

Nam A Commercial Joint Stock Bank

Consolidated financial statements

For the year ended 31 December 2023



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"), Establishment License No. 463/GP-UB issued by the People's Committee of Ho Chi Minh City on 1 September 1992, and Business Registration Certificate No. 0300873215 issued on 1 September 1992, amended 45 times on 3 August 2023 issued 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 31 December 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 year 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

Nam A Commercial Joint Stock Bank

GENERAL INFORMATION (continued)

THE BOARD OF SUPERVISION

The members of the Board of Supervision of the Bank during the year 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

THE BOARD OF MANAGEMENT AND CHIEF ACCOUNTANT

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

<i>Name</i>	<i>Position</i>	<i>Date of appointment/reappointment</i>
Mr. Tran Ngoc Tam	Chief Executive Officer	Reappointment 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	Reappointment on 1 November 2022
Mr. Ha Huy Cuong	Deputy Chief Executive Officer	Reappointment on 25 February 2022
Mr. Le Anh Tu	Deputy Chief Executive Officer	Reappointment on 6 October 2021
Mr. Nguyen Vinh Tuyen	Deputy Chief Executive Officer	Reappointment on 11 May 2022
Mr. Vo Hoang Hai	Deputy Chief Executive Officer	Reappointment on 8 December 2023
Ms. Ho Nguyen Thuy Vy	Deputy Chief Executive Officer	Reappointment on 2 February 2024
Ms. Nguyen Thi My Lan	Chief Financial Officer cum Chief Accountant	Reappointment on 8 December 2023

LEGAL REPRESENTATIVE

The legal representative of the Bank 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 consolidated financial statements for the year ended 31 December 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 consolidated financial statements of the Bank and its subsidiary for the year ended 31 December 2023.

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

The Board of Management of the Bank is responsible for the consolidated financial statements of each financial year, which provide a true and fair view of the consolidated financial position of the Bank and its subsidiary, and the consolidated income statement and consolidated cash flows for the year. In preparing these 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 consolidated financial statements; and
- ▶ prepare the 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 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 consolidated financial statements.

STATEMENT BY THE BOARD OF MANAGEMENT

The Board of Management of the Bank hereby states that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiary as at 31 December 2023, the consolidated income statement, and their consolidated cash flows for the year 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 consolidated financial statements.



On behalf of the Board of Management

Mr. Tran Ngoc Tam
Chief Executive Officer

Ho Chi Minh City, Vietnam

1 March 2024

Reference: 60758135/66984032-HN

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Nam A Commercial Joint Stock Bank ("the Bank") and its subsidiary, as prepared on 1 March 2024, and set out on pages 6 to 79, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated income statement, the consolidated cash flows statement for the year 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 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 consolidated financial statements, and for such internal control that the Board of Management deemed necessary to enable the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Bank and its subsidiary as at 31 December 2023, and of the consolidated the separate income statement and their consolidated cash flows for the year then ended, in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions, and other statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

Ernst & Young Vietnam Limited



Nguyễn Phương Nga
Deputy General Director
Audit Practicing Registration Certificate
No. 0763-2024-004-1



Nguyễn Văn Trung
Auditor
Audit Practicing Registration Certificate
No. 3847-2021-004-1

Ho Chi Minh City, Vietnam

1 March 2024

Nam A Commercial Joint Stock Bank

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

B02/TCTD-HN

	<i>Notes</i>	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
ASSETS			
Cash and gold	4	1,132,969	1,062,738
Balances with the State Bank of Vietnam	5	16,268,047	1,975,334
Due from and loans to other credit institutions		22,591,302	23,905,527
Due from other credit institutions	6.1	20,801,417	23,220,381
Loans to other credit institutions	6.2	1,789,885	685,146
Derivatives and other financial assets	7	39,455	104,949
Loans to customers		139,894,641	118,294,112
Loans to customers	8	141,438,441	119,538,340
Provision for loans to customers	9.1	(1,543,800)	(1,244,228)
Investment securities		24,068,777	25,658,747
Available-for-sale securities	10.1	13,110,808	13,492,370
Held-to-maturity securities		10,976,814	12,853,817
Provision for investment securities	10.5	(18,845)	(687,440)
Long-term investments	11	85,320	85,320
Other long-term investments		85,320	85,320
Fixed assets		1,586,997	1,042,529
Tangible fixed assets	12	901,069	518,209
Cost		1,554,014	1,105,795
Accumulated depreciation		(652,945)	(587,586)
Financial leases fixed assets	13	104,336	100,696
Cost		158,913	134,573
Accumulated depreciation		(54,577)	(33,877)
Intangible fixed assets	14	581,592	423,624
Cost		744,439	575,554
Accumulated amortization		(162,847)	(151,930)
Investment properties	15	15,971	15,971
Cost		15,971	15,971
Other assets		4,212,760	5,433,507
Receivables	16.1	1,466,711	2,260,617
Interest and fees receivables	16.2	2,076,285	2,727,847
Other assets	16.3	702,787	471,666
Provision for other assets	16.4	(33,023)	(26,623)
TOTAL ASSETS		209,896,239	177,578,734

Nam A Commercial Joint Stock Bank

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

B02/TCTD-HN

	<i>Notes</i>	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
LIABILITIES			
Borrowings from the Government and the State Bank of Vietnam	17	345	612
Borrowings from the Government and the State Bank of Vietnam		345	612
Due to and borrowings from other credit institutions		24,021,674	21,344,036
Due to other credit institutions	18.1	22,816,967	20,279,048
Borrowings from other credit institutions	18.2	1,204,707	1,064,988
Due to customers	19	145,428,945	124,993,335
Grants, entrusted funds and loans exposed to risks	20	1,066,465	951,230
Valuable papers issued	21	18,458,868	12,383,663
Other liabilities		5,678,150	5,256,078
Interest and fees payable	22.1	4,282,773	3,158,821
Other payables	22.2	1,395,377	2,097,257
TOTAL LIABILITIES		194,654,447	164,928,954
OWNERS' EQUITY			
Capital		10,580,866	10,036,613
Charter capital		10,580,416	8,464,347
Fund for capital expenditure		10	10
Share premium		415	1,572,231
Other		25	25
Reserves		1,447,731	1,051,414
Retained earnings		3,213,195	1,561,753
TOTAL OWNERS' EQUITY	24	15,241,792	12,649,780
TOTAL LIABILITIES AND OWNERS' EQUITY		209,896,239	177,578,734

Nam A Commercial Joint Stock Bank

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

B02/TCTD-HN

OFF CONSOLIDATED STATEMENT OF FINANCIAL POSITION ITEMS

	Notes	Ending balance VND million	Beginning balance VND million
Foreign exchange commitments	37	14,694,595	17,916,749
- Currency swap contracts		12,105,195	17,916,749
- Spot foreign exchange commitments - buy		2,420,000	-
- Spot foreign exchange commitments - sell		169,400	-
Letters of credit	37	6,114,363	7,953,409
Other guarantees	37	9,847,973	885,819
Interest and receivable fees not yet collected	38	2,019,149	1,264,852
Written-off debts	39	2,674,247	1,709,121
Assets and other documents	40	11,470,531	12,487,272
		46,820,858	42,217,222



Ms. Tran Phuong Thao
Head of Accounting
Department



Ms. Nguyen Thi My Lan
Chief Financial Officer cum
Chief Accountant



Mr. Tran Ngoc Tam
Chief Executive Officer

Ho Chi Minh City, Vietnam

1 March 2024

Nam A Commercial Joint Stock Bank

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2023

B03/TCTD-HN

	Notes	Current year VND million	Previous year VND million
Interest and similar income	26	19,338,340	12,966,350
Interest and similar expenses	27	(12,691,031)	(7,847,229)
Net interest and similar income		6,647,309	5,119,121
Fee and commission income		1,141,500	402,809
Fee and commission expenses		(551,469)	(127,917)
Net fee and commission income	28	590,031	274,892
Net gain from trading of foreign currencies	29	14,607	57,046
Net gain from investment securities	30	59,287	119,367
Other operating income		499,520	319,953
Other operating expenses		(166,581)	(17,431)
Net gain from other operating activities	31	332,939	302,522
Income from investments in other entities	32	38	100,352
TOTAL OPERATING INCOME		7,644,211	5,973,300
TOTAL OPERATING EXPENSES	33	(3,492,455)	(2,841,928)
Net profit before provision for credit losses		4,151,756	3,131,372
Provision expense for credit losses	9	(847,804)	(863,393)
PROFIT BEFORE TAX		3,303,952	2,267,979
Current corporate income tax expense	23.1	(682,333)	(460,103)
Corporate income tax expenses		(682,333)	(460,103)
PROFIT AFTER TAX		2,621,619	1,807,876
Basic earnings per share (VND/share)	25	2,478	1,743



