

Nam A Commercial Joint Stock Bank

Interim consolidated financial statements

For the six-month period ended 30 June 2023



Nam A Commercial Joint Stock Bank

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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 was incorporated under Banking Operation License No. 0026/NH-GP on 22 August 1992, issued by the State Bank of Vietnam ("SBV"). It obtained Establishment License No. 463/GP-UB on 1 September 1992, issued by the People's Committee of Ho Chi Minh City, as well as Business Registration Certificate No. 0300873215 on 1 September 1992. The Business Registration was subsequently amended 45 times, with the most recent amendment issued on 3 August 2023 by the Department of Planning and Investment of Ho Chi Minh City. The valid of operation period of the Bank is 99 years.

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

The Bank's Head Office is located at 201-203 Cach Mang Thang Tam Street, Ward 4, District 3, Ho Chi Minh City. As at 30 June 2023, the Bank had one (1) representative office, one (1) Business Center, one hundred and thirty nine (139) branches and transaction offices located in cities and provinces throughout Vietnam.

THE BOARD OF DIRECTORS

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

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Mr. Tran Ngo Phuc Vu	Chairman	Appointment 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
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

THE BOARD OF SUPERVISION

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

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
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

Nam A Commercial Joint Stock Bank

GENERAL INFORMATION (continued)

THE BOARD OF MANAGEMENT AND CHIEF ACCOUNTANT

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

<i>Name</i>	<i>Position</i>	<i>Date of appointment/re-appointment</i>
Mr. Tran Ngoc Tam	Chief Executive Officer	Re-appointment on 13 July 2023
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	Director of Finance Division	Appointment on 8 December 2022
	Chief Accountant	

LEGAL REPRESENTATIVE

The legal representative of the Bank during the period and as of 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 interim consolidated financial statements for the six-month period ended 30 June 2023 in accordance with the Power of Attorney No. 01A/2023/QDQT-NHNA dated 3 January 2023.

AUDITOR

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

Nam A Commercial Joint Stock Bank

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of Nam A Commercial Joint Stock Bank ("the Bank") is pleased to present this report and the interim consolidated financial statements of the Bank and its subsidiary for the six-month period ended 30 June 2023.

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

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

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

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

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

STATEMENT BY THE BOARD OF MANAGEMENT

The Board of Management of the Bank hereby states that, in its opinion, the accompanying interim consolidated financial statements give a true and fair view of the interim consolidated financial position of the Bank and its subsidiary as at 30 June 2023, the interim consolidated income statement and their interim consolidated cash flows for the six-month period then ended, which are in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions, and the statutory requirements relevant to the preparation and presentation of the interim consolidated financial statements.

On behalf of the Board of Management



Mr. Tran Ngoc Tam
Chief Executive Officer

Ho Chi Minh City, Vietnam

11 August 2023

Reference: 60758135/66984032-SX-HN

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

We have reviewed the accompanying interim consolidated financial statements of Nam A Commercial Joint Stock Bank ("the Bank") and its subsidiary, as prepared on 11 August 2023, and set out on pages 6 to 79, which comprise the interim consolidated statement of financial position as at 30 June 2023, the interim consolidated income statement, the interim consolidated cash flows statement for the six-month period then ended, and the accompanying notes.

The Board of Management's responsibility

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

Auditors' responsibility

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view, in all material respects, of the interim consolidated financial position of the Bank and its subsidiary as at 30 June 2023, and of the interim consolidated income statement, and interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions, and the statutory requirements relevant to the preparation and presentation of interim consolidated financial statements.

Ernst & Young Vietnam Limited



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

Ho Chi Minh City, Vietnam

11 August 2023

Nam A Commercial Joint Stock Bank

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2023

B02a/TCTD-HN

	<i>Notes</i>	<i>30 June 2023 VND million</i>	<i>31 December 2022 VND million</i>
ASSETS			
Cash and gold	4	1,066,331	1,062,738
Balances with the State Bank of Vietnam	5	13,542,188	1,975,334
Due from and loans to other credit institutions		25,924,496	23,905,527
Due from other credit institutions	6.1	23,134,611	23,220,381
Loans to other credit institutions	6.2	2,789,885	685,146
Derivatives and other financial assets	7	-	104,949
Loans to customers		127,884,291	118,294,112
Loans to customers	8	129,215,213	119,538,340
Provision for loans to customers	9.1	(1,330,922)	(1,244,228)
Investment securities		23,917,615	25,658,747
Available-for-sale securities	10.1	11,774,929	13,492,370
Held-to-maturity securities		12,961,092	12,853,817
Provision for investment securities	10.5	(818,406)	(687,440)
Long-term investments	11	85,320	85,320
Other long-term investments		85,320	85,320
Fixed assets		1,561,490	1,042,529
Tangible fixed assets	12	884,380	518,209
Cost		1,520,197	1,105,795
Accumulated depreciation		(635,817)	(587,586)
Financial leases fixed assets	13	97,677	100,696
Cost		139,550	134,573
Accumulated depreciation		(41,873)	(33,877)
Intangible fixed assets	14	579,433	423,624
Cost		736,353	575,554
Accumulated amortization		(156,920)	(151,930)
Investment properties	15	15,971	15,971
Cost		15,971	15,971
Other assets		6,207,434	5,433,507
Receivables	16.1	2,324,923	2,260,617
Interest and fees receivables	16.2	3,210,741	2,727,847
Other assets	16.3	697,366	471,666
Provision for other assets	16.4	(25,596)	(26,623)
TOTAL ASSETS		200,205,136	177,578,734

Nam A Commercial Joint Stock Bank

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
as at 30 June 2023

B02a/TCTD-HN

	Notes	30 June 2023 VND million	31 December 2022 VND million
LIABILITIES			
Debts to the Government and the State Bank of Vietnam	17	503	612
Due to and borrowings from the Government, the State Bank of Vietnam		503	612
Due to and borrowings from other credit institutions		21,157,600	21,344,036
Due to other credit institutions	18.1	19,864,624	20,279,048
Borrowings from other credit institutions	18.2	1,292,976	1,064,988
Due to customers	19	145,361,080	124,993,335
Derivatives and other financial liabilities	7	45,674	-
Grants, entrusted funds and loans exposed to risks	20	1,181,825	951,230
Valuable papers issued	21	12,625,853	12,383,663
Other liabilities		6,039,564	5,256,078
Interest and fees payable	22.1	4,408,252	3,158,821
Other payables	22.2	1,631,312	2,097,257
TOTAL LIABILITIES		186,412,099	164,928,954
OWNERS' EQUITY			
Capital		10,036,613	10,036,613
Charter capital		8,464,347	8,464,347
Fund for capital expenditure		10	10
Share premium		1,572,231	1,572,231
Other		25	25
Reserves		1,054,488	1,051,414
Foreign exchange differences		(43,612)	-
Retained earnings		2,745,548	1,561,753
TOTAL OWNERS' EQUITY	24	13,793,037	12,649,780
TOTAL LIABILITIES AND OWNERS' EQUITY		200,205,136	177,578,734

Nam A Commercial Joint Stock Bank

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
as at 30 June 2023

B02a/TCTD-HN

OFF-STATEMENT OF FINANCIAL POSITION ITEMS

	Notes	30 June 2023 VND million	31 December 2022 VND million
Foreign exchange commitments	37	40,354,568	17,916,749
- Cross currency swap contracts		39,947,321	17,916,749
- Spot foreign exchange commitments – buy		239,003	-
- Spot foreign exchange commitments – sell		168,244	-
Letters of credit	37	6,477,802	7,953,409
Other guarantees	37	5,539,303	885,819
Lending interest and receivable fees but not collected yet	38	1,502,212	1,264,852
Difficult to collect debts that have been settled	39	1,993,647	1,709,121
Assets and other documents	40	12,495,544	12,487,272
		68,363,076	42,217,222

Prepared by:



Ms. Quan Hue Nghi
General Accountant

Reviewed by:



Ms. Nguyen Thi My Lan
Director of Finance Division
Chief Accountant

Approved by:



Mr. Tran Ngoc Tam
Chief Executive Officer

Ho Chi Minh City, Vietnam

11 August 2023

Nam A Commercial Joint Stock Bank

INTERIM CONSOLIDATED INCOME STATEMENT
for the six-month period ended 30 June 2023

B03a/TCTD-HN

	Notes	For the six-month period ended 30 June 2023 VND million	For the six-month period ended 30 June 2022 VND million
Interest and similar income	26	9,503,723	5,930,105
Interest and similar expenses	27	(6,411,591)	(3,590,577)
Net interest and similar income		3,092,132	2,339,528
Fee and commission income		697,253	195,589
Fee and commission expenses		(325,894)	(45,019)
Net fee and commission income	28	371,359	150,570
Net gain from trading of foreign currencies	29	44,013	38,068
Net gain from securities held for trading	30	-	(5,480)
Net gain from investment securities	31	6,172	41,123
Other operating income		5,958	11,978
Other operating expenses		(5,569)	(3,584)
Net gain from other operating activities	32	389	8,394
TOTAL OPERATING INCOME		3,514,065	2,572,203
TOTAL OPERATING EXPENSES	33	(1,538,585)	(1,153,431)
Net profit before provision for credit losses		1,975,480	1,418,772
Provision expense for credit losses	9	(450,672)	(247,695)
PROFIT BEFORE TAX		1,524,808	1,171,077
Current corporate income tax expense	23.1	(308,332)	(235,717)
Corporate income tax expenses		(308,332)	(235,717)
PROFIT AFTER TAX		1,216,476	935,360
Basic earnings per share (VND/share)	25	1,437	1,153

Prepared by:

Reviewed by:

Approved by:

Ms. Quan Hue Nghi
General Accountant

Ms. Nguyen Thi My Lan
Director of Finance Division
Chief Accountant

Mr. Tran Ngoc Tam
Chief Executive Officer

Ho Chi Minh City, Vietnam

11 August 2023

Nam A Commercial Joint Stock Bank

INTERIM CONSOLIDATED CASH FLOWS STATEMENT
for the six-month period ended 30 June 2023

B04a/TCTD-HN

	<i>Notes</i>	<i>For the six-month period ended 30 June 2023 VND million</i>	<i>For the six-month period ended 30 June 2022 VND million</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		9,046,759	4,969,991
Interest and similar payments		(5,159,834)	(3,423,586)
Net fee and commission receipts		321,342	149,570
Net receipts from trading of securities, gold and foreign currencies		11,230	77,894
Other income		(4,662)	(2,836)
Recoveries from bad debts written-off previously		4,337	10,685
Payments to employees and other operating expenses		(2,165,392)	(1,288,687)
Corporate income tax paid during the period	23	(242,575)	(208,159)
Net cash flows from operating profit before changes in operating assets and liabilities		1,811,205	284,872
Changes in operating assets			
Increase in due from and loans to other credit institutions		(2,104,739)	(60,000)
Decrease/(increase) in investment securities		1,536,332	(1,499,916)
Decrease/(increase) in derivatives and other financial assets		104,949	(12,562)
Increase in loans to customers		(9,603,039)	(9,923,022)
Utilization of provision to write-off loans to customers, securities and long-term investments		(214,682)	-
Increase in other assets		(131,091)	(714,456)
Changes in operating liabilities			
Decrease in borrowings from the Government and the State Bank of Vietnam		(109)	(274)
(Decrease)/increase in due to and borrowings from other credit institutions		(183,269)	3,396,883
Increase in due to customers		20,367,745	9,203,113
Increase in valuable papers issued		242,190	1,271,590
Increase in grants, entrusted funds and loans exposed to risks		230,595	5,386
Increase/(decrease) in derivatives and other financial liabilities		45,674	(3,112)
(Decrease)/increase in other liabilities		(360,719)	233,735
Net cash from operating activities		11,741,042	2,182,237

