022, the Bank had one (1) representative office, one (1) business center, one hundred and sixteen (116) 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 year and as at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment/resignation</i>
Mr. Tran Ngo Phuc Vu	Chairman	Appointment on 9 December 2022
	Vice Chairman	Resignation on 9 December 2022
Mr. Tran Ngoc Tam	Vice Chairman	Appointment on 9 December 2022
Ms. Vo Thi Tuyet Nga	Vice Chairman	Appointment on 9 December 2022
	Member	Resignation on 9 December 2022
Mr. Nguyen Duc Minh Tri	Member	Appointment on 9 December 2022
Ms. Nguyen Thi Thanh Dao	Member	Appointment on 9 December 2022
Ms. Le Thi Kim Anh	Independent Member	Appointment on 9 December 2022
Mr. Nguyen Quoc Toan	Chairman	Resignation on 9 December 2022
Mr. Phan Dinh Tan	Vice Chairman	Resignation on 9 December 2022
Mr. Nguyen Quoc My	Vice Chairman	Resignation on 9 December 2022
Ms. Do Anh Thu	Independent Member	Resignation on 9 December 2022

THE BOARD OF SUPERVISION

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

<i>Name</i>	<i>Position</i>	<i>Date of appointment/resignation</i>
Mr. Nguyen Vinh Loi	Chief Supervisor	Appointment on 9 December 2022
Ms. Nguyen Thuy Van	Member	Appointment on 9 December 2022
Ms. Do Thi Hong Tram	Member	Appointment on 9 December 2022
Ms. Trieu Kim Can	Chief Supervisor	Resignation on 9 December 2022
Ms. Nguyen Thi Thuy Van	Member	Resignation on 9 December 2022

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 year and as at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment/resignation</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
Mr. Hoang Viet Cuong	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
Mr. Vo Hoang Hai	Deputy Chief Executive Officer	Appointment on 8 December 2022
Ms. Ho Nguyen Thuy Vy	Deputy Chief Executive Officer	Appointment on 2 February 2023
Ms. Nguyen Thi My Lan	Chief Accountant	Appointment on 22 March 2016
Ms. Vo Thi Tuyet Nga	Deputy Chief Executive Officer	Resignation on 8 December 2022
Mr. Nguyen Danh Thiet	Deputy Chief Executive Officer	Resignation on 2 February 2023
Mr. Le Quang Quang	Deputy Chief Executive Officer	Resignation on 13 February 2023

LEGAL REPRESENTATIVE

The legal representative of the Bank from 1 January 2022 to 8 December 2022 is Mr. Nguyen Quoc Toan, Chairman.

The legal representative of the Bank from 9 December 2022 to the date of this report is Mr. Tran Ngo Phuc Vu, Chairman.

Mr. Tran Ngoc Tam - Chief Executives Officer was authorized by Mr. Tran Ngo Phuc Vu - Chairman of the Board of Directors to sign the accompanying separate financial statements for the year ended 31 December 2022 in accordance with the Power of Attorney No. 01A/2023/QĐQT-NHNA dated 3 January 2023.

AUDITOR

The auditor of the Bank is 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 separate financial statements of the Bank for the year ended 31 December 2022.

THE BOARD OF MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

The Board of Management of the Bank is responsible for the separate financial statements of each financial year which give a true and fair view of the separate financial position of the Bank and of the separate income statement and its separate cash flows for the year. In preparing those separate 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, subject to any material departures disclosed and explained in the separate financial statements; and
- ▶ prepare the separate financial statements on the going basis unless it is inappropriate to presume that the Bank 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 separate financial position of the Bank and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding assets of the Bank 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 separate financial statements.

STATEMENT BY THE BOARD OF MANAGEMENT

The Board of Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Bank as at 31 December 2022 and of the separate income statement and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Accounting System for Credit Institutions and the statutory requirements relevant to preparation and presentation of the separate financial statements.

The Bank has also prepared the consolidated financial statements of the Bank for the year ended 31 December 2022. Users of the separate financial statements should read them together with the consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated income statement and consolidated cash flows of the Bank and its subsidiary.

On behalf of the Board of Management



Mr. Tran Ngoc Tam
Chief Executive Officer

Ho Chi Minh City, Vietnam

28 February 2023

Reference: 60758135/66608275-R

INDEPENDENT AUDITORS' REPORT

**To: The Shareholders of
Nam A Commercial Joint Stock Bank**

We have reviewed the accompanying separate financial statements of Nam A Commercial Joint Stock Bank ("the Bank"), as prepared on 28 February 2023 and set out on pages 6 to 79 which comprise the separate statement of financial position as at 31 December 2022, the separate income statement and the separate cash flows statement for the year 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 separate financial statements in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and the statutory requirements relevant to preparation and presentation of separate financial statements, and for such internal control as the Board of Management determines is necessary to enable the preparation and presentation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Bank as at 31 December 2022, and of the results of its separate operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and other statutory requirements relevant to the preparation and presentation of the separate financial statements.

Other matter

The separate financial statements of the Bank for the year ended 31 December 2021 were audit by another audit firm which expressed an unmodified opinion on those separate financial statements on 1 March 2022.

Ernst & Young Vietnam Limited



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



Vu Tien Dung
Auditor
Audit Practicing Registration Certificate
No. 3221-2020-004-1

Ho Chi Minh City, Vietnam

28 February 2023

Nam A Commercial Joint Stock Bank

SEPARATE STATEMENT OF FINANCIAL POSITION
as at 31 December 2022

B02/TCTD

	Notes	Ending balance VND million	Beginning balance VND million
ASSETS			
Cash and gold	4	1,062,738	1,001,628
Balances with the State Bank of Vietnam	5	1,975,334	5,131,299
Due from and loans to other credit institutions		23,905,527	17,770,233
Due from other credit institutions	6,1	23,220,381	17,540,348
Loans to other credit institutions	6,2	685,146	229,885
Securities held for trading	7	-	127,921
Securities held for trading		-	144,141
Provision for securities held for trading		-	(16,220)
Derivatives and other financial assets	8	104,949	-
Loans to customers		118,294,112	101,370,504
Loans to customers	9	119,538,340	102,653,266
Provision for loans to customers	10,1	(1,244,228)	(1,282,762)
Investment securities		25,658,747	22,858,438
Available-for-sale securities	11,1	13,492,370	9,990,857
Held-to-maturity securities		12,853,817	13,173,557
Provision for investment securities	11,5	(687,440)	(305,976)
Long-term investments		174,800	215,280
Investments in subsidiary	12,1	100,000	100,000
Other long-term investments	12,2	74,800	115,280
Fixed assets		1,041,788	981,701
<i>Tangible fixed assets</i>	<i>13,1</i>	<i>518,209</i>	<i>507,288</i>
Cost		1,104,979	1,023,765
Accumulated depreciation		(586,770)	(516,477)
<i>Financial lease fixed assets</i>	<i>13,2</i>	<i>99,955</i>	<i>58,803</i>
Cost		133,752	80,800
Accumulated depreciation		(33,797)	(21,997)
<i>Intangible fixed assets</i>	<i>13,3</i>	<i>423,624</i>	<i>415,610</i>
Cost		575,554	556,094
Accumulated amortization		(151,930)	(140,484)
Other assets		5,411,511	3,831,705
Receivables	14,1	2,260,176	686,860
Interest and fees receivables	14,2	2,727,847	2,811,443
Other assets	14,3	450,111	349,946
Provision for other assets	14,4	(26,623)	(16,544)
TOTAL ASSETS		177,629,506	153,288,709

Nam A Commercial Joint Stock Bank

SEPARATE STATEMENT OF FINANCIAL POSITION (continued)
as at 31 December 2022

B02/TCTD

	<i>Notes</i>	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
LIABILITIES			
Debts to the State Bank of Vietnam	15	612	996
Due to and borrowings from the Government and the State Bank of Vietnam		612	996
Due to and borrowings from other credit institutions		21,343,599	15,622,295
Due to other credit institutions	16.1	20,279,048	13,071,047
Borrowings from other credit institutions	16.2	1,064,551	2,551,248
Due to customers	17	125,075,632	115,402,066
Derivatives and other financial liabilities	8	-	3,112
Grants, entrusted funds and loans exposed to risks	18	951,230	464,623
Valuable papers issued	19	12,383,663	10,360,103
Other liabilities		5,253,500	3,439,182
Interest and fees payable	20.1	3,159,064	2,371,439
Other payables	20.2	2,094,436	1,067,743
TOTAL LIABILITIES		165,008,236	145,292,377
OWNERS' EQUITY			
Capital		10,036,613	5,305,711
Charter capital		8,464,347	5,134,405
Fund for capital expenditure		10	10
Share premium		1,572,231	171,271
Other		25	25
Reserves		1,022,904	749,285
Retained earnings		1,561,753	1,941,336
TOTAL OWNERS' EQUITY	22	12,621,270	7,996,332
TOTAL LIABILITIES AND OWNERS' EQUITY		177,629,506	153,288,709

Nam A Commercial Joint Stock Bank

SEPARATE STATEMENT OF FINANCIAL POSITION (continued)
as at 31 December 2022

B02/TCTD

OFF SEPARATE STATEMENT OF FINANCIAL POSITION ITEMS

	Notes	Ending balance VND million	Beginning balance VND million
Foreign exchange commitments	34	17,916,749	13,340,102
- Cross currency swap contracts		17,916,749	13,340,102
Letters of credit	34	7,953,409	932,115
Other guarantees	34	885,819	1,047,175
Interest and receivable fees not yet collected	35	1,264,852	1,232,653
Written-off debts	36	1,709,121	1,347,895
Assets and other documents	37	12,450,285	6,165,997
		42,180,235	24,065,937

Prepared by:



Ms. Quan Hue Nghi
General Accountant

Reviewed by:



Ms. Nguyen Thi My Lan
Chief Accountant

Approved by:



Mr. Tran Ngoc Tam
Chief Executive Officer

Ho Chi Minh City, Vietnam

28 February 2023

Nam A Commercial Joint Stock Bank

SEPARATE INCOME STATEMENT
for the year ended 31 December 2022

B03/TCTD

	Notes	Current year VND million	Previous year VND million
Interest and similar income	23	12,966,350	11,052,115
Interest and similar expenses	24	(7,872,076)	(6,791,357)
Net interest and similar income		5,094,274	4,260,758
Fee and commission income		402,724	280,534
Fee and commission expenses		(127,905)	(72,926)
Net fee and commission income	25	274,819	207,608
Net gain from trading of foreign currencies	26	57,046	45,872
Net gain from investment securities	27	119,367	272,811
Other operating income		319,679	23,529
Other operating expenses		(17,411)	(15,341)
Net gain from other operating activities	28	302,268	8,188
Income from investments in other entities	29	106,470	5,671
TOTAL OPERATING INCOME		5,954,244	4,800,908
TOTAL OPERATING EXPENSES	30	(2,824,467)	(2,223,410)
Net profit before provision for credit losses		3,129,777	2,577,498
Provision expense for credit losses	10	(863,393)	(779,852)
PROFIT BEFORE TAX		2,266,384	1,797,646
Current corporate income tax expense	21.1	(458,508)	(363,283)
Corporate income tax expenses		(458,508)	(363,283)
PROFIT AFTER TAX		1,807,876	1,434,363

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

28 February 2023

Nam A Commercial Joint Stock Bank

SEPARATE CASH FLOWS STATEMENT
for the year ended 31 December 2022

B04/TCTD

	<i>Notes</i>	<i>Current year VND million</i>	<i>Previous year VND million</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		13,060,358	10,884,895
Interest and similar payments		(7,118,671)	(6,833,366)
Net fee and commission receipts		272,749	205,964
Net receipts from trading of securities, gold and foreign currencies		183,324	341,884
Other income		(9,607)	(8,575)
Recoveries from bad debts written-off previously		310,599	15,726
Payments to employees and other operating expenses		(2,868,130)	(1,919,547)
Corporate income tax paid during the year	21	(448,665)	(410,491)
Net cash flows from operating profit before changes in operating assets and liabilities		3,381,957	2,276,490
Changes in operating assets			
(Increase)/decrease in due from and loans to other credit institutions		(455,261)	9,344
Increase in investment securities		(2,670,605)	(2,881,493)
Increase in derivatives and other financial assets		(104,949)	-
Increase in loans to customers		(17,252,101)	(9,997,713)
Utilization of provision to write-off loans to customers, securities and long-term investments		(539,551)	(97,723)
(Increase)/decrease in other assets		(1,032,060)	36,667
Changes in operating liabilities			
Decrease in borrowings from the State Bank of Vietnam		(384)	(258)
Increase/(decrease) in due to and borrowings from other credit institutions		5,694,501	(3,469,492)
Increase in due to customers		9,673,566	17,083,233
Increase in valuable paper issued		2,023,560	3,402,790
Increase/(decrease) in grants, entrusted funds and loans exposed to risks		486,607	(7,744)
Decrease in derivatives and other financial liabilities		(3,112)	(2,459)
Increase in other liabilities		1,036,830	344,315
Net cash from operating activities		238,998	6,695,957
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(632,796)	(96,896)
Proceeds from disposal of fixed assets		1,288	1,156
Proceeds from investments in other entities		140,800	-
Dividends received from long-term investments		6,150	5,671
Net cash used in investing activities		(484,558)	(90,069)

Nam A Commercial Joint Stock Bank

SEPARATE CASH FLOWS STATEMENT (continued)
for the year ended 31 December 2022

B04/TCTD

	Notes	Current year VND million	Previous year VND million
CASH FLOWS FROM FINANCING ACTIVITY			
Increase in charter capital from capital contribution and/or share issuance		2,830,960	-
Dividends distributed to shareholders		(222)	(540)
Net cash from/(used in) financing activities		2,830,738	(540)
Net change of cash for the year		2,585,178	6,605,348
Cash and cash equivalents at the beginning of the year	31	23,673,275	17,067,927
Cash and cash equivalents at the end of the year	31	26,258,453	23,673,275

Prepared by:



Ms. Quan Hue Nghi
General Accountant

Reviewed by:



Ms. Nguyen Thi My Lan
Chief Accountant

Approved by:



Mr. Tran Ngoc Tam
Chief Executive Officer

Ho Chi Minh City, Vietnam

28 February 2022

Nam A Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
as at 31 December 2022 and for the year then ended

B05/TCTD

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 ("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 44th times on 3 January 2023 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 31 December 2022 is VND8,464,346,610,000 (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 31 December 2022, the Bank had one (1) representative office, one (1) business center, one hundred and sixteen (116) branches and transaction offices located in cities and provinces throughout Vietnam.

Subsidiary

As at 31 December 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 nineteenth (19) times on 16 January 2023	Debt management and asset mining	100%

Employees

The Bank's total number of employees as at 31 December 2022 was 4,601 persons (as at 31 December 2021: 3,852 persons).

Nam A Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

B05/TCTD

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Board of Management of the Bank confirms that the accompanying separate 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 separate financial statements.

2.2 Purpose of preparing the separate financial statements

The Bank has subsidiary as disclosed in *Note 1* and *Note 12.1*. The Bank prepared the separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular No. 27/2021/TT-NHNN issued by SBV dated 31 December 2021, Circular No. 49/2014/TT-NHNN issued by SBV dated 31 December 2014, Decision No. 16/2007/QĐ-NHNN issued by SBV dated 18 April 2007 and Circular No. 96/2020/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Bank has also prepared the consolidated financial statements of the Bank for the year ended 31 December 2022. ("consolidate financial statements").

Users of the separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated income statement and consolidated cash flows of the Bank.

2.3 Accounting standards and system

The separate financial statements of the Bank 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 – 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 separate financial statements, including 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 separate financial position, separate income statement and separate cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

Nam A Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

B05/TCTD

2. BASIS OF PREPARATION (continued)

2.3 Accounting standards and system (continued)

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 separate financial statements reporting mechanism for credit institutions that are not shown in these separate financial statements indicate nil balance.

2.4 Fiscal year

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

2.5 Accounting currency

The separate financial statements are prepared in Vietnam dong ("VND"). For the presentation of the separate financial statements as at 31 December 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 the separate financial statements on the Bank's separate financial position, its separate income statement and its separate cash flows.

2.6 Assumptions and uses of estimates

The preparation of the separate 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 in preparation of the separate financial statements are consistent with those followed in the preparation of the separate financial statements for the year ended 31 December 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;
- ▶ 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Changes in accounting policies and disclosures (continued)

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, construction 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 year.

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 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 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 year.

Provision for credit losses of loans to customers is presented separately as one (1) line in the separate 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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NOTES TO THE SEPARATE 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*

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, Sub-standard, Doubtful and Loss based on status out of date. Debts classified as Sub-standard, Doubtful and Loss are considered bad debt.

General provision as at 31 December 2022 is made at 0.75% of total outstanding loans as at 31 December 2022 excluding due from and loans to other credit institutions and loans classified as loss.

The specific provision for debts as at 31 December 2022 is made based on the principal balance less discounted value of collaterals multiplied by provision rates which are determined based on the debt classifications as at 31 December 2022. The basis for value and discounted value determination for each type of collateral is specified in Circular 11.

The specific provision rates for each group are presented as follows:

<i>Loan group</i>		<i>Description</i>	<i>Specific provision rate</i>
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%

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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
3	Sub-standard	<ul style="list-style-type: none"> (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%
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%

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NOTES TO THE SEPARATE 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)

Loan group		Description	Specific provision rate
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%

If a customer has more than one debt with the Bank 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 Credit Information Center ("CIC") list, the Bank must adjust the debt classification results according to CIC list.

When the Bank 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.

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NOTES TO THE SEPARATE 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)

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

The Bank 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 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 are allowed to restructure the repayment term for these debts and retain the latest debt classification as before 23 January 2020.

From 17 May 2021, the Bank 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 are allowed to restructure the repayment term, exempt or reduce interest and/or fees, and retain debt classification as follows:

<i>Disbursement date</i>	<i>Payment obligation due</i>	<i>Overdue status</i>	<i>Overdue date</i>	<i>Principle of debt classification retention</i>
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 17/5/2021	Retain the latest debt classification as before overdue transferring date

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NOTES TO THE SEPARATE 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)

3.5.2 *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 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 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 make debt classification and provision in accordance with Circular 11.

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 determines the additional specific provision to be made for all outstanding loans of customers which are restructured, exempted interest and reduced interest in accordance with Circular 03 according to the following formula: $C = A - B$

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 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 separate income statement and are used to deal with bad debts. According to Circular 11, the Bank 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 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 then receives the special bonds issued by VAMC.

Upon the sale of loans to VAMC, the Bank 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 uses annual specific provisions for special bonds to write off bad debts and recognizes the difference between provision for credit loss and the remaining outstanding loan balance/bond value in "Other income" of the separate income statement.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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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 make provision for securities held for trading if there is substantial evidence indicating a decline in the value of these investment at separate statement of financial position date. Provision for diminution is recognized to the separate 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 separate income statement.

Interest and dividends derived from securities held for trading are recognized on cash basis in the separate 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 transfers substantially all the risks and rewards of ownership of these securities.

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 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 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 before the purchasing date (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.

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

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

3.8.1 *Classification and recognition* (continued)

In subsequent periods, these securities are continuously recorded at par value, and the discount/premium (if any) is amortized to the separate 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 of the Bank 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 separate 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 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. 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.

During the holding period, the Bank 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Held-to-maturity investment securities (continued)

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 separate 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.

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 separate financial statements. The corresponding cash received is recognized in the separate statement of financial position as a liability item. The difference between the sale price and repurchase price is recognized to the separate income statement using contract interest rate.

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

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

3.11 Other long-term investments

3.11.1 Investments in subsidiary

Investments in subsidiary are carried at cost in the separate financial statements of the Bank. Dividends received from profit after tax of subsidiary is recognized as income of the separate income statement.