Ms. Tran Phuong Thao
Head of Accounting
Department



Ms. Nguyen Thi My Lan
Chief Financial Officer cum
Chief Accountant



Mr. Tran Ngoc Tam
Chief Executive Officer

Ho Chi Minh City, Vietnam

1 March 2024

Nam A Commercial Joint Stock Bank

CONSOLIDATED CASH FLOWS STATEMENT for the year ended 31 December 2023

B04/TCTD-HN

	Notes	Current year VND million	Previous year VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and similar receipts		19,982,045	13,060,358
Interest and similar payments		(11,539,747)	(7,093,872)
Net fee and commission receipts		537,866	272,822
Net receipts from trading of securities, gold and foreign currencies		45,593	183,324
Other income		(165,114)	(9,624)
Recoveries from bad debts written-off previously	31	496,895	310,599
Payments to employees and other operating expenses		(3,826,059)	(2,885,598)
Corporate income tax paid during the year	23	(501,892)	(449,979)
Net cash flows from operating profit before changes in operating assets and liabilities		5,029,587	3,388,030
Changes in operating assets			
Increase in due from and loans to other credit institutions		(1,104,739)	(455,261)
Decrease/(increase) in investment securities		352,279	(2,670,605)
Decrease/(increase) in derivatives and other financial assets		65,494	(104,949)
Increase in loans to customers		(20,238,361)	(17,252,101)
Utilization of provision to write-off loans to customers, securities and long-term investments		(1,023,708)	(539,551)
Decrease/(increase) in other assets		1,034,357	(1,031,860)
Changes in operating liabilities			
Decrease in borrowings from the Government and the State Bank of Vietnam		(267)	(384)
Increase in due to and borrowings from other credit institutions		2,677,578	5,694,501
Increase in due to customers		20,435,610	9,673,947
Increase in valuable papers issued		6,075,205	2,023,560
Increase in grants, entrusted funds and loans exposed to risks		115,235	486,607
Decrease in derivatives and other financial liabilities		-	(3,112)
(Decrease)/increase in other liabilities		(894,055)	1,036,280
Net cash from operating activities		12,524,215	245,102

Nam A Commercial Joint Stock Bank

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

B04/TCTD-HN

	Notes	Current year VND million	Previous year VND million
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(581,238)	(633,182)
Proceeds from disposal of fixed assets		1,191	1,688
Proceeds from sale of investments in other entities		-	140,800
Dividends received from long-term investments	32	38	32
Net cash used in investing activities		(580,009)	(490,662)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in charter capital from capital contribution and/or share issuance		-	2,830,960
Dividends distributed to shareholders		(226)	(222)
Net cash (used in)/from financing activities		(226)	2,830,738
Net change of cash for the year		11,943,980	2,585,178
Cash and cash equivalents at the beginning of the year	34	26,258,453	23,673,275
Cash and cash equivalents at the end of the year	34	38,202,433	26,258,453



Ms. Tran Phuong Thao
Head of Accounting
Department



Ms. Nguyen Thi My Lan
Chief Financial Officer cum
Chief Accountant



Mr. Tran Ngoc Tam
Chief Executive Officer

Ho Chi Minh City, Vietnam

1 March 2024

Nam A Commercial Joint Stock Bank

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

B05/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"), Establishment License No. 463/GP-UB issued by the People's Committee of Ho Chi Minh City on 1 September 1992, and Business Registration Certificate No. 0300873215 on 1 September 1992, amended 45 times on 3 August 2023 issued 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 31 December 2023 is VND10,580,416,150,000 (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 31 December 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.

Subsidiary

As at 31 December 2023, the Bank has 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) time on 16 January 2023	Debt management and asset mining	100%

Employees

The Bank and its subsidiary's total number of employees as at 31 December 2023 was 5,357 persons (as at 31 December 2022: 4,639 persons).

2. BASIS OF PREPARATION

2.1 *Statement of compliance*

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

2.2 *Accounting standards and system*

The 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 – 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 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 consolidated financial position, consolidated income statement, and 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 consolidated financial statements of credit institutions, that are not shown in these consolidated financial statements, indicate nil balance.

2.3 *Fiscal year*

The fiscal year of the Bank and its subsidiary, applicable for the preparation of their consolidated financial statements, begins on 1 January and ends on 31 December.

2. BASIS OF PREPARATION (continued)

2.4 Accounting currency

The consolidated financial statements are prepared in Vietnam dong ("VND"). For the presentation of the consolidated financial statements as at 31 December 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 consolidated financial statements regarding the consolidated financial position, consolidated income statement, and consolidated cash flows.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiary for the year ended 31 December 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 financial statements of the subsidiary are prepared for the same reporting period as the parent bank, using consistent accounting policies.

All intra-company balances, income, 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 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 the 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 consolidated financial statements are consistent with those followed in the preparation of the Bank and its subsidiary's consolidated financial statements for the year ended 31 December 2022, except for the following change in accounting policy:

Circular 02/2023/TT-NHNN ("Circular 02") 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.

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.

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 investments securities with a maturity of less than three months from the purchase date, which are readily convertible into cash and do not bear liquidity risk at the reporting date.

3.3 Due from and loans to other credit institutions

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

The credit risk classification of due from and credit granting to other credit institutions, as well as the 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 year.

The provision for credit losses of loans to customers is presented separately as one (1) line in the 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, 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 31 December 2023 is made at 0.75% of the total outstanding loans as at 31 December 2023, excluding due from and loans to other credit institutions and loans classified as loss.

Specific provision as at 31 December 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 31 December 2023. The basis for determining the value and discounted value for each type of collateral is specified in Circular 11.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Loan group		Description	Specific provision rate
1	Current	(a) Current debts are assessed as fully and timely recoverable for both principals and interests; or (b) Debts are overdue for a period of less than 10 days and assessed as fully recoverable for both overdue principals and interests, and fully and timely recoverable for both remaining principals and interests.	0%
2	Special Mention	(a) Debts are overdue for a period of between 10 days and 90 days; or (b) Debts which the repayment terms are restructured for the first time.	5%
3	Sub-standard	(a) Debts are overdue for a period of between 91 days and 180 days; or (b) Debts which the repayment terms are extended for the first time; or (c) Debts which interests are exempted or reduced because customers do not have sufficient capability to repay all interests under credit contracts; or (d) Debts under one of the following cases which have not been recovered in less than 30 days from the date of the recovery decision: <ul style="list-style-type: none"> ▪ Debts made in compliance with Clause 1, 3, 4, 5, 6 under Article 126 of Law on Credit Institutions; or ▪ Debts made in compliance with Clause 1, 2, 3, 4 under Article 127 of Law on Credit Institutions; or ▪ Debts made in compliance with Clauses 1, 2 and 5 under Article 128 of Law on Credit Institutions. (e) Debts are required to be recovered according to regulatory inspection conclusions. (f) Debts are required to be recovered according to credit institutions' 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%

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	(a) Debts are overdue for a period of between 181 days and 360 days; or (b) Debts which the repayment terms are restructured for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or (c) Debts which the repayment terms are restructured for the second time; or (d) Debts are specified in point (d) of Loan group 3 and overdue for a period of between 30 days and 60 days after decisions of recovery have been issued; or (e) Debts are required to be recovered according to regulatory inspection conclusions but still outstanding with an overdue period up to 60 days since the recovery date as required by regulatory inspection conclusions. (f) Debts are required to be recovered according to credit institutions, foreign bank branches' decisions on early payment due to customers' breach of agreements but have not yet been recovered for a period between 30 days to 60 days from the issuance date of the decision; or (g) At the request of the SBV based on the inspection, supervision conclusions and relevant credit information.	50%
5 Loss	(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%

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.

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:

Disbursement date	Overdue status	Overdue date	Principle of loan classification retention
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. 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

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).

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 utilized to address bad debts. According to Circular 11, the Bank and its subsidiary establish a risk settlement committee to handle 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 deceased or missing.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. The Bank and its subsidiary then receive 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 utilize annual specific provisions for special bonds to write off bad debts. The difference between the provision for credit losses and the remaining outstanding loan balance/bond value is recognized as "Other income" in the consolidated income statement.

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 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 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 face value during the holding period. The face value of the bonds equals the outstanding balance of the debts sold, less their unused specific allowance.

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 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.

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

For securities which are not listed but are registered for trading on the 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 consolidated financial statements, as announced by the Stock Exchange, is lower than the carrying value of the securities at the end of accounting year.

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

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

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 "Other operating expenses" on the 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 includes 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 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 consolidated income statement.

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 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 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 consolidated income statement in "Operating expenses" on a straight-line basis over the lease term.

Income from operating leases is recognized in the consolidated income statement in "Income from service activities" 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 consolidated income statement in the year 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.

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 fixed assets	3 - 10 years
Computer software	3 - 8 years
Land use rights	30 - 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 historical cost and subsequently measured at cost during the holding periods.

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

The provision for overdue debts is made in accordance with the guidance provided in 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 short-term prepaids or long-term prepaids on the 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 *Borrowings from the Government and the State Bank of Vietnam, due to and borrowings from other credit institutions, due to customer, valuable papers issued and grants, entrusted funds and loans exposed to risks*

Borrowings from the Government and the State Bank of Vietnam, 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 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 that are irrevocable, unconditional, and have a specific time of execution.

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

According to Circular 11, the Bank and its subsidiary 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 consolidated financial statements.

3.20 *Derivatives financial instruments*

The Bank and its subsidiary involve 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 reporting purposes at the exchange rate on the reporting date. Realized or unrealized gains or losses are recognized under "Foreign exchange differences" in "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 as assets if positive or a liability if negative on the consolidated statement of financial position at the contract date. The difference is amortized on a straight-line basis over the forward contract period and recognized in the consolidated income statement.