Nam A Commercial Joint Stock Bank

INTERIM CONSOLIDATED CASH FLOWS STATEMENT (continued)
for the six-month period ended 30 June 2023

B04a/TCTD-HN

	Notes	For the six-month period ended 30 June 2023 VND million	For the six-month period ended 30 June 2022 VND million
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(213,338)	(69,305)
Proceeds from disposal of fixed assets		715	673
Net cash used in investing activities		(212,623)	(68,632)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in charter capital from capital contribution and/or share issuance		-	2,830,960
Dividends distributed to shareholders		(130)	(173)
Net cash (used in)/from financing activities		(130)	2,830,787
Net change of cash for the period		11,528,289	4,944,392
Cash and cash equivalents at the beginning of the period	34	26,258,453	23,673,275
Foreign exchange difference		(43,612)	176
Cash and cash equivalents at the end of the period	34	37,743,130	28,617,843

Prepared by:

Reviewed by:

Approved by:



Ms. Quan Hue Nghi
General Accountant



Ms. Nguyen Thi My Lan
Director of Finance Division
Chief Accountant



Mr. Tran Ngoc Tam
Chief Executive Officer

Ho Chi Minh City, Vietnam

11 August 2023

Nam A Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
as at 30 June 2023 and for the six-month period then ended

B05a/TCTD-HN

1. THE BANK

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

Establishment and Operations

The Bank was incorporated under Banking Operation License No. 0026/NH-GP on 22 August 1992, issued by the State Bank of Vietnam ("SBV"). It obtained Establishment License No. 463/GP-UB issued on 1 September 1992, issued by the People's Committee of Ho Chi Minh City, as well as Business Registration Certificate No. 0300873215 on 1 September 1992. The Business Registration was subsequently amended 45 times, with the most recent amendment issued on 3 August 2023 by the Department of Planning and Investment of Ho Chi Minh City. The valid of operation period of the Bank is 99 years.

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

Charter capital

The charter capital of the Bank as at 30 June 2023 is VND8,464,346,610,000 (as at 31 December 2022: VND8,464,346,610,000).

Operation network

The bank's Head Office is located at 201-203 Cach Mang Thang Tam Street, Ward 4, District 3, Ho Chi Minh City. As at 30 June 2023, the Bank had one (1) representative office, one (1) Business Center, and one hundred and thirty-nine (139) branches and transaction offices located in cities and provinces throughout Vietnam.

Subsidiary

As at 30 June 2023, 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 and its subsidiary's total number of employees as at 30 June 2023 was 5,190 persons (as at 31 December 2022: 4,639 persons).

Nam A Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

B05a/TCTD-HN

2. BASIS OF PREPARATION

2.1 *Statement of compliance*

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

2.2 *Accounting standards and system*

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

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

Accordingly, the accompanying interim consolidated financial statements and their utilization are not designed for individuals who are not familiar with Vietnam's accounting principles, procedures, and practices, and furthermore, are not intended to present the interim consolidated financial position, interim consolidated income statement, and interim consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

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

2.3 *Fiscal year*

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

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

Nam A Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

B05a/TCTD-HN

2. BASIS OF PREPARATION (continued)

2.4 Accounting currency

The interim consolidated financial statements are prepared in Vietnam dong ("VND"). For the presentation of the interim consolidated financial statements as at 30 June 2023, 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 interim consolidated financial statements regarding the interim consolidated financial position, interim consolidated income statement, and interim consolidated cash flows.

2.5 Basis of consolidation

The interim consolidated financial statements comprise the financial statements of the Bank and its subsidiary for the six-month period ended 30 June 2023.

Subsidiary is fully consolidated from the date of acquisition, which is the date on which the Bank and its subsidiary obtain control and continue to be consolidated until the date when such control ceases.

The interim financial statements of the Bank and its subsidiary are prepared for the same reporting period as the parent bank, using consistent accounting policies.

All intra-company balances, income, expenses, and unrealized gains or losses resulting from intra-company transactions are fully eliminated.

2.6 Assumptions and uses of estimates

The preparation of the interim consolidated financial statements requires the Board of Management of the Bank to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also impact 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, leading to future changes in such provision.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in accounting policies and disclosures

The accounting policies adopted by the Bank and its subsidiary in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Bank and its subsidiary consolidated financial statements for the year ended 31 December 2022 and the interim consolidated financial statements for the six-month period ended 30 June 2022, except for the change to the following:

Circular 02/2023/TT-NHNN was issued by the SBV on 23 April 2023 to provide instructions for credit institutions and foreign branch banks on loan restructuring and the retention of loan classification to support borrowers facing financial difficulties ("Circular 02")

The main changes introduced by Circular 02 are as follows:

- ▶ Scope and conditions of loans eligible for term restructuring;
- ▶ Principles of classification retention and loan classification, including guidelines on accounting for accrued interest and provisioning for loans whose principal and/or interest balances are rescheduled.

This Circular takes effect from 24 April 2023.

Nam A Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

B05a/TCTD-HN

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 *Cash and cash equivalents*

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

3.3 *Due from and loans to other credit institutions*

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

The credit risk classification of due from and credit granting to other credit institutions, as well as provision for credit risks, is provided in accordance with Circular 11.

Accordingly, the Bank and its subsidiary make specific provisions for due from (except for current accounts) and loans to other credit institutions, following the method described in Note 3.5.

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

3.4 *Loans to customers*

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

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

Short-term loans have a maximum term of 1 (one) year from the disbursement date. Medium-term loans have a term ranging from above 1 (one) year to a maximum of 5 (five) years. Long-term loans are loans with a 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.

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, as well as other credit risk bearing assets (collectively referred to as "debts"), is recognized based on the quantitative method prescribed in Article 10 of Circular 11. Accordingly, loans to customers are classified into the following levels of risk: Current, Special mention, Substandard, Doubtful, and Loss, based on their overdue status. Debts classified as Substandard, Doubtful, and Loss are considered bad debt.

A general provision as at 30 June 2023 is made at 0.75% of the total outstanding loans as at 30 June 2023, excluding due from and loans to other credit institutions and loans classified as loss.

Specific provision as at 30 June 2023 is calculated using the principal balance minus the discounted value of collaterals, multiplied by provision rates determined based on the debt classification results as at 30 June 2023. The basis for determining the value and discounted value for each type of collateral is specified in Circular 11.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The debt classification and specific provision rates for each loan group are 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%
3	Sub-standard	(a) Debts are overdue for a period of between 91 days and 180 days; or (b) Debts which the repayment terms are extended for the first time; or (c) Debts whose 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 incompliance with Clause 1, 3, 4, 5, 6 under Article 126 of Law on Credit Institutions; or ▪ Debts made incompliance with Clause 1, 2, 3, 4 under Article 127 of Law on Credit Institutions; or ▪ Debts made incompliance 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; or (f) Debts are required to be recovered according to credit institutions' and foreign bank branches' decisions on early payment due to customers' breach of agreements but have not yet been recovered within 30 days from the issuance date of the decisions; or (g) At the request of the SBV based on the inspection, supervision conclusions and relevant credit information.	20%

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Loan group		Description	Specific provision rate
4	Doubtful	<ul style="list-style-type: none"> (a) Debts are overdue for a period of between 181 days and 360 days; or (b) Debts which the repayment terms are restructured for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or (c) Debts which the repayment terms are restructured for the second time; or (d) Debts are specified in point (d) of Loan group 3 and overdue for a period of between 30 days and 60 days after decisions of recovery have been issued; or (e) Debts are required to be recovered according to regulatory inspection conclusions but still outstanding with an overdue period up to 60 days since the recovery date as required by regulatory inspection conclusions; or (f) Debts are required to be recovered according to credit institutions, foreign bank branches' decisions on early payment due to customers' breach of agreements but have not yet been recovered for a period between 30 days to 60 days from the issuance date of the decision; or (g) At the request of the SBV based on the inspection, supervision conclusions and relevant credit information. 	50%
5	Loss	<ul style="list-style-type: none"> (a) Debts are overdue for a period of more than 360 days; or (b) Debts of which the repayment terms are restructured for the first time but still overdue for a period of 91 days or more under that first restructured repayment term; or (c) Debts of which the repayment terms are restructured for the second time but still overdue under that second restructured repayment term; or (d) Debts of which the repayment terms are restructured for the third time or more, regardless of being overdue or not; or (e) Debts are specified in point (d) of Loan group 3 and overdue for a period of more than 60 days after decisions on recovery have been issued; or (f) Debts are required to be recovered under regulatory inspection conclusions but still outstanding with an overdue period of more than 60 days since the recovery date as required by regulatory inspection conclusions; or (g) Debts are required to be recovered according to credit institutions, foreign bank branches' decisions on early payment due to customers' breach of agreements but have not yet been recovered for a period of more than 60 days from the issuance date of the decision; or (h) Debts of credit institutions under special control as announced by the SBV, or debts of foreign bank branches which capital and assets are blocked; or (i) At the request of the SBV based on the inspection, supervision conclusions and relevant credit information. 	100%

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

3.5.2 *Loan restructuring and loan classification retention support borrowers facing financial difficulties*

From 13 March 2020 to 30 June 2022, the Bank and its subsidiary applied the policy of loan restructuring, interest and/or fees exemption or reduction and loan classification retention for loans that meet conditions according to Circular 01/2020/TT-NHNN dated 13 March 2020 ("Circular 01"), Circular 03/2021/TT-NHNN dated 2 April 2021 ("Circular 03"), and Circular 14/2021/TT-NHNN dated 7 September 2021 ("Circular 14") issued by the State Bank of Vietnam, which provide regulations on loan restructuring, interest and/or fees exemption or reduction, and loan classification retention to assist customers affected by the COVID-19 pandemic.

From 24 April 2023, the Bank and its subsidiary applied the policy of loan restructuring and loan classification retention to support customers who face difficulties in production and business activities, as well as facing difficulties in repaying loans to meet their daily life and consumption needs. This policy aligns with the conditions set forth in Circular 02 issued by the State Bank of Vietnam, which provides instructions to credit institutions and foreign branch banks on loan restructuring and the retention of loan classification to assist borrowers facing financial difficulties.

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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 *Loan restructuring and loan classification retention support borrowers facing financial difficulties* (continued)

Accordingly, the Bank and its subsidiary apply loan classification for loans that fall under the policy of loan restructuring and loan classification retention as follows:

<i>Disbursement date</i>	<i>Overdue status</i>	<i>Overdue date</i>	<i>Principle of loan classification retention</i>
Before 1/8/2021	Current or overdue for a period of 10 days	From 30/3/2020 to 30/6/2022	Retain the latest loan classification as before 23 January 2020 or as before the first-time restructuring date
Before 23/1/2020	Overdue	From 23/1/2020 to 29/3/2020	Retain the latest loan classification as before 23 January 2020
From 23/1/2020 to 10/6/2020		From 23/1/2020 to 17/5/2021	Retain the latest loan classification as before overdue transferring date
From 10/6/2020 to 1/8/2021		From 17/7/2021 to 7/9/2021	
Before 24/4/2023	Current or overdue for a period of 10 days	From 24/4/2023 to 30/6/2024	Retain the latest loan classification as before the restructuring date

For loans whose repayment term was restructured, interest and/or fees were exempted or reduced, and loan classification was retained, if they become overdue under the restructured repayment term and are not eligible for further restructuring under current regulations, the Bank makes loan classification and provisions in accordance with Circular 11.

