

HO CHI MINH CITY DEVELOPMENT JOINT STOCK COMMERCIAL BANK

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**



HO CHI MINH CITY DEVELOPMENT JOINT STOCK COMMERCIAL BANK

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HO CHI MINH CITY DEVELOPMENT JOINT STOCK COMMERCIAL BANK

THE BANK'S INFORMATION

Establishment and Operation Licence	No. 26/GP-NHNN dated 12 February 2020 The Establishment and Operation Licence No. 00019/NH-GP dated 6 June 1992 was initially issued by the State Bank of Vietnam ("SBV") and was replaced by the Licence No. 26/GP-NHNN dated 12 February 2020 and Decisions for amendment, supplement of the Establishment and Operation Licence for a period of 99 years from the date of the initial licence.	
Enterprise Registration Certificate	No. 0300608092 dated 11 August 1992 was initially issued by the Department of Planning and Investment of Ho Chi Minh City with the latest 33 rd amendment dated 5 September 2023.	
Board of Directors	Mr. Kim ByoungHo Ms. Nguyen Thi Phuong Thao Mr. Luu Duc Khanh Mr. Nguyen Thanh Do Mr. Nguyen Huu Dang Mr. Le Manh Dung Mr. Pham Quoc Thanh Ms. Nguyen Thi Tam	Chairperson, Independent member Permanent Vice Chairperson Vice Chairperson Vice Chairperson Vice Chairperson Independent member Member (<i>from 26 April 2023</i>) Member (<i>to 26 April 2023</i>)
Board of Management	Mr. Pham Quoc Thanh Mr. Nguyen Minh Duc Mr. Le Thanh Tung Mr. Nguyen Van Hao Mr. Nguyen Dang Thanh Mr. Le Thanh Trung Mr. Tran Hoai Nam Mr. Tran Thai Hoa Mr. Nguyen Canh Vinh Mr. Tran Xuan Huy Mr. Pham Van Dau Ms. Ho Dang Hoang Quyen	General Director Deputy General Director Deputy General Director Deputy General Director <i>(re-appointed on 2 October 2023)</i> Deputy General Director <i>(re-appointed on 9 July 2023)</i> Deputy General Director Deputy General Director Deputy General Director <i>(re-appointed on 1 November 2023)</i> Deputy General Director <i>(appointed on 16 October 2023)</i> Chief Financial Officer Chief Accountant
Board of Supervisors	Mr. Dao Duy Tuong Ms. Duong Thi Thu Ms. Bui Thi Kieu Oanh Mr. Nguyen Le Hieu	Head of Board of Supervisors Member Member Member
Legal Representative	Mr. Pham Quoc Thanh	General Director
Registered Head Office	25Bis Nguyen Thi Minh Khai Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	
Auditor	PwC (Vietnam) Limited	

HO CHI MINH CITY DEVELOPMENT JOINT STOCK COMMERCIAL BANK

STATEMENT OF THE BOARD OF MANAGEMENT

STATEMENT OF RESPONSIBILITY OF THE BOARD OF MANAGEMENT OF THE BANK IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Management of Ho Chi Minh City Development Joint Stock Commercial Bank ("the Bank") is responsible for preparing the consolidated financial statements which give a true and fair view of the consolidated financial position of the Bank and its subsidiary as at 31 December 2023 and the consolidated results of its operations and its consolidated cash flows for the year then ended. In preparing the consolidated financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Bank and its subsidiary will continue in business.

The Board of Management of the Bank 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 enable consolidated financial statements to be prepared which comply with the basis of accounting as set out in Note 2 to the consolidated financial statements. The Board of Management is also responsible for safeguarding the assets of the Bank and its subsidiary and hence for taking reasonable steps for the prevention and detection of fraud or error.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby, approve the accompanying consolidated financial statements as set out on pages 5 to 83. The consolidated financial statements which give a true and fair view of the consolidated financial position of the Bank and its subsidiary as at 31 December 2023 and of the consolidated results of its operations and its consolidated cash flows for the year ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and regulations on the preparation and presentation of the consolidated financial statements applicable to credit institutions operating in Vietnam.

On behalf of the Board of Management



Pham Quoc Thanh
General Director

Ho Chi Minh City, Vietnam
29 March 2024



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HO CHI MINH CITY DEVELOPMENT JOINT STOCK COMMERCIAL BANK

We have audited the accompanying consolidated financial statements of Ho Chi Minh City Development Joint Stock Commercial Bank ("the Bank") and its subsidiary which were prepared on 31 December 2023 and approved by the Board of Management of the Bank on 29 March 2024. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2023, the consolidated income statement, the consolidated cash flow statement for the year then ended, and explanatory notes to the consolidated financial statements including significant accounting policies, as set out on pages 5 to 83.

The Board of Management's Responsibility

The Board of Management of the Bank is responsible for the preparation and the true and fair presentation of the consolidated financial statements of the Bank and its subsidiary in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and regulations on preparation and presentation of consolidated financial statements applicable to credit institutions operating in Vietnam, and for such internal control which the Board of Management determines as necessary to enable the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the consolidated financial statements of the Bank and its subsidiary 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 auditor's judgment, including an assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank and its subsidiary's preparation and true 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 the Board of 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.



Auditor's Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank and its subsidiary as at 31 December 2023, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and regulations on the preparation and presentation of the consolidated financial statements applicable to credit institutions operating in Vietnam.

Other Matter

The report on the review of consolidated financial statements is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English versions, the Vietnamese version shall take precedence.

For and on behalf of PwC (Vietnam) Limited



Nguyen Hoang Nam
Audit Practising Licence No.
0849-2023-006-1
Authorised signatory

Report reference number: HCM15221
Ho Chi Minh City, 30 March 2024

Mai Tran Bao Anh
Audit Practising Licence No.
4166-2022-006-1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2023	2022
	Note	VND million	VND million
A ASSETS			
I Cash on hand, gold, silver, precious metals	3	2,810,044	2,937,994
II Balances with SBV	4	41,481,638	11,273,345
III Placements with and loans to other credit institutions		96,514,863	49,132,317
1 Placements with other credit institutions	5.1	88,120,085	40,322,487
2 Loans to other credit institutions	5.2	8,394,778	8,809,830
IV Held-for-trading securities		18,580,932	1,797,822
1 Held-for-trading securities	6.1	18,580,932	1,797,822
V Derivatives financial instruments and other financial assets	7	110,079	-
VI Loans to customers	8	339,349,838	260,754,811
1 Loans to customers		343,404,295	263,856,383
2 Provisions for losses on loans to customers		(4,054,457)	(3,101,572)
VIII Investment securities		44,092,289	48,789,184
1 Available-for-sale investment securities	9.1	31,871,688	35,375,058
2 Held-to-maturity investment securities	9.2	12,304,873	13,444,130
3 Provisions for diminution in value of investment securities	9.6	(84,272)	(30,004)
IX Other long-term investments	10	143,781	144,023
4 Other long-term investments		163,921	163,921
5 Provisions for diminution in value of long-term investments		(20,140)	(19,898)
X Fixed assets		1,422,759	1,315,057
1 Tangible fixed assets	11.1	713,141	631,621
a Historical cost		1,702,786	1,519,411
b Accumulated depreciation		(989,645)	(887,790)
3 Intangible fixed assets	11.2	709,618	683,436
a Historical cost		1,076,187	1,006,273
b Accumulated amortisation		(366,569)	(322,837)
XII Other assets		57,808,636	40,128,470
1 Other receivables	12.1	48,942,933	33,406,609
2 Interests and fees receivables	12.2	6,602,101	4,403,501
3 Deferred tax assets	31	76,708	32,798
4 Other assets	12.3	2,233,415	2,331,870
- In which: Goodwill	12.4	-	4,799
5 Provisions for losses on other assets		(46,521)	(46,308)
TOTAL ASSETS		602,314,859	416,273,023

The notes on pages 11 to 83 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

		As at 31 December		
		2023	2022	
	Note	VND million	VND million	
B	LIABILITIES AND EQUITY			
I	Borrowings from the Government and SBV	13	26,590	10,821,258
1	Deposits and borrowings from the Government, SBV		26,590	10,821,258
II	Placements and borrowings from other credit institutions		112,086,978	92,653,200
1	Placements from other credit institutions	14.1	62,597,686	49,440,640
2	Borrowings from other credit institutions	14.2	49,489,292	43,212,560
III	Deposits from customers	15	370,777,888	215,797,174
IV	Derivatives financial instruments and other financial liabilities	7	-	226,480
V	Funds, entrusted investments and borrowings received that the Bank bears risks	16	2,811,129	2,860,155
VI	Valuable papers issued	17	50,938,148	44,161,640
VII	Other liabilities	18	19,273,804	10,758,230
1	Interests and fees payables	18.1	10,346,499	5,052,933
3	Other liabilities	18.2	8,927,305	5,705,297
	TOTAL LIABILITIES		555,914,537	377,278,137
VIII	Equity	19	46,400,322	38,994,886
1	Capital		29,198,918	25,426,026
a	Charter capital		29,076,321	25,303,429
b	Investment and construction capital		89	89
c	Shares premium		535,956	535,956
d	Treasury shares		(413,448)	(413,448)
2	Reserves		4,708,243	3,527,727
5	Retained earnings		10,561,698	7,999,785
6	Non-controlling interests		1,931,463	2,041,348
	TOTAL EQUITY		46,400,322	38,994,886
	TOTAL LIABILITIES AND EQUITY		602,314,859	416,273,023

The notes on pages 11 to 83 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