Provisions for diminution in value of investments in subsidiary are made for each impaired investment and are subject to revision at statement of financial position date. Provision for investments in subsidiary is made when the investments are impaired due to the losses incurred by subsidiary. Increase or decrease of provision balance is recognized in "Other operating income/expenses".

3.11.2 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 other long-term investment is made when there is substantial evidence indicating a decline in the value of these investments at the separate 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 separate financial statements announced by the Stock Exchange is lower than the carrying value of the securities at the end of accounting year.

In other cases, provision for diminution in the value of long-term investment is made if the invested economic organizations experience losses. Provision for diminution is calculated according to the following formula:

$$\begin{array}{ccccccc} & & \text{Actual rate of} & & \text{Parties' actual} & & \text{Actual equity} \\ & & \text{charter capital (\%)} & & \text{investment capital at} & & \text{capital of} \\ \text{Level of} & & \text{of the enterprise at} & & \text{the business} & & \text{business} \\ \text{provision for} & = & \text{an business} & \times & \text{organization receiving} & - & \text{organization at} \\ \text{investment} & & \text{organization at the} & & \text{capital contribution at} & & \text{the time of} \\ & & \text{time of making the} & & \text{the time of making the} & & \text{making the} \\ & & \text{provision} & & \text{provision} & & \text{provision} \end{array}$$

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.

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 expenditures for maintenance and repairs are charged to the separate 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 separate income statement.

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 capitalized in the separate 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 separate income statement over the lease term to achieve a constant rate on interest on the remaining balance of the finance lease liability.

Capitalized 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 separate income statement in "Other operating expenses" on a straight-line basis over the lease term.

Income from operating leases is recognized in "Other operating income" in the separate statement of income on a straight-line basis over the lease term.

3.14 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 fixed assets	4 - 10 years
Software	3 - 8 years
Land use right	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.

3.15 Other receivables

3.15.1 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 in accordance with the regulations on recognition and use of provision presented in Note 3.5.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Other receivables (continued)

3.15.2 Other receivables

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

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 in "Other operating expenses" of the separate income statement during the year.

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%

3.16 Prepaid expenses

Prepaid expenses include the short-term prepaids or long-term prepaids on the separate 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.

3.17 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 separate 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".

3.18 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.

3.19 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 do not have to make provisions for off-statement of financial position commitments.

3.20 Fiduciary assets

Assets in entrusted assets management of the Bank are not recognized as the Bank's assets hence will not be included in the separate financial statements.

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

3.21 *Derivative financial instruments*

The Bank involves 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.

Currency forward contract

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 separate 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 separate statement of financial position. The difference is amortized to the separate income statement on straight-line basis over the forward contract period.

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 separate statement of financial position. The difference will be amortized on a straight-line basis over the life of the swap contract to the separate income statement.

3.22 *Capital*

3.22.1 *Ordinary shares*

Ordinary shares are classified as equity.

3.22.2 *Share premium*

The Bank records 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.

3.22.3 *Funds and reserves*

The Bank has set up the following reserved funds 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 follow:

	% 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 specified

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 SEPARATE FINANCIAL STATEMENTS (continued)
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.23 Recognition of income and expense

Interest income and interest expenses

Interest income and interest expenses are recognized in the separate 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 separate income statement. Suspended interest income is reversed and monitored off-statement of financial position and recognized in the separate 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 separate income statement when the Bank has 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 separate income statement.

Other income

Other income is recognized on cash basis.

According to Circular 16/2018/TT-BTC dated 7 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 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 shall account them for as income in the separate income statement.

3.24 Corporate income tax

Current corporate income tax

Current income tax assets and liabilities for the current and prior years 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 separate statement of financial position date.

Current income tax is charged or credited to the separate 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 to set off current tax assets against current tax liabilities and when the Bank intends to settle its current tax assets and liabilities on a net basis.

The tax returns of the Bank 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 separate financial statements could be changed at a later date upon final determination by the tax authorities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.25 Foreign currency transactions

In accordance with the accounting system of the Bank, 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 separate statement of financial position (Note 47). 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 translation of monetary assets and liabilities from foreign currency to VND in the year are recognized and followed in the "Foreign exchange differences" under "Owners' Equity" section and will be transferred to the separate income statement at the end of the financial year.

3.26 Offsetting

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

3.27 Employee benefits

3.27.1 Post-employment benefits

Post-employment benefits are paid to retired employees of the Bank by the Social Insurance Agency, which belongs to the Ministry of Labor, Invalids and Social Affairs. The Bank 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 to 30 June 2022). Besides, the Bank have no further obligation of post-employee benefits.

3.27.2 Voluntary resignation benefits

Under Article 46 of Labor Code No. 45/2019/QH14 effective from 1 January 2021, The Bank 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 year up to the resignation date.

3.27.3 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 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.

3.28 Segment reporting

A segment is a component determined separately by the Bank 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. Bank's business segment is derived mainly from business segment.

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

3.29 Related parties

Parties are considered to be related parties of the Bank 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 other party are under common control or under common significant influence. Related parties can be enterprises or individuals, including close members of their families.

4. CASH AND GOLD

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Cash on hand in VND	949,151	850,531
Cash on hand in foreign currencies	111,748	149,103
Monetary gold	1,839	1,994
	1,062,738	1,001,628

5. BALANCES WITH THE STATE BANK OF VIETNAM

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
In VND	1,875,739	5,022,618
In foreign currencies	99,595	108,681
	1,975,334	5,131,299

Balances with the State Bank of Vietnam include settlement and compulsory reserve. The average balances of the Bank 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:

	<i>31 December 2022 % p.a.</i>	<i>31 December 2021 % p.a.</i>
<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

Nam A Commercial Joint Stock Bank

NOTES TO THE SEPARATE 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:

	31 December 2022 % p.a.	31 December 2021 % p.a.
Within compulsory reserve in VND	0.50	0.50
Within compulsory reserve in 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

	Ending balance VND million	Beginning balance VND million
Demand deposits	10,907,581	9,959,388
- In VND	10,568,253	9,214,417
- In foreign currencies	339,328	744,971
Term deposits	12,312,800	7,580,960
- In VND	10,322,000	2,699,000
- In foreign currencies	1,990,800	4,881,960
	23,220,381	17,540,348

The interest rates of deposits at other credit institutions at year-end are as follows:

	31 December 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	2.50 - 8.80	1.50 - 3.50
- In foreign currencies	4.10 - 4.90	0.25 - 0.60

6.2 Loans to other credit institutions

	Ending balance VND million	Beginning balance VND million
In VND	685,146	229,885

Including loans to three people's credit funds under specially supervision following the direction of the State Bank of Vietnam at 0% interest rate (2021: 0%) with the amount of VND289,885 million (31 December 2021: VND229,885 million).

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

6.2 Loans to other credit institutions (continued)

The interest rates of loans at other credit institutions at year-end are as follows:

	31 December 2022 % p.a.	31 December 2021 % p.a.
Loans to other credit institutions		
In VND	0.00 - 11.00	0.00

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

	Ending balance VND million	Beginning balance VND million
Current	12,997,946	7,810,845
Term deposits	12,312,800	7,580,960
Loans	685,146	229,885

7. SECURITIES HELD FOR TRADING

	Ending balance VND million	Beginning balance VND million
Equity securities		
Issued by other domestic credit institutions	-	103,369
Issued by domestic economic entities	-	40,772
	-	144,141
Provision for securities held for trading		
Diminution provision	-	(16,220)
	-	127,921

The status of securities held for trading are as follows:

	Ending balance VND million	Beginning balance VND million
Unlisted	-	144,141

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

	Ending balance VND million	Beginning balance VND million
Beginning balance	16,220	16,220
Decrease during in year	(16,220)	-
Ending balance	-	16,220

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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8. DERIVATIVES AND OTHER FINANCIAL ASSETS/LIABILITIES

	<i>Total contract nominal value (at contractual exchange rate) VND million</i>	<i>Total carrying value (at exchange rate as at reporting date)</i>	
		<i>Assets VND million</i>	<i>Liabilities VND million</i>
Currency derivative instruments as at 31 December 2022			
Forward contracts	3,278,959	28,566	-
Swap contracts	8,958,149	76,383	-
	12,237,108	104,949	-
Net amount		104,949	
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)

9. LOANS TO CUSTOMERS

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Loans to domestic economic entities and individuals	119,538,108	102,635,521
Loans by grants and entrusted funds	232	1,474
Loans for discounted commercial notes and valuable papers	-	16,271
	119,538,340	102,653,266

The interest rates of loans to customer at year-end are as follows:

	<i>31 December 2022 % p.a.</i>	<i>31 December 2021 % p.a.</i>
In VND	4.80 - 25.00	3.90 - 25.00
In foreign currencies	3.20 - 7.30	3.00 - 5.10

9.1 Analysis of loans by quality

According to the Bank's loan classification at the end of the financial year as follows:

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Current	114,575,338	99,023,365
Special mention	3,351,764	2,016,764
Substandard	159,761	321,506
Doubtful	131,749	192,739
Loss	1,319,728	1,098,892
	119,538,340	102,653,266

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

9.1 Analysis of loans by quality (continued)

According to CIC's loan classification at the end of the financial year as follows:

	Ending balance VND million	Beginning balance VND million
Current	114,017,677	99,023,365
Special mention	3,575,428	2,016,764
Substandard	131,947	321,506
Doubtful	237,337	192,739
Loss	1,575,951	1,098,892
	119,538,340	102,653,266

9.2 Analysis of loans by original terms

	Ending balance VND million	Beginning balance VND million
Short-term	62,493,606	49,743,605
Medium-term	21,893,368	24,798,591
Long-term	35,151,366	28,111,070
	119,538,340	102,653,266