3.5.3 *Specific provision for customers with debts that have been restructured on term basis and are subject to loan classification retention*

The Bank and its subsidiary make specific provisions for customers with debts that have been restructured on a term basis and are subject to loan classification retention according to the following formula: $C = A - B$

In which:

- C: Additional specific provision;
- A: Specific provision to be made for all outstanding loan balances of customers according to the results of loan classification under Circular 11 (Note 3.5.1);
- B: Total specific provision to be made for the outstanding balance of loans applying loan classification under the policy of loan classification retention (Note 3.5.2) and specific provision to be made for the remaining loan balances of the customers according to the results of loan classification under Circular 11 (Note 3.5.1).

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 *Specific provision for customers with debts that have been restructured on term basis and are subject to loan classification retention* (continued)

The additional specific provision (referred to as C) is made by the Bank and its subsidiary when preparing financial statements, ensuring the provisioning at as follows:

- ▶ For loans that fall under the policy of loan restructuring and loan classification retention as prescribed in Circular 01, Circular 03, and Circular 14:
 - + By 31 December 2022: At least 60% of the additional specific provision must be made;
 - + By 31 December 2023: 100% of the additional specific provision must be made.
- ▶ For loans that fall under the policy of loan restructuring and loan classification retention as prescribed in Circular 02
 - + By 31 December 2023: At least 50% of the additional specific provision must be made;
 - + By 31 December 2024: 100% of the additional specific provision must be made.

Write-off bad debts

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

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

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

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



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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Available-for-sale securities

3.7.1 Classification and recognition

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

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

Available-for-sale debt securities are recognized at par value on the purchase date. Accrued interest (for debt securities with interest payment in arrears) and deferred interest (for debt securities with interest payment in advance) are recognized in separate accounts. The discount/premium, which is the difference between the cost and the par value plus (+) accrued interest (if any) or minus (-) deferred interest (if any) is also recognized in a separate account.

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

3.7.2 Measurement

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

The provision for diminution in value of available-for-sale securities is made when the book value of the securities is higher than their market value. The provision for diminution in value is recorded under "Net gain/(loss) from investment securities" in the interim consolidated income statement.

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

3.8 Held-to-maturity investment securities

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

Special bonds issued by VAMC

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

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Held-to-maturity investment securities (continued)

During the holding period, the Bank and its subsidiary periodically calculate and make allowances in accordance with Circular 14/2015/TT-NHNN dated 28 August 2015, Circular 08/2016/TT-NHNN dated 16 June 2016, Circular 09/2017/TT-NHNN dated 14 August 2017, and Circular 32/2019/TT-NHNN amending and supplementing some articles of Circular 19/2013/TT-NHNN, which stimulates the purchase, sale, and write-off of bad debts by VAMC.

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

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

In which:

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

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

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

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

Other held-to-maturity investment securities

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

Held-to-maturity investment securities are recognized and measured similarly to available-for-sale securities, as described in Note 3.7.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Other long-term investments

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

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

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

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

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

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

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

3.10 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, while other expenditures are charged to the interim consolidated income statement as incurred.

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

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Lease

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and whether 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 interim consolidated statement of financial position at the inception of the lease at the fair value of the leased assets or, if lower, at the net present value of the minimum lease payments. The principal amount included in future lease payments under finance leases are recorded as a liability. The interest amounts included in lease payments are charged to the interim consolidated income statement over the lease term to achieve a constant rate of interest on the remaining balance of the finance lease liability.

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

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

Income from operating leases is recognized in "Income from service activities" in the interim consolidated statement of income on a straight-line basis over the lease term.

3.12 Investment properties

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

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

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

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

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 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 - 30 years
Machinery and equipment	3 - 8 years
Vehicles	3 - 8 years
Office equipment	3 - 8 years
Other tangible assets	4 - 10 years
Computer software	3 - 8 years
Land use rights	8 - 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.

3.14 Other receivables

3.14.1 Receivables classified as credit-risk assets

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

3.14.2 Other receivables

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

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

The provision for overdue debts is made in accordance with the guidance of Circular 48/2019/TT-BTC, as amended by Circular 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%

3.15 Prepaid expenses

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

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 *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 the interim consolidated financial statements. At initial recognition, issuance costs are deducted from the cost of the valuable papers. These costs are allocated on a straight-line method during the lifetime of the valuable papers to "Interest and similar expenses".

3.17 *Payables and accruals*

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

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

Off-statement of financial position commitments include guarantees, payment acceptances, and 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 and credit quality monitoring purposes, as described in Note 3.5.

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

3.19 *Fiduciary assets*

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

3.20 *Derivatives financial instruments*

The Bank and its subsidiary are involved in currency forward contracts and currency swap contracts to facilitate customers in transferring, modifying, or minimizing foreign exchange risk or other market risks, as well as for the trading purpose.

Currency forward contracts

The currency forward contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates, calculated on the notional amount. The currency forward contracts are recognized at the nominal value on the transaction date and are revalued for the reporting purposes at the exchange rate on the reporting date. Realized or unrealized gains or losses are recognized in the "Foreign exchange differences" under "Owners' equity" and will be transferred to the consolidated income statement at the end of the financial year. The premium or discount derived from the difference between the spot rate and the forward rate is recorded at contract date as an asset if positive or a liability if negative on the interim consolidated statement of financial position. The difference is amortized to the interim consolidated income statement on straight-line basis over the forward contract period.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Derivatives financial instruments (continued)

Currency swap contracts

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

3.21 Capital

3.21.1 Ordinary shares

Ordinary shares are classified as equity.

3.21.2 Share premium

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

3.21.3 Funds and reserves

The Bank and its subsidiary have established the following reserves in accordance with the Law on Credit Institutions No. 47/2010/QH12 and Decree No. 93/2017/ND-CP, and the Bank's Charter as follows:

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

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

Reserves of Nam A Bank Asset Management Company Limited

According to Circular 27/2002/TT-BTC dated 22 March 2002, the allocation of retained earnings, appropriation of profit to reserves, and utilization of reserves of the Company are implemented in accordance with the regulations applied to the Bank through which the Company was established.

Nam A Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 30 June 2023 and for the six-month period then ended

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.22 Recognition of income and expenses

Interest income and interest expenses

Interest income and interest expenses are recognized in the interim consolidated income statement on accrual basis. The recognition of accrued interest income arising from loans classified in Groups 2 to 5 in accordance with Circular 11, and loans with repayment term restructuring and loan classification retention according to regulations, will not be recognized in the interim consolidated income statement. Suspended interest income is reversed and monitored off-statement of financial position and recognized in the interim consolidated income statement upon actual receipt.

Fees and commissions income

Fees and commissions are recognized when services are rendered.

Income from investment

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

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

Other income

Other income is recognized on cash basis.

According to Circular 16/2018/TT-BTC dated 07 February 2018 of the Ministry of Finance, which provides guidance on financial regulations applied to credit institutions and branches of foreign banks, in the case of accounts receivable that have been accounted for as income but are considered uncollectible or are not obtained when due, the Bank and its subsidiary shall recognize a reduction in revenue if it occurs within the same accounting period. If the reduction does not occur in the same accounting period, they shall recognize them as expenses and monitor them off the statement of financial position to facilitate collection. When the accounts receivable is eventually collected, the Bank and its subsidiary shall account for them as income in the interim consolidated income statement.

3.23 Corporate income tax

Current corporate income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from (or paid to) the taxation authorities. The tax rates and tax laws used to compute the amount are those that are effective as at the interim consolidated statement of financial position date.

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

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

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

Nam A Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 30 June 2023 and for the six-month period then ended

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 *Foreign currency transactions*

In accordance with the accounting system of the Bank and its subsidiary, all transactions are recorded in their original currencies. Monetary assets and liabilities denominated in foreign currencies are converted into VND using exchange rates that are in effect at the interim consolidated statement of financial position (*Note 50*). Income and expenses arising in foreign currencies are converted into VND at the rates that are in effect on the transaction dates. Foreign exchange differences resulting from the conversion of monetary assets and liabilities from foreign currency to VND during the period are recognized and tracked under "*Foreign exchange differences*" within "*Owners' Equity*" on the interim consolidated statement of financial position. These differences will be transferred to the consolidated income statement at the end of the financial year.

3.25 *Offsetting*

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

3.26 *Employee benefits*

3.26.1 *Post-employment benefits*

Post-employment benefits are paid to retired employees of the Bank and its subsidiary by the Social Insurance Agency, which belongs to the Ministry of Labour, Invalids and Social Affairs. The Bank and its subsidiary are required to contribute to these post-employment benefits by paying social insurance premiums to the Social Insurance Agency at the rate of 17.5% of an employee's basic salary monthly (from 1 July 2022 to 30 June 2023, this rate is 17%). Besides, the Bank and its subsidiary has no further obligation for post-employee benefits.

3.26.2 *Voluntary resignation benefits*

Under Article 46 of Labor Code No. 45/2019/QH14, effective from 1 January 2021, the Bank and its subsidiary have the obligation to pay an allowance arising from the voluntary resignation of employees. This allowance is equal to one-half month's salary for each year of employment up to 31 December 2008, plus salary allowances (if any). Starting from 1 January 2009, the average monthly salary used in this calculation is based on the average monthly salary of the latest six-month period up to the resignation date.

3.26.3 *Unemployment insurance*

According to Circular 28/2015/TT-BLĐTBXH on guidelines for Article 52 of the Law on Employment and Decree No. 28/2015/ND-CP dated 12 March 2015 of the Government on guidelines for the Law on Employment in term of unemployment insurance, the Bank and its subsidiary are obliged to pay unemployment insurance at 1% 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% of each employee's salary to pay simultaneously to the Unemployment Insurance Fund.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.27 *Earnings per share*

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

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

3.28 *Segment reporting*

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

3.29 *Related parties*

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

3.30 *Business combinations*

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

Nam A Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 30 June 2023 and for the six-month period then ended

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4. CASH AND GOLD

	30 June 2023 VND million	31 December 2022 VND million
Cash on hand in VND	954,444	949,151
Cash on hand in foreign currencies	110,678	111,748
Monetary gold	1,209	1,839
	1,066,331	1,062,738

5. BALANCES WITH THE STATE BANK OF VIETNAM

	30 June 2023 VND million	31 December 2022 VND million
In VND	13,457,938	1,875,739
In foreign currencies	84,250	99,595
	13,542,188	1,975,334

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

The compulsory deposit rates are as follows:

	30 June 2023 % p.a.	31 December 2022 % p.a.
<i>For customers</i>		
Demand deposits and term deposits with maturity term less than 12 months in VND	3.00	3.00
Term deposits with maturity term from 12 months and above in VND	1.00	1.00
Demand deposits and term deposits with maturity term less than 12 months in foreign currencies	8.00	8.00
Term deposits with maturity term from 12 months and above in foreign currencies	6.00	6.00
<i>For overseas credit institutions</i>		
Deposits in foreign currencies	1.00	1.00

Nam A Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

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5. BALANCES WITH THE STATE BANK OF VIETNAM (continued)

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

	30 June 2023 % p.a.	31 December 2022 % 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

	30 June 2023 VND million	31 December 2022 VND million
Demand deposits	9,051,563	10,907,581
- In VND	8,743,287	10,568,253
- In foreign currencies	308,276	339,328
Term deposits	14,083,048	12,312,800
- In VND	12,998,000	10,322,000
- In foreign currencies	1,085,048	1,990,800
	23,134,611	23,220,381

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

	30 June 2023 % p.a.	31 December 2022 % p.a.
Demand deposits		
- In VND	0.00 - 0.60	0.00 - 0.60
- In foreign currencies	0.00 - 1.00	0.00 - 0.40
Term deposits		
- In VND	0.20 - 6.50	2.50 - 8.80
- In foreign currencies	5.20 - 5.40	4.10 - 4.90

6.2 Loans to other credit institutions

	30 June 2023 VND million	31 December 2022 VND million
In VND	2,789,885	685,146

These are loans to three people's credit funds under specially supervision following the direction of the State Bank of Vietnam at 0% interest rate (2022: 0%) with the amount of VND289,885 million (31 December 2022: VND289,885 million).