CONSOLIDATED OFF-STATEMENT OF FINANCIAL POSITION ITEMS

		As at 31 December		
		Note	2023 VND million	2022 VND million
1	Borrowing guarantees	36.1	809,436	406,790
2	Foreign exchange transactions commitments	36.1	259,213,350	69,775,987
	- <i>Buying foreign currency commitments</i>		4,293,490	2,512,790
	- <i>Selling foreign currency commitments</i>		4,542,374	2,912,961
	- <i>Swap commitments</i>		250,377,486	64,350,236
4	Letters of credit ("LC") commitments	36.1	2,191,087	4,155,744
5	Other guarantees	36.1	15,548,620	4,215,505
6	Other commitments	36.1	5,318,378	3,724,488
7	Interests and fees receivables not yet collected	37.1	2,364,349	1,518,715
8	Bad debts written-off	37.2	15,584,338	11,426,060
9	Other assets and documents	37.3	27,061,445	14,277,966
			328,091,003	109,501,255



Ho Dang Hoang Quyen
Chief Accountant



Pham Van Dau
Chief Financial Officer



Pham Quoc Thanh
General Director
29 March 2024

The notes on pages 11 to 83 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December		
			2023	2022
	Note		VND million	VND million
1	Interest and similar income	20	52,640,577	33,323,404
2	Interest and similar expenses	21	(30,456,603)	(15,311,836)
I	Net interest income		22,183,974	18,011,568
3	Fee and commission income	22	2,830,168	3,308,455
4	Fee and commission expenses	23	(642,366)	(351,637)
II	Net fee and commission income		2,187,802	2,956,818
III	Net gain from trading in foreign currencies	24	564,703	134,237
IV	Net gain from trading of held-for-trading securities	25	41,723	16,986
V	Net gain from trading of investment securities	26	1,167,005	312,620
5	Other income		541,644	588,126
6	Other expenses		(282,491)	(60,036)
VI	Net other income	27	259,153	528,090
VII	Income from investments in other entities	28	9,325	6,785
VIII	Operating expenses	29	(9,129,202)	(8,630,709)
IX	Operating profit before provisions for credit losses		17,284,483	13,336,395
X	Provisions for credit losses	30	(4,267,751)	(3,068,339)
XI	Profit before tax		13,016,732	10,268,056
7	Corporate income tax ("CIT") expenses - current	31	(2,724,629)	(2,091,986)
8	CIT expenses - deferred	31	43,910	33,400
XII	CIT expenses		(2,680,719)	(2,058,586)
XIII	Net profit after tax		10,336,013	8,209,470
Attributable to:				
Shareholders of the Bank			10,070,898	7,749,794
Non-controlling interests			265,115	459,676
XV	Earnings per share (VND/share)	19.2	3,482	2,689

Ho Dang Hoang Quyen
Chief Accountant

Pham Van Dau
Chief Financial Officer

Pham Quoc Thanh
General Director
29 March 2024

The notes on pages 11 to 83 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
(Direct method)

		Year ended 31 December	
		2023	2022
	Note	VND million	VND million
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Interest and similar income received	50,366,284	32,577,872
02	Interest and similar expenses paid	(25,602,661)	(14,319,631)
03	Net fee and commission income received	2,596,238	2,792,794
04	Net amount received from trading activities (foreign currencies, golds and securities)	1,654,834	225,515
05	Other income	88,876	111,209
06	Recoveries of written-off loans	290,855	437,234
07	Payments to employees and for administrative expenses	(8,980,790)	(8,668,312)
08	CIT paid during the year	34 (2,241,447)	(1,154,553)
NET CASH INFLOWS FROM OPERATING ACTIVITIES BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES		18,172,189	12,002,128
Changes in operating assets			
09	Decrease/(increase) in placements with and loans to other credit institutions	415,052	(8,704,484)
10	(Increase)/decrease in securities trading	(12,165,396)	26,010,304
11	Increase in derivatives financial instruments and other financial assets	(110,079)	-
12	Increase in loans to customers	(79,547,912)	(60,645,482)
13	Utilisations of provisions for losses on loans to customers	(3,314,867)	(2,418,835)
14	Increase in other operating assets	(14,661,359)	(13,057,913)
Changes in operating liabilities			
15	(Decrease)/increase in borrowings from the SBV	(10,794,668)	10,728,602
16	Increase/(decrease) in placements and borrowings from other credit institutions	19,433,778	(14,589,382)
17	Increase in deposits from customers	154,980,714	32,514,057
18	Increase in valuable papers issued	6,776,508	1,405,527
19	Decrease in funds, entrusted investments and borrowings received that the Bank bears risks	(49,026)	(76,709)
20	(Decrease)/increase in derivatives financial instruments and other financial liabilities	(226,480)	210,930
21	Increase in other operating liabilities	1,778,906	912,441
22	Payments from reserves of credit institutions	(30,315)	(10,262)
I	NET CASH INFLOWS/(OUTFLOWS) FROM OPERATING ACTIVITIES	80,657,045	(15,719,078)

The notes on pages 11 to 83 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT**(Direct method)****(continued)**

		Year ended 31 December	
		2023	2022
	Note	VND million	VND million
CASH FLOWS FROM INVESTING ACTIVITIES			
01	Purchases of fixed assets	(273,921)	(122,001)
02	Proceeds from disposals of fixed assets	753	21,447
08	Proceeds from investments in other entities	-	500
09	Dividends and shares of profit received from long-term investments	9,325	22,069
II	NET CASH OUTFLOWS FROM INVESTING ACTIVITIES	(263,843)	(77,985)
CASH FLOWS FROM FINANCING ACTIVITIES			
01	Proceeds from issuance of shares	-	200,000
04	Dividends paid	19.1 (2,515,261)	-
III	NET CASH (OUTFLOWS)/INFLOWS FROM FINANCING ACTIVITIES	(2,515,261)	200,000
IV	NET CASH INFLOWS/(OUTFLOWS) FOR THE YEAR	77,877,941	(15,597,063)
V	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	54,533,826	70,130,889
VII	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	32 132,411,767	54,533,826



Ho Dang Hoang Quyen
Chief Accountant



Pham Van Dau
Chief Financial Officer



Pham Quoc Thanh
General Director
29 March 2024

The notes on pages 11 to 83 are an integral part of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

1 GENERAL INFORMATION

Ho Chi Minh City Development Joint Stock Commercial Bank ("the Bank") is a commercial joint stock bank registered in Vietnam pursuant to the initial Establishment and Operation Licence No. 00019/NH-GP issued by SBV on 6 June 1992 and was replaced by the Licence No. 26/GP-NHNN dated 12 February 2020 for a period of 99 years from 6 June 1992.

The Bank's shares are listed on the Ho Chi Minh Stock Exchange with the ticker symbol of HDB.

The Bank obtained the Enterprise Registration Certificate No. 0300608092 dated 11 August 1992 which was issued by the Department of Planning and Investment of Ho Chi Minh City and commenced its operation from the date of the licence, and the latest 33rd amendment of the Enterprise Registration Certificate dated on 5 September 2023. As at 31 December 2023, the Bank's charter capital was VND29,076,321,320,000 (as at 31 December 2022: VND25,303,429,220,000).

The principal activities of the Bank and its subsidiary are to mobilise and receive short, medium and long-term funds in the form of deposits from organisations and individuals; to grant short, medium and long-term loans to organisations and individuals based on the nature and capabilities of the Bank's capital resources; to trade foreign currencies; to provide international trade finance services; to discount commercial notes, bonds and other valuable papers; to provide settlement services and to provide other banking services in accordance with SBV's approval.

The Bank's Head Office is located at 25Bis Nguyen Thi Minh Khai Street, Ben Nghe Ward, District 1, Ho Chi Minh City. As at 31 December 2023, the Bank had 1 Head office, 1 northern representative office, 1 representative office in Myanmar, 79 branches and 273 transaction offices (as at 31 December 2022: 1 Head office, 1 northern representative office, 1 representative office in Myanmar, 77 branches and 267 transaction offices) in provinces and cities across Vietnam.

As at 31 December 2023, the Bank and its subsidiary had 17,345 employees (as at 31 December 2022: 16,326 employees).

As at 31 December 2023 and 31 December 2022, the Bank had 1 subsidiary. Details are as follows:

	Nature of business	Place of incorporation and operation	As at 31.12.2023		As at 31.12.2022	
			Percentage of equity owned %	Percentage of voting rights %	Percentage of equity owned %	Percentage of voting rights %
Subsidiary						
HD Saison Finance Co., Ltd. ("HD SAISON")	Finance/ Banking	Ho Chi Minh City	50%	50%	50%	50%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of preparation of consolidated financial statements**

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and regulations on the preparation and presentation of consolidated financial statements applicable to credit institutions operating in Vietnam. The consolidated financial statements have been prepared under the historical cost convention.

The accompanying consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

The consolidated financial statements in the Vietnamese are the official statutory consolidated financial statements of the Bank and its subsidiary. The consolidated financial statements in the English have been translated from the Vietnamese version.

2.2 Fiscal year

The Bank and its subsidiary's fiscal year is from 1 January to 31 December.

2.3 Currency

The Bank and its subsidiary's accounting currency is Vietnamese Dong ("VND" or "Dong"). The consolidated financial statements are prepared and presented in millions of Vietnamese Dong rounded to the nearest million ("VND million"). The Bank and its subsidiary determine their accounting currency in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations.

All transactions are recorded in original currencies. Transactions arising foreign currencies are translated at exchange rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at month end are translated at the exchange rate prevailing at the month end date. Foreign exchange differences arising from these translations are recognised in the foreign exchange differences item in the consolidated statement of financial position at month end and transferred to consolidated income statement at year end.

2.4 Basis of consolidation**Subsidiary**

Subsidiary is an entity over which the Bank has the power to govern the financial and operating policies in order to gain future benefits from their activities generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank controls another entity. The subsidiary is fully consolidated from the date on which control is transferred to the Bank. It is de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains and losses on transactions between the Bank and its subsidiary are eliminated.