9.3 Analysis of loans by type of customers and ownership

	Ending balance		Beginning balance	
	VND million	%	VND million	%
Corporate loans	92,868,899	77.69	77,576,160	75.57
Other limited companies	47,750,561	39.95	39,448,587	38.42
Other joint stock companies	45,053,766	37.69	38,039,741	37.06
Cooperatives and inter-cooperatives	10,886	0.01	3,715	0.00
Private companies	4,532	0.00	332	0.00
Joint-foreign-invested enterprises	76	0.00	-	0.00
One-member limited liability companies of which 100% charter capital is held by the State	-	-	15,864	0.02
Others	49,078	0.04	67,921	0.07
Loans to individuals	26,669,441	22.31	25,077,106	24.43
	119,538,340	100	102,653,266	100

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

9.4 Analysis of loans by industry

	Ending balance		Beginning balance	
	VND million	%	VND million	%
Trading, repair of motor vehicles, motorcycles and other vehicles	37,639,806	31.49	22,993,805	22.41
Hotels and accommodation services	18,790,483	15.72	22,398,666	21.82
Activities of households as employers, undifferentiated goods and services producing activities of households for own use	13,579,432	11.36	13,123,162	12.78
Construction	12,031,681	10.07	12,142,802	11.83
Agriculture, forestry and fisheries	10,346,815	8.66	7,908,396	7.70
Electricity, gas, steam and air conditioning supply	9,484,311	7.93	11,326,319	11.03
Real estate trading and consulting services	8,602,831	7.20	6,569,527	6.40
Manufacturing and processing	3,706,926	3.10	2,774,895	2.70
Arts, entertainment and recreation	3,532,132	2.95	2,158,871	2.10
Transportation and warehousing	1,271,120	1.06	561,702	0.55
Mining exploration	188,154	0.16	281,422	0.27
Science and technology activities	124,836	0.10	134,813	0.13
Finance services, banking and insurance activities	85,455	0.07	88,722	0.09
Water supply; sewerage, waste management and remediation activities	55,129	0.05	58,168	0.06
Others	33,561	0.03	70,539	0.07
Administrative activities and supporting service	31,330	0.03	30,483	0.03
Health and social support activities	23,613	0.02	6,882	0.01
Information and communication	5,505	0.00	9,108	0.01
Education and training	5,220	0.00	14,984	0.01
	119,538,340	100	102,653,266	100

10. PROVISION FOR CREDIT LOSSES

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

	Note	Ending balance VND million	Beginning balance VND million
Provision for loans to customers	10.1	1,244,228	1,282,762
Provision expense for special bonds issued by VAMC	11.5	637,815	275,439
Provision for credit risk receivables	14.4	4,075	4,075
		1,886,118	1,562,276

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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10. PROVISION FOR CREDIT LOSSES (continued)

10.1 Provision for loans to customers

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

	<i>Specific provision VND million</i>	<i>General provision VND million</i>	<i>Total VND million</i>
1 January 2022	521,104	761,658	1,282,762
Provision charged to during the year	377,957	123,060	501,017
Provision used to write-off bad debts during the year	(165,357)	-	(165,357)
Provision used to debts sell to VAMC	(374,194)	-	(374,194)
31 December 2022	359,510	884,718	1,244,228

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

	<i>Specific provision VND million</i>	<i>General provision VND million</i>	<i>Total VND million</i>
1 January 2021	208,999	642,348	851,347
Provision charged to during the year	409,828	119,310	529,138
Provision used to write-off bad debts during the year	(96,883)	-	(96,883)
Provision used to debts sell to VAMC	(840)	-	(840)
31 December 2021	521,104	761,658	1,282,762

Nam A Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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11. INVESTMENT SECURITIES

11.1 Available-for-sale securities

	Ending balance VND million	Beginning balance VND million
Debt securities		
Government bonds (a)	3,573,245	5,207,436
Bonds and deposit certificates issued by other domestic credit institutions (b)	7,450,000	2,400,045
Bonds issued by domestic economic entities (c)	2,324,984	2,383,376
	13,348,229	9,990,857
Equity securities		
Equity securities issued by other domestic credit institutions	103,369	-
Equity securities issued by domestic economic entities	40,772	-
	144,141	-
	13,492,370	9,990,857
Provision for available-for-sale securities	(49,625)	(29,037)
Diminution provision	(32,188)	(11,162)
General provision	(17,437)	(17,875)
	13,442,745	9,961,820

- (a) Government bonds have term from eleven (11) years to thirty (30) years and bear interest at rates from 2.70% p.a. to 7.80% p.a., interest is paid annually.
- (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 7.20% p.a., interest is paid semi-annually and annually. Deposit certificates issued by other credit institutions have term from seven (7) months to eighteen (18) months and earn interest at rates from 4.00% p.a. to 9.50% p.a., interest is paid semi-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.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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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:

	Ending balance VND million	Beginning balance VND million
Debt securities		
Listed	3,573,245	5,207,436
Unlisted	9,774,984	4,783,421
	13,348,229	9,990,857
Equity securities		
Unlisted	144,141	-
	144,141	-

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

	Ending balance VND million	Beginning balance VND million
Government bonds (a)	10,083,992	10,522,954
Bonds issued by other domestic credit institutions (b)	1,025,605	1,073,410
Bonds issued by other domestic economic institutions	-	200,000
	11,109,597	11,796,364
Provision for held-to-maturity investment securities		
General provision	-	(1,500)
	11,109,597	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 6.30% p.a., interest is paid annually.

(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.

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

	Ending balance VND million	Beginning balance VND million
Debt securities		
Listed	11,109,597	11,571,364
Unlisted	-	225,000
	11,109,597	11,796,364

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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11. INVESTMENT SECURITIES (continued)

11.3 Special bonds issued by VAMC

	Ending balance VND million	Beginning balance VND million
Par value of special bonds	1,744,220	1,377,193
Provision expense for special bonds issued by VAMC	(637,815)	(275,439)
	1,106,405	1,101,754

These are special bonds issued by Vietnam Asset Management Company ("VAMC") to purchase bad debts of the Bank. 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:

	Current year VND million	Previous year VND million
Beginning balance	1,377,193	1,950,033
Increase during in year	1,730,269	73,834
Settlement during the year	(1,363,242)	(646,674)
Ending balance	1,744,220	1,377,193

11.4 Analysis of securities classified as credit risk assets by quality

	Ending balance VND million	Beginning balance VND million
Bonds issued by domestic economic entities		
Current	2,324,984	2,583,376

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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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:

	Current year VND million	Previous year 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 year		
Available for sale securities	20,588	24,249
Held to maturity securities (excluded special bonds issued by VAMC)	(1,500)	150
Special bonds issued by VAMC	362,376	275,439
	381,464	299,838
31 December 2022		
Available for sale securities	49,625	29,037
Held to maturity securities	-	1,500
Special bonds issued by VAMC	637,815	275,439
	687,440	305,976

12. LONG-TERM INVESTMENTS

	Ending balance VND million	Beginning balance VND million
Investments in subsidiary	100,000	100,000
Other long-term investments	74,800	115,280
	174,800	215,280

12.1 Investments in subsidiary

Breakdown of investments in subsidiary are as follow:

	Ending balance		Beginning balance	
	Cost VND million	Ownership (%)	Cost VND million	Ownership (%)
Nam A Bank Asset Management Company Limited	100,000	100	100,000	100

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12. LONG-TERM INVESTMENTS (continued)

12.2 Other long-term investments

Breakdown of long-term investments are as follow:

	<u>Ending balance</u>	<u>Beginning balance</u>
	<u>Cost</u>	<u>Cost</u>
	<u>VND million</u>	<u>VND million</u>
Beta Securities Incorporation	74,800	74,800
Others Joint Stock Company	-	40,480
	<u>74,800</u>	<u>115,280</u>

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13. FIXED ASSETS

13.1 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	354,278	196,963	35,305	14,099	1,023,765
New purchases	-	8,344	63	102	77	8,586
Transfer from constructions in progress	-	56,640	25,820	1,055	1,020	84,535
Disposal	(440)	(3,586)	(11,717)	(663)	(394)	(16,800)
Transfer from financial lease fixed assets	-	-	4,983	-	-	4,983
Decrease in year	-	-	-	(90)	-	(90)
31 December 2022	422,680	415,676	216,112	35,709	14,802	1,104,979
Accumulated depreciation						
31 December 2021	143,729	203,301	128,266	29,374	11,807	516,477
Depreciation for the year	15,701	41,991	21,774	2,132	1,351	82,949
Transfer from financial lease fixed assets	-	-	4,222	-	-	4,222
Disposal	(440)	(3,574)	(11,717)	(663)	(394)	(16,788)
Other decreases	-	-	-	(90)	-	(90)
31 December 2022	158,990	241,718	142,545	30,753	12,764	586,770
Net book value						
31 December 2021	279,391	150,977	68,697	5,931	2,292	507,288
31 December 2022	263,690	173,958	73,567	4,956	2,038	518,209

Cost of fully depreciated tangible fixed assets that are still in use as at 31 December 2022 is VND273,986 million (31 December 2021: VND233,088 million).

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13. FIXED ASSETS

13.2 Financial lease fixed assets

	<i>Vehicles</i> <i>VND million</i>
Cost	
31 December 2021	80,800
Increase in year	38,781
Transfer from construction in progress	19,154
Transfer to intangible fixed assets	(4,983)
31 December 2022	133,752
Accumulated depreciation	
31 December 2021	21,997
Depreciation for the year	16,022
Transfer to intangible fixed assets	(4,222)
31 December 2022	33,797
Net book value	
31 December 2021	58,803
31 December 2022	99,955

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

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13. FIXED ASSETS (continued)

13.2 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
New purchases	-	-	3,892	3,892
Transfer from constructions in progress	-	-	15,568	15,568
31 December 2022	44,788	356,378	174,388	575,554
Accumulated amortization				
31 December 2021	3,304	-	137,180	140,484
Amortization for the year	1,304	-	10,142	11,446
31 December 2022	4,608	-	147,322	151,930
Net book value				
31 December 2021	41,484	356,378	17,748	415,610
31 December 2022	40,180	356,378	27,066	423,624

Cost of fully amortized intangible fixed assets that are still in use as at 31 December 2022 is VND140,937 million (31 December 2021: VND76,461 million).