Nam A Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

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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 the period-end are as follows:

	30 June 2023 % p.a	31 December 2022 % p.a
Loans to other credit institutions		
In VND	0.00 - 6.00	0.00 - 11.00

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

	30 June 2023 VND million	31 December 2022 VND million
Current	16,872,933	12,997,946
Term deposits	14,083,048	12,312,800
Loans	2,789,885	685,146

7. DERIVATIVES AND OTHER FINANCIAL ASSETS/LIABILITIES

	Total contract nominal value (at contractual exchange rate) VND million	Total carrying value (at exchange rate as at reporting date)	
		Assets VND million	Liabilities VND million
Currency derivative instruments as at 30 June 2023			
Forward contracts	491,601	-	(9,195)
Swap contracts	18,816,308	-	(36,479)
	19,307,909	-	(45,674)
Net amount			(45,674)
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	

8. LOANS TO CUSTOMERS

	30 June 2023 VND million	31 December 2022 VND million
Loans to domestic economic entities and individuals	129,208,801	119,538,108
Loans for discounted commercial notes and valuable papers	6,238	-
Loans by grants and entrusted funds	174	232
	129,215,213	119,538,340

Nam A Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 30 June 2023 and for the six-month period then ended

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8. LOANS TO CUSTOMERS (continued)

The annual interest rates of loans to customer at the period-end are as follows:

	30 June 2023 % p.a.	31 December 2022 % p.a.
In VND	5.00 - 25.00	4.80 - 25.00
In foreign currencies	3.20 - 7.50	3.20 - 7.30

8.1 Analysis of loans by quality

	30 June 2023 VND million	31 December 2022 VND million
Current	122,867,593	114,017,677
Special mention	2,832,152	3,575,428
Substandard	1,380,925	131,947
Doubtful	616,431	237,337
Loss	1,518,112	1,575,951
	129,215,213	119,538,340

8.2 Analysis of loans by original terms

	30 June 2023 VND million	31 December 2022 VND million
Short-term	69,890,261	62,493,606
Medium-term	22,962,054	21,893,368
Long-term	36,362,898	35,151,366
	129,215,213	119,538,340

8.3 Analysis of loans by type of customers and ownership

	30 June 2023		31 December 2022	
	VND million	%	VND million	%
Corporate loans	101,507,913	78.56	92,868,899	77.69
Other limited companies	52,440,850	40.58	47,750,561	39.95
Other joint stock companies	49,007,082	37.93	45,053,766	37.69
Cooperatives and inter-cooperatives	9,498	0.01	10,886	0.01
Private companies	4,032	0.00	4,532	0.00
Joint-foreign-invested enterprises	130	0.00	76	0.00
Others	46,321	0.04	49,078	0.04
Loans to individuals	27,707,300	21.44	26,669,441	22.31
	129,215,213	100.00	119,538,340	100.00

Nam A Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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8. LOANS TO CUSTOMERS (continued)

8.4 Analysis of loans by industry

	30 June 2023 VND million	31 December 2022 VND million
Trading, repair of motor vehicles, motorcycles, and other vehicles	45,136,557	37,639,806
Hotels and accommodation services	18,660,214	18,790,483
Activities of households as employers, undifferentiated goods and services producing activities of households for own use	15,259,486	13,579,432
Agriculture, forestry, and fisheries	11,576,980	10,346,815
Construction	10,815,988	12,031,681
Electricity, gas, steam, and air conditioning supply	10,181,304	9,484,311
Real estate trading and consulting services	9,105,378	8,602,831
Manufacturing and processing	3,493,470	3,706,926
Arts, entertainment, and recreation	3,390,902	3,532,132
Transportation and warehousing	724,899	1,271,120
Mining exploration	609,171	188,154
Science and technology activities	71,278	124,836
Finance services, banking, and insurance activities	62,984	85,455
Water supply; sewerage, waste management and remediation activities	50,164	55,129
Administrative activities and supporting service	29,406	31,330
Health and social support activities	19,338	23,613
Information and communication	4,160	5,505
Education and training	2,400	5,220
Others	21,134	33,561
	129,215,213	119,538,340

Nam A Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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9. PROVISION FOR CREDIT LOSSES

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

	Note	30 June 2023 VND million	31 December 2022 VND million
Provision for loans to customers	9.1	1,330,922	1,244,228
Provision for special bonds issued by VAMC	10.5	786,837	637,815
Provision for credit risk receivables	16.4	4,349	4,075
		2,122,108	1,886,118

Provision expenses during the period are as follows:

	Note	For the six-month period ended 30 June 2023 VND million	For the six-month period ended 30 June 2022 VND million
Provision expense for loans	9.1	301,376	134,427
Provision expense for special bonds issued by VAMC	10.5	149,022	108,018
Provision charged for credit risk receivables	16.4	274	5,250
		450,672	247,695

9.1 Provision for loans to customers

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

	Specific provision VND million	General provision VND million	Total VND million
31 December 2022	359,510	884,718	1,244,228
Provision charged to during the period	228,366	73,010	301,376
Utilization of provision	(214,682)	-	(214,682)
30 June 2023	373,194	957,728	1,330,922

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

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

Nam A Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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10. INVESTMENT SECURITIES

10.1 Available-for-sale securities

	30 June 2023 VND million	31 December 2022 VND million
Debt securities		
Government bonds (a)	3,561,561	3,573,245
Bonds and deposit certificates issued by other domestic credit institutions (b)	6,070,000	7,450,000
Bonds issued by domestic economic entities (c)	1,999,227	2,324,984
	11,630,788	13,348,229
Equity securities		
Equity securities issued by other domestic credit institutions	103,369	103,369
Equity securities issued by domestic economic entities	40,772	40,772
	144,141	144,141
	11,774,929	13,492,370
Provision for available-for-sale securities	(31,569)	(49,625)
Diminution provision	(16,575)	(32,188)
General provision	(14,994)	(17,437)
	11,743,360	13,442,745

(a) Government bonds have terms ranging from fifteen (15) years to thirty (30) years and bear interest at rates from 2.70% p.a. to 7.80% p.a. Interest is paid annually.

(b) Bonds issued by other credit institutions have terms ranging 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 terms ranging from six (6) months to twelve (12) months and earn interest at rates from 4.00% p.a. to 9.50% p.a. Interest is paid semi-annually, annually, or at maturity date.

(c) Bonds issued by domestic economic entities have terms from three (3) years to seven (7) years. Interest is paid semi-annually, annually, or at maturity date. The interest rate ranges from 10.00% p.a. to 12.30% p.a. and is fixed or subject to change on a semi-annually or annually basis, depending on each type of bond.

Nam A Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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10. INVESTMENT SECURITIES (continued)

10.1 Available-for-sale securities (continued)

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

	30 June 2023 VND million	31 December 2022 VND million
Debt securities		
Listed	3,561,561	3,573,245
Unlisted	8,069,227	9,774,984
	11,630,788	13,348,229
Equity securities		
Unlisted	144,141	144,141
	144,141	144,141

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

	30 June 2023 VND million	31 December 2022 VND million
Government bonds (a)	10,076,411	10,083,992
Bonds issued by other domestic credit institutions (b)	1,214,295	1,025,605
	11,290,706	11,109,597

(a) These are Government bonds that have terms from seven (7) years to thirty (30) years and earn interest at rates ranging from 2.20% p.a. to 7.60% p.a. Interest is paid annually.

(b) These are bonds issued by other domestic credit institutions that have a term of five (5) years and earn interest at 8.10% p.a. Interest is paid annually.

The listing status of held-to-maturity securities (excluding special bonds issued by VAMC) is as follows:

	30 June 2023 VND million	31 December 2022 VND million
Debt securities		
Listed	11,090,706	11,109,597
Unlisted	200,000	-
	11,290,706	11,109,597

Nam A Commercial Joint Stock Bank

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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10. INVESTMENT SECURITIES (continued)

10.3 Special bonds issued by VAMC

	30 June 2023 VND million	31 December 2022 VND million
Par value of special bonds	1,670,386	1,744,220
Provision expense for special bonds issued by VAMC	(786,837)	(637,815)
	883,549	1,106,405

These are special bonds issued by Vietnam Asset Management Company ("VAMC") to purchase bad debts of the Bank and its subsidiary. These bonds have a term of five (5) years and earn interest at a rate of 0.00% p.a. The 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 movement of VAMC bonds during the period are as follows:

	For the six-month period ended 30 June 2023 VND million	For the six-month period ended 30 June 2022 VND million
Beginning balance	1,744,220	1,377,193
Settlement during the period	(73,834)	(20,820)
Ending balance	1,670,386	1,356,373

10.4 Analysis of securities classified as credit risk assets by quality

	30 June 2023 VND million	31 December 2022 VND million
Bonds issued by domestic economic entities		
Current	1,999,227	2,324,984

Nam A Commercial Joint Stock Bank

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10. INVESTMENT SECURITIES (continued)

10.5 Provision for investment securities

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

	<i>For the six-month period ended 30 June 2023 VND million</i>	<i>For the six-month period ended 30 June 2022 VND million</i>
31 December 2022		
Available-for-sale securities	49,625	29,037
Held-to-maturity securities (excluded special bonds issued by VAMC)	-	1,500
Special bond issued by VAMC	637,815	275,439
	687,440	305,976
Provision charged/(reversal) in the period		
Available for sale securities	(18,056)	3,834
Held to maturity securities (excluded special bonds issued by VAMC)	-	(1,500)
Special bonds issued by VAMC	149,022	108,018
	130,966	110,352
30 June 2023		
Available for sale securities	31,569	32,871
Special bonds issued by VAMC	786,837	383,457
	818,406	416,328

11. LONG-TERM INVESTMENTS

Breakdown of long-term investments at cost are as follow:

	<i>30 June 2023 VND million</i>	<i>31 December 2022 VND million</i>
Beta Securities Incorporation	74,800	74,800
Others	10,520	10,520
	85,320	85,320

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12. 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						
Beginning balance	422,680	415,677	216,926	35,710	14,802	1,105,795
Increase in the period	4,234	2,009	1,597	637	281	8,758
Transfer from constructions in progress	355,201	15,184	32,151	2,969	2,349	407,854
Disposal	-	-	(6,509)	-	-	(6,509)
Transfer from financial lease fixed assets	-	-	4,299	-	-	4,299
Ending balance	782,115	432,870	248,464	39,316	17,432	1,520,197
Accumulated depreciation						
Beginning balance	158,990	241,718	143,361	30,753	12,764	587,586
Charged for the period	13,789	22,147	12,968	1,377	817	51,098
Transfer from financial lease fixed assets	-	-	3,642	-	-	3,642
Disposal	-	-	(6,509)	-	-	(6,509)
Ending balance	172,779	263,865	153,462	32,130	13,581	635,817
Net book value						
Beginning balance	263,690	173,959	73,565	4,957	2,038	518,209
Ending balance	609,336	169,005	95,002	7,186	3,851	884,380

The cost of fully depreciated tangible fixed assets that are still in use as at 30 June 2023 is VND292,130 million (31 December 2022: VND273,986 million).