The financial statements of the subsidiary are prepared for the same financial year and accounting policies of the subsidiary is consistent with the policies adopted by the Bank.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.4 Basis of consolidation (continued)****Non-controlling transactions and interests**

The Bank and its subsidiary apply a policy for transactions with non-controlling interests as transactions with external parties to the Group. Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

A divestment of the Bank's interest in a subsidiary that does not result in a loss of control is accounted for as a transaction with owners. The difference between the change in the Bank's share of net assets of the subsidiary and any consideration paid or received from divestment of the Bank's interest in the subsidiary is recorded directly in the retained earnings under equity.

In a divestment of the Bank's interest in a subsidiary that results in a loss of control, the difference between the Bank's share in the net assets of the subsidiary and the net proceeds from divestment is recognised in the consolidated income statement. The retained interest in the entity will be accounted for as either an investment in another entity or an investment to be accounted for as equity since the divestment date.

2.5 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Bank and its subsidiary's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is recognised as an asset and is amortised on a straight-line basis over its estimated year of benefit but not exceeding a period of 10 years.

On disposal of the investments in subsidiary, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on the disposal.

Goodwill is carried at cost less accumulated amortisation, and is tested annually for impairment. If there is evidence that the impairment during the year is higher than the goodwill charge, the Bank and its subsidiary record the impairment immediately in the year.

2.6 Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand, gold, balances with SBV, demand and term deposits at other credit institutions which have original terms within 3 months or less.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Placements with and loans to other credit institutions**

Deposits with other credit institutions include demand deposits; deposits with original terms within 3 months or less at local credit institutions, foreign bank branches and deposits at foreign credit institutions, and are recognised at the amount of principal outstanding.

Loans to other credit institutions are loans with original terms of less than 1 year to other credit institutions.

Term deposits and loans to other credit institutions are stated at the amount of principal outstanding less specific provisions.

Credit risk classification of term deposits and loans to other credit institutions and provisions thereof are made in accordance with Circular 11/2021/TT-NHNN ("Circular 11"), being similar to those policies applied for loans to customers as described in Note 2.8.

According to Circular 11, the Bank and its subsidiary are not required to make general provisions for deposits and loans to other credit institutions.

2.8 Loans to customers**2.8.1 Accounting for loans to customers***Measurement and recognition of loans to customers*

Short-term loans are those with repayment terms within 1 year from the disbursement date; medium-term loans are those with repayment terms over 1 to 5 years from the disbursement date and long-term loans are those with repayment terms of more than 5 years from the disbursement date.

Loans to customers are stated at the amount of principle outstanding less provisions for credit losses.

Classification of loans to customers

Loans classification and provisions for credit losses are made in accordance with Circular 11.

In accordance with Circular 11, loans to customers are classified into 5 groups according to the collection status and the quantitative method, details as below:

Group 1: Current loans

- (a) Current loans assessed as fully and timely recoverable, both principals and interests; or
- (b) Loans overdue less than 10 days and assessed as fully recoverable, both overdue principals and interests, and fully and timely recoverable, both remaining principals and interests; or
- (c) Loans classified into group 1 as meeting criteria to be classified into groups with lower level of risk.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.8 Loans to customers (continued)****2.8.1 Accounting for loans to customers (continued)***Classification of loans to customers (continued)*

Group 2: Special-mentioned loans

- (a) Loans overdue up to 90 days, except those specified in point (b) of Current loans and those classified into a group with higher level of risk as prescribed; or
- (b) Loans rescheduled for the first time and repaid on schedule, except those meeting criteria to be classified into a group with lower level of risk and those classified into a group with higher level of risk as prescribed; or
- (c) Loans classified into group 2 as meeting criteria to be classified into a group with lower level of risk or loans classified into a group with higher level of risk as prescribed.

Group 3: Sub-standard loans

- (a) Loans which are from 91 days to 180 days overdue, except those prescribed in clause 3 of Article 10 of Circular 11; or
- (b) Loans with first-time extended repayment terms that are unmatured, except those prescribed in point b of clause 2 and clause 3 of Article 10 of Circular 11; or
- (c) Loans on which interest is exempted or reduced due to the borrower's inability to pay in full as agreed upon, except for those specified in Clause 3 of Article 10 of Circular 11; or
- (d) Loans falling in one of the following cases that have not yet been collected within less than 30 days from the issuance date of recovery decision:
 - Loans having violated regulations specified in clauses 1, 3, 4, 5, 6 of Article 126 of Law on credit institutions; or
 - Loans having violated regulations specified in clauses 1, 2, 3, 4 of Article 127 of Law on credit institutions; or
 - Loans having violated regulations specified in clauses 1, 2, 5 of Article 128 of Law on credit institutions.
- (e) Loans in the collection process under inspection conclusions; or
- (f) Loans recovered under premature debt recovery decisions of the Bank and its subsidiary due to customers' breach of agreements without being collected within less than 30 days from the issuance date of recovery decisions; or
- (g) Loans that are classified into group 3 as prescribed in clause 2 and clause 3 of Article 10 of Circular 11; or
- (h) Loans that are classified into group 3 as prescribed in clause 4 of Article 8 of Circular 11.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.8 Loans to customers (continued)****2.8.1 Accounting for loans to customers (continued)***Classification of loans to customers (continued)*

Group 4: Doubtful loans

- (a) Loans which are from 181 days to 360 days overdue, except those prescribed in clause 3 of Article 10 of Circular 11; or
- (b) Loans with first-time rescheduled repayment terms that are up to 90 days past due from the first-time rescheduled maturity dates, except those specified in clause 3 of Article 10 of Circular 11; or
- (c) Loans with second-time rescheduled repayment terms that are unmatured, except those prescribed in point b of clause 2 and clause 3 of Article 10 of Circular 11; or
- (d) Loans specified in point (d) of Sub-standard loans without being collected for between 30 days and 60 days from the issuance date of recovery decision; or
- (e) Loans in the collection process under inspection conclusions but being overdue up to 60 days according to recovery term; or
- (f) Loans recovered under premature debt recovery decisions of the Bank and its subsidiary due to customers' breach of agreements without being collected for between 30 days and 60 days from the issuance date of recovery decisions; or
- (g) Loans that are classified into group 4 as prescribed in clause 2 and clause 3 of Article 10 of Circular 11; or
- (h) Loans that are classified into group 4 as prescribed in clause 4 of Article 8 of Circular 11.

Group 5: Loss loans

- (a) Loans overdue more than 360 days; or
- (b) Loans restructured for the first time and overdue from 91 days according to the first restructured terms of repayments; or
- (c) Loans restructured for the second time and overdue according to the second restructured terms of repayments; or
- (d) Loans with third- or more-time rescheduled repayment terms, except those prescribed in point b of clause 2 of Article 10 of Circular 11; or
- (e) Loans specified in point (d) of Sub-standard loans without being collected for more than 60 days from the issuance date of recovery decision; or
- (f) Loans in the collection process under inspection conclusions but being overdue for more than 60 days according to recovery term; or
- (g) Loans recovered under premature debt recovery decisions of the Bank and its subsidiary due to customers' breach of agreements without being collected for more than 60 days from the issuance date of recovery decisions; or
- (h) Loans to other credit institutions announced under special control status, or to foreign bank's branches of which capital and assets are blockaded; or
- (i) Loans that are classified into group 5 as prescribed in clause 3 of Article 10 of Circular 11; or
- (j) Loans that are classified into group 5 as prescribed in clause 4 of Article 8 of Circular 11.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.8 Loans to customers (continued)****2.8.1 Accounting for loans to customers (continued)**

Loans shall be classified in a group with lower level of risk (including Group 1) in these following cases:

Overdue loans

- Customers have made full repayment of the overdue principal and the interest (including interest on overdue principals) and the principals and interest of the following payment periods for at least 03 (three) months in respect of long and medium-term loans and 01 (one) month in respect of short-term loans since the date the overdue principals and interest are fully repaid; and
- The Bank and its subsidiary have sufficient basis of information and documents to assess and conclude that customers are capable of fully repaying the principals and the interest in a timely manner.

Restructured loans

- Customers have made full repayment of the principal and interest under the restructured repayment term, for at least 03 (three) months in respect of long and medium-term loans and 01 (one) month in respect of short-term loans, since the date the principal and interest under the restructured repayment term are fully paid; and
- The Bank and its subsidiary have sufficient basis of information and documents to assess and conclude that customers are capable of fully repaying the principals and the interest in a timely manner.

Loans shall be classified in a group with higher level of risk in these following cases:

- Norms on profitability, solvency, ratio of debts to capital, cash flows, capability of customers to pay debts deteriorating continuously for three consecutive times of assessment and loan classification; or
- Customers fail to supply fully, timely and truly financial information at the request of the Bank and its subsidiary for an assessment regarding the capability of customers to pay their loans; or
- Loans which have been classified in Group 2, Group 3, Group 4 for 01 (one) year or longer but not qualified to classify in a group with lower level of risk; or
- Loans whose credit extension is administratively sanctioned.

Non-performing loans are loans classified into Group 3, 4 and 5.

The Bank and its subsidiary are required to use the results of loan classification as provided by the Credit Information Center of the SBV ("CIC") to classify its loans to customers into a group with higher level of risk as determined by the Bank and its subsidiary and provided by CIC.

When a customer owes more than one loan to the Bank and its subsidiary, and has any loan classified into a group with higher level of risk, the Bank and its subsidiary classify the remaining loans of such customer into such loan group with higher level of risk.

When the Bank and its subsidiary participate in a syndicated loan, the Bank and its subsidiary reclassify all loans (including the outstanding syndicated loan) of the customer into the highest risk group as determined by the lenders.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Loans to customers (continued)

2.8.1 Accounting for loans to customers (continued)

Provisions for losses on loans to customers

Provisions for losses on loans to customers includes specific provisions and general provisions.