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 is recognized immediately at the effective date of the contract as an asset if positive or a liability if negative on the 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 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 the price of repurchasing of treasury stocks and the re-issue price of treasury stocks to the share premium account. The expense related to issuing shares will be recorded as a deductible share premium.

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, 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.

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 consolidated income statement on an 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 consolidated income statement. Suspended interest income is reversed, monitored off-statement of financial position, and recognized in the 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 based on the difference between the selling price and average cost of the securities sold.

Cash dividends from investment are recognized in the 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 consolidated income statement.

Other income

Other income is recognized on cash basis.

According to Circular 16/2018/TT-BTC, issued by the Ministry of Finance on 7 February 2018, which provides guidance on financial regulations for credit institutions and branches of foreign banks, in the event that accounts receivable, previously recorded as income, are deemed uncollectible or are not received when due, the Bank and its subsidiary should recognize a reduction in revenue if it occurs within the same accounting period. If the reduction does not happen in the same accounting period, they should recognize such receivables as expenses and remove them from the statement of financial position to facilitate collection. Once the accounts receivable is eventually collected, the Bank and its subsidiary should record them as income in the consolidated income statement.

3.23 *Corporate income tax*

Current corporate income tax

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

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognized directly to equity, in which case the current income tax is also accounted for 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 consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

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 consolidated statement of financial position (*Note 50*). Income and expenses arising in foreign currencies during the year 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 year are recognized and tracked under "*Foreign exchange differences*" within "*Owners' Equity*" on the 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 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 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 Labor, 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 a rate of 17.50% of an employee's basic salary monthly (from 1 July 2022 to 30 June 2023, this rate is 17.00%). Additionally, the Bank and its subsidiary have no further obligations 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, which provides guidelines for Article 52 of the Law on Employment, and Decree No. 28/2015/ND-CP dated 12 March 2015 of the Government, which provides guidelines for the Law on Employment in terms of unemployment insurance, the Bank and its subsidiary are obliged to pay unemployment insurance at a rate of 1.00% of its salary fund used for unemployment insurance purposes and required to deduct 1.00% of each employee's salary to pay simultaneously to the Unemployment Insurance Fund.

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 for the year attributable to ordinary shareholders of the Bank and its subsidiary (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year.

If the shares issued during the year only change the number of shares without changing the total equity, the Bank and its subsidiary will adjust the weighted average number of ordinary shares currently in circulation to match the previously presented number on the consolidated financial statements, resulting in a corresponding adjustment to 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 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. Additionally, related parties include situations where the Bank and its subsidiary, along with another party, are under common control or under common significant influence. Related parties can be enterprises or individuals, including close members of their families.

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4. CASH AND GOLD

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Cash on hand in VND	1,001,030	949,151
Cash on hand in foreign currencies	130,654	111,748
Monetary gold	1,285	1,839
	1,132,969	1,062,738

5. BALANCES WITH THE STATE BANK OF VIETNAM

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
In VND	16,178,399	1,875,739
In foreign currencies	89,648	99,595
	16,268,047	1,975,334

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

The compulsory deposit rates are as follows:

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

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

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

	31 December 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

	Ending balance VND million	Beginning balance VND million
Demand deposits	9,267,817	10,907,581
- In VND	8,468,742	10,568,253
- In foreign currencies	799,075	339,328
Term deposits	11,533,600	12,312,800
- In VND	10,856,000	10,322,000
- In foreign currencies	677,600	1,990,800
	20,801,417	23,220,381

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

	31 December 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	0.80 - 4.00	2.50 - 8.80
- In foreign currencies	5.10 - 5.30	4.10 - 4.90

6.2 Loans to other credit institutions

	Ending balance VND million	Beginning balance VND million
In VND	1,789,885	685,146

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

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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 year-end are as follows:

	31 December 2023 % p.a.	31 December 2022 % p.a.
Loans to other credit institutions In VND	0.00 - 6.30	0.00 - 11.00

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

	Ending balance VND million	Beginning balance VND million
Current	13,323,485	12,997,946
Term deposits	11,533,600	12,312,800
Loans	1,789,885	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 31 December 2023			
Forward contracts	11,907	57	-
Swap contracts	5,752,651	39,398	-
	5,764,558	39,455	-
Net amount		39,455	
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	

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8. LOANS TO CUSTOMERS

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Loans to domestic economic entities and individuals	141,428,637	119,538,108
Payments on behalf of customers	6,238	-
Loans by commercial bill discount and other valuable papers	3,402	-
Loans by grants and entrusted funds	164	232
	141,438,441	119,538,340

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

	<i>31 December 2023 % p.a.</i>	<i>31 December 2022 % p.a.</i>
In VND	3.80 - 23.50	4.80 - 25.00
In foreign currencies	3.20 - 7.30	3.20 - 7.30

8.1 Analysis of loans by quality

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Current	133,053,654	114,017,677
Special mention	5,395,665	3,575,428
Substandard	820,666	131,947
Doubtful	1,182,425	237,337
Loss	986,031	1,575,951
	141,438,441	119,538,340

8.2 Analysis of loans by original terms

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Short-term	77,393,620	62,493,806
Medium-term	20,841,076	21,893,368
Long-term	43,203,745	35,151,366
	141,438,441	119,538,340

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8. LOANS TO CUSTOMERS (continued)

8.3 Analysis of loans by type of customers and ownership

	Ending balance		Beginning balance	
	VND million	%	VND million	%
Corporate loans	113,313,435	80.12	92,868,899	77.69
Other limited companies	61,289,527	43.33	47,750,561	39.95
Other joint stock companies	51,962,750	36.74	45,053,766	37.69
Cooperatives and inter-cooperatives	8,110	0.01	10,886	0.01
Private companies	32	0.00	4,532	0.00
Joint-foreign-invested enterprises	265	0.00	76	0.00
Others	52,751	0.04	49,078	0.04
Loans to individuals	28,125,006	19.88	26,669,441	22.31
	141,438,441	100.00	119,538,340	100.00

8.4 Analysis of loans by industry

	Ending balance VND million	Beginning balance VND million
Agriculture, forestry, and fisheries	10,433,935	10,346,815
Mining exploration	811,781	188,154
Manufacturing and processing	3,623,355	3,706,926
Electricity, gas, steam, and air conditioning supply	11,513,182	9,484,311
Water supply; sewerage, waste management and remediation activities	28,715	55,129
Construction	10,241,206	12,031,681
Trading, repair of motor vehicles, motorcycles, and other vehicles	55,693,320	37,639,806
Transportation and warehousing	1,279,707	1,271,120
Hotels and accommodation services	15,730,332	18,790,483
Information and communication	5,464	5,505
Finance services, banking, and insurance activities	1,020,340	85,455
Real estate trading and consulting services	12,802,865	8,602,831
Science and technology activities	199,948	124,836
Administrative activities and supporting service	344,531	31,330
Education and training	10,913	5,220
Health and social support activities	53,620	23,613
Arts, entertainment, and recreation	3,683,797	3,532,132
Others	12,133	33,561
Activities of households as employers, undifferentiated goods and services producing activities of households for own use	13,949,297	13,579,432
	141,438,441	119,538,340

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

The breakdown of the provision for credit losses at the year-end is as follows:

	Note	Ending balance VND million	Beginning balance VND million
Provision for loans to customers	9.1	1,543,800	1,244,228
Provision for credit risk receivables	16.4	4,349	4,075
Provision for special bonds issued by VAMC	10.5	-	637,815
		1,548,149	1,886,118

The provision for credit losses at the year-end is as follows:

	Note	Ending balance VND million	Beginning balance VND million
Provision charged for loans to customers	9.1	1,323,280	501,017
Provision charged for credit risk receivables	16.4	274	-
Provision (reverse)/charged for special bonds issued by VAMC	10.5	(475,750)	362,376
		847,804	863,393

9.1 Provision for loans to customers

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

	Specific provision VND million	General provision VND million	Total VND million
1 January 2023	359,510	884,718	1,244,228
Provision charged to during the year	1,154,605	168,675	1,323,280
Provision used to write-off bad debts during the year	(1,023,708)	-	(1,023,708)
31 December 2023	490,407	1,053,393	1,543,800

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

	Specific provision VND million	General provision VND million	Total VND million
1 January 2022	521,104	761,658	1,282,762
Provision charged to during the year	377,957	123,060	501,017
Provision used to write-off bad debts during the year	(539,551)	-	(539,551)
31 December 2022	359,510	884,718	1,244,228

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

10.1 Available-for-sale securities

	Ending balance VND million	Beginning balance VND million
Debt securities		
Government bonds (a)	3,084,093	3,573,245
Bonds and deposit certificates issued by other domestic credit institutions (b)	9,582,574	7,450,000
Bonds issued by domestic economic entities (c)	300,000	2,324,984
	12,966,667	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
	13,110,808	13,492,370
Provision for available-for-sale securities		
Diminution provision	(16,595)	(32,188)
General provision	(2,250)	(17,437)
	(18,845)	(49,625)
	13,091,963	13,442,745

- (a) Government bonds have terms ranging from 15 years to 30 years and bear interest at rates ranging from 2.70% p.a. to 7.80% p.a.
- (b) Bonds issued by other credit institutions have terms ranging from 2 years to 3 years and earn interest at rates ranging from 5.70% p.a. to 7.30% p.a. Deposit certificates issued by other credit institutions have terms ranging from 7 months to 12 months and earn interest at rates ranging from 5.10% p.a. to 9.50% p.a.
- (c) The current interest rate of bonds is at 10.00% p.a. and is fixed or subject to change on a semi-annually basis, depending on each type of bond.