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14 OTHER ASSETS

14.1 Receivables

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Receivables in fast money transfer	1,448,455	434,298
Constructions in progress (i)	531,950	42,867
Deposit, mortgage, pledge (ii)	125,606	119,354
Operating advances	70,120	17,737
Receivables from debt trading	46,065	46,065
Receivables from card payment activities	16,799	20,143
Others	21,181	6,396
	2,260,176	686,860

(i) Constructions in progress include:

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Purchase of houses and offices (*)	516,208	16,478
Machinery and equipment	8,928	26,302
Transportation vehicles	6,285	-
Purchase of other assets	529	87
	531,950	42,867

(*) As at the reporting date, the Bank has completed the procedures for transferring ownership and recognizing the fixed assets of the Bank.

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

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Beginning balance	42,867	31,111
Increase in the year	608,340	67,885
Transfer to tangible fixed assets	(84,535)	(48,902)
Transfer to intangible fixed assets	(15,568)	-
Transfer to finance lease fixed assets	(19,154)	(7,227)
Ending balance	531,950	42,867

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

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14. OTHER ASSETS (continued)

14.2 Interest and fees receivables

	Ending balance VND million	Beginning balance VND million
Interest receivable from credit activities	2,090,552	2,239,283
Interest receivable from available-for-sale investment securities	369,241	342,783
Interest receivable from held-to-maturity investment securities	192,602	208,131
Interest receivable from deposits	46,841	3,312
Interest receivable from forward contracts	15,224	763
Interest receivable from swap contracts	13,387	17,171
	2,727,847	2,811,443

14.3 Other assets

	Ending balance VND million	Beginning balance VND million
Prepaid expenses (i)	387,126	288,554
Foreclosed assets awaiting resolution (ii)	48,803	48,803
Tools and supplies	14,182	12,589
	450,111	349,946

(i) Prepaid expenses include:

	Ending balance VND million	Beginning balance VND million
Property rental and repair costs	290,224	212,382
Expenses for purchasing tools	38,654	27,028
Cost of waiting for distribution of prepaid deposit interest	29,410	9,910
Others	28,838	39,234
	387,126	288,554

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

	Ending balance VND million	Beginning balance VND million
Shares	48,803	48,803

Nam A Commercial Joint Stock Bank

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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14. OTHER ASSETS (continued)

14.4 Provision for other assets

Provision for other assets include:

	Ending balance VND million	Beginning balance VND million
Provision for credit losses	4,075	4,075
<i>Specific provision</i>	4,075	4,075
Provision for diminution	22,548	12,469
	26,623	16,544

Changes of provision for other assets in the year are as follows:

	Current year VND million	Previous year VND million
Beginning balance	16,544	47,121
Diminution provision/(reversal) charged in the year	10,079	(5,852)
Reversal provision for credit losses	-	(24,725)
Ending balance	26,623	16,544

15. DEBTS TO THE STATE BANK OF VIETNAM

	Ending balance VND million	Beginning balance VND million
Borrowing under credit facilities	612	996

16. DUE TO AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

16.1 Due to other credit institutions

	Ending balance VND million	Beginning balance VND million
Demand deposits	9,034,648	9,048,287
In VND	9,034,648	9,048,287
Term deposits	11,244,400	4,022,760
In VND	10,012,000	2,235,000
In foreign currencies	1,232,400	1,787,760
	20,279,048	13,071,047

The interest rates applicable to due to other credit institutions at year-end are as follows:

	31 December 2022 % p.a.	31 December 2021 % p.a.
Term deposits in VND	2.60 - 8.80	1.50 - 3.50
Term deposits in foreign currencies	4.30 - 5.00	0.35 - 0.60

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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16. DUE TO AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS (continued)

16.2 Borrowings from other credit institutions

	Ending balance VND million	Beginning balance VND million
Borrowings from other credit institutions		
In VND	64,629	1,361,896
Pledge or mortgage	-	1,324,070
Finance leases	64,629	37,826
In foreign currencies	999,922	1,189,352
	1,064,551	2,551,248

The interest rates applicable to borrowings from other credit institutions at year-end are as follows:

	31 December 2022 % p.a.	31 December 2021 % p.a.
In VND	8.95 - 12.15	1.40 - 9.45
In foreign currencies	0.75 - 7.72	0.75 - 3.65

17. DUE TO CUSTOMERS

17.1 Analysis by type of deposits

	Ending balance VND million	Beginning balance VND million
Demand deposits	8,271,076	10,490,542
Demand deposits in VND	8,053,398	9,944,187
Demand deposits in foreign currencies	200,630	534,516
Demand savings deposits in VND	16,176	9,624
Demand savings deposits in foreign currencies	872	2,215
Term deposits	116,476,253	104,550,553
Term deposits in VND	18,154,181	20,303,736
Term deposits in foreign currencies	57,265	67,759
Term savings deposits in VND	97,508,099	83,200,342
Term savings deposits in foreign currencies	756,708	978,716
Deposits for specific purposes	76,654	58,494
Deposits for specific purposes in VND	63,428	54,960
Deposits for specific purposes in foreign currencies	13,226	3,534
Margin deposits	251,649	302,477
Margin deposits in VND	251,649	302,477
	125,075,632	115,402,066

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17. DUE TO CUSTOMERS (continued)

17.1 Analysis by type of deposits (continued)

Annual interest rates applicable to customer deposits are as follows:

	31 December 2022 % p.a.	31 December 2021 % p.a.
Demand deposits in VND	0.00 - 1.00	0.00 - 0.20
Demand savings deposits in VND	1.00	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	1.00 - 12.00	0.20 - 8.80
Term savings deposits in VND	0.00 - 13.10	0.20 - 8.85
Term deposits in foreign currencies	0.00	0.00
Term savings deposits in foreign currencies	0.00	0.00

17.2 Analysis by customers and type of business

	Ending balance VND million	Beginning balance VND million
Deposits from economic entities	21,695,120	25,032,294
Other joint stock companies	8,403,218	12,434,211
Other limited companies	4,881,549	5,517,334
Public administrative units, agencies of the Communist Party, unions and associations	3,540,130	3,138,777
One-member limited liability companies of which 100% charter capital is held by the State	2,850,446	2,150,057
State-owned companies	941,000	537,882
Joint-foreign-invested enterprises	579,587	343,536
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	405,709	823,559
Partnership	34,117	23,862
Cooperatives and inter-cooperatives	32,872	21,861
Private companies	26,492	41,215
Deposits from individuals	101,983,707	88,128,497
Others	1,396,805	2,241,275
	125,075,632	115,402,066

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18. GRANTS, ENTRUSTED FUNDS AND LOANS EXPOSED TO RISKS

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
In VND (i)	3,230	6,223
In foreign currencies (ii)	948,000	458,400
	951,230	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 4 to 7 years and bearing annual interest rate at 4.33% (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.

19. VALUABLE PAPERS ISSUED

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Certificate of deposits over 1 year	11,883,663	9,660,103
Bonds over 1 year	500,000	700,000
	12,383,663	10,360,103

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

	<i>31 December 2022 %/p.a.</i>	<i>31 December 2021 %/p.a.</i>
Certificate of deposits over 1 year	3.90 - 11.70	3.70 - 8.60
Bonds having term over 1 year	4.10 - 7.80	5.80 - 7.80

20. OTHER LIABILITIES

20.1 Interest and fees payable

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
•		
Interest on saving deposits	2,239,118	1,653,382
Interest on deposits	426,789	341,508
Interest on valuable papers	455,364	356,247
Interest on swap contracts	19,617	8,950
Interest on borrowings	9,032	7,753
Interest on forward contracts	6,959	2,906
Interest on grants, entrusted funds	2,185	693
	3,159,064	2,371,439

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20. OTHER LIABILITIES (continued)

20.2 Other payables

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Internal payables	284,663	302,736
Payables to employees	258,518	289,839
Bonus and welfare fund	26,145	12,897
External payables	1,809,773	765,007
Payables to fast remittance transaction	1,518,204	571,106
Taxes and other payables to the State Budget	120,004	94,589
Payments pending in payment operations	55,755	1,811
Payables related to card payment services	38,116	27,676
Unearned income from insurance brokerage activities	31,752	33,501
Cash held in trust and waiting for settlement	16,542	13,009
Union payables	6,265	7,744
Dividends	4,092	4,314
Other unearned income	1,587	2,173
Others	17,456	9,084
	2,094,436	1,067,743

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

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Beginning balance	12,897	7,130
Appropriation in year	13,898	8,291
Utilization during the year	(650)	(2,524)
Ending balance	26,145	12,897

21. STATUTORY OBLIGATIONS

		<i>Movement during the year</i>		
	<i>31 December 2021 VND million</i>	<i>Payables VND million</i>	<i>Paid VND million</i>	<i>31 December 2022 VND million</i>
Value added tax	2,128	17,869	(18,343)	1,654
Corporate income tax	77,216	458,508	(448,665)	87,059
Other taxes	15,245	160,727	(144,681)	31,291
Personal income tax	14,497	154,580	(139,422)	29,655
Withholding tax	748	6,032	(5,144)	1,636
License tax	-	115	(115)	-
	94,589	637,104	(611,689)	120,004

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21. STATUTORY OBLIGATIONS (continued)

21.1 Current corporate income tax

The Bank has the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits for the current year (previous year: 20%).

The Bank's 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 separate 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 year. Taxable income differs from profit as reported in the consolidate income statement since it excludes taxable income or deductible expenses in prior years due to the differences between the Bank'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 year.