Specific provisions

Specific provisions for losses on loans to customers are calculated using set rates applied to each loan group as follows:

	Allowance rates
Group 1 - Current loans	0%
Group 2 - Special-mentioned loans	5%
Group 3 - Sub-standard loans	20%
Group 4 - Doubtful loans	50%
Group 5 - Loss loans	100%

The specific provisions are calculated based on the customer's loan balance on the last working day of each month less the discounted value of collateral assets.

Maximum discounted ratio of collateral assets determined in accordance with Circular 11 are as follows:

Type of collateral assets	Maximum discounted ratio
(a) Deposits, certificates of deposit ("CD") from customers in VND at the Bank	100%
(b) Government bonds, gold billets in accordance with law on gold trading activities; deposits, CDs from customers in foreign currencies at the Bank	95%
(c) Municipal bonds, Government-guaranteed bonds; transferable instruments, bills and notes, bonds issued by the Bank; deposits, CDs, bills and notes issued by other credit institutions, foreign branches:	
• With a remaining term of less than 1 year	95%
• With a remaining term of between 1 year to 5 years	85%
• With a remaining term of over 5 years	80%
(d) Securities issued by other credit institutions and listed on a stock exchange	70%
(e) Securities issued by enterprises (except credit institutions) and listed on a stock exchange	65%
(f) Unlisted securities and valuable papers, except for the types of securities specified in (c), issued by other credit institutions registered for listing on a stock exchange;	50%
Unlisted securities and valuable papers, except for the types of securities specified in (c), issued by other credit institutions not registered for listing on a stock exchange	30%
(g) Unlisted securities and valuable papers issued by enterprises registered for listing on a stock exchange;	30%
Unlisted securities and valuable papers issued by enterprises not registered for listing on a stock exchange	10%
(h) Real estates	50%
(i) Others	30%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.8 Loans to customers (continued)****2.8.1 Accounting for loans to customers (continued)**

Provisions for losses on loans to customers (continued)

Specific provisions (continued)

If collateral assets are not gold bars, listed securities, stocks registered for trading on Upcom, government bonds listed on the Stock Exchange, municipal bonds, government-guaranteed bonds and corporate bonds (including credit institutions) which are listed and registered for trading; unlisted securities on the Stock Exchanges, promissory notes, treasury bills, certificates of deposit issued by enterprises (including credit institutions, foreign bank branches), then the Bank and its subsidiary must hire legally licensed valuers to determine collateral amounts to be used as deduction for calculation of the specific provisions at the financial year end in these following cases:

- Collateral assets with value above VND50 billion against loans to the Bank and its subsidiary's related parties or other parties subject to restrictions on credit extension as prescribed in Article 127 of the Law on Credit Institutions (amended and supplemented);
- Collateral assets of which the Bank and its subsidiary values above VND200 billion.

Other than these cases, collateral assets are valued in accordance with the Bank's internal policy and process.

If there is no written valuation report for collateral assets from the valuers, and the value of collateral assets cannot be determined according to internal policies, the value of collateral assets used as deduction must be deemed at 0 (zero).

General provisions

The general provisions are made at 0.75% of the outstanding balance of loans to customers on the last working day of each month, excluding the total balance of loans to customers which are classified as loss loans.

Written-off bad debts

Bad debts could be written-off using provisions in the following cases:

- Customer is an organisation, which is dissolved, goes bankrupt as prescribed by law or an individual who dies or is missing; or
- Debts which are classified in Group 5.

If, for at least 5 years, after using provisions against credit risks and after all measures for debt recovery of the Bank and its subsidiary's Credit Committee have been implemented but debts are still irrevocable, the Bank and its subsidiary shall be entitled to release the unsettled debts from the off-statement of financial position accounts in accordance with the approval of the Bank and its subsidiary's Credit Committee.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.8 Loans to customers (continued)****2.8.2 Loan restructuring, exemption or reduction of interest, fees and retention of loan group to assist customers affected by the Covid-19 pandemic**

From 17 May 2021, loan restructuring, exemption or reduction of interest, fees and retention of loan group to assist customers affected by the Covid-19 pandemic are carried out in accordance with Circular 03/2021/TT-NHNN ("Circular 03/2021") effective from 17 May 2021 and Circular 14/2021/TT-NHNN ("Circular 14/2021") effective from 7 September 2021 amending and supplementing some articles of Circular 01 governing instructions for credit institutions, foreign bank branches on debt restructuring, exemption or reduction of interest and fees, retention of loan group to assist customers affected by the Covid-19 pandemic. Details of Circular 03/2021 and Circular 14/2021 are as below:

The Bank and its subsidiary restructure, exempt or reduce interest, fees of customers' loans satisfying all of the following conditions

- Being a loan having arisen before 1 August 2021 (applied to loan restructuring) or a credit granting, except for investments in corporate bonds (applied to exemption or reduction of interest and/or fees);
- The obligation of principal repayment and/or interest payment arises during the period from 23 January 2020 to 30 June 2022;
- The customer is unable to repay the principal and/or to pay interest on schedule under the loan agreement due to decrease in revenue or income caused by the Covid-19 pandemic;
- The customer applies for loan restructuring and the Bank and its subsidiary assess that the borrower is able to fully repay the principal and/or pay interest under the restructured terms.

The loans are restructured in the following cases:

- The loan is undue or has been overdue up to 10 days under the loan agreement, except the following cases;
- The loan arose before 23 January 2020 and was overdue during the period from 23 January 2020 to 29 March 2020;
- The loan arose from 23 January 2020 to before 10 June 2020 and was overdue before 17 May 2021;
- The loan arose from 10 June 2020 to before 1 August 2021 and was overdue from 17 July 2021 to before 7 September 2021.

The restructured term, exemption and reduction of interest and/or fees:

- The restructured term (including loan extension) is decided in conformity with the impact of the Covid-19 pandemic on each customer and is not permitted to exceed 12 months from the restructuring date or from the original maturity date of the respective restructured amount;
- Loan restructuring, exemption or reduction of interest and/or fees are carried out until 30 June 2022.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Loans to customers (continued)

2.8.2 Loan restructuring, exemption or reduction of interest, fees and retention of loan group to assist customers affected by the Covid-19 pandemic (continued)

Details of loan classification, loan group retention for loans being restructured, exempted or reduced interest and/or fees:

For loans having arisen before 23 January 2020 (including the loan balance which was restructured, exempted or reduced interest and moved to another loan group in accordance with regulations of the SBV during the period from 23 January 2020 to 29 March 2020) restructured, exempted or reduced interest, fees according to Circular 03/2021, the Bank and its subsidiary retain their loan groups which they were recently classified into before 23 January 2020.

For loans having arisen during the period from 23 January 2020 to before 1 August 2021 restructured, exempted or reduced interest, fees, the Bank and its subsidiary retain their loan groups as follows:

- Retains the loan group at the latest classification before the date on which loans were restructured for the first time for loans being undue or overdue up to 10 days under the loan agreement except the following cases;
- Retains the loan group at the latest classification before the date on which loans were overdue for loans having arisen during the period from 23 January 2020 to before 10 June 2020 and having been overdue before 17 May 2021;
- Retains the loan group at the latest classification before the date on which loans were overdue for loans having arisen during the period from 10 June 2020 to before 1 August 2021 and having been overdue from 17 July 2021 to before 7 September 2021;
- Retains the loan group at the latest classification before the date on which loans were exempted or reduced interest for the first time in accordance with Circular 03/2021 and Circular 14/2021.

For loans restructured, exempted or reduced interest, fees and retaining current loan group in accordance with Circular 03/2021 and Circular 14/2021, the Bank and its subsidiary do not apply a group with higher level of risk to loans restructured and retaining loan group in accordance with Circular 03/2021 and Circular 14/2021.

For loans restructured, exempted or reduced interest, fees and retaining Current loan group (Group 1) in accordance with Circular 03/2021 and Circular 14/2021, the Bank and its subsidiary derecognise their accrued interest and recognises them as off-statement of financial position items for following up and collection. Interest income for these loans is recognised in the consolidated income statement upon receipt.

2.8.3 Specific provisions for losses on loans to customers whose loans are restructured, exempted or reduced interest in accordance with Circular 03/2021 and Circular 14/2021

The Bank and its subsidiary make specific provisions for losses on loans to customers whose loans are rescheduled, exempted or reduced interest in accordance with Circular 03/2021 as follows:

Additional specific provisions shall be determined as follows:

Additional specific provisions = A – B

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Loans to customers (continued)

2.8.3 Specific provisions for losses on loans to customers whose loans are restructured, exempted or reduced interest in accordance with Circular 03/2021 and Circular 14/2021 (continued)

Where as:

- A: Specific provisions made for all the outstanding debts of customers according to loan classification regulated by Circular 11.
- B: Specific provisions made for all the outstanding debts of customers according to the loan classification regulated by Circular 03/2021 and Circular 14/2021

If the aforementioned additional specific provisions are positive, additional specific provisions are made as follows:

- By 31.12.2021: At least 30% of the additional specific provisions.
- By 31.12.2022: At least 60% of the additional specific provisions.
- By 31.12.2023: 100% of the additional specific provisions.

Provisions for losses on loans to customers whose loans are restructured in accordance with Circular 03/2021 and Circular 14/2021 are not applied retrospectively.

2.8.4 Restructuring loan repayment terms and retention of loan group to assist customers facing difficulties in doing business and customers facing difficulties in repaying their consumer loans

From 24 April 2023, restructuring loan repayment terms, including the principal and/or interest, to assist customers facing difficulties in doing business and customers facing difficulties in repaying their consumer loans is carried out in accordance with Circular 02/2023/TT-NHNN ("Circular 02/2023") dated 23 April 2023 issued by the SBV, upon the customers' requests and the Bank's financial capacity.