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NOTES TO THE 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:

	Ending balance VND million	Beginning balance VND million
Debt securities		
Listed	3,084,093	3,573,245
Unlisted	9,882,574	9,774,984
	12,966,667	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)

	Ending balance VND million	Beginning balance VND million
Government bonds (a)	9,977,613	10,083,992
Bonds issued by other domestic credit institutions (b)	999,201	1,025,605
	10,976,814	11,109,597

(a) These are Government bonds that have terms ranging from 10 years to 30 years and earn interest at rates ranging from 2.20% p.a. to 6.30% p.a.

(b) These are bonds issued by other domestic credit institutions that have terms ranging from 5 years to 15 years and earn interest at rates ranging from 6.10% p.a. to 8.10% p.a.

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

	Ending balance VND million	Beginning balance VND million
Debt securities		
Listed	10,776,814	11,109,597
Unlisted	200,000	-
	10,976,814	11,109,597

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

10.3 Special bonds issued by VAMC

	Ending balance VND million	Beginning balance VND million
Par value of special bonds	-	1,744,220
Provision expense for special bonds issued by VAMC	-	(637,815)
	-	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 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 year is as follows:

	Current year VND million	Previous year VND million
Beginning balance	1,744,220	1,377,193
Increase during in year	-	1,730,269
Settlement during the year	(1,744,220)	(1,363,242)
Ending balance	-	1,744,220

10.4 Analysis of securities classified as credit risk assets by quality

	Ending balance VND million	Beginning balance VND million
Bonds issued by domestic economic entities		
Current	300,000	2,324,984

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

10.5 Provision for investment securities

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

	<i>Current year VND million</i>	<i>Previous year VND million</i>
1 January 2023		
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 during the year		
Special bonds issued by VAMC	(162,065)	-
	(162,065)	-
Provision charged/(reversal) in the year		
Available for sale securities	(30,780)	20,588
Held to maturity securities (excluded special bonds issued by VAMC)	-	(1,500)
Special bonds issued by VAMC	(475,750)	362,376
	(506,530)	381,464
31 December 2023		
Available for sale securities	18,845	49,625
Held to maturity securities	-	-
Special bonds issued by VAMC	-	637,815
	18,845	687,440

11. LONG-TERM INVESTMENTS

Details of other long-term investments are as follows:

	<i>Current year Cost VND million</i>	<i>Previous year Cost 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
New purchases	4,234	27,674	1,597	1,154	518	35,177
Transfer from constructions in progress	355,201	45,928	46,478	5,306	4,778	457,691
Disposal	-	(38,592)	(10,089)	(150)	(117)	(48,948)
Transfer from financial lease fixed assets	-	-	4,299	-	-	4,299
Ending balance	782,115	450,687	259,211	42,020	19,981	1,554,014
Accumulated depreciation						
Beginning balance	158,990	241,718	143,361	30,753	12,764	587,586
Depreciation for the year	28,777	48,326	28,686	3,023	1,820	110,632
Transfer from financial lease fixed assets	-	-	3,642	-	-	3,642
Disposal	-	(38,592)	(10,059)	(147)	(117)	(48,915)
Ending balance	187,767	251,452	165,630	33,629	14,467	652,945
Net book value						
Beginning balance	263,690	173,959	73,565	4,957	2,038	518,209
Ending balance	594,348	199,235	93,581	8,391	5,514	901,069

The cost of fully depreciated tangible fixed assets that are still in use as at 31 December 2023 is VND264,993 million (31 December 2022 is VND273,986 million).

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NOTES TO THE 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 year	19,293
Transfer from construction in progress	9,346
Transfer to tangible fixed assets	(4,299)
Ending balance	158,913
Accumulated depreciation	
Beginning balance	33,877
Depreciation for the year	24,342
Transfer to tangible fixed assets	(3,642)
Ending balance	54,577
Net book value	
Beginning balance	100,696
Ending balance	104,336

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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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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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
New purchases	-	-	5,820	5,820
Transfer from constructions in progress	160,799	-	2,266	163,065
Ending balance	205,587	356,378	182,474	744,439
Accumulated amortization				
Beginning balance	4,608	-	147,322	151,930
Amortization for the year	5,945	-	4,972	10,917
Ending balance	10,553	-	152,294	162,847
Net book value				
Beginning balance	40,180	356,378	27,066	423,624
Ending balance	195,034	356,378	30,180	581,592

The cost of fully amortized intangible fixed assets that are still in use as at 31 December 2023 is VND140,415 million (31 December 2022 is VND140,937 million).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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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>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Receivables in fast money transfer	515,070	1,448,455
Operating advances	363,904	70,561
Constructions in progress (i)	293,571	531,950
Deposit, mortgage, pledge (ii)	171,028	125,606
Receivables from debt trading	89,466	46,065
Receivables from card payment activities	32,639	16,799
Others	1,033	21,181
	1,466,711	2,260,617

(i) Constructions in progress include:

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Purchase of houses and offices	290,036	516,208
Machinery and equipment	2,367	8,928
Transportation vehicles	-	6,285
Purchase of other assets	1,168	529
	293,571	531,950

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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16. OTHER ASSETS (continued)

16.1 Receivables (continued)

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

	Current year VND million	Previous year VND million
Beginning balance	531,950	42,867
Increase in the year	520,911	608,340
Transfer to tangible fixed assets	(457,691)	(84,535)
Transfer to intangible fixed assets	(163,065)	(15,568)
Transfer to finance lease fixed assets	(9,346)	(19,154)
Transfer to tools and equipment	(19,675)	-
Transfer to prepaid and operating expenses	(109,513)	-
Ending balance	293,571	531,950

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

16.2 Interest and fees receivables

	Ending balance VND million	Beginning balance VND million
Interest receivable from credit activities	1,577,705	2,090,552
Interest receivable from investment securities	450,910	561,843
Interest receivable from deposits	21,807	46,841
Interest receivable from swap contracts	5,684	13,387
Interest receivable from forward contracts	9	15,224
Other receivables	20,170	-
	2,076,285	2,727,847

16.3 Other assets

	Ending balance VND million	Beginning balance VND million
Prepaid expenses (i)	578,172	387,126
Foreclosed assets awaiting resolution (ii)	103,869	70,357
Tools and supplies	20,746	14,183
	702,787	471,666

- (i) Prepaid expenses primarily include costs for asset leasing and repairs, costs for purchasing tools and equipment, and other types of prepaid expenses.
- (ii) The following are the details of foreclosed assets that have been transferred ownership to other credit institutions and are awaiting resolution:

	Ending balance VND million	Beginning balance VND million
Shares	82,047	48,803
Real estate	21,822	21,554
	103,869	70,357

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16. OTHER ASSETS (continued)

16.4 Provision for other assets

The provision for other assets includes:

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Provision for credit losses:	4,349	4,075
<i>General provision</i>	274	-
<i>Specific provision</i>	4,075	4,075
Provision for diminution	28,674	22,548
	33,023	26,623

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

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Beginning balance	26,623	16,544
Diminution provision charged during the year	6,126	10,079
General provision charged	274	-
Ending balance	33,023	26,623

17. BORROWINGS FROM THE GOVERNMENT AND THE STATE BANK OF VIETNAM

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Borrowing under credit facilities	345	612

18. DUE TO AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

18.1 Due to other credit institutions

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Demand deposits	8,014,467	9,034,648
In VND	8,014,467	9,034,648
Term deposits	14,802,500	11,244,400
In VND	13,834,500	10,012,000
In foreign currencies	968,000	1,232,400
	22,816,967	20,279,048

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

18.1 Due to other credit institutions (continued)

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

	31 December 2023 % p.a.	31 December 2022 % p.a.
Term deposits in VND	0.80 - 5.00	2.60 - 8.80
Term deposits in foreign currencies	5.30	4.30 - 5.00

18.2 Borrowings from other credit institutions

	Ending balance VND million	Beginning balance VND million
Borrowings from other credit institutions		
In VND	65,126	65,066
<i>Finance leases</i>	65,126	65,066
In foreign currencies	1,139,581	999,922
	1,204,707	1,064,988

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

	31 December 2023 % p.a.	31 December 2022 % p.a.
In VND	8.05 - 12.05	8.95 - 12.15
In foreign currencies	0.75 - 6.38	0.75 - 7.72

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19. DUE TO CUSTOMERS

19.1 Analysis by type of deposits

	Ending balance VND million	Beginning balance VND million
Demand deposits	9,997,385	8,267,779
Demand deposits in VND	9,602,907	8,050,101
Demand deposits in foreign currencies	364,457	200,630
Demand savings deposits in VND	29,385	16,176
Demand savings deposits in foreign currencies	636	872
Term deposits	134,373,843	116,397,253
Term deposits in VND	29,055,149	18,075,181
Term deposits in foreign currencies	102,060	57,265
Term savings deposits in VND	104,511,347	97,508,099
Term savings deposits in foreign currencies	705,287	756,708
Deposits for specific purposes	769,691	76,654
Deposits for specific purposes in VND	767,715	63,428
Deposits for specific purposes in foreign currencies	1,976	13,226
Margin deposits	288,026	251,649
Margin deposits in VND	288,026	251,649
	145,428,945	124,993,335