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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13. FINANCE LEASES FIXED ASSETS

	<i>Vehicles</i> <i>VND million</i>
Cost	
Beginning balance	134,573
Increase in the period	6,000
Transfer from construction in progress	3,275
Transfer to tangible fixed assets	(4,298)
Ending balance	139,550
Accumulated depreciation	
Beginning balance	33,877
Charged for the period	11,638
Transfer to tangible fixed assets	(3,642)
Ending balance	41,873
Net book value	
Beginning balance	100,696
Ending balance	97,677

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

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14. 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				
Beginning balance	44,788	356,378	174,388	575,554
Transfer from construction in progress	160,799	-	-	160,799
Ending balance	205,587	356,378	174,388	736,353
Accumulated amortization				
Beginning balance	4,608	-	147,322	151,930
Charged for the period	2,762	-	2,228	4,990
Ending balance	7,370	-	149,550	156,920
Net book value				
Beginning balance	40,180	356,378	27,066	423,624
Ending balance	198,217	356,378	24,838	579,433

The cost of fully depreciated intangible fixed assets that are still in use as at 30 June 2023 is VND141,574 million (31 December 2022: VND140,937 million).

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15. INVESTMENT PROPERTIES

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

	<i>Buildings and structures VND million</i>
Cost	
Beginning balance	15,971
Ending balance	15,971
Net book value	
Beginning balance	15,971
Ending balance	15,971

16. OTHER ASSETS

16.1 Receivables

	<i>30 June 2023 VND million</i>	<i>31 December 2022 VND million</i>
Receivables in fast money transfer	1,562,525	1,448,455
Operating advances	380,785	70,561
Deposit, mortgage, pledge (i)	176,284	125,606
Receivables from debt trading	89,466	46,065
Constructions in progress (ii)	59,792	531,950
Receivables from card payment activities	28,798	16,799
Other receivables	27,273	21,181
	2,324,923	2,260,617

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

(ii) Constructions in progress include:

	<i>30 June 2023 VND million</i>	<i>31 December 2022 VND million</i>
Buildings and structures	26,569	516,208
Machinery and equipment	29,326	8,928
Transportation vehicles	2,440	6,285
Purchase of other assets	1,457	529
	59,792	531,950

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16. OTHER ASSETS (continued)

16.1 Receivables (continued)

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

	For the six-month period ended 30 June 2023 VND million	For the six-month period ended 30 June 2022 VND million
Beginning balance	531,950	42,867
Increase in the period	195,502	56,299
Transfer to tangible fixed assets	(407,854)	(50,582)
Transfer to intangible fixed assets	(160,799)	-
Transfer to finance lease fixed assets	(3,275)	(5,635)
Transfer to instrument and tools	(11,373)	-
Expenses recognized in the period	(84,359)	-
Ending balance	59,792	42,949

16.2 Interest and fee receivables

	30 June 2023 VND million	31 December 2022 VND million
Interest receivable from credit activities	2,643,160	2,090,552
Interest receivable from available-for-sale investment securities	272,159	369,241
Interest receivable from held-to-maturity investment securities	203,903	192,602
Interest receivable from deposits	36,949	46,841
Interest receivable from swap contracts	34,673	13,387
Interest receivable from forward contracts	1,897	15,224
Fee receivables	18,000	-
	3,210,741	2,727,847

16.3 Other assets

	30 June 2023 VND million	31 December 2022 VND million
Prepaid and deferred expenses (i)	610,108	387,126
Foreclosed assets awaiting resolution (ii)	70,357	70,357
Tools and supplies	16,901	14,183
	697,366	471,666

(i) Prepaid and deferred expenses mainly include costs of leasing and repairing assets, costs of purchasing instrument and tools, and other types of prepaid and deferred expenses.

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16. OTHER ASSETS (continued)

16.3 Other assets (continued)

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

	30 June 2023 VND million	31 December 2022 VND million
Shares	48,803	48,803
Real estate	21,554	21,554
	70,357	70,357

16.4 Provision for other assets

Provision for other assets includes:

	30 June 2023 VND million	31 December 2022 VND million
Provision for credit losses	4,349	4,075
General provision	274	-
Specific provision	4,075	4,075
Provision for diminution	21,247	22,548
	25,596	26,623

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

	For the six-month period ended 30 June 2023 VND million	For the six-month period ended 30 June 2022 VND million
Beginning balance	26,623	16,544
Diminution provision (reversal)/charged in the period	(1,301)	10,079
General provision of debts trading	274	5,250
Ending balance	25,596	31,873

17. DEBTS TO THE STATE BANK OF VIETNAM

	30 June 2023 VND million	31 December 2022 VND million
Borrowing under credit facilities	503	612

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18. DUE TO AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

18.1 Due to other credit institutions

	30 June 2023 VND million	31 December 2022 VND million
Demand deposits	8,026,576	9,034,648
In VND	8,026,576	9,034,648
Term deposits	11,838,048	11,244,400
In VND	10,753,000	10,012,000
In foreign currencies	1,085,048	1,232,400
	19,864,624	20,279,048

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

	30 June 2023 % p.a.	31 December 2022 % p.a.
Term deposits in VND	0.30 - 6.40	2.60 - 8.80
Term deposits in foreign currencies	5.00 - 5.40	4.30 - 5.00

18.2 Borrowings from other credit institutions

	30 June 2023 VND million	31 December 2022 VND million
Borrowings from other credit institutions		
In VND	61,899	65,066
Finance leases	61,899	65,066
In foreign currencies	1,231,077	999,922
	1,292,976	1,064,988

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

	30 June 2023 % p.a.	31 December 2022 % p.a.
In VND	9.00 - 12.45	8.95 - 12.15
In foreign currencies	0.75 - 8.00	0.75 - 7.72

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19. DUE TO CUSTOMERS

19.1 Analysis by type of deposits

	30 June 2023 VND million	31 December 2022 VND million
Demand deposits	6,743,379	8,267,779
Demand deposits in VND	6,466,893	8,050,101
Demand deposits in foreign currencies	254,940	200,630
Demand savings deposits in VND	20,926	16,176
Demand savings deposits in foreign currencies	620	872
Term deposits	138,285,123	116,397,253
Term deposits in VND	22,458,489	18,075,181
Term deposits in foreign currencies	56,994	57,265
Term savings deposits in VND	115,117,599	97,508,099
Term savings deposits in foreign currencies	652,041	756,708
Deposits for specific purposes	67,143	76,654
Deposits for specific purposes in VND	62,859	63,428
Deposits for specific purposes in foreign currencies	4,284	13,226
Margin deposits	265,435	251,649
Margin deposits in VND	265,435	251,649
	145,361,080	124,993,335

Annual interest rates applicable to customer deposits are as follows:

	30 June 2023 % p.a.	31 December 2022 % p.a.
Demand deposits in VND	0.00 - 1.00	0.00 - 1.00
Demand savings deposits in VND	0.50	1.00
Demand deposits in foreign currencies	0.00	0.00
Demand savings deposits in foreign currencies	0.00	0.00
Term deposits in VND	0.50 - 12.20	1.00 - 12.00
Term savings deposits in VND	0.50 - 13.10	0.00 - 13.10
Term deposits in foreign currencies	0.00	0.00
Term savings deposits in foreign currencies	0.00	0.00

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19. DUE TO CUSTOMERS (continued)

19.2 Analysis by customers and type of business

	30 June 2023 VND million	31 December 2022 VND million
Deposits from economic entities	23,953,123	21,612,823
State-owned companies	1,142,954	941,000
One-member limited liability companies of which 100% charter capital is held by the State	3,656,285	2,850,446
Other limited companies	4,804,150	4,799,252
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	997,826	405,709
Other joint stock companies	8,893,679	8,403,218
Partnership	34,112	34,117
Private companies	23,746	26,492
Joint-foreign-invested enterprises	724,844	579,587
Cooperatives and inter-cooperatives	30,661	32,872
Public administrative units, agencies of the Communist Party, unions, and associations	3,644,866	3,540,130
Deposits from individuals	119,631,408	101,983,707
Others	1,776,549	1,396,805
	145,361,080	124,993,335

20. GRANTS, ENTRUSTED FUNDS AND LOANS EXPOSED TO RISKS

	30 June 2023 VND million	31 December 2022 VND million
In VND (i)	2,425	3,230
In foreign currencies (ii)	1,179,400	948,000
	1,181,825	951,230

(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 6.96% (31 December 2022: 4.33%) 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.

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21. VALUABLE PAPERS ISSUED

	30 June 2023 VND million	31 December 2022 VND million
Certificate of deposits less than 1 year	5,350,000	4,600,000
Certificate of deposits over 1 year	5,865,853	7,283,663
Bonds having term over 1 year	1,410,000	500,000
	12,625,853	12,383,663

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

	30 June 2023 % p.a.	31 December 2022 % p.a.
Certificate of deposits less than 1 year	4.90 - 9.50	3.90 - 9.50
Certificate of deposits over 1 year	7.04 - 11.70	4.30 - 11.70
Bonds having term over 1 year	4.40 - 9.70	4.10 - 7.80

22. OTHER LIABILITIES

22.1 Interest and fees payable

	30 June 2023 VND million	31 December 2022 VND million
Interest on saving deposits	3,376,193	2,239,118
Interest on deposits	582,613	426,544
Interest on valuable papers	417,231	455,364
Interest on borrowings	16,271	9,034
Interest on swap contracts	13,636	19,617
Interest on grants, entrusted funds	2,308	2,185
Interest on forward contracts	-	6,959
	4,408,252	3,158,821

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22. OTHER LIABILITIES (continued)

22.2 Other payables

	30 June 2023 VND million	31 December 2022 VND million
Internal payables	145,235	285,659
Payables to employees	91,004	259,514
Bonus and welfare fund	54,231	26,145
External payables	1,486,077	1,811,598
Payables to fast remittance transaction	1,175,952	1,518,204
Taxes and other payables to the State Budget	170,934	121,829
Payables related to card payment services	73,183	38,116
Cash held in trust and waiting for settlement	21,606	16,542
Payments pending in payment operations	11,338	55,755
Foreign currency trading waiting for settlement	7,809	-
Dividends	3,962	4,092
Union payables	3,008	6,265
Other unearned income	1,389	33,339
Others	16,896	17,456
	1,631,312	2,097,257

(i) The movements of the bonus and welfare fund during the period are as follows:

	For the six-month period ended 30 June 2023 VND million	For the six-month period ended 30 June 2022 VND million
Beginning balance	26,145	12,897
Appropriation in period	29,607	13,898
Utilization during the period	(1,521)	-
Ending balance	54,231	26,795

23. STATUTORY OBLIGATIONS

	31 December 2022 VND million	Movement during the period		30 June 2023 VND million
		Payables VND million	Paid VND million	
Value added tax	1,705	23,186	(18,262)	6,629
Corporate income tax	88,654	308,332	(242,575)	154,411
Other taxes	31,470	67,871	(89,447)	9,894
Personal income tax	29,834	62,050	(84,634)	7,250
Withholding tax	1,636	5,678	(4,670)	2,644
License tax	-	143	(143)	-
Others	-	1,065	(1,065)	-
	121,829	400,454	(351,349)	170,934

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23. STATUTORY OBLIGATIONS (continued)

23.1 Current corporate income tax

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

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

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

Current CIT during the period is calculated as follows:

	<i>For the six-month period ended 30 June 2023 VND million</i>	<i>For the six-month period ended 30 June 2022 VND million</i>
Profit before tax	1,524,808	1,171,077
At applicable CIT tax rate of 20%	304,962	234,215
<i>Adjustments to increase:</i>		
- Non-deductible expenses	3,370	1,502
Estimated CIT expenses for the period	308,332	235,717

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24. OWNERS' EQUITY

The movement of the equity is presented below:

Items	Charter capital VND million	Share premium VND million	Others VND million	Fund for capital expenditure VND million	Foreign currency conversion reserve VND million	Reserves of credit institutions VND million	Retained earnings VND million	Total VND million
31 December 2022	8,464,347	1,572,231	25	10	-	1,051,414	1,561,753	12,649,780
Net profit for the period	-	-	-	-	-	-	1,216,476	1,216,476
Appropriation to reserves	-	-	-	-	-	3,074	(3,074)	-
Appropriation to bonus and welfare funds	-	-	-	-	-	-	-	-
Foreign exchange differences	-	-	-	-	(43,612)	-	(29,607)	(29,607)
30 June 2023	8,464,347	1,572,231	25	10	(43,612)	1,054,488	2,745,548	13,793,037

During the year, the Bank and its subsidiary made the financial reserve, the capital supplementary reserve and the bonus and welfare fund according to the approval of the profit distribution plan for 2022 on 17 March 2023.