The Bank and its subsidiary restructure repayment terms of outstanding principals and/or interest of loans to customers satisfying all of these following conditions:

- Being a loan with principal arisen before 24 April 2023 from lending activities;
- The obligation of principal repayment and/or interest repayment arises during the period from 24 April 2023 to 30 June 2024;
- The loan to be rescheduled is undue or has been overdue up to 10 days from the due date of payment, repayment period according to the contract or agreement;
- The Bank and its subsidiary determine that the customer is unable to repay the principal and/or interest on schedule under the loan agreement due to decrease in revenue or income compared to revenue or income as specified in the repayment of principal and/or interest plan under the contract or agreement;
- The customer applies for loan restructuring and the Bank and its subsidiary determine that the customer is able to fully repay the principal and/or pay interest under the restructured schedules;
- Loans that violate law and regulations shall not be restructured by the Bank and its subsidiary;
- The restructured term (including loan extension) is decided in conformity with the degree of difficulty of each customer and is not permitted to exceed 12 months from the original maturity date of the respective rescheduled amount;
- Loan restructuring under Circular 02/2023 is carried out from 24 April 2023 until 30 June 2024.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Loans to customers (continued)

2.8.4 Restructuring loan repayment terms and retention of loan group to assist customers facing difficulties in doing business and customers facing difficulties in repaying their consumer loans (continued)

Details of loan classification and loan group retention:

The Bank and its subsidiary retain the loan group for the loan whose principal and/or interest has been restructured ("restructured loan") at the latest classification before the loan was restructured in accordance with Circular 11.

- For restructured loans that are undue during the restructured period, the Bank does not apply to adjust, reclassify into a group with higher level of risk as prescribed in Circular 11;
- For restructured loans that are overdue during the restructured period and the Bank and its subsidiary does not continue to apply loan restructuring as prescribed in Circular 02/2023, the Bank shall classify those restructured loans in accordance with Circular 11;

For the interest receivables on loans with principals and/or interests which are restructured repayment terms and are retained the loan group as current loans (group 1) as prescribed in Circular 02/2023, the Bank and its subsidiary derecognise their accrued interest and recognise them as off-statement financial position items for following up and collection from the restructured date. Interest income for these loans is recognised in the income statement upon receipt.

2.8.5 Provision for losses on loans to customers whose principals and/or interests are restructured in accordance with Circular 02/2023

From 24 April 2023, the Bank and its subsidiary make provisions for losses on loans to customers whose loans are restructured as prescribed by Circular 02/2023 as follows:

Additional specific provision shall be determined as follows:

$$\text{Additional specific provision} = A - B$$

Where as:

- A: Specific provision made for all the outstanding loans of customers according to loan classification regulated by Circular 11.
- B: Specific provision made for all the outstanding loans of customers according to loan classification regulated by Circular 02/2023.

If the aforementioned additional specific provisions are positive, the Bank makes additional specific provision for credit losses as follows:

- By 31.12.2023: At least 50% of the additional specific provisions;
- By 31.12.2024: 100% of the additional specific provisions.

As at 31 December 2023, the Bank made 100% of the additional specific provisions.

The Bank and its subsidiary make general provisions for losses from loans to customers for all the outstanding loans according to loan classification regulated by Circular 11.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.8 Loans to customers (continued)****2.8.6 Debt selling activities**

Accordance to the guidance of Circular 09/2015/TT-NHNN, the treatment of the difference between the selling price and the book price for the debts is as follows:

For debts currently recorded on the on-statement of financial position:

- If the selling price exceeds the book value of the debt, the difference is recognised as other income within the fiscal year;
- If the selling price is lower than the value of the debt, the difference is recorded as an expense of the Bank in the fiscal year, after being offset by compensation from parties, insurance from the designated insurance organisation, and if applicable, the financial risk reserve fund.

For debts that have been removed from the consolidated financial statements and are being monitored off-statement of financial position, the proceeds from debt sales are recorded as other income of the Bank.

2.9 Off-statement of financial position commitments

Off-statement of financial position commitments consist of guarantees, settlement acceptances and unconditional, irrevocable credit commitments and other commitments arising credit risks.

Classification of off-statement of financial position commitments

The classification of off-statement of financial position commitment is made in accordance with Circular 11.

According to Circular 11, the Bank and its subsidiary classify off-statement of financial position commitments based on the payment arrears status and other qualitative factors, which are as follows:

Group 1: Standard commitments

- Undue commitments, which, according to the assessment of the Bank, could be fully settled when they are due.

Group 2: Special mentioned commitments

- Undue commitments, which, according to the assessment of the Bank, could not be fully settled when they fall due.

A commitment is classified in Group 3 or a group of higher risk in the following situations:

- Commitment that violates regulations as prescribed by law regarding credit granting, foreign exchange management and safety ratio for credit institutions and foreign banks' branches; or
- Commitment that violates internal regulations regarding credit granting, commitment management, methods of setting up of risk provisions for credit institutions and foreign banks' branches; or
- Commitment that has values exceeding the limit for credit granting, except for special circumstances, as prescribed by the law.

Provisions for off-statement of financial position commitments

According to Circular 11, off-statement of financial position commitments are only classified as debts for credit quality management and supervision. Therefore, there is no requirement to make provisions.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.10 Investments in securities**

Investments in securities are classified into three categories in accordance with Letter 2601/NHNN-TCKT dated 14 April 2009 issued by SBV: i) held-for-trading securities, ii) available-for-sale investment securities, and iii) held-to-maturity investment securities. The Bank is required to classify their investment securities at the purchase date.

2.10.1 Held-for-trading securities*Classification and recognition*

Held-for-trading securities include debt securities purchased for trading purposes. Held-for-trading securities are initially recognised at costs on the date that the Bank has ownerships on these securities.

Measurement

Listed held-for-trading debt securities are stated at costs less provisions for diminution in value. Provisions for diminution in value of held-for-trading securities are made when book value is higher than its market value, which is determined as the latest trading price at the Stock Exchange within 10 days until the end of financial year. Changes in the provision balances during the year are recognised as "*Net gain from trading of held-for-trading securities*" in the consolidated income statement.

The Bank does not make provisions for government bonds, municipal bonds and government-guaranteed bonds.

For held-for-trading debt securities that have not yet been listed on the Stock Exchanges or not registered for trading on the trading market of unlisted public companies are recognised at costs less provisions for credit losses in accordance with Circular 11 as described in Note 2.8. According to Circular 11, the Bank does not make general provisions for certificate of deposits and bonds issued by other credit institutions.

Provisions for held-for-trading securities as mentioned above are reverted when the recoverable amount of held-for-trading securities increases after the provisions are made as a result of an objective event. A reversal of provisions, if any, is made only to the extent the held-for-trading securities is restored to its original cost.

Gains or losses from sales of held-for-trading securities are recognised as "*Net gain from trading of held-for-trading securities*" in the consolidated income statement. Cost is determined by the specific identification method.

Coupons received from held-for-trading securities during holding periods are recognised in the consolidated income statement upon receipts.

Derecognition

Held-for-trading securities are derecognised when the rights to receive cash flows from these securities are terminated or the Bank transfers substantially all the risks and rewards from ownerships of these securities.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.10 Investments in securities (continued)****2.10.2 Available-for-sale investment securities***Classification and recognition*

Available-for-sale securities include debt and equity securities that the Bank purchases with investment and available-for-sale purposes, not regularly traded but can be sold when there is a benefit.

The Bank recognises available-for-sale investment securities on the date that substantially all of the risks and rewards of ownerships are transferred to the Bank.

Measurement

Listed available-for-sale investment securities are stated at book value less provisions for diminution in value, which are made when book value is higher than its market value.

For listed equity securities, market price is the closing price on the latest trading date up to the end of the financial year.

For listed debt securities, market price is the latest trading price at the Stock Exchange within 10 days until the end of the financial year.

Changes in the provision balances during the year are recognised as "Net gain from trading of investment securities" in the consolidated income statement.

The Bank does not make provisions for government bonds, municipal bonds and government-guaranteed bonds.

Debt securities are recognised at par value at purchased date. Accrued interest receivables before purchased date (for debt securities with interest payments in arrears) and deferred interest awaiting for allocation (for debt securities with interest payments in advance) is recognised in a consolidated account. Discount/premium, which is the negative/positive difference between the cost and the amount of par value plus (+) accrued interest receivables before the purchasing date (if any) or minus (-) deferred interest awaiting for allocation (if any) is also recognised in a separate account.

In subsequent holding periods, these debt securities are recognised at par value, and the discount/premium (if any) is amortised to the consolidated income statement on a straight-line basis over the remaining terms of these debt securities.

Cumulative interest before purchased date is recognised as a decrease in the accrued interest receivables account upon receipt. Accrued interest incurred after purchased date is recognised as income of the Bank based on an accrual basis.

Interest received in advance is amortised into interest income from investment securities based on a straight-line basis over the terms of investment securities.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.10 Investments in securities (continued)****2.10.2 Available-for-sale investment securities (continued)***Measurement (continued)*

For investment debt securities that have not yet been listed on the Stock Exchanges or not registered for trading on the trading market of unlisted public companies are recognised at costs less provisions for credit losses in accordance with Circular 11 as described in Note 2.8. According to Circular 11, the Bank does not make general provisions for certificate of deposits and bonds issued by other credit institutions.

Provisions for investment securities as mentioned above are reverted when the recoverable amount of held-for-trading securities increases after the provisions are made as a result of an objective event. A reversal of provisions, if any, is made only to the extent the investment securities is restored to its original cost.

Gains or losses from sales of investment securities are recognised as "*Net gain from trading of investment securities*" in the consolidated income statement. Cost is determined by the specific identification method.