Annual interest rates applicable to customer deposits are as follows:

	31 December 2023 % p.a.	31 December 2022 % p.a.
Demand deposits in VND	0.00 - 0.50	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

	Ending balance VND million	Beginning balance VND million
Deposits from economic entities	33,231,409	21,612,823
Other joint stock companies	15,498,078	8,403,218
Other limited companies	6,631,774	4,799,252
One-member limited liability companies of which 100% charter capital is held by the State	4,156,586	2,850,446
Public administrative units, agencies of the Communist Party, unions and associations	4,132,212	3,540,130
State-owned companies	1,085,544	941,000
Joint-foreign-invested enterprises	616,924	579,587
Partnership	40,509	34,117
Private companies	40,197	26,492
Cooperatives and inter-cooperatives	26,160	32,872
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	1,003,425	405,709
Deposits from individuals	110,553,797	101,983,707
Others	1,643,739	1,396,805
	145,428,945	124,993,335

20. GRANTS, ENTRUSTED FUNDS AND LOANS EXPOSED TO RISKS

	Ending balance VND million	Beginning balance VND million
In VND	1,665	3,230
In foreign currencies (i)	1,064,800	948,000
	1,066,465	951,230

- (i) This is a part of entrusted funds in USD that are used to finance projects with purposes in compliance with the agreement.

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21. VALUABLE PAPERS ISSUED

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Certificate of deposits less than 1 year	5,600,000	4,600,000
Certificate of deposits over 1 year	9,148,868	7,283,663
Bonds having term over 1 year	3,710,000	500,000
	18,458,868	12,383,663

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

	<i>31 December 2023 %/p.a.</i>	<i>31 December 2022 %/p.a.</i>
Certificate of deposits less than 1 year	4.90 - 9.50	3.90 - 9.50
Certificate of deposits over 1 year	5.20 - 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

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Interest on saving deposits	2,913,772	2,239,118
Interest on deposits	676,464	426,544
Interest on valuable papers	662,245	455,364
Interest on borrowings	16,675	9,034
Interest on grants, entrusted funds	7,479	2,185
Interest on swap contracts	6,130	19,617
Interest on forward contracts	8	6,959
	4,282,773	3,158,821

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22. OTHER LIABILITIES (continued)

22.2 Other payables

	Ending balance VND million	Beginning balance VND million
Internal payables	325,463	285,659
Payables to employees	271,985	259,514
Bonus and welfare fund (i)	53,478	26,145
External payables	1,069,914	1,811,598
Payables to fast remittance transaction	580,478	1,518,204
Taxes and other payables to the State Budget	366,965	121,829
Payments pending in payment operations	26,174	55,755
Payables related to card payment services	43,674	38,116
Unearned income from insurance brokerage activities	-	31,752
Cash held in trust and waiting for settlement	17,472	16,542
Union payables	4,183	6,265
Dividends	3,866	4,092
Other unearned income	3,222	1,587
Others	23,880	17,456
	1,395,377	2,097,257

(i) The movement of the bonus and welfare fund during the year is as follows:

	Current year VND million	Previous year VND million
Beginning balance	26,145	12,897
Appropriation in year	29,607	13,898
Utilization during the year	(2,274)	(650)
Ending balance	53,478	26,145

23. STATUTORY OBLIGATIONS

	31 December 2022 VND million	Movement during the year		31 December 2023 VND million
		Payables VND million	Paid VND million	
Value added tax	1,705	106,298	(38,868)	69,135
Corporate income tax	88,654	682,333	(501,892)	269,095
Other taxes	31,470	148,334	(151,069)	28,735
Personal income tax	29,834	135,533	(139,721)	25,646
Withholding tax	1,636	12,656	(11,203)	3,089
License tax	-	145	(145)	-
Others	-	1,150	(1,150)	-
	121,829	938,115	(692,979)	366,965

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23. STATUTORY OBLIGATIONS (continued)

23.1 Current corporate income tax

The Bank and its subsidiary have an obligation to pay corporate income tax ("CIT") at a rate of 20% on taxable profits for the current year (previous year: 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 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 year. Taxable income differs from profit as reported in the consolidated income statement because it excludes taxable income or deductible expenses from prior years due to differences between the Bank and its subsidiary's accounting policies and the current income tax policies. It also excludes non-taxable income or non-deductible expenses. The current CIT payables are calculated based on the statutory tax rates applicable at the end of the year.

The calculation of current CIT during the year is as follows:

	Current year VND million	Previous year VND million
Profit before tax	3,303,952	2,267,979
At applicable CIT tax rate of 20%	660,790	453,595
<i>Adjustments to decrease:</i>		
- Income from untaxable dividends	(8)	(6)
<i>Adjustments to increase:</i>		
- Non-deductible expenses	21,551	6,514
Estimated CIT expenses for the year	682,333	460,103

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24. OWNERS' EQUITY

The movement of the equity presented below:

	Charter capital VND million	Share premium VND million	Others VND million	Fund for capital expenditure VND million	Reserves of credit institutions VND million	Retained earnings VND million	Total VND million
31 December 2022	8,464,347	1,572,231	25	10	1,051,414	1,561,753	12,649,780
Increase in the year	2,116,069	(1,571,816)	-	-	-	(544,253)	-
Net profit for the year	-	-	-	-	-	2,621,619	2,621,619
Appropriation to reserves	-	-	-	-	396,317	(396,317)	-
Appropriation to bonus and welfare funds	-	-	-	-	-	(29,607)	(29,607)
31 December 2023	10,580,416	415	25	10	1,447,731	3,213,195	15,241,792

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.

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24. OWNER'S EQUITY (continued)

The movement of the Bank and its subsidiary reserves during the year 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	262,162	131,081	3,074	396,317
31 December 2023	956,706	479,086	11,939	1,447,731

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

	31 December 2023 Shares	31 December 2022 Shares
Number of registered shares	1,058,041,615	846,434,661
Number of shares issued		
- Ordinary shares	1,058,041,615	846,434,661
Number of outstanding shares		
- Ordinary shares	1,058,041,615	846,434,661

25. BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit after tax for the year 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 year.

The net profit after tax used to calculate basic earnings per share for the year ended 31 December 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. At 31 December 2023, this amount has not excluded the allocation of the bonus and welfare fund due to the absence of a decision from the General Meeting of Shareholders.

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

	Current year	Previous year Re-representation
Net profit attributable to ordinary shareholders of the Bank and its subsidiary (VND million)	2,621,619	1,807,876
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)	2,621,619	1,778,269
Weighted average number of outstanding ordinary shares (shares)	1,058,041,615	1,020,153,604
Basic earnings per share (VND/share)	2,478	1,743

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26. INTEREST AND SIMILAR INCOME

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Interest income from loans	17,246,142	11,520,471
Interest income from investing securities	1,075,430	1,016,244
Interest income from deposit	616,668	278,661
Interest income from guarantee services	104,547	14,402
Other income from credit activities	295,553	136,572
	19,338,340	12,966,350

27. INTEREST AND SIMILAR EXPENSES

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Interest expense on deposits	11,306,927	6,982,177
Interest expense on valuable papers	1,094,283	720,520
Interest expense on borrowings	213,260	85,627
Interest expense on finance lease	7,298	4,036
Expenses for other credit activities	69,263	54,869
	12,691,031	7,847,229

28. NET FEES AND COMMISSION INCOME

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Fees and commission income	1,141,500	402,809
Settlement services	717,001	174,782
Account services	186,388	30,226
Asset preservation services	39,536	31,857
Property rental service	37,370	33,797
Consulting service	31,123	26,701
Insurance brokerage fees	12,967	70,793
Treasury services	3,124	3,569
Others	113,991	31,084
Fees and commission expenses	(551,469)	(127,917)
Settlement services	(536,510)	(117,730)
Treasury services	(3,507)	(4,010)
Consulting service	(7,185)	(3,674)
Others	(4,267)	(2,503)
	590,031	274,892

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29. NET GAIN FROM TRADING OF FOREIGN CURRENCIES

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Income from foreign exchange	271,855	289,332
Income from spot foreign exchange	207,706	193,869
Income from currency derivatives	63,763	95,194
Income from gold trading	386	269
Expense from foreign exchange	(257,248)	(232,286)
Expense from spot foreign exchange	(87,285)	(139,296)
Expense from currency derivatives	(169,666)	(92,935)
Expense from gold trading	(297)	(55)
	14,607	57,046

30. NET GAIN FROM INVESTMENT SECURITIES

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Income from dealing of investment securities	70,892	122,296
Expenses from dealing of investment securities	(42,385)	(61)
Provision reversed/(charged) for available-for-sale securities	30,780	(4,368)
Provision reversed for held-to-maturity securities	-	1,500
	59,287	119,367

31. NET GAIN FROM OTHER OPERATING ACTIVITIES

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Other operating income	499,520	319,953
Recovery of debts previously written off	496,895	310,599
Income from disposals of fixed assets	1,158	1,549
Other income	1,467	7,805
Other operating expenses	(166,581)	(17,431)
Contract termination expense	(89,000)	-
Value-added tax late payment expense	(64,701)	-
Sponsoring expense	(9,068)	(13,896)
Other expenses	(3,812)	(3,535)
	332,939	302,522