As at 24 July 2023, the Bank has successfully issued an additional 211,606,954 individual shares to increase its capital from the owner's equity source, in accordance with the Resolution of the Annual General Meeting of Shareholders in 2023. As a result, the Bank has recorded an increase in charter capital by an additional VND2,116,069,540,000, bringing from the initial VND8,464,346,610,000 to the new level of VND10,580,416,150,000. This new charter capital level has been confirmed by the competent authorities in the following documents:

- ▶ Official letter No. 3170/NHNN-TTGSNH dated 28 April 2023 from the State Bank of Vietnam approving the proposal for an increase in the charter capital of Nam A Commercial Joint Stock Bank;
- ▶ Official letter No. 3872/UBCK-QLCB dated 21 June 2023 from the State Securities Commission regarding the report on the issuance of shares to increase the equity capital from the owner's equity source of Nam A Commercial Joint Stock Bank;
- ▶ Official letter No. 752/UBCK-QLCB dated 19 July 2023 from the State Securities Commission approving the results of the issuance of shares to increase the equity capital from the owner's equity source of Nam A Commercial Joint Stock Bank;
- ▶ Business Registration Certificate amended for the 45th time on 3 August 2023 issued by the Department of Planning and Investment of Ho Chi Minh City;
- ▶ Decision No. 1506/QĐ-NHNN dated 9 August 2023, of the State Bank of Vietnam regarding the amendment of the content related to charter capital in the License of Establishment and Operation of Nam A Commercial Joint Stock Bank.

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24. OWNER'S EQUITY (continued)

The movements of the Bank and its subsidiary's reserves during the period are presented below:

Items	Financial reserve VND million	Capital supplementary reserve VND million	Other reserve VND million	Total VND million
31 December 2022	694,544	348,005	8,865	1,051,414
Appropriation to reserves	-	-	3,074	3,074
30 June 2023	694,544	348,005	11,939	1,054,488

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

	30 June 2023 Shares	31 December 2022 Shares
Number of registered shares	846,434,661	846,434,661
Number of shares issued		
- Ordinary shares	846,434,661	846,434,661
Number of outstanding shares		
- Ordinary shares	846,434,661	846,434,661

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

	30 June 2023 VND million	30 June 2022 VND million
Beginning balance	846,434,661	513,440,504
Increase shares issued	-	143,000,000
Ending balance	846,434,661	656,440,504

25. BASIC EARNINGS PER SHARE

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

The net profit after tax used to calculate basic earnings per share for the six-month period ended 30 June 2022 has been adjusted to reflect the actual allocation of the bonus and welfare fund for the year 2022, in accordance with the resolution of the General Meeting of Shareholders on 17 March 2023.

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25. BASIC EARNINGS PER SHARE (continued)

The information for basic earnings per share calculation of the Bank and its subsidiary is as follows:

	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022 Restate</i>
Net profit attributable to ordinary shareholders of the Bank and its subsidiary (VND million)	1,216,476	935,360
Adjustment for appropriation to bonus and welfare funds (VND million)	-	(29,607)
Net profit attributable to ordinary shareholders for basic earnings per share calculation (VND million)	1,216,476	905,753
Weighted average number of outstanding ordinary shares (shares)	846,434,661	785,311,363
Basic earnings per share (VND/share)	1,437	1,153

26. INTEREST AND SIMILAR INCOME

	<i>For the six-month period ended 30 June 2023 VND million</i>	<i>For the six-month period ended 30 June 2022 VND million</i>
Interest income from loans	8,342,051	5,280,385
Interest income from investing securities	497,085	478,850
Interest income from deposit	403,798	90,811
Interest income from credit activities	212,214	73,887
Interest income from guarantee services	48,575	6,172
	9,503,723	5,930,105

27. INTEREST AND SIMILAR EXPENSES

	<i>For the six-month period ended 30 June 2023 VND million</i>	<i>For the six-month period ended 30 June 2022 VND million</i>
Interest expense on deposits	5,829,109	3,208,580
Interest expense on valuable papers	460,955	342,891
Interest expense on borrowings	108,987	31,118
Expenses for other credit activities	9,074	6,203
Interest expense on finance lease	3,466	1,785
	6,411,591	3,590,577

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28. NET FEES AND COMMISSION INCOME

	<i>For the six-month period ended 30 June 2023 VND million</i>	<i>For the six-month period ended 30 June 2022 VND million</i>
Fees and commission income	697,253	195,589
Settlement services	427,557	67,475
Account services	105,357	8,848
Asset preservation services	36,078	28,424
Consulting service	30,679	24,581
Property rental service	17,626	16,289
Insurance agency fees	42,565	34,537
Treasury services	1,608	1,463
Others	35,783	13,972
Fees and commission expenses	(325,894)	(45,019)
Settlement services	(320,136)	(40,080)
Consulting service	(2,396)	(2,066)
Treasury services	(1,673)	(2,008)
Others	(1,689)	(865)
	371,359	150,570

29. NET GAIN FROM TRADING OF FOREIGN CURRENCIES

	<i>For the six-month period ended 30 June 2023 VND million</i>	<i>For the six-month period ended 30 June 2022 VND million</i>
Income from foreign exchange	146,931	98,859
Income from spot foreign exchange	104,060	69,774
Income from currency derivatives	42,568	28,993
Income from gold trading	303	92
Expense from foreign exchange	(102,918)	(60,791)
Expense from spot foreign exchange	(29,925)	(28,355)
Expense from currency derivatives	(72,993)	(32,436)
	44,013	38,068

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30. NET GAIN FROM SECURITIES HELD FOR TRADING

	<i>For the six-month period ended 30 June 2023 VND million</i>	<i>For the six-month period ended 30 June 2022 VND million</i>
Provision charged for trading securities	-	(5,480)

31. NET GAIN FROM INVESTMENT SECURITIES

	<i>For the six-month period ended 30 June 2023 VND million</i>	<i>For the six-month period ended 30 June 2022 VND million</i>
Provision reversed/(charged) for available-for-sale securities	18,056	(3,834)
(Expenses)/income from dealing of investment securities	(11,884)	43,457
Provision reversed for held-to-maturity securities	-	1,500
	6,172	41,123

32. NET GAIN FROM OTHER OPERATING ACTIVITIES

	<i>For the six-month period ended 30 June 2023 VND million</i>	<i>For the six-month period ended 30 June 2022 VND million</i>
Other operating income	5,958	11,978
Income from recovery of written-off debts	4,337	10,685
Net income from disposals of fixed assets	715	545
Other income	906	748
Other operating expenses	(5,569)	(3,584)
Sponsoring expense	(3,378)	(1,288)
Other expenses	(2,191)	(2,296)
	389	8,394

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33. OPERATING EXPENSES

	<i>For the six-month period ended 30 June 2023 VND million</i>	<i>For the six-month period ended 30 June 2022 VND million</i>
Personnel expenses	796,821	578,388
- Salary and allowances	726,714	530,790
- Salary-related allowances	54,393	36,035
- Allowances and others	15,714	11,563
Depreciation expenses on fixed assets	67,636	56,210
Other operating expenses	674,128	518,833
- General management	191,157	135,630
- Office rental	134,286	105,305
- Advertising, marketing, promotion and entertainment	129,367	73,200
- Insurance expenses for customer deposits	81,609	69,867
- Repair and maintenance assets	74,038	71,761
- Other assets expenses	21,277	16,551
- Printing materials expenses	20,003	12,443
- Union expenses	11,147	7,028
- Business trips expenses	7,725	6,210
- (Reverse)/Charge provision expenses (excluding provisions for credit losses and investment)	(1,301)	10,079
- Other expenses	4,820	10,759
	1,538,585	1,153,431

34. CASH AND CASH EQUIVALENTS

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

	<i>30 June 2023 VND million</i>	<i>31 December 2022 VND million</i>
Cash and gold	1,066,331	1,062,738
Balances with the State Bank of Vietnam	13,542,188	1,975,334
Due from and loans to other credit institutions with term of less than 3 months	23,134,611	23,220,381
	37,743,130	26,258,453

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35. EMPLOYEES' INCOME

	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
I. Total number of employees (persons)	4,939	4,101
II. Employees' income (VND million)		
1. Total salary	726,714	530,790
2. Other income	350	-
3. Total income (1+2)	727,064	530,790
4. Average monthly salary (VND million/person)	25	22
5. Average monthly income (VND million/person)	25	22

36. TYPES AND BOOK VALUE OF COLLATERALS

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

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

	<i>30 June 2023 VND million</i>	<i>31 December 2022 VND million</i>
Real estate properties	148,156,171	143,755,095
Valuable papers	59,945,821	49,527,167
Movable assets	3,797,752	3,002,089
Other assets	51,931,659	42,950,064
	263,831,403	239,234,415

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

The breakdown of financial assets mortgaged, pledged by the Bank and its subsidiary for credit granting activities with the State Bank of Vietnam, as well as those discounted, borrowed against, or transferred under purchase and repurchase agreements with SBV and other credit institutions, is as follows:

	<i>30 June 2023 VND million</i>	<i>31 December 2022 VND million</i>
Valuable papers	7,874,241	7,762,032

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37. CONTINGENT LIABILITIES AND COMMITMENTS

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

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

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

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

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

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

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

	30 June 2023 VND million	31 December 2022 VND million
Foreign exchange commitments	40,354,568	17,916,749
- Cross currency swap contracts	39,947,321	17,916,749
- Spot foreign exchange commitments - buy	239,003	-
- Spot foreign exchange commitments - sell	168,244	-
Letters of credit	6,477,802	7,953,409
- Deferred letters of credit	6,477,802	7,953,409
Other guarantees	5,550,989	899,503
- Settlement guarantee	731,997	512,013
- Contract performance guarantee	220,894	185,792
- Bid guarantee	8,038	29,936
- Other guarantees	4,590,060	171,762
	52,383,359	26,769,661
Less: Margin deposits	(11,686)	(13,684)
Contingent liabilities and commitments	52,371,673	26,755,977

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38. LENDING INTEREST AND RECEIVABLE FEES BUT NOT COLLECTED YET

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

	30 June 2023 VND million	31 December 2022 VND million
Lending interest but not collected yet	1,502,212	1,264,852

39. DIFFICULT TO COLLECT DEBTS THAT HAVE BEEN SETTLED

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

	30 June 2023 VND million	31 December 2022 VND million
Debts that have been written-off and under monitoring	1,993,042	1,708,516
Principal	1,200,694	990,432
Interest	792,348	718,084
Others	605	605
	1,993,647	1,709,121

40. ASSETS AND OTHER DOCUMENTS

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

	30 June 2023 VND million	31 December 2022 VND million
Other assets kept for customers	4,649,476	4,061,204
Other valuable documents being preserved	7,846,068	8,426,068
	12,495,544	12,487,272

41. RELATED PARTY TRANSACTIONS

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

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

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41. RELATED PARTY TRANSACTIONS (continued)

- (c) The party is a member of the key management personnel of the Bank and its subsidiary;
- (d) The party is a close member of the family of any person referred to in (a) or (c); or
- (e) The party is an entity that is controlled, jointly controlled, or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any person referred to in (c) or (d).