Derecognition

Available-for-sale investment securities are derecognised when the rights to receive cash flows from these securities are terminated or the Bank transfers substantially all the risks and rewards of ownerships of these securities.

2.10.3 Held-to-maturity investment securities

Held-to-maturity investment securities are debt securities that the Bank purchases with investment purpose to earn interests and the Bank has capabilities and intentions to hold these investment securities until maturities. Held-to-maturity investment securities have the determined value and maturity date. According to Official Letter No. 2601/NHNN-TCKT issued by SBV on 14 April 2009, the Bank is allowed to reclassify once after purchasing for held-to-maturity investment securities.

Held-to-maturity investment securities are recognised and measured similarly as available-for-sale debt investment securities as presented in Note 2.10.2.

2.10.4 Repurchase unlisted corporate bonds

SBV issued Circular 03/2023/TT-NHNN effective from 24 April 2023 stipulating the suspension of the implementation of Clause 11, Article 4 of Circular 16/2021/TT-NHNN which was issued by SBV and became effective from 15 January 2022 regulating the sales and purchases of corporate bonds of credit institutions and foreign bank branches. Accordingly, during the suspension period, from 24 April 2023 to 31 December 2023, the Bank is allowed to repurchase corporate bonds that are not listed on the stock exchange or not registered for trading on Upcom. These repurchases include unlisted corporate bonds that were issued in the same batch or issuance period as those sold by the Bank, subject to the following conditions:

- All the requirements as prescribed in Article 4 of Circular 16/2021/TT-NHNN are satisfied;
- The buyer of the corporate bonds from the Bank has fully paid for the corporate bonds when the Bank signs the contract to sell the corporate bonds to the buyer;
- The issuer has the highest rating according to the latest internal credit rating system by the Bank prior to the date on which the Bank repurchases their corporate bonds.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.11 Repurchase and reverse repurchase agreements**

Securities sold under agreements to repurchase at a specific date in the future are recognised in the consolidated statement of financial position. The proceeds from these agreements are recognised as borrowings on the consolidated statement of financial position and the difference between selling price and the committed repurchase price is amortised to the consolidated income statement using the straight-line method over the contractual term.

Securities purchased under agreements to resell at a specific date in the future are not recognised in the consolidated statement of financial position. The cash payment under these agreements is recognised as a loan on the consolidated statement of financial position and the difference between the purchase price and committed reselling price is amortised to the consolidated income statement using the straight line method over the contractual term.

2.12 Investment in a subsidiary

A subsidiary is an entity whose financial and operating policies the Bank has the power to govern in order to gain future economic benefits from their activities generally accompanying a shareholding of at least one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank controls another entity.

Investment in a subsidiary is initially recognised at costs, including capital contribution value plus other expenditure directly attributable to the investments. Subsequently, the Board of Management reviews all outstanding investment to determine the amount of provisions to recognise at the year end.

Provisions for investment in a subsidiary are made when there is a diminution in value of the investment at the year end.

2.13 Other long-term investments

Other long-term investments are investments of equal or less than 11% of the voting rights in the equity of unlisted entities, and the investments are held not for sale for 12 months or more from the consolidated statement of financial position date. These investments are initially accounted at cost of acquisition.

Subsequently, these other long-term investments are recognised at costs less provisions. Provisions for diminution in value of investments in other entities are made when their carrying value are higher than their market value if market value can be determined reliably. Otherwise, provisions for diminution in value of investments in other entities are calculated based on the investee's loss.

Changes in the provision balances during the year is recognised as an increase or a decrease in operating expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Fixed assets

Tangible and intangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation or amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets bringing them to their suitable conditions for their intended use. Expenditure which is incurred subsequently and has resulted in an increase in the future economic benefits expected obtained from the use of fixed assets, can be capitalised as an additional historical cost. Otherwise, they are recognised as operating expenses when incurred in the year.

Depreciation and amortisation

Fixed assets are depreciated and amortised using the straight-line basis so as to write off the historical costs over their estimated useful lives. The estimated useful lives of each asset class are as follows:

Buildings, structures	5 - 50 years
Machinery	7 - 14 years
Motor vehicles	6 - 10 years
Office equipment	3 - 10 years
Software	3 - 8 years
Others	4 - 10 years
Definite land use rights	6 - 49 years

Land use rights comprise of land use rights granted by the State for which land use fees are collected, land use rights acquired in a legitimate transfer, and prepaid land use rights obtained under land rental contracts which were effective before the effective date of Land Laws 2003 (which is 1 July 2004) and land use right certificates are granted.

Definite land use rights are stated at costs less accumulated amortisation. Costs of land use rights consist of purchased prices and any directly attributable costs in obtaining the land use rights. Land use rights are amortised using the straight-line basis over the terms of the land use right certificates.

Indefinite land use rights are stated at costs and not amortised.

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount of the fixed assets and are recognised as income or expenses in the consolidated income statement.

Construction in progress

Construction in progress represents the cost of asset in the course of installation or construction for business, rental or administrative purposes, or for purposes not yet determined, which are recognised at cost and are comprised of such necessary costs to construct, repair and maintain, upgrade, renew or equip the projects with technologies as construction costs; costs of tools and equipment; project management expenditure and construction consulting costs. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended uses.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.15 Operating leases**

Leases where a significant portion of the risks and rewards of ownerships are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated income statement on a straight-line basis over the terms of the leases.

2.16 Other receivables

Receivables, other than receivables from credit activities of the Bank and its subsidiary, are recognised at costs. Subsequently, other receivables are recognised at costs less provisions for doubtful debts.

Provisions for doubtful debts are made for each outstanding amount based on overdue days in payment according to the initial payment commitment or based on the estimated loss. Provision expense is recognised as "*Operating expenses*" in the consolidated income statement during the year.

2.17 Prepaid expenses

Prepaid expenses represent prepayments for services; or tools that do not meet the recognition criteria for fixed assets for a period or a business cycle from the date of prepayment. Prepaid expenses are recorded at historical cost and allocated on a straight-line basis over their estimated useful lives.

2.18 Derivatives

Derivatives are recognised in the consolidated statement of financial position at contract value on the contract date and subsequently are revalued at the rate of exchange prevailing at the month end. Realised gains or losses are recognised in the consolidated income statement. Unrealised gains or losses are recognised in the foreign exchange differences item in the consolidated statement of financial position at the month end and are transferred to the consolidated income statement at year end.

2.19 Deposits from other credit institutions, deposits from customers, and valuable papers issued

Deposits from other credit institutions, deposits from customers, and valuable papers issued are recognised at historical cost at the end of the financial year. At the initial recognition, the issuance cost of valuable papers issued is deducted from the principal balance of the valuable papers. The Bank gradually allocates these costs to the "Interest and similar expenses" on a straight-line basis over the term of valuable papers.

2.20 Funds, entrusted investments and borrowings received that the Bank bears risks

The Bank receives funds, entrusted investments and borrowings from the Governments and local organisations to use according to assigning purposes. The Bank is responsible for repayment of the amount when they fall due. Funds, entrusted investments and borrowings received are recognised as a liability in the consolidated statement of financial position.

2.21 Accrued expenses

Accrued expenses include liabilities for goods and services received in the year but not yet paid for, due to pending invoices or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Provisions

Provisions are recognised when the Bank and its subsidiary have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the level of the expenditures expected to be required to settle the obligation. If the time value of money is material, provisions will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provisions due to passage of time is recognised as a financial expense. Changes in the provision balances during the financial year are recognised as an increase or decrease in operating expenses.

2.23 Convertible bonds

Convertible bonds are bonds that may be converted into the ordinary shares of the Bank under the conditions identified in the bond issuance scheme.

Upon initial recognition, the Bank calculates and determines separately the value of the debt component and equity component of convertible bonds using the effective interest rate method. The debt component of convertible bonds is recognised as a liability; the equity component (share options) of convertible bonds is recognised as an owners' equity item. Subsequently, the Bank periodically records bond interests using the effective interest rate. The issuing costs of convertible bonds are deducted from the bonds' liabilities component and are allocated to interest expenses on a straight-line basis.

At maturity, equity components which are share options, are transferred to be recognised as share premiums regardless whether the bondholders exercise the option or not.

2.24 Owners' capital

Owners' capital is recorded according to the actual amounts contributed by shareholders at the par value of the shares.

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

Other owners' capital represents other capital held by the shareholders at the reporting date.

Treasury shares

- Treasury shares bought before the effective date of the Securities Law (1 January 2021), are shares issued by the Bank and bought back by itself, but these are not cancelled, sold or may be re-issued subsequently, the amount received is recognised as an increase in charter capital, and the resulting surplus or deficit on these transactions are recognised as share premium.
- Treasury shares, that are repurchased after the effective date of the Securities Law (1 January 2021), are cancelled and adjusted to reduce in charter capital.

Retained earnings record the Bank and its subsidiary's results (profits) after CIT at the reporting date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Statutory reserves

According to Decree No. 93/2017/NĐ-CP ("Decree 93") dated 7 August 2017 issued by the Vietnamese Government, the Bank and its subsidiary are required to make the following allocations before profits distribution:

	Percentage of annual allocation	Maximum balance
Reserve to supplement charter capital	5% of profit after tax	Charter capital
Financial reserve	10% of profit after tax	Not specified

The purpose of financial reserve is to offset residual asset losses and damage occurring in the course of business after such losses have been offset with compensation paid by organisations, individuals who caused them, indemnity paid by insurers and with the allowance set up and accounted for in expenses, and shall be used for other purposes in accordance with the laws.

Other reserves are appropriated from profit after tax of the Bank and its subsidiary. The appropriation from profit after tax and the utilisations of other reserves must be approved by the resolution of the General Meeting of Shareholders. These reserves are not regulated by laws and are allowed to be fully distributed.