Current CIT during the year is calculated as follows:

	Current year VND million	Previous year VND million
Profit before tax	2,266,384	1,797,646
At applicable CIT tax rate of 20%	453,276	359,529
<i>Adjustments to decrease:</i>		
- Income from untaxable dividends	(1,230)	(1,134)
<i>Adjustments to increase:</i>		
- Non-deductible expenses	6,462	4,888
Estimated CIT expenses for the year	458,508	363,283

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22. OWNERS' EQUITY

The movement of the equity is presented below:

	Charter capital VND million	Share premium VND million	Others VND million	Fund for capital expenditure VND million	Reserves of credit institutions VND million	Retained earnings VND million	Total VND million
1 January 2022	5,134,405	171,271	25	10	749,285	1,941,336	7,996,332
Increase in the year	3,329,942	1,400,960	-	-	-	(1,899,942)	2,830,960
Net profit for the year	-	-	-	-	-	1,807,876	1,807,876
Appropriation to reserves	-	-	-	-	273,619	(273,619)	-
Appropriation to bonus and welfare funds	-	-	-	-	-	(13,898)	(13,898)
31 December 2022	8,464,347	1,572,231	25	10	1,022,904	1,561,753	12,621,270

During the year, the Bank 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 financial year ended 31 December 2022, the Bank issued additional: (i) 143,000,000 shares to offer to the investor; (ii) 122,990,459 shares to pay dividends and (iii) 67,003,698 shares to increase share capital from equity. Accordingly, the Bank increased its charter capital by VND3,329,941,570,000 from VND5,134,405,040,000 to VND8,464,346,610,000. This new charter capital level has been confirmed by the competent authorities in the following documents:

- ▶ 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;
- ▶ Decision No. 913/QĐ-NHNN dated 22 May 2022 of State Bank of Vietnam;
- ▶ Official Letter No. 7171/UBCK-QLCB dated 27 October 2022 of the State Securities Commission approving the results of the share issuance to pay dividends and increase share capital from the equity capital of Nam A Commercial Joint Stock Bank; and
- ▶ Business Registration Certificate amended for 43rd time on 12 December 2022 issued by Department of Planning and Investment of Ho Chi Minh City.

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22. OWNER'S EQUITY (continued)

The movement of the Bank's reserves during the year are presented below:

Items	Financial reserve VND million	Capital supplementary reserve VND million	Other reserve VND million	Total VND million
1 January 2022	494,750	248,108	6,427	749,285
Appropriation to reserves	180,787	90,394	2,438	273,619
31 December 2022	675,537	338,502	8,865	1,022,904

Details of the Bank's shares are as follows:

	31 December 2022 Shares	31 December 2021 Shares
Number of registered shares	846,434,661	513,440,504
Number of shares issued		
- Ordinary shares	846,434,661	513,440,504
Number of shares repurchased		
- Ordinary shares	-	-
Number of outstanding shares		
- Ordinary shares	846,434,661	513,440,504

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

	Current year VND million	Previous year VND million
Beginning balance	513,440,504	456,446,843
Issued to pay dividends	122,990,459	56,993,661
Issued from owner's equity	67,003,698	-
Issued private shares	143,000,000	-
Ending balance	846,434,661	513,440,504

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23. INTEREST AND SIMILAR INCOME

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Interest income from loans to customers and other credit institutions	11,520,471	10,124,646
Interest income from investing securities	1,016,244	716,980
Interest income from deposit	278,661	69,430
Interest income from guarantee services	14,402	11,255
Other income from credit activities	136,572	129,804
	12,966,350	11,052,115

24. INTEREST AND SIMILAR EXPENSES

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Interest expense on deposits	6,986,907	6,112,739
Interest expense on valuable papers	720,520	563,120
Interest expense on borrowings	85,627	52,684
Interest expense on finance lease	75,010	59,546
Expenses for other credit activities	4,012	3,268
	7,872,076	6,791,357

25. NET FEES AND COMMISSION INCOME

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Fees and commission income	402,724	280,534
Settlement services	174,788	94,605
Insurance brokerage fees	70,793	51,438
Property rental service	33,797	39,364
Asset preservation services	31,857	30,511
Consulting service	26,610	27,375
Treasury services	3,569	3,030
Others	61,310	34,211
Fees and commission expenses	(127,905)	(72,926)
Settlement services	(117,730)	(64,700)
Treasury services	(4,010)	(2,448)
Consulting service	(3,674)	(4,168)
Others	(2,491)	(1,610)
	274,819	207,608

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26. NET GAIN FROM TRADING OF FOREIGN CURRENCIES

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Income from foreign exchange	289,332	107,085
Income from spot foreign exchange	193,869	86,247
Income from currency derivatives	95,194	20,623
Income from gold trading	269	215
Expense from foreign exchange	(232,286)	(61,213)
Expense from spot foreign exchange	(139,296)	(40,520)
Expense from currency derivatives	(92,935)	(20,688)
Expense from gold trading	(55)	(5)
	57,046	45,872

27. NET GAIN FROM INVESTMENT SECURITIES

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Income from dealing of investment securities	122,296	297,215
Expenses from dealing of investment securities	(61)	(5)
Provision charged for available-for-sale securities	(4,368)	(24,249)
Provision reversed/(charged) for held-to-maturity securities	1,500	(150)
	119,367	272,811

28. NET GAIN FROM OTHER OPERATING ACTIVITIES

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Other operating income	319,679	23,529
Recovery of debts previously written off	310,599	15,726
Income from disposals of fixed assets	1,276	1,037
Other income	7,804	6,766
Other operating expenses	(17,411)	(15,341)
Sponsoring expense	(13,896)	-
Other expenses	(3,515)	(15,341)
	302,268	8,188

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29. INCOME FROM INVESTMENTS IN OTHER ENTITIES

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Long-term investments	106,438	5,520
Equity investment	32	-
Equity trading	-	151
	106,470	5,671

30. OPERATING EXPENSES

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Personnel expenses	1,514,586	1,319,469
- Salary and allowances	1,375,589	1,206,513
- Salary-related allowances	81,645	66,185
- Allowances	57,352	46,771
Depreciation expenses on fixed assets	110,417	108,626
Operating expenses	1,199,464	795,315
- General management	308,468	220,555
- Office rental	227,509	176,061
- Advertising, marketing, promotion and entertainment	205,550	81,798
- Repair and maintenance assets	168,723	123,578
- Insurance expenses for customer deposits	145,233	128,455
- Other assets expenses	37,573	29,469
- Union expenses	35,010	6,072
- Printing materials expenses	29,146	23,354
- Business trips expenses	16,114	4,654
- Provision charged/(reversal) expenses (excluding provision for credit losses, investment)	10,079	(6,784)
- Other expenses	16,059	8,103
	2,824,467	2,223,410

31. CASH AND CASH EQUIVALENTS

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

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Cash and gold	1,062,738	1,001,628
Balances with the State Bank of Vietnam	1,975,334	5,131,299
Due from and loans to other credit institutions with term of less than 3 months	23,220,381	17,540,348
	26,258,453	23,673,275

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32. EMPLOYEES' INCOME

	Current year VND million	Previous year VND million
I. Total number of employees (persons)	4,260	3,702
II. Employees' income (VND million)		
1. Total salary	1,375,589	1,206,513
2. Bonus	650	2,381
3. Total income (1+2)	1,376,239	1,208,894
4. Average monthly salary (VND million/person)	27	27
5. Average monthly income (VND million/person)	27	27

33. TYPES AND BOOK VALUE OF COLLATERALS

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

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

	Ending balance VND million	Beginning balance VND million
Real estate properties	143,755,095	116,480,416
Valuable papers	49,527,167	46,583,231
Movable assets	3,002,089	3,029,625
Other assets	42,950,064	36,396,720
	239,234,415	202,489,992

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

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

	Ending balance VND million	Beginning balance VND million
Valuable papers	7,762,032	4,932,147

34. CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of business, the Bank is 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 out of the items recognized in the separate statement of financial position.

Credit risk for off-statement of financial position financial instruments is defined as the possibility of sustaining a loss 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 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 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 as granting of a compulsory loan with a corresponding liability representing the financial obligation of the Bank to pay the beneficiaries and to fulfil the guarantor obligation.

The Bank requires 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.

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.

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

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Foreign exchange commitments	17,916,749	13,340,102
- Cross currency swap contracts	17,916,749	13,340,102
Letters of credit	7,953,409	932,115
- At sight letters of credit	-	808
- Deferred letters of credit	7,953,409	931,307
Other guarantees	899,503	1,066,273
- Settlement guarantee	512,013	733,402
- Contract performance guarantee	185,792	180,059
- Bid guarantee	29,936	12,114
- Other guarantees	171,762	140,698
	26,769,661	15,338,490
Less: Margin deposits	(13,684)	(19,098)
Contingent liabilities and commitments	26,755,977	15,319,392

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35. INTEREST AND RECEIVABLE FEES NOT YET COLLECTED

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

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Interest and receivable fees not yet collected	1,264,852	1,232,653

36. WRITTEN-OFF DEBTS

Details of outstanding written-off debts at the end of year are as follows:

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Debts that have been written-off and under monitoring	1,708,516	1,347,290
<i>Principal</i>	990,432	757,710
<i>Interest</i>	718,084	589,580
Others	605	605
	1,709,121	1,347,895

37. ASSETS AND OTHER DOCUMENTS

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

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Other assets kept for customers	4,061,204	2,471,016
Other valuable documents being preserved	8,389,081	3,694,981
	12,450,285	6,165,997

38. RELATED PARTY TRANSACTIONS

Related party transactions include all transactions undertaken with other entities to which the Bank is 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 if:

- (a) Directly, or indirectly through one or more intermediaries, the party:
 - controls, is controlled by, or is under common control with the Bank (including parents and subsidiary);
 - has an interest (owing 5% or more of the charter capital or voting share capital) in the Bank that gives it significant influence over the Bank;
 - has joint control over the Bank;
- (b) The party is a joint venture in which the Bank are ventures (owning over 11% of the charter capital or voting share capital but is not a subsidiary of the Bank);

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38. RELATED PARTY TRANSACTIONS (continued)

- (c) The party is a member of the key management personnel of the Bank or its parent Bank;
- (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).