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32. INCOME FROM INVESTMENTS IN OTHER ENTITIES

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Equity investment	38	32
Long-term investments	-	100,320
	38	100,352

33. OPERATING EXPENSES

	<i>Current year VND million</i>	<i>Previous year VND million</i>
Personnel expenses	1,888,273	1,526,950
- Salary and allowances	1,706,557	1,386,409
- Salary-related allowances	112,269	83,003
- Allowances	69,447	57,538
Depreciation expenses on fixed assets	145,802	110,661
Other operating expenses	1,458,380	1,204,317
- General management	366,073	311,925
- Office rental	283,711	227,551
- Advertising, marketing, promotion and entertainment	298,162	205,798
- Repair and maintenance assets	165,893	168,854
- Insurance expenses for customer deposits	174,845	145,233
- Other assets expenses	45,312	37,689
- Union expenses	43,535	35,215
- Printing materials expenses	41,120	29,184
- Business trips expenses	19,426	16,514
- Provision charged/(reversal) expenses (excluding provision for credit losses, investment)	6,126	10,079
- Other expenses	14,177	16,275
	3,492,455	2,841,928

34. CASH AND CASH EQUIVALENTS

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

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Cash and gold	1,132,969	1,062,738
Balances with the State Bank of Vietnam	16,268,047	1,975,334
Due from and loans to other credit institutions with term of less than 3 months	20,801,417	23,220,381
	38,202,433	26,258,453

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35. EMPLOYEES' INCOME

	<i>Current year</i>	<i>Previous year</i>
I. Total number of employees (persons)	5,128	4,296
II. Employees' income (VND million)		
1. Total salary	1,706,557	1,386,409
2. Bonus	1,090	650
3. Total income (1+2)	1,707,647	1,387,059
4. Average monthly salary (VND million/person)	28	27
5. Average monthly income (VND million/person)	28	27

36. TYPES AND BOOK VALUE OF COLLATERALS

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

The types and book value of customers' collaterals at the year-end are as follows:

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Real estate properties	146,305,613	143,755,095
Valuable papers	67,691,303	49,527,167
Movable assets	4,331,319	3,002,089
Other assets	64,549,919	42,950,064
	282,878,154	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>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Valuable papers	7,379,000	7,300,000

37. CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of business, the Bank and its subsidiary are parties to financial instruments that are recorded off-statement of financial position. 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, which are not reflected in the items recognized in the 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 if 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. This includes guarantees for borrowings, settlement, 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 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 granted commitment, depending on the creditworthiness of clients as assessed by the Bank and its subsidiary.

The currency trading commitments include commitments to purchase, sell at spot, and currency swap commitments. Commitments to purchase or sell at spot are commitments to purchase or sell currency at the dealt exchange rate and make payment within 2 (two) days from transaction date. Currency swap commitments involve purchasing and selling with the same notional principal amount (using only two currencies) to one client. This includes one transaction for term payment at spot rate 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 year-end are as follows:

	Ending balance VND million	Beginning balance VND million
Foreign exchange commitments	14,694,595	17,916,749
- Cross currency swap contracts	12,105,195	17,916,749
- Spot foreign exchange commitments - buy	2,420,000	-
- Spot foreign exchange commitments - sell	169,400	-
Letters of credit	6,116,593	7,953,409
- Deferred letters of credit	6,116,593	7,953,409
Other guarantees	9,884,653	899,503
- Settlement guarantee	684,543	512,013
- Contract performance guarantee	231,470	185,792
- Bid guarantee	8,752	29,936
- Other guarantees	8,959,888	171,762
	30,695,841	26,769,661
Less: Margin deposits	(38,910)	(13,684)
Contingent liabilities and commitments	30,656,931	26,755,977

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38. INTEREST AND RECEIVABLE FEES NOT YET COLLECTED

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

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Interest and receivable fees not yet collected	2,019,149	1,264,852

39. WRITTEN-OFF DEBTS

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

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Debts that have been written-off and under monitoring	2,673,642	1,708,516
<i>Principal</i>	1,735,034	990,432
<i>Interest</i>	938,608	718,084
Others	605	605
	2,674,247	1,709,121

40. ASSETS AND OTHER DOCUMENTS

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

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Other assets kept for customers	2,188,093	4,061,204
Security assets received as replacement for performance of the securing party's obligation awaiting resolution	13,702	-
Other valuable documents being preserved	9,268,736	8,426,068
	11,470,531	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;

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41. RELATED PARTY TRANSACTIONS (continued)

- (b) The party is a joint venture in which the Bank and its subsidiary are ventures (owning over 11% of the charter capital or voting share capital but is not a subsidiary of the Bank and its subsidiary);
- (c) The party is a member of the key management personnel of the Bank and its subsidiary;
- (d) The party is a close member of the family of any person referred to in (a) or (c); or
- (e) The party is an entity that is controlled, jointly controlled, or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any person referred to in (c) or (d).

Remuneration for members of the Board of Directors, Board of Supervision, Board of Management of the Bank and its subsidiary, and related parties to these individuals

	<i>Current year VND million</i>
Salary and allowances of the Board of Managements	34,091
<i>In which:</i>	
- Mr. Tran Ngoc Tam	7,035
- Other members	27,056
Remuneration for members of the Board of Directors	11,700
<i>In which:</i>	
- Mr. Tran Ngo Phuc Vu	3,900
- Mr. Tran Ngoc Tam	650
- Ms. Vo Thi Tuyet Nga	3,250
- Mr. Nguyen Duc Minh Tri	2,600
- Ms. Nguyen Thi Thanh Dao	650
- Ms. Le Thi Kim Anh	650
Remuneration for members of the Board of Supervision	3,770
	<i>Previous year VND million</i>
Salary and allowances of the Board of Managements	33,706
<i>In which:</i>	
- Mr. Tran Ngoc Tam	5,265
- Other members	28,441
Remuneration for members of the Board of Directors	6,536
<i>In which:</i>	
- Mr. Tran Ngo Phuc Vu	1,347
- Mr. Tran Ngoc Tam	37
- Ms. Vo Thi Tuyet Nga	747
- Mr. Nguyen Duc Minh Tri	147
- Ms. Nguyen Thi Thanh Dao	37
- Ms. Le Thi Kim Anh	37
- Mr. Nguyen Quoc Toan (*)	1,696
- Mr. Phan Dinh Tan (*)	1,131
- Mr. Nguyen Quoc My (*)	1,131
- Ms. Do Anh Thu (*)	226
Remuneration for members of the Board of Supervision	1,831

(*) Former members of the Board of Directors resigned on 8 December 2022

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41. RELATED PARTY TRANSACTIONS (continued)

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

- (a) Members of Board of Directors, Board of Supervision, and Board of Managements of the Bank

	Current year VND million	Previous year VND million
Deposit/loan interest income	527	174
Interest expense on deposits	(563)	(95)

- (b) Other related parties (**)

	Current year VND million	Previous year VND million
Interest income on loans	4,680	3,494
Interest expense on deposits	(5,971)	(2,731)
Lease expense	-	(767)
Income from other activities	-	12
Expense from other activities	-	(2,166)

- (**) Other related parties include those associated with the Bank's Board of Directors, Board of Supervisors, and Board of Management, as well as enterprises controlled directly or indirectly by these individuals that hold a significant portion of voting rights or exercise substantial influence, thereby potentially exerting a significant impact on both the Bank and its subsidiary.

Receivables and payables with related parties at the year-end are as follows:

Related party	Transactions	31 December 2023 VND million	31 December 2022 VND million
Member of Board of Directors, Board of Supervision, and Board of Managements	Deposits	(29,224)	(8,709)
	Loans	16	7,981
	Accrual interest expense from deposits	(148)	(17)
	Accrual interest income from loans	-	58
Other related parties	Deposits	(51,520)	(117,822)
	Loans	49,851	60,683
	Accrual interest expense from deposit	(1,453)	(3,402)
	Accrual interest income from loans	276	349
	Other receivables	-	594

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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 31 December 2023	193,431,147	536,096	193,967,243
Due from and loans to other credit institutions	22,055,206	536,096	22,591,302
Loans to customers - gross	141,438,441	-	141,438,441
Derivative and financial instruments (Total transaction value amount to contract)	5,764,558	-	5,764,558
Trading and investment securities - gross	24,087,622	-	24,087,622
Long-term investments - gross	85,320	-	85,320
Liabilities at 31 December 2023	187,011,214	1,964,738	188,975,952
Due to and borrowings from other credit institutions	23,121,736	899,938	24,021,674
Due to customers	145,428,945	-	145,428,945
Grants, entrusted funds and loans exposed to risks	1,665	1,064,800	1,066,465
Valuable papers issued	18,458,868	-	18,458,868
Off-consolidated statement of financial position commitments at 31 December 2023	30,656,931	-	30,656,931

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43. INFORMATION BY GEOGRAPHICAL REGIONS

The information on income and expenses of each segment by geographical area of the Bank and its subsidiary as at 31 December 2023 and for the year then ended as follows:

	Northern VND million	Central VND million	South VND million	Total segment reported VND million	Eliminations VND million	Total VND million
Income	4,161,300	4,797,570	42,332,582	51,291,452	(29,969,307)	21,322,145
Interest income	4,120,972	4,647,114	40,539,561	49,307,647	(29,969,307)	19,338,340
Fee and commission income	27,638	72,637	1,041,225	1,141,500	-	1,141,500
Other operation income	12,690	77,819	751,796	842,305	-	842,305
Expense	(3,570,619)	(3,888,775)	(39,680,302)	(47,139,696)	29,969,307	(17,170,389)
Interest expense	(3,235,069)	(3,441,354)	(35,983,915)	(42,660,338)	29,969,307	(12,691,031)
Depreciation expense	(11,005)	(16,989)	(117,808)	(145,802)	-	(145,802)
Expense directly related to operation activities	(324,545)	(430,432)	(3,578,579)	(4,333,556)	-	(4,333,556)
Net operating profit before provision for credit losses	590,681	908,795	2,652,280	4,151,756	-	4,151,756
Provision for credit losses	(29,862)	(52,942)	(765,000)	(847,804)	-	(847,804)
Profit before tax	560,819	855,853	1,887,280	3,303,952	-	3,303,952

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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43. INFORMATION BY GEOGRAPHICAL REGIONS (continued)

The information on asset and liability of each segment by geographical area of the Bank and its subsidiary as at 31 December 2023 and for the year ended on that date is 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	115,002	207,755	810,212	1,132,969	-	1,132,969
Due from the State Bank of Vietnam	448	725	16,266,874	16,268,047	-	16,268,047
Due from and loans to other credit institutions	76	301	22,590,925	22,591,302	-	22,591,302
Derivatives and other financial assets	-	60	39,395	39,455	-	39,455
Loans to customers	2,630,463	10,910,468	126,353,710	139,894,641	-	139,894,641
Investment securities	-	-	24,068,777	24,068,777	-	24,068,777
Long-term investments	-	10,520	74,800	85,320	-	85,320
Fixed assets	32,255	141,512	1,413,230	1,586,997	-	1,586,997
Investment properties	-	15,971	-	15,971	-	15,971
Other assets	171,473	61,333	3,979,954	4,212,760	-	4,212,760
TOTAL ASSETS	2,949,717	11,348,645	195,597,877	209,896,239	-	209,896,239
LIABILITIES						
Borrowings from the Government and the State Bank of Vietnam	-	-	345	345	-	345
Due to and borrowings from other credit institutions	25	2,849	24,018,800	24,021,674	-	24,021,674
Due to customers	33,834,396	23,643,538	87,951,011	145,428,945	-	145,428,945
Grants, entrusted funds and loans exposed to risks	-	-	1,066,465	1,066,465	-	1,066,465
Valuable papers issued	2,029,408	2,315,744	14,113,716	18,458,868	-	18,458,868
Other liabilities	1,158,611	772,893	3,746,646	5,678,150	-	5,678,150
TOTAL LIABILITIES	37,022,440	26,735,024	130,896,983	194,654,447	-	194,654,447

44. FINANCIAL RISK MANAGEMENT

Risk is inherent in the Bank and its subsidiary's activities and is managed through an ongoing process of identification, measurement, and monitoring, subject to risk limits and other controls. This risk management process is critical to the Bank and its subsidiary's continuing profitability, 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 (which further subdivided into trading and non-trading risks). The Bank and its subsidiary are 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 their strategic planning process.

(i) *Risk management structure*

The Board of Directors is ultimately responsible for identifying and controlling risks. However, each individual member is 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*

The 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.

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

The Risk Management Committee reviews and evaluates the appropriateness and effectiveness of the risk management of procedures and policies of the Bank and its subsidiary, making 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. This function 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 using a method that considers both the expected loss likely to arise in normal circumstances and unexpected losses, which are estimated based on statistical models and represent the ultimate actual loss.

Monitoring and controlling of risks are primarily performed based on limits established by the Bank and its subsidiary, in compliance with the regulations of the State Bank of Vietnam. These limits reflect the business strategy, market environment, and the level of risk tolerance of the Bank and its subsidiary.

44. FINANCIAL RISK MANAGEMENT (continued)

(vi) Risk measurement and reporting systems (continued)

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

Tailored risk reports are prepared and distributed to all levels throughout the Bank and its subsidiary, ensuring 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.

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 and its subsidiary may experience losses due to customers or counterparties failing to fulfill their contractual obligations.

The Bank and its subsidiary manage and control credit risk by setting limits on the acceptable level of risk for individual counterparties, geographical areas, and industry concentrations. They also monitor exposures in relation to these limits.

The Bank and its subsidiary have established a credit quality review process to provide early identification of potential changes in the financial position and creditworthiness of counterparties, using both qualitative and quantitative indicators. Counterparty limits are determined through the utilization of a credit rating system, which assigns a risk rating to each counterparty. These risk ratings undergo regular revisions.

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 20 respectively.

45. CREDIT RISK (continued)

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

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

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Credit risk exposures of off-consolidated statement of financial position items		
Due from and loans to other credit institutions	22,591,302	23,905,527
Derivatives financial assets	39,455	104,949
Loans to customers		
- Individuals	28,125,006	26,669,441
- Corporates	113,313,435	92,868,899
Investment securities		
- Debt securities - available-for-sale	9,882,574	9,774,984
- Debt securities - held-to-maturity	999,201	1,025,605
Other financial assets	3,249,425	4,456,514
Credit risk exposures of off-consolidated statement of financial position items		
Financial guarantees	9,884,653	899,503
Letters of credit	6,116,593	7,953,409

This table presents the worst-case scenario in which the Bank and its subsidiary will incur the maximum credit exposures as at 31 December 2023 and 31 December 2022, without considering any collateral held or 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, consist of loans to customers classified as Group 1 (Current) loans in accordance with Circular 11, as well as securities, receivables, and other financial assets that are not past due and do not require any provision according to Circular 48/2019/TT-BTC amended by Circular 24/2022/TT-BTC.

The Bank and its subsidiary determine that they have the absolute capacity to fully and timely recover these financial assets in the future.

45.3 Financial assets past due but not impaired

The age of financial assets that are past due but not impaired as at 31 December 2023 is presented below:

	<i>Past due</i>				
	<i>Less than 90 days VND million</i>	<i>From 91 to 180 days VND million</i>	<i>From 181 to 360 days VND million</i>	<i>More than 360 days VND million</i>	<i>Total VND million</i>
Loans to customers	41,128	36,522	16,058	553,669	647,377

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

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 financial instruments over a certain period. To manage this risk, the Bank and its subsidiary employ risk management strategies to match the dates of interest rate repricing of assets and liabilities.

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

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

The following assumptions and conditions are used in analysis of the re-pricing period of interest rates for 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, other assets (including fixed assets, investment properties, and other assets), and other liabilities are classified as non-interest-bearing items;
- ▶ The repricing term of investment securities – debt securities (excluding special bonds issued by VAMC), loans to customers, due from and loans to other credit institutions, grants, entrusted funds, and loans exposed to risks, borrowings from the Government and the 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 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 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 31 December 2023:

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46. MARKET RISKS (continued)

46.1 Interest rate risk (continued)

	Overdue VND million	Non-interest bearing VND million	Up to 1 month VND million	Interest re-pricing year					Total VND million
				1 - 3 months VND million	3 - 6 months VND million	6 - 12 months VND million	1 - 5 years VND million	Over 5 years VND million	
Assets									
Cash and gold	-	1,132,969	-	-	-	-	-	-	1,132,969
Balances with the State Bank of Vietnam	-	16,268,047	-	-	-	-	-	-	16,268,047
Due from and loans to other credit institutions	-	289,885	19,923,417	1,478,000	900,000	-	-	-	22,591,302
Derivatives and other financial assets	-	39,455	-	-	-	-	-	-	39,455
Loans to customers - gross	8,384,787	-	42,439,546	73,879,801	7,734,533	5,592,445	3,311,920	95,409	141,438,441
Investment securities - gross	-	144,141	4,838,352	1,210,790	4,252,354	13,641,985	-	-	24,087,622
Long-term investments - gross	-	85,320	-	-	-	-	-	-	85,320
Fixed assets	-	1,586,997	-	-	-	-	-	-	1,586,997
Investment properties	-	15,971	-	-	-	-	-	-	15,971
Other assets - gross	-	4,245,783	-	-	-	-	-	-	4,245,783
Total assets	8,384,787	23,808,568	67,201,315	76,568,591	12,886,887	19,234,430	3,311,920	95,409	211,491,907
Liabilities									
Borrowings from the Government and the State Bank of Vietnam	-	-	345	-	-	-	-	-	345
Due to and borrowings from other credit institutions	-	-	21,365,140	1,494,526	262,007	440,201	459,800	-	24,021,674
Due to customers	-	-	45,625,514	42,073,925	37,479,178	15,253,371	4,995,532	1,425	145,428,945
Grants, entrusted funds and loans exposed to risks	-	-	243,665	72,600	750,200	-	-	-	1,066,465
Valuable papers issued	-	-	483,607	3,479,881	4,013,570	10,261,840	19,970	200,000	18,458,868
Other liabilities	-	5,678,150	-	-	-	-	-	-	5,678,150
Total liabilities	-	5,678,150	67,718,271	47,120,932	42,504,955	25,955,412	5,475,302	201,425	194,654,447
On-statement of financial position interest sensitivity gap	8,384,787	18,130,418	(516,956)	29,447,659	(29,618,068)	(6,720,982)	(2,163,382)	(106,016)	16,837,460

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 31 December 2023, as follows:

	<i>Assumed level of change %</i>	<i>Effect on profit after tax VND million</i>
As at 31 December 2023		
VND	0.02%	986
VND	(0.02%)	(986)
USD	0.02%	(215)
USD	(0.02%)	215

46.2 Currency risk

Currency risk refers to the risk of fluctuations in the value of financial instruments due to changes in foreign exchange rates.