2.26 Appropriation of profit

The Bank and its subsidiary's dividends are recognised as a liability in the Bank's consolidated financial statements during the year in which the dividends are approved by the Bank's General Shareholders Meeting.

Net profit after CIT could be distributed to shareholders after approval at a General Shareholders Meeting, and after appropriation to other funds in accordance with the Bank and its subsidiary's charter and Vietnamese regulations.

Bonus and welfare fund is appropriated from profit after tax of the Bank and its subsidiary after approval by General Meeting of Shareholders and recognised as a liability of in the consolidated financial statements. The Bank and its subsidiary utilise the bonus and welfare fund for purposes in accordance with Decree 93.

2.27 Basic earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the net profit attributable to the ordinary shareholders of the Bank, after deducting the bonus and welfare fund made during the year, by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.28 Income and expenses recognition***Interest income*

Interest income is recognised in the consolidated income statement on an accrual basis, over time, and at effective interest rate for each year when two conditions are simultaneously satisfied: (i) it is probable that the economic benefits associated with the transaction will flow to the Bank and its subsidiary; and (ii) the amount of interest income can be measured reliably. Accrued interest income is derecognised and recognised into off-statement of financial position when a loan becomes overdue or is not classified as Current loan or is subject to the application of Circular 03/2021, Circular 14/2021 as described in Note 2.8.2 or the application of Circular 02/2023 as described in Note 2.8.4. Interest income from these loans is recognised in the consolidated income statement upon receipt.

Other income from credit activities

Other income from credit activities primarily comprises fees such as loan withdrawal commitment fees, standby credit limit fees, early repayment fees, and other fees associated with credit activities, which is recognised when the completion of the work as per the agreed-upon work under the contract/agreement can be reliably determined at the date of preparation of the consolidated financial statements.

Fee and commission income

Fee and commission income comprises fee income from insurance agency services, bonds services, settlement services, treasury services and other services that are recognised on an accrual basis in the consolidated income statement when the services rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Fee and commission income is only recognised when all four (4) of the following conditions are satisfied:

- The amount of income can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Bank and its subsidiary;
- The percentage of completion of the transaction at the statement of financial position date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Income from investing activities

Gain and loss from investment securities is determined based on the difference between the selling price and the cost of such securities.

Dividend income

Income from dividends is recognised when the Bank and its subsidiary have established receiving rights from investees. Stock dividends and bonus shares received are not recognised as income of the Bank and its subsidiary, but only the number of shares is updated.

Other income

Other income is recognised when the results of the agreed-upon work under the contract can be reliably determined and is recorded based on the completion of the work.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.28 Income and expenses recognition (continued)**

According to Circular 16/2018/TT-BTC dated 7 February 2018 issued by the Ministry of Finance, receivables which have been accounted as income but then are assessed as uncollectible or can not be collected by due date, the Bank and its subsidiary shall revert such income if it is in the same financial year, or recognise as an expense if it is not in the same financial year and monitor these receivables in off-statement of financial position items for subsequent collection. The Bank and its subsidiary shall recognise these receivables as income in the consolidated income statement upon receipt.

Interest expenses

Interest expenses are recognised in the consolidated income statement on an accrual basis.

2.29 Current and deferred income tax

Income tax includes all income tax which is based on taxable profits. Income tax expense comprises of current income tax expense and deferred income tax expense.

Current income tax is the amount of income tax payable or recoverable in respect of the current year taxable profits at the current year tax rates. Current and deferred income tax are recognised as an income or an expense and included in the consolidated income statement of the year, except to the extent that the income tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity.

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the consolidated statement of financial position date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.30 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Bank and its subsidiary, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Bank and its subsidiary. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Bank that gives them significant influence over the Bank and its subsidiary, key management personnel, including members of the Bank's Board of Directors, Board of Supervisors, Board of Management, and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering its relationships with each related party, the Bank and its subsidiary consider the substance of the relationships, and not merely the legal form.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.31 Segment reporting

A segment is component which can be separated by the Bank and its subsidiary engaged either in providing related products or rendering of services (business segment), or in providing products or rendering of services within a particular economic environment (geographical segment). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Bank and its subsidiary's geographical segment.

2.32 Critical accounting estimates

The preparation of consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and regulations on preparation and presentation of consolidated financial statements applicable to credit institutions operating in Vietnam requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the financial year.

The areas involving significant estimates and assumptions are as follows:

- Loan classifications and provisions for losses on loans to customers (Note 2.8).

Such estimates and assumptions are continually evaluated. They are based on historical experiences and other factors, including expectations of future events that may have a financial impact on the Bank and its subsidiary that are assessed by the Board of Management to be reasonable under the circumstances.

2.33 Items which have no balance

Items or balances required by Decision 16/2007/QĐ-NHNN dated 18 April 2007 and Circular 49/2014/TT-NHNN dated 31 December 2014 stipulating the financial reporting mechanism for credit institutions issued by SBV that are not shown in these consolidated financial statements indicate nil balances.

3 CASH ON HAND, GOLD, SILVER AND PRECIOUS METALS

	31.12.2023	31.12.2022
	VND million	VND million
Cash on hand in VND	1,956,741	2,209,398
Cash on hand in foreign currencies	829,669	713,897
Monetary golds	23,634	14,699
	<u>2,810,044</u>	<u>2,937,994</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

4 BALANCES WITH SBV

	31.12.2023 VND million	31.12.2022 VND million
In VND	38,391,317	9,757,912
In foreign currencies	3,090,321	1,515,433
	<u>41,481,638</u>	<u>11,273,345</u>

Balances with SBV comprise of compulsory reserves and current accounts.

Under SBV's regulations relating to compulsory reserve, the Bank and its subsidiary are permitted to maintain a floating balance within the month for the compulsory reserve requirement ("CRR"). The monthly average balance of the reserve must not be less than CRR rates multiplying with the preceding month's average balances of each types of deposit in scope.

CRR rates required on preceding month's average deposit balances:

	31.12.2023 %	31.12.2022 %
<i>For deposits from customers:</i>		
- Demand deposits and deposits with term less than 12 months in VND	3.00	3.00
- Deposits with term of 12 months and above in VND	1.00	1.00
- Demand deposits and deposits with term less than 12 months in foreign currencies	8.00	8.00
- Deposits with term of 12 months and above in foreign currencies	6.00	6.00
<i>For deposits from overseas credit institutions:</i>		
- Deposits in foreign currencies	<u>1.00</u>	<u>1.00</u>

Annual interest rates applied for these balances as at:

	31.12.2023 %	31.12.2022 %
Within the compulsory reserve requirement in VND	0.50	0.50
Within the compulsory reserve requirement in foreign currencies	0.00	0.00
Exceed the compulsory reserve requirement in VND	0.00	0.00
Exceed the compulsory reserve requirement in foreign currencies	<u>0.00</u>	<u>0.00</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

5 PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS

5.1 Placements with other credit institutions

	31.12.2023 VND million	31.12.2022 VND million
Demand deposits		
- In VND	16,994,192	13,049,020
- In foreign currencies	18,127,183	2,684,367
	<u>35,121,375</u>	<u>15,733,387</u>
Term deposits		
- In VND	48,800,000	22,760,000
- In foreign currencies	4,198,710	1,829,100
	<u>52,998,710</u>	<u>24,589,100</u>
	<u><u>88,120,085</u></u>	<u><u>40,322,487</u></u>

5.2 Loans to other credit institutions

	31.12.2023 VND million	31.12.2022 VND million
Refinancing UPAS L/C loans (*)		
- In VND	8,394,778	8,634,940
- In foreign currencies	-	174,890
	<u>8,394,778</u>	<u>8,809,830</u>

(*) Refinancing UPAS L/C loans (usance payable at sight letter of credit) is a form of financing funds as per requirements from other credit institutions to finance for foreign import settlements or payments for local goods and services whose payment method is either import UPAS L/C or domestic UPAS L/C. HDBank acts as the reimbursing bank/financing bank to release payment to the beneficiary of L/C as per request from the issuing bank. The issuing bank is responsible to repay principals, interests and fees (if any) to HDBank at the end of the refinancing terms with agreed refinancing interest rates and fees.

5.3 Provisions for losses on loans to other credit institutions

	VND million
As at 1 January 2022	-
Charge for the year	60,000
Utilisations of provisions to write-off loans during the year	(60,000)
	<u>-</u>
As at 31 December 2022 and as at 31 December 2023	<u><u>-</u></u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

5 PLACEMENTS WITH AND LOANS TO OTHER CREDIT INSTITUTIONS (continued)

5.4 Annual interest rates applied for these balances as at:

	31.12.2023 %	31.12.2022 %
Term deposits in VND	0.70 - 4.50	2.70 - 8.10
Term deposits in foreign currencies	5.00 - 5.50	4.50 - 4.60
Refinancing UPAS L/C loans in VND	7.80 - 9.68	4.30 - 11.10
Refinancing UPAS L/C loans in foreign currencies	Not applicable	4.89

5.5 Analysis of quality of term deposits with and loans to other credit institutions

	31.12.2023 VND million	31.12.2022 VND million
Group 1 - Current (<i>excluding demand deposits</i>)	61,393,488	33,398,930

6 HELD-FOR-TRADING SECURITIES

6.1 Debt securities

	31.12.2023 VND million	31.12.2022 VND million
Bonds and certificates of deposit issued by other local credit institutions	18,580,932	1,797,822

6.2 Analysis of listing status of held-for-trading securities

	31.12.2023 VND million	31.12.2022 VND million
Debt securities		
Unlisted	18,580,932	1,797,822

6.3 Annual interest rates applied for these balances as at:

	31.12.2023 %	31.12.2022 %
Bonds and certificates of deposit issued by other local credit institutions in VND	4.00 - 10.30	4.00 - 11.50