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

(a) Subsidiary

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Interest expense for deposits	4,681	4,178
Other income	6	4
Expense from other activities	22,155	22,039

(b) Member of Board of Directors, Board of Supervision and Board of Managements and other related parties to these individuals

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Deposit/loan interest income	3,668	4,630
Interest expense on deposits	2,824	9,402
Salary and allowances of the Board of Directors	33,706	27,898
<i>In which:</i>		
- Mr. Tran Ngoc Tam	5,265	5,822
- Other members	28,441	22,076
Remuneration for members of the Board of Directors	6,536	6,240
<i>In which:</i>		
- Mr. Tran Ngo Phuc Vu	1,347	1,200
- Mr. Tran Ngoc Tam	37	-
- Ms. Vo Thi Tuyet Nga	747	600
- Mr. Nguyen Duc Minh Tri	147	-
- Ms. Nguyen Thi Thanh Dao	37	-
- Ms. Le Thi Kim Anh	37	-
- Mr. Nguyen Quoc Toan	1,696	1,800
- Mr. Phan Dinh Tan	1,131	1,200
- Mr. Nguyen Quoc My	1,131	1,200
- Ms. Do Anh Thu	226	240
Remuneration for members of the Board of Supervision	1,831	1,720

(c) Other related parties (*)

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Interest expense on deposits	2	41,087
Income from leasing activities	-	1,462
Lease expense	767	13,724
Income from other activities	12	28
Expense from other activities	2,166	2

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38. RELATED PARTY TRANSACTIONS (continued)

(*) Others related party include 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.

Receivables and payables with related parties at the end of the year as follow:

<i>Related party</i>	<i>Transactions</i>	<i>Current year VND million</i>	<i>Previous year VND million</i>
Subsidiary	Term deposits	(79,000)	(76,000)
	Demand deposits	(3,297)	(6,678)
	Accrual interest expense	246	196
Member of Board of Directors, Board of Supervision and Board of Managements and other related parties to these individuals	Deposits	(99,110)	(133,195)
	Loans	68,664	60,697
	Accrual interest income from deposit	(2,653)	(1,073)
	Accrual interest income from loans	407	331
	Other payables	-	(73)
Other related parties	Deposits	(27,421)	(554,958)
	Accrual interest income from deposit	(766)	(21,398)
	Other receivables	594	270

39. CONCENTRATION OF ASSETS, LIABILITIES AND OFF SEPARATE 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 31 December 2022	181,965,221	236,741	182,201,962
Due from and loans to other credit institutions	23,668,786	236,741	23,905,527
Loans to customers - gross	119,538,340	-	119,538,340
Derivative and financial instruments (Total transaction value amount to contract)	12,237,108	-	12,237,108
Trading and investment securities - gross	26,346,187	-	26,346,187
Long-term investments - gross	174,800	-	174,800
Liabilities at 31 December 2022	157,806,280	1,947,844	159,754,124
Due to and borrowings from other credit institutions	20,343,755	999,844	21,343,599
Due to customers	125,075,632	-	125,075,632
Grants, entrusted funds and loans exposed to risks	3,230	948,000	951,230
Valuable papers issued	12,383,663	-	12,383,663
Off separate statement of financial position commitments at 31 December 2022	26,755,977	-	26,755,977

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40. INFORMATION BY GEOGRAPHICAL REGIONS

Information on income and expenses of each segment by geographical area of the Bank as at 31 December 2022 and for the year then ended as follows:

	Northern VND million	Central VND million	South VND million	Total segment reported VND million	Eliminations VND million	Total VND million
Income	2,366,145	2,944,947	27,781,603	33,092,695	(18,885,843)	14,206,852
Interest income	2,334,696	2,901,911	26,615,586	31,852,193	(18,885,843)	12,966,350
Fee and commission income	18,120	40,136	344,468	402,724		402,724
Other operation income	13,329	2,900	821,549	837,778		837,778
Expense	(2,095,410)	(2,603,521)	(25,263,987)	(29,962,918)	18,885,843	(11,077,075)
Interest expense	(1,880,546)	(2,282,759)	(22,594,614)	(26,757,919)	18,885,843	(7,872,076)
Depreciation expense	(5,716)	(11,642)	(93,059)	(110,417)		(110,417)
Expense directly related to operation activities	(209,148)	(309,120)	(2,576,314)	(3,094,582)		(3,094,582)
Net operating profit before provision for credit losses	270,735	341,426	2,517,616	3,129,777		3,129,777
Provision for credit losses	857	6,464	(870,714)	(863,393)		(863,393)
Profit before tax	271,592	347,890	1,646,902	2,266,384		2,266,384

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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40. INFORMATION BY GEOGRAPHICAL REGIONS (continued)

Information on asset and liability of each segment by geographical area of the Bank as at 31 December 2022 and for the year then ended as follows:

	Northern VND million	Central VND million	South VND million	Total segment reported VND million	Eliminations VND million	Total VND million
ASSETS						
Cash and gold	109,107	205,484	748,147	1,062,738	-	1,062,738
Due from the State Bank of Vietnam	6,924	776	1,967,634	1,975,334	-	1,975,334
Due from and loans to other credit institutions	76	151	23,905,300	23,905,527	-	23,905,527
Derivatives and other financial assets	-	-	104,949	104,949	-	104,949
Loans to customers	1,884,061	11,432,061	104,977,990	118,294,112	-	118,294,112
Investment securities	-	294,885	25,363,862	25,658,747	-	25,658,747
Long-term investments	-	-	174,800	174,800	-	174,800
Fixed assets	19,654	134,267	887,867	1,041,788	-	1,041,788
Other assets	85,247	233,780	5,092,484	5,411,511	-	5,411,511
TOTAL ASSETS	2,105,069	12,301,404	163,223,033	177,629,506	-	177,629,506
LIABILITIES						
Borrowings from the State Bank of Vietnam	-	-	612	612	-	612
Due to and borrowings from other credit institutions	100	14,058	21,329,441	21,343,599	-	21,343,599
Due to customers	28,946,013	21,858,056	74,271,563	125,075,632	-	125,075,632
Grants, entrusted funds and loans exposed to risks	-	-	951,230	951,230	-	951,230
Valuable papers issued	1,416,203	2,496,564	8,470,896	12,383,663	-	12,383,663
Other liabilities	816,684	610,406	3,826,410	5,253,500	-	5,253,500
TOTAL LIABILITIES	31,179,000	24,979,084	108,850,152	165,008,236	-	165,008,236

41. FINANCIAL RISK MANAGEMENT

Risk is inherent in the Bank'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's continuing profitability and each individual within the Bank is accountable for the risk prevention within his or her responsibilities. The Bank are exposed to credit risk, liquidity risk and market risk (then being subdivided into trading and non-trading risks). The Bank is 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's policy is to monitor those business risks through the Bank'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.

(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's activities.

Risk Management Committee analyses and provides warnings on the potential risks that may affect the Bank'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 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.

(v) Internal Audit

According to the annual internal audit plan, business processes throughout the Bank is audited annually by the internal audit function, which examines both the adequacy of the procedures and compliance with the Bank'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'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 in compliance with the State Bank of Vietnam's regulations. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept.

41. 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.

For all levels throughout the Bank, 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 has actively used collateral to mitigate credit risk.

(viii) Excessive risk concentration

Concentrations arise when a number of counterparties of the Bank is 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's performance to the developments of a particular industry or geographic allocation.

In order to avoid excessive concentrations of risk, the Bank'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 in respect of the industries and other related factors.

42. CREDIT RISK

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

The Bank manages 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 has 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 balances 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 17.

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42. CREDIT RISK (continued)

42.1 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 separate financial statement, are listed below:

	Ending balance VND million	Beginning balance VND million
Credit risk exposures of off separate statement of financial position items		
Due from and loans to other credit institutions	23,905,527	17,770,233
Derivative financial instruments	104,949	-
Loans to customers		
- Individuals	26,669,441	25,077,106
- Corporates	92,868,899	77,576,160
Investment securities		
- Debt securities - available-for-sale	9,774,984	4,783,421
- Debt securities - held-to-maturity	1,025,605	1,273,410
Other financial assets	4,456,073	3,455,436
Credit risk exposures of off separate statement of financial position items		
Financial guarantees	899,503	1,066,273
Letters of credit	7,953,409	932,115

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

42.2 Financial assets neither past due nor impaired

The Bank'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 amended by Circular No. 24/2022/TT-BTC.

The Bank determines that the Bank has absolutely capacity to fully and timely recover these financial assets in the futures.

42.3 Financial assets past due but not impaired

The age of financial assets past due but not impaired as at 31 December 2022 is presented below:

	Past due				
	Less than 90 days VND million	From 91 to 180 days VND million	From 181 to 360 days VND million	More than 360 days VND million	Total VND million
Loans to customers	16,407	55,696	43,654	775,286	891,043

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

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43. MARKET RISK

43.1 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 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 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 separate financial statements to the nearest re-pricing date of interest rate or the 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'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 separate 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 separate statement of financial position date.