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

(a) Member of Board of Directors, Board of Supervision and Board of Managements

	<i>For the six-month period ended 30 June 2023 VND million</i>	<i>For the six-month period ended 30 June 2022 VND million</i>
Loan interest income	377	122
Interest expense on deposits	(230)	(639)
Salary and allowances of the Board of Directors	(14,476)	(20,208)
Remuneration for members of the Board of Directors	(5,400)	(3,120)
Remuneration for members of the Board of Supervision	(1,740)	(860)

(b) Other related parties (*)

	<i>For the six-month period ended 30 June 2023 VND million</i>	<i>For the six-month period ended 30 June 2022 VND million</i>
Loan interest income	2,233	1,859
Interest expense on deposits	(3,304)	(23,631)
Income from leasing activities	-	746
Lease expense	-	(6,922)
Income from other activities	2	13
Expense from other activities	-	(2)

- (*) Other related parties include other related parties to Member of Board of Directors, Board of Supervision and Board of Managements, businesses in which these individuals hold, directly or indirectly, a substantial portion of the voting rights or through which they can exercise significant influence over the Bank.



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41. RELATED PARTY TRANSACTIONS (continued)

Receivables and payables with related parties at the period-end are as follow:

<i>Related party</i>	<i>Transactions</i>	<i>30 June 2023 VND million</i>	<i>31 December 2022 VND million</i>
Member of Board of Directors, Board of Supervision and Board of Managements	Deposits	(15,735)	(8,709)
	Loans	6,413	7,981
	Accrual interest expense from deposits	(210)	(17)
	Accrual interest income from loans	55	58
	Other payables	40	-
Other related parties	Deposits	(52,099)	(117,822)
	Loans	58,854	60,682
	Accrual interest income from deposit	(2,138)	(3,402)
	Accrual interest income from loans	406	349
	Other receivables	-	594

42. CONCENTRATION OF ASSETS, LIABILITIES AND OFF CONSOLIDATED STATEMENT OF FINANCIAL POSITION ITEMS BY GEOGRAPHICAL REGIONS

	<i>Domestic VND million</i>	<i>Overseas VND million</i>	<i>Total VND million</i>
Assets at 30 June 2023	179,709,395	251,655	179,961,050
Due from and loans to other credit institutions	25,672,841	251,655	25,924,496
Loans to customers - gross	129,215,213	-	129,215,213
Trading and investment securities - gross	24,736,021	-	24,736,021
Long-term investments - gross	85,320	-	85,320
Liabilities at 30 June 2023	197,459,748	2,174,519	199,634,267
Due to and borrowings from other credit institutions	20,162,481	995,119	21,157,600
Due to customers	145,361,080	-	145,361,080
Derivatives and financial instruments (Total transaction value amount to contract)	19,307,909	-	19,307,909
Grants, entrusted funds and loans exposed to risks	2,425	1,179,400	1,181,825
Valuable papers issued	12,625,853	-	12,625,853
Off consolidated statement of financial position commitments at 30 June 2023	52,371,673	-	52,371,673

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43. INFORMATION BY GEOGRAPHICAL REGIONS

Information on income and expenses of each segment by geographical area of the Bank and its subsidiary as at 30 June 2023 and for the six-month period 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	2,071,102	2,401,926	21,288,415	25,761,443	(15,407,577)	10,353,866
Interest income	2,048,754	2,363,597	20,498,949	24,911,300	(15,407,577)	9,503,723
Fee and commission income	16,720	35,555	644,978	697,253	-	697,253
Other operation income	5,628	2,774	144,488	152,890	-	152,890
Expense	(1,805,222)	(1,976,050)	(20,004,691)	(23,785,963)	15,407,577	(8,378,386)
Interest expense	(1,632,904)	(1,770,993)	(18,415,271)	(21,819,168)	15,407,577	(6,411,591)
Depreciation expense	(5,029)	(6,939)	(55,668)	(67,636)	-	(67,636)
Expense directly related to operation activities	(167,289)	(198,118)	(1,533,752)	(1,899,159)	-	(1,899,159)
Net operating profit before provision for credit losses	265,880	425,876	1,283,724	1,975,480	-	1,975,480
Provision for credit losses	(31,332)	(53,037)	(366,303)	(450,672)	-	(450,672)
Profit before tax	234,548	372,839	917,421	1,524,808	-	1,524,808

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43. INFORMATION BY GEOGRAPHICAL REGIONS (continued)

Information on asset and liability of each segment by geographical area of the Bank and its subsidiary as at 30 June 2023 and for the six-month period 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	128,970	220,246	717,115	1,066,331	-	1,066,331
Due from the State Bank of Vietnam	838	282	13,541,068	13,542,188	-	13,542,188
Due from and loans to other credit institutions	75	220	25,924,201	25,924,496	-	25,924,496
Derivatives and other financial assets	129	-	-	129	-	129
Loans to customers	2,385,581	11,715,550	113,783,160	127,884,291	-	127,884,291
Investment securities	-	235,818	23,681,797	23,917,615	-	23,917,615
Fixed assets	55,662	156,023	1,349,805	1,561,490	-	1,561,490
Other assets	136,847	114,637	6,057,241	6,308,725	-	6,308,725
TOTAL ASSETS	2,708,102	12,442,776	185,054,387	200,205,265	-	200,205,265
LIABILITIES						
Due to and borrowings from other credit institutions and the State Bank of Vietnam	100	10,785	21,147,218	21,158,103	-	21,158,103
Due to customers	37,421,784	25,738,765	82,200,531	145,361,080	-	145,361,080
Valuable papers issued	1,551,128	1,507,464	9,567,261	12,625,853	-	12,625,853
Derivatives and other financial liabilities	-	-	45,803	45,803	-	45,803
Grants, entrusted funds and loans exposed to risks	-	-	1,181,825	1,181,825	-	1,181,825
Other liabilities	1,255,487	780,889	4,003,188	6,039,564	-	6,039,564
TOTAL LIABILITIES	40,228,499	28,037,903	118,145,826	186,412,228	-	186,412,228

44. FINANCIAL RISK MANAGEMENT

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

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

(i) Risk management structure

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

(ii) Board of Directors

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

(iii) Risk Management Committee

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

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

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

(iv) Board of Supervision

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

(v) Internal Audit

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

(vi) Risk measurement and reporting systems

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

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44. FINANCIAL RISK MANAGEMENT (continued)

(vi) Risk measurement and reporting systems (continued)

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

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

(vii) Risk reduction

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

(viii) Excessive risk concentration

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

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

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

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

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

The effective interest rates on deposits with the SBV, due from and loans to other credit institutions, loans to customers, and due to customers in currencies are presented in Notes 5, 6, 8 and 19 respectively.

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45. CREDIT RISK (continued)

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

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

	30 June 2023 VND million	31 December 2022 VND million
Credit risk exposures of in-consolidated statement of financial position items		
Due from and loans to other credit institutions	25,924,496	23,905,527
Derivatives financial instruments	-	104,949
Loans to customers		
- Individuals	27,707,300	26,669,441
- Corporates	101,507,913	92,868,899
Investment securities		
- Debt securities - available-for-sale	8,069,227	9,774,984
- Debt securities - held-to-maturity	1,214,295	1,025,605
Other financial assets	5,475,872	4,456,514
Credit risk exposures of off-consolidated statement of financial position items		
Financial guarantees	5,550,989	899,503
Letters of credit	6,477,802	7,953,409

This table presents the worst scenario which the Bank and its subsidiary will incur the maximum credit exposures as at 30 June 2023 and 31 December 2022, without taking into account of any collateral held or their credit enhancements.

45.2 Financial assets neither past due nor impaired

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

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

45.3 Financial assets past due but not impaired

The age of financial assets past due but not impaired as at 30 June 2023 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	31,517	29,952	61,618	866,022	989,109

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 collaterals.

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46. MARKET RISK

46.1 Interest rate risk

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

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

The re-pricing term of the effective interest rate is the remaining period from the date of the interim consolidated financial statements to the nearest re-pricing date of interest rate or 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 and its subsidiary's assets and liabilities:

- ▶ Cash and gold; due from the State Bank of Vietnam; 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 investment securities – debt securities (excluding special bond issued by VAMC; loans to customers; due from and loans to other credit institutions; grants, entrusted funds and loans exposed to risks; borrowings from State Bank of Vietnam; valuable papers issued; due to and borrowings from other credit institutions and due to customers are determined as follows:
 - Items which bear fixed interest rate during the contractual term: The re-pricing term is determined based on the time to maturity from the interim consolidated statement of financial position date.
 - Items which bear floating interest rate: The re-pricing term is determined based on the time to the nearest interest rate re-pricing date from the interim consolidated statement of financial position date.