The Bank and its subsidiary are incorporated and operate in Vietnam, with the Vietnamese Dong (VND) as their reporting currency. The primary currency used for their transactions is also VND. Financial assets and liabilities of the Bank and its subsidiary are denominated in VND, with some also denominated in USD, EUR, and gold. To control currency positions, the Bank and its subsidiary have established limits. These 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 between key foreign currencies and VND at the reporting date are presented in *Note 50*.

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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 31 December 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	7,394	115,248	1,285	8,012	131,939
Balances with the State Bank of Vietnam	-	89,648	-	-	89,648
Due from and loans to other credit institutions	4,199	1,425,923	-	46,553	1,476,675
Loans to customers - gross	-	489,837	-	-	489,837
Other assets - gross	-	36,197	-	-	36,197
Total assets	11,593	2,156,853	1,285	54,565	2,224,296
Liabilities					
Due to and borrowings from other credit institutions	-	2,107,581	-	-	2,107,581
Due to customers	6,043	1,130,243	-	38,130	1,174,416
Derivatives and other financial liabilities	-	11,850	-	-	11,850
Grants, entrusted funds and loans exposed to risks	-	1,064,800	-	-	1,064,800
Other liabilities	1,689	43,152	-	-	44,841
Total liabilities	7,732	4,357,626	-	38,130	4,403,488
Foreign exchange position on-statement of financial position	3,861	(2,200,773)	1,285	16,435	(2,179,192)
Foreign exchange position off-statement of financial position	-	2,250,600	-	3,254	2,253,854
Foreign exchange position on and off-statement of financial position	3,861	49,827	1,285	19,689	74,662

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 increase/(decrease) profit after tax VND million
As at 31 December 2023		
EUR	1%	31
EUR	(1%)	(31)
USD	1%	(17,606)
USD	(1%)	17,606
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 the future cash flows and daily liquidity. The Bank and its subsidiary have also evaluated the estimated cash flows and the availability of current collateral assets in case of obtaining more deposits.

The maturity term of assets and liabilities is the remaining period of assets and liabilities calculated from the 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 of securities held for trading; investment securities - debt securities is calculated based on the maturity date of each kind of securities; investment securities - listed equity securities is considered within one (1) month because of their high liquidity;
- ▶ The maturity term of due to the SBV, grants, entrusted funds and loans exposed to risks, valuable papers issued, due from and loans to other credit institutions, and loans to customers is determined based on the maturity date stipulated in contracts. The actual maturity term may be altered because loan contracts are extended;
- ▶ The maturity term of long-term investments to be more than five (5) years because these investments do not have specific maturity dates;
- ▶ The maturity term of due to and borrowings from other credit institutions, derivatives other financial liabilities and due to customers is determined based on the features of these items or the maturity date as 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 and subsidiary at 31 December 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	-	-	1,132,969	-	-	-	-	1,132,969
Balances with the State Bank of Vietnam	-	-	16,268,047	-	-	-	-	16,268,047
Due from and loans to other credit institutions	-	-	19,923,417	1,478,000	1,030,644	159,241	-	22,591,302
Loans to customers - gross	2,942,438	5,442,349	4,242,592	11,867,325	59,346,122	20,900,274	36,697,341	141,438,441
Investment securities - gross	-	-	144,141	852,322	5,180,252	4,396,231	13,514,676	24,087,622
Derivatives and other financial assets	-	-	8,859	4,726	25,870	-	-	39,455
Long-term investments – gross	-	-	-	-	-	-	85,320	85,320
Fixed assets	-	-	357,079	205	5,402	250,569	973,742	1,586,997
Investment properties	-	-	-	-	-	-	15,971	15,971
Other assets - gross	-	-	1,742,328	859,674	822,128	672,848	148,805	4,245,783
Total assets	2,942,438	5,442,349	43,819,432	15,062,252	66,410,418	26,379,163	51,435,855	211,491,907
Liabilities								
Borrowings from the Government and the State Bank of Vietnam	-	-	-	-	345	-	-	345
Due to and borrowings from other credit institutions	-	-	21,339,279	1,478,031	680,686	523,678	-	24,021,674
Due to customers	-	-	45,625,513	42,073,925	52,732,550	4,995,532	1,425	145,428,945
Grants, entrusted funds and loans exposed to risks	-	-	-	-	137	1,066,328	-	1,066,465
Valuable papers issued	-	-	173,917	2,751,481	4,301,000	5,144,200	6,088,270	18,458,868
Other liabilities	-	-	2,065,960	2,073,930	1,432,171	105,457	632	5,678,150
Total liabilities	-	-	69,204,669	48,377,367	59,146,889	11,835,195	6,090,327	194,654,447
Net liquidity gap	2,942,438	5,442,349	(25,385,237)	(33,315,115)	7,263,529	14,543,968	45,345,528	16,837,460

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

	<i>Ending balance VND million</i>	<i>Beginning balance VND million</i>
Operating lease commitments	1,373,256	932,567
<i>In which:</i>		
- Due within one year	229,089	166,299
- Due from one to five years	842,805	517,639
- Due after five years	301,362	248,629

48. SUPPLEMENTAL NOTES TO FINANCIAL ASSETS AND FINANCIAL LIABILITIES

On 6 November 2009, the Ministry of Finance issued Circular No. 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 the 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 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 consolidated financial statements, into one of the following categories:

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

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 maturity that the Bank and its subsidiary intend and are able to hold to maturity, except:

- a) Financial assets that, at the time of initial recognition, have been classified as a recognized group at their fair value through the consolidated statement of income;
- b) Financial assets are 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 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 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.

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 consolidated financial statements:

► ***Financial liabilities at fair value through 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) Upon initial recognition, it is designated by the Bank and its subsidiary as at fair value through consolidated income statement.

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

Financial liabilities that are not categorized as at fair value through 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 consolidated statement of financial position if, and only if, the Bank and its subsidiary have an enforceable legal right to offset financial assets against financial liabilities and the Bank and its subsidiary have intention to settle on a net basis, or the realization of the assets and settlement of liabilities is made simultaneously.

Determine the fair value of financial instruments

The fair value of cash and short-term deposits approximates their carrying value due to 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 31 December 2023 as follows:

	Carrying amount			Other assets and liabilities at		Fair value
	Trading VND million	Held to maturity VND million	Loan and receivable VND million	Available-for-sale VND million	amortized cost VND million	
Financial assets						
Cash and gold	-	-	1,132,969	-	-	1,132,969
Balances with the State Bank of Vietnam	-	-	16,268,047	-	-	16,268,047
Due from and loans to other credit institutions	-	-	22,591,302	-	-	(*)
Loans to customers	-	-	139,894,641	-	-	(*)
Investment securities	-	10,976,814	-	13,091,963	-	(*)
Derivatives and other financial assets	39,455	-	-	-	-	(*)
Long-term investments	-	-	-	85,320	-	(*)
Other financial assets	-	-	3,249,425	-	-	(*)
	39,455	10,976,814	183,136,384	13,177,283	-	207,329,936
Financial liabilities						
Borrowings from the Government and the State Bank of Vietnam	-	-	-	-	345	(*)
Due to and borrowings from other credit institutions	-	-	-	-	24,021,674	(*)
Due to customers	-	-	-	-	145,428,945	(*)
Grants, entrusted funds and loans exposed to risks	-	-	-	-	1,066,465	(*)
Valuable papers issued	-	-	-	-	18,458,868	(*)
Other financial liabilities	-	-	-	-	4,958,620	(*)
	-	-	-	-	193,934,917	193,934,917

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

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49. EVENTS AFTER THE CONSOLIDATED FINANCIAL STATEMENT DATE

There have been no subsequent events arising after 31 December 2023 that requires adjustment or disclosure in the consolidated financial statements of the Bank and its subsidiaries.

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

	31 December 2023 VND	31 December 2022 VND
USD	24,200.00	23,700.00
EUR	26,780.00	25,234.50
GBP	30,890.00	28,519.50
CAD	18,315.50	17,397.00
SGD	18,387.50	17,592.00
AUD	16,526.00	16,097.50
CHF	28,827.00	25,497.00
JPY	172.01	179.79
HKD	3,110.00	3,021.50
KRW	18.74	18.68
Gold SJC (ounce)	7,100,000	6,640,000



Ms. Tran Phuong Thao
Head of Accounting
Department



Ms. Nguyen Thi My Lan
Chief Financial Officer cum
Chief Accountant



Mr. Tran Ngoc Tam
Chief Executive Officer

Ho Chi Minh City, Vietnam

1 March 2024