The following table presents the interest re-pricing period of the Bank's assets and liabilities as at 31 December 2022:

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43. MARKET RISKS (continued)

43.1 Interest rate risk (continued)

	Overdue VND million	Non-interest bearing VND million	Interest re-pricing year							Total 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	-	1,062,738	-	-	-	-	-	-	1,062,738	
Balances with the State Bank of Vietnam	-	-	1,975,334	-	-	-	-	-	1,975,334	
Due from and loans to other credit institutions	-	289,885	18,942,981	4,277,400	395,261	-	-	-	23,905,527	
Derivative and other financial assets	-	104,949	-	-	-	-	-	-	104,949	
Loans to customers - gross	4,963,002	-	32,445,729	70,031,086	7,600,295	2,813,096	1,645,132	40,000	119,538,340	
Investment securities - gross	-	1,888,361	400,000	2,587,384	3,087,600	2,630,125	1,659,715	14,093,002	26,346,187	
Long-term investments - gross	-	174,800	-	-	-	-	-	-	174,800	
Fixed assets	-	1,041,788	-	-	-	-	-	-	1,041,788	
Other assets - gross	-	5,438,134	-	-	-	-	-	-	5,438,134	
Total assets	4,963,002	10,000,655	53,764,044	76,895,870	11,083,156	5,443,221	3,304,847	14,133,002	179,587,797	
Liabilities										
Borrowings from the State Bank of Vietnam	-	-	612	-	-	-	-	-	612	
Due to and borrowings from other credit institutions	-	-	16,321,973	3,977,770	41,887	1,909	1,000,060	-	21,343,599	
Due to customers	-	-	28,274,249	22,135,664	41,292,080	26,779,822	6,592,252	1,565	125,075,632	
Grants, entrusted funds and loans exposed to risks	-	-	3,230	118,500	829,500	-	-	-	951,230	
Valuable papers issued	-	-	483,607	3,149,806	3,366,010	4,884,240	300,000	200,000	12,383,663	
Other liabilities	-	5,253,500	-	-	-	-	-	-	5,253,500	
Total liabilities	-	5,253,500	45,083,671	29,381,740	45,529,477	31,665,971	7,892,312	201,565	165,008,236	
In-statement of financial position interest sensitivity gap	4,963,002	4,747,155	8,680,373	47,514,130	(34,446,321)	(26,222,750)	(4,587,465)	13,931,437	14,579,561	

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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43. MARKET RISKS (continued)

43.1 Interest rate risk (continued)

Interest rate sensitivity

The Bank has not performed a sensitivity analysis for interest rates as at 31 December 2021 and at 31 December 2022 as there are currently no relevant specific guidelines and regulations of the State Bank of Vietnam and the State Bank of Vietnam and relevant authorities.

43.2 Currency risk

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

The Bank is 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 are denominated in VND, some are denominated in USD, EUR and gold. The Bank 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 47.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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43. MARKET RISKS (continued)

43.2 Currency risk (continued)

The following table presents assets and liabilities in foreign currencies converted into VND as at 31 December 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	6,541	94,497	1,839	10,710	113,587
Balances with the State Bank of Vietnam	-	99,595	-	-	99,595
Due from and loans to other credit institutions	6,981	2,316,706	-	6,441	2,330,128
Derivatives and other financial assets	-	1,327,200	-	-	1,327,200
Loans to customers - gross	-	776,486	-	-	776,486
Other assets - gross	-	21,817	-	-	21,817
Total assets	13,522	4,636,301	1,839	17,151	4,668,813
Liabilities					
Due to and borrowings from other credit institutions	-	2,232,322	-	-	2,232,322
Due to customers	12,096	1,009,915	-	6,690	1,028,701
Grants, entrusted funds and loans exposed to risks	-	948,000	-	-	948,000
Other liabilities	91	25,641	-	-	25,732
Total liabilities	12,187	4,215,878	-	6,690	4,234,755
Foreign exchange position on-statement of financial position	1,335	420,423	1,839	10,461	434,058
Foreign exchange position off-statement of financial position	-	-	-	-	-
Foreign exchange position on and off-statement of financial position	1,335	420,423	1,839	10,461	434,058

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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43. MARKET RISK (continued)

43.2 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 due to changes in exchange rates. Risk due to changes of exchange rates to other currencies of the Bank is not significant.

As at 31 December 2022	Assumed level of change %	Effects on increase/(decrease) profit after tax VND million
EUR	3%	32
EUR	(3%)	(32)
USD	3%	10,090
USD	(3%)	(10,090)
SJC	3%	44
SJC	(3%)	(44)

43.3 Liquidity risk

Liquidity risk is the risk which the Bank has difficulties in meeting the obligations of financial liabilities. Liquidity risk occurs when the Bank cannot afford to settle debt obligations at the due dates in the normal or stress conditions. To manage the liquidity risk exposure, the Bank has diversified the mobilization of deposits from various sources in addition to its basic capital resources. In addition, the Bank has established policy for control of liquidity assets flexibly, monitor the future cash flows and daily liquidity. The Bank has 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 separate 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's assets and liabilities:

- Balances with the SBV are classified as demand deposits which considered within one (1) month, include compulsory deposits;
- The maturity term 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 risks; 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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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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43. MARKET RISK (continued)

43.3 Liquidity risk (continued)

The following table presents assets and liabilities maturity from the Bank at 31 December 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	-	-	1,062,738	-	-	-	-	1,062,738	
Balances with the State Bank of Vietnam	-	-	1,975,334	-	-	-	-	1,975,334	
Due from and loans to other credit institutions	-	-	18,964,501	4,277,400	532,982	130,644	-	23,905,527	
Derivatives and other financial assets	-	-	35,823	32,456	36,670	-	-	104,949	
Loans to customers - gross	1,611,238	3,351,764	4,015,206	8,558,813	48,521,287	21,344,014	32,136,018	119,538,340	
Investment securities - gross	-	-	544,142	800,000	5,080,125	5,728,918	14,193,002	26,346,187	
Long-term investments - gross	-	-	-	-	-	-	174,800	174,800	
Fixed assets	-	-	-	-	-	-	1,041,788	1,041,788	
Other assets - gross	-	-	2,850,564	1,021,392	1,079,267	450,467	36,444	5,438,134	
Total assets	1,611,238	3,351,764	29,448,308	14,690,061	55,250,331	27,654,043	47,582,052	179,587,797	
Liabilities									
Borrowings from the State Bank of Vietnam	-	-	-	254	358	-	-	612	
Due to and borrowings from other credit institutions	-	-	16,311,696	3,967,400	340	1,064,163	-	21,343,599	
Due to customers	-	-	28,274,248	22,135,664	68,071,903	6,592,252	1,565	125,075,632	
Grants, entrusted funds and loans exposed to risks	-	-	-	12	616	950,602	-	951,230	
Valuable papers issued	-	-	-	-	6,378,325	4,500,068	1,505,270	12,383,663	
Other liabilities	-	-	970,807	938,114	3,220,527	87,729	36,323	5,253,500	
Total liabilities	-	-	45,556,751	27,041,444	77,672,069	13,194,814	1,543,158	165,008,236	
Net liquidity gap	1,611,238	3,351,764	(16,108,443)	(12,351,383)	(22,421,738)	14,459,229	46,038,894	14,579,561	

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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43. MARKET RISK (continued)

43.4 Market price risk

Except for the assets and liabilities presented above, the Bank has 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.

44. OPERATING LEASE COMMITMENTS

	Ending balance VND million	Beginning balance VND million
Operating lease commitments	932,567	755,795
<i>In which:</i>		
- Due within one year	166,299	125,020
- Due from one to five years	517,639	450,572
- Due after five years	248,629	180,203

45. 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 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 separate financial statements.

Financial assets

Financial assets of the Bank 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 separate financial statements, into one of the following categories:

► *A financial asset at fair value through the separate statement of income*

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).
- Upon initial recognition, it is designated by the entity as at fair value through separate income statement.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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45. SUPPLEMENTAL NOTES TO FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Financial assets (continued)

► *Held-to-maturity investments:*

Non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank intends 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 separate 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, not includes:

- a) Those that the Bank intend to sell immediately or in the near term, which shall be classified as held for trading, and those that the Bank upon initial recognition designate as at fair value through separate income statement;
- b) Those that the Bank 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 separate income statement.

Financial liabilities

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

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

Financial liabilities (continued)

According to Circular No. 210/2009/TT-BTC, financial liabilities are classified appropriately, for the purpose of disclosure in the separate financial statements, into one of the following categories:

► ***Financial liabilities at fair value through separate 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 as at fair value through separate income statement.

► ***Financial liabilities at amortized cost.***

Financial liabilities which are not categorized as at fair value through separate income statement will classified as financial liabilities at amortized cost.

Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and reported at the net amount in the separate statement of financial position if, and only if, the Bank has an enforceable legal right to offset financial assets against financial liabilities and the Bank has 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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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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45. SUPPLEMENTARY NOTE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The carrying amount and fair value of the Bank's financial assets and liabilities are presented as at 31 December 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	-	-	-	-	1,062,738	1,062,738
Balances with the State Bank of Vietnam	-	-	-	-	1,975,334	1,975,334
Due from and loans to other credit institutions	-	-	685,146	-	23,220,381	23,905,527
Derivatives and other financial assets	28,566	-	-	-	76,383	104,949
Loans to customers	-	-	118,294,112	-	-	118,294,112
Investment securities	-	12,216,002	-	13,442,745	-	25,658,747
Long-term investments	-	-	-	174,800	-	174,800
Other financial assets	-	-	4,456,073	-	-	4,456,073
	28,566	12,216,002	123,435,331	13,617,545	26,334,836	175,632,280
Financial liabilities						
Borrowings from the State Bank of Vietnam	-	-	-	-	612	612
Due to and borrowings from other credit institutions	-	-	-	-	21,343,599	21,343,599
Due to customers	-	-	-	-	125,075,632	125,075,632
Grants, entrusted funds and loans exposed to risks	-	-	-	-	951,230	951,230
Valuable papers issued	-	-	-	-	12,383,663	12,383,663
Other financial liabilities	-	-	-	-	1,638,974	1,638,974
	-	-	-	-	161,393,710	161,393,710

(*) 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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46. EVENTS AFTER THE SEPARATE FINANCIAL STATEMENT DATE

There is no matter or circumstance that has arisen since 31 December 2022 that requires adjustment or disclosure in the separate financial statements of the Bank.

47. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST VIETNAM DONG AT THE END OF THE YEAR

	31 December 2022 VND	31 December 2021 VND
USD	23,700	22,920
EUR	25,235	25,832
GBP	28,520	30,809
CAD	17,397	17,921
SGD	17,592	16,902
AUD	16,098	16,573
CHF	25,497	24,989
JPY	179.79	198.08
HKD	3,022	2,927
KRW	18.68	19.40
Gold SJC (ounce)	6,640,000	6,135,000

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Chief Executive Officer

Ho Chi Minh City, Vietnam

28 February 2023