The following table presents the interest re-pricing period of the Bank and its subsidiary's assets and liabilities as at 30 June 2023:

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46. MARKET RISKS (continued)

46.1 Interest rate risk (continued)

	Overdue VND million	Non-interest bearing VND million	Interest re-pricing period					Over 5 years VND million	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		
Assets									
Cash and gold	-	1,066,331	-	-	-	-	-	-	1,066,331
Balances with the State Bank of Vietnam	-	13,542,188	-	-	-	-	-	-	13,542,188
Due from and loans to other credit institutions	-	289,885	18,936,563	4,198,048	1,100,000	1,400,000	-	-	25,924,496
Loans to customers - gross	6,347,620	-	67,382,665	31,803,851	18,274,262	3,361,043	2,045,772	-	129,215,213
Investment securities - gross	-	1,814,527	1,272,173	6,695,333	4,718,769	10,235,219	-	-	24,736,021
Long-term investments - gross	-	85,320	-	-	-	-	-	-	85,320
Fixed assets	-	1,561,490	-	-	-	-	-	-	1,561,490
Investment properties	-	15,971	-	-	-	-	-	-	15,971
Other assets - gross	-	6,233,030	-	-	-	-	-	-	6,233,030
Total assets	6,347,620	24,608,742	87,591,401	42,697,232	24,093,031	14,996,262	2,045,772	-	202,380,060
Liabilities									
Borrowings from the State Bank of Vietnam	-	-	503	-	-	-	-	-	503
Due to and borrowings from other credit institutions	-	-	15,876,474	4,259,953	25,930	124	995,119	-	21,157,600
Due to customers	-	-	30,982,783	31,839,973	50,031,237	30,548,414	1,957,256	1,417	145,361,080
Derivatives and other financial liabilities	-	45,674	-	-	-	-	-	-	45,674
Grants, entrusted funds, and loans exposed to risks	-	-	2,425	353,820	825,580	-	-	-	1,181,825
Valuable papers issued	-	-	998,990	1,855,315	1,545,420	7,347,138	678,990	200,000	12,625,853
Other liabilities	-	6,039,564	-	-	-	-	-	-	6,039,564
Total liabilities	-	6,085,238	47,861,175	38,309,061	52,428,167	37,895,676	3,631,365	201,417	186,412,099
In-consolidated statement of financial position interest sensitivity gap	6,347,620	18,523,504	39,730,226	4,388,171	(28,335,136)	(22,899,414)	(1,585,593)	(201,417)	15,967,961

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46. MARKET RISKS (continued)

46.1 Interest rate risk (continued)

Interest rate sensitivity

The Bank and its subsidiaries conducted an analysis of the sensitivity of Net interest income to changes in market interest rates for VND and USD as of 30 June 2023, as follows:

	Assumed level of change %	Effects on profit after tax VND million
As at 30 June 2023		
VND	0.02%	3,857
VND	(0.02%)	(3,857)
USD	0.02%	(165)
USD	(0.02%)	165

46.2 Currency risk

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

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

The exchange rates of key foreign currencies to VND at the reporting date are presented at Note 50.

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

46.2 Currency risk (continued)

The following table presents assets and liabilities in foreign currencies converted into VND as at 30 June 2023:

	EUR equivalent VND million	USD equivalent VND million	Gold equivalent VND million	Other currencies equivalent VND million	Total VND million
Assets					
Cash and gold	5,723	95,549	1,209	9,406	111,887
Balances with the State Bank of Vietnam	-	84,250	-	-	84,250
Due from and loans to other credit institutions	4,910	1,366,333	-	22,081	1,393,324
Derivatives and other financial assets	-	471,760	-	-	471,760
Loans to customers - gross	-	727,926	-	-	727,926
Other assets - gross	-	48,202	-	-	48,202
Total assets	10,633	2,794,020	1,209	31,487	2,837,349
Liabilities					
Due to and borrowings from other credit institutions	-	2,316,125	-	-	2,316,125
Due to customers	7,475	955,059	-	6,345	968,879
Derivatives and other financial liabilities	-	-	-	9,038	9,038
Grants, entrusted funds and loans exposed to risks	-	1,179,400	-	-	1,179,400
Other liabilities	2,558	58,775	-	8,467	69,800
Total liabilities	10,033	4,509,359	-	23,850	4,543,242
Foreign exchange position in-consolidated statement of financial position	600	(1,715,339)	1,209	7,637	(1,705,893)
Foreign exchange position off-consolidated statement of financial position	-	67,636	-	3,123	70,759
Foreign exchange position in and off-consolidated statement of financial position	600	(1,647,703)	1,209	10,760	(1,635,134)

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46. MARKET RISK (continued)

46.2 Currency risk (continued)

Exchange rate sensitivity

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

	Assumed level of change %	Effects on profit after tax VND million
As at 30 June 2023		
EUR	1%	5
EUR	(1%)	(5)
USD	1%	(13,723)
USD	(1%)	13,723
SJC	1%	10
SJC	(1%)	(10)

46.3 Liquidity risk

Liquidity risk is the risk which the Bank and its subsidiary face difficulties in meeting their financial liabilities. Liquidity risk arises when the Bank and its subsidiary are unable to settle debt obligations on their due dates under normal or stress conditions. To manage exposure to liquidity risk, the Bank and its subsidiary diversify the mobilization of deposits from various sources in addition to its basic capital resources. In addition, the Bank and its subsidiary have established policies to control liquidity assets flexibly; monitor future cash flows and daily liquidity. The Bank and its subsidiary have also evaluated the estimated cash flows and the availability of current collateral assets in case of obtaining more deposits.

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

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

- ▶ Balances with the SBV are classified as demand deposits, considered within one (1) month, including compulsory deposits;
- ▶ The maturity term of securities held for trading, investment securities - debt securities is calculated based on the maturity date of each type of security; investment securities - listed equity securities are considered within one (1) month because of their high liquidity;
- ▶ The maturity term of liabilities due to the SBV, grants, entrusted funds and loans exposed to risks, valuable papers issued, due from and loans to other credit institutions, and loans to customers is determined based on the maturity date stipulated in contracts. The actual maturity term may be altered if loan contracts are extended;
- ▶ The maturity term of long-term investments is considered to be more than five (5) years because these investments do not have specific maturity dates;
- ▶ The maturity term of liabilities due to and borrowings from other credit institutions, derivatives, other financial liabilities, and liabilities due to customers is determined based on the features of these items or the maturity date stipulated in contracts. Vostro accounts and demand deposits are transacted as required by customers and are 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, may extend 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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46. MARKET RISK (continued)

46.3 Liquidity risk (continued)

The following table presents the maturity of assets and liabilities of the Bank as at 30 June 2023:

	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	-	-	1,066,331	-	-	-	-	1,066,331
Balances with the State Bank of Vietnam	-	-	13,542,188	-	-	-	-	13,542,188
Due from and loans to other credit institutions	-	-	18,936,563	4,198,048	2,578,565	211,320	-	25,924,496
Loans to customers - gross	3,478,516	2,869,104	3,762,202	12,602,553	51,156,356	21,635,818	33,710,664	129,215,213
Investment securities - gross	-	-	1,394,141	730,035	2,520,000	6,024,426	14,067,419	24,736,021
Long-term investments – gross	-	-	-	-	-	-	85,320	85,320
Fixed assets	-	-	356,468	218	3,465	181,399	1,019,940	1,561,490
Investment properties	-	-	-	-	-	-	15,971	15,971
Other assets - gross	-	-	3,272,304	875,868	1,515,261	485,996	83,601	6,233,030
Total assets	3,478,516	2,869,104	42,330,197	18,406,722	57,773,647	28,538,959	48,982,915	202,380,060
Liabilities								
Borrowings from the State Bank of Vietnam	-	-	-	-	503	-	-	503
Due to and borrowings from other credit institutions	-	-	15,876,474	4,259,953	25,679	995,494	-	21,157,600
Due to customers	-	-	30,982,783	31,839,973	80,579,651	1,957,256	1,417	145,361,080
Derivatives and other financial liabilities	-	-	8,373	6,453	30,848	-	-	45,674
Grants, entrusted funds and loans exposed to risks	-	-	-	-	291	1,181,534	-	1,181,825
Valuable papers issued	-	-	600,000	1,513,945	4,926,618	3,232,760	2,352,530	12,625,853
Other liabilities	-	-	1,186,600	1,342,585	3,440,965	56,844	12,570	6,039,564
Total liabilities	-	-	48,654,230	38,962,909	89,004,555	7,423,888	2,366,517	186,412,099
Net liquidity gap	3,478,516	2,869,104	(6,324,033)	(20,556,187)	(31,230,908)	21,115,071	46,616,398	15,967,961

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46. MARKET RISK (continued)

46.4 Market price risk

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

47. OPERATING LEASE COMMITMENTS

	30 June 2023 VND million	31 December 2022 VND million
Operating lease commitments	994,992	932,567
<i>In which:</i>		
- Due within one year	162,751	166,299
- Due from one to five years	532,669	517,639
- Due after five years	299,572	248,629

48. SUPPLEMENTAL NOTES TO FINANCIAL ASSETS AND FINANCIAL LIABILITIES

On 6 November 2009, the Ministry of Finance issued Circular 210/2009/TT-BTC, which provides guidance for the adoption of the International Financial Reporting Standards on the presentation and disclosures of financial instruments in Vietnam (referred to as "Circular 210"). This circular is effective for financial years beginning on or after 1 January 2011.

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

Financial assets

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

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

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

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

- a) It is classified as held-for-trading. A financial asset is classified as held-for-trading if:
 - ✓ It is acquired or incurred primarily 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 a designated and effective hedging instrument);
- b) It is designated by the Bank and its subsidiary as at fair value through the interim consolidated income statement upon initial recognition.

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48. 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 and its subsidiary intend and can hold to maturity, except for:

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

► *Loans and receivables:*

Are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market, except for:

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

Financial liabilities

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

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

Financial liabilities (continued)

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

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

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

- a) It is classified as held for trading. A financial liability is deemed 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) It is designated by the Bank and its subsidiary as at fair value through the interim consolidated income statement upon initial recognition.

► *Financial liabilities at amortized cost.*

Financial liabilities that are not categorized as at fair value through the interim consolidated income statement will be 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 interim consolidated statement of financial position if, and only if, the Bank and its subsidiary have an enforceable legal right to offset financial assets against financial liabilities and the Bank and its subsidiary have the 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 approximates their carrying value due to the short-term maturity of these items.

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

The carrying amount and fair value of the Bank and its subsidiary's financial assets and liabilities are presented as at 30 June 2023 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	-	-	-	-	1,066,331	1,066,331
Balances with the State Bank of Vietnam	-	-	-	-	13,542,188	13,542,188
Due from and loans to other credit institutions	-	-	2,789,885	-	23,134,611	25,924,496
Loans to customers	-	-	127,884,291	-	-	127,884,291
Investment securities	-	12,174,255	-	11,743,360	-	23,917,615
Long-term investments	-	-	-	85,320	-	85,320
Other financial assets	-	-	5,475,872	-	-	5,475,872
	-	12,174,255	136,150,048	11,828,680	37,743,130	197,896,113
Financial liabilities						
Borrowings from the State Bank of Vietnam	-	-	-	-	503	503
Due to and borrowings from other credit institutions	-	-	-	-	21,157,600	21,157,600
Due to customers	-	-	-	-	145,361,080	145,361,080
Derivatives and other financial liabilities	9,195	-	-	-	36,479	45,674
Grants, entrusted funds and loans exposed to risks	-	-	-	-	1,181,825	1,181,825
Valuable papers issued	-	-	-	-	12,625,853	12,625,853
Other financial liabilities	-	-	-	-	6,039,564	6,039,564
	9,195	-	-	-	186,402,904	186,412,099

(*) As Vietnamese Accounting Standards, the 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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49. EVENTS AFTER THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS DATE

As at 24 July 2023, the Bank has successfully issued an additional 211,606,954 individual shares to increase its capital from the owner's equity source, in accordance with the Resolution of the Annual General Meeting of Shareholders in 2023. As a result, the Bank has recorded an increase in charter capital by an additional VND2,116,069,540,000, bringing the initial VND8,464,346,610,000 to the new level of VND10,580,416,150,000.

Except for the event mentioned above, there is no matter or circumstance that has arisen since 30 June 2023 that requires adjustment or disclosure in the interim consolidated financial statements of the Bank and its subsidiary.

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

	30 June 2023 VND	31 December 2022 VND
USD	23,588.00	23,700.00
EUR	25,581.50	25,234.50
GBP	29,798.00	28,519.50
CAD	17,791.00	17,397.00
SGD	17,384.50	17,592.00
AUD	15,617.00	16,097.50
CHF	26,169.00	25,497.00
JPY	163.00	179.79
HKD	3,012.50	3,021.50
KRW	18.71	18.68
Gold SJC (ounce)	6,680,000	6,640,000

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11 August 2023