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

6 HELD-FOR-TRADING SECURITIES (continued)

6.4 Analysis of quality of held-for-trading securities classified as credit-risk bearing assets

	31.12.2023 VND million	31.12.2022 VND million
Group 1 - Current (<i>excluding Government bonds</i>)	18,580,932	1,797,822

7 DERIVATIVES AND OTHER FINANCIAL ASSETS/LIABILITIES

	Total contract value (at foreign exchange rate at the contract date)	Total book value (at foreign exchange rate at reporting date)	
	VND million	Assets VND million	Liabilities VND million
As at 31.12.2023			
Foreign currency derivatives			
- Currency forward contracts	5,400,768	12,816	-
- Currency swap contracts	114,288,732	95,893	-
Other derivatives			
- Cross currency swap contracts	972,630	1,370	-
	120,662,130	110,079	-
Net amount		110,079	
As at 31.12.2022			
Foreign currency derivatives			
- Currency forward contracts	2,227,206	9,999	-
- Currency swap contracts	30,126,176	-	236,479
	32,353,382	9,999	236,479
Net amount			226,480

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

8 LOANS TO CUSTOMERS

8.1 By type of loans

	31.12.2023 VND million	31.12.2022 VND million
Loans to local economic organisations and individuals	335,070,515	256,280,816
Overdrafts and credit cards	5,460,246	4,728,839
Loans from funds, trusted investments	2,673,694	2,407,558
Discounting commercial notes and valuable papers	197,563	437,518
Payments on behalf of customers	2,277	1,452
Loans to overseas economic organisations and individuals	-	200
	<u>343,404,295</u>	<u>263,856,383</u>

8.2 By type of customers

	31.12.2023 VND million	31.12.2022 VND million
Household businesses and individuals	149,935,604	137,679,434
Other limited liability companies	105,980,794	68,408,284
Other joint stock companies	81,177,458	53,577,740
Foreign invested enterprises	3,402,200	1,408,969
State-owned enterprises	2,802,782	2,682,397
Co-operatives and inter-cooperatives	50,808	43,686
Private enterprises	2,139	27,720
Others	52,510	28,153
	<u>343,404,295</u>	<u>263,856,383</u>

8.3 By loan groups

	31.12.2023 VND million	31.12.2022 VND million
Group 1 - Current (*)	319,238,925	252,065,283
Group 2 - Special mentioned (*)	18,005,407	7,386,909
Group 3 - Sub-standard	2,610,402	1,848,250
Group 4 - Doubtful	1,907,723	1,414,595
Group 5 - Loss	1,641,838	1,141,346
	<u>343,404,295</u>	<u>263,856,383</u>

(*) As at 31 December 2023, included in current and special mentioned loan balance was VND1,806,396 million of drawdowns which was subject to the applications of Circular 02/2023; of which VND1,676,240 million was restructured the repayment terms and retained loan group to assist customers facing difficulties in doing business and customers facing difficulties in repaying their consumer loans in accordance with Circular 02/2023. As at 31 December 2023, the Bank and its subsidiary recognised VND46,627 million of accrued interest income of these drawdowns in off-statement of financial position items (as at 31 December 2022: not yet incurred).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

8 LOANS TO CUSTOMERS (continued)

8.4 By term

	31.12.2023 VND million	31.12.2022 VND million
Short-term	183,332,216	172,747,107
Medium-term	93,389,645	25,793,635
Long-term	66,682,434	65,315,641
	<u>343,404,295</u>	<u>263,856,383</u>

8.5 By currency

	31.12.2023 VND million	31.12.2022 VND million
In VND	333,518,834	252,917,766
In foreign currencies	9,885,461	10,938,617
	<u>343,404,295</u>	<u>263,856,383</u>

8.6 By business sector of customers

	31.12.2023 VND million	31.12.2022 VND million
Activities of households as employers, producing goods and services of households for owned uses	109,332,902	95,430,258
Real estates trading activities	58,248,505	20,969,929
Wholesales and retails; repair of cars, motor vehicles, and other vehicles	46,004,035	12,185,185
Constructions	24,448,858	16,842,962
Agriculture, forestry and aquaculture	14,278,085	26,016,502
Financial services and insurance	13,038,626	3,245,148
Manufacturing and processing	11,589,764	29,121,078
Electricity, gas, steam and air conditioning manufacturing and distributions	9,995,088	15,443,604
Transportation, warehouses	5,394,191	4,320,943
Accommodation and food service activities	3,980,434	5,101,910
Others	47,093,807	35,178,864
	<u>343,404,295</u>	<u>263,856,383</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

8 LOANS TO CUSTOMERS (continued)

8.7 Annual interest rates applied for these balances as at:

	31.12.2023 %	31.12.2022 %
Loans in VND		
- Short-term	0.00 - 79.02	0.00 - 79.02
- Medium-term	0.00 - 70.00	0.00 - 70.00
- Long-term	3.50 - 25.00	2.80 - 25.00
Loans in foreign currencies		
- Short-term	5.00 - 8.70	2.85 - 8.40
- Medium-term	Not applicable	7.40 - 10.00
- Long-term	0.01 - 10.52	0.01 - 9.51

8.8 Provisions for losses on loans to customers

	Specific provisions (*) VND million	General provisions VND million	Total VND million
As at 1 January 2022	934,599	1,517,469	2,452,068
Charge for the year (Note 30)	2,555,447	452,892	3,008,339
Utilisation of provisions to write-off loans during the year	(2,358,835)	-	(2,358,835)
As at 31 December 2022	1,131,211	1,970,361	3,101,572
Charge for the year (Note 30)	3,674,896	592,855	4,267,751
Utilisation of provisions to write-off loans during the year	(3,314,866)	-	(3,314,866)
As at 31 December 2023	1,491,241	2,563,216	4,054,457

(*) Included in the specific provisions balance of the Bank and its subsidiary as at 31 December 2023 was VND11,014 millions (as at 31 December 2022: not yet incurred) additional provisions for loans to customers whose loans were restructured the repayment terms and retained loan group to assist customers facing difficulties in doing business and customers facing difficulties in repaying their consumer loans in accordance with Circular 02/2023 (Note 2.8.4).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

9 INVESTMENT SECURITIES

9.1 Available-for-sale investment securities

	31.12.2023 VND million	31.12.2022 VND million
Debt securities		
Government bonds	13,040,960	14,685,119
Bonds and certificates of deposits issued by other local credit institutions	10,190,526	15,375,189
Bonds issued by local economic organisations (*)	8,354,980	4,300,777
	<u>31,586,466</u>	<u>34,361,085</u>
Equity securities		
Equity securities issued by local economic organisation	285,222	1,013,973
	<u>31,871,688</u>	<u>35,375,058</u>
Provisions for available-for-sale investment securities		
General provisions for unlisted corporate bonds	(62,662)	(30,004)
Specific provisions for unlisted corporate bonds	(9,000)	-
	<u>31,800,026</u>	<u>35,345,054</u>

(*) Bonds issued by several economic organisations are secured by land use rights, real estate projects, shares and deposits opened at HDBank as collaterals.

9.2 Held-to-maturity investment securities

	31.12.2023 VND million	31.12.2022 VND million
Debt securities		
Government bonds	3,935,619	11,692,561
Bonds issued by Vietnam Development Bank and guaranteed by the Government	349,790	601,569
Bonds and certificates of deposits issued by other local credit institutions	6,338,198	1,150,000
Bonds issued by local economic organisations	1,681,266	-
	<u>12,304,873</u>	<u>13,444,130</u>
Provisions for held-to-maturity investment securities		
General provisions for unlisted corporate bonds	(12,610)	-
	<u>12,292,263</u>	<u>13,444,130</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

9 INVESTMENT SECURITIES (continued)

9.3 Analysis of listing status of investment securities

	31.12.2023 VND million	31.12.2022 VND million
Debt securities (*)		
Listed	17,326,369	27,279,543
Unlisted	26,564,970	20,525,672
	<u>43,891,339</u>	<u>47,805,215</u>
Equity securities		
Listed	285,222	1,013,973
	<u>44,176,561</u>	<u>48,819,188</u>

(*) As at 31 December 2023 and as at 31 December 2022, several government bonds, bonds and certificates of deposits issued by local credit institutions were being pledged to borrow funds and receive deposits from other credit institutions and to be granted for transaction limits with SBV or to conduct discounting and rediscounting transactions (Note 35.2).

9.4 Annual interest rates applied for these balances as at:

	31.12.2023 %	31.12.2022 %
Government bonds in VND	1.10 - 8.80	1.10 - 9.10
Bonds and certificates of deposits issued by other local credit institutions in VND	4.20 - 10.00	2.70 - 9.00
Bonds issued by local economic corporations in VND	<u>8.90 - 14.00</u>	<u>8.90 - 14.00</u>

9.5 Analysis of quality of investment securities classified as credit-risk bearing assets

	31.12.2023 VND million	31.12.2022 VND million
Group 1 - Current	24,034,975	20,825,966
Group 2 - Special mentioned	2,484,995	-
Group 3 - Sub-standard	45,000	-
	<u>26,564,970</u>	<u>20,825,966</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

9 INVESTMENT SECURITIES (continued)

9.6 Provisions for losses on investment securities

	General provisions VND million	Specific provisions VND million	Provisions for diminution in value VND million	Total VND million
As at 1 January 2022	75,736	-	22,867	98,603
Reversal for the year (Note 26)	(45,732)	-	(22,867)	(68,599)
As at 31 December 2022	30,004	-	-	30,004
Charge for the year (Note 26)	45,268	9,000	-	54,268
As at 31 December 2023	75,272	9,000	-	84,272

10 LONG-TERM INVESTMENTS

	31.12.2023 VND million	31.12.2022 VND million
Other long-term investments (*)	163,921	163,921
Less:		
Provisions for diminution in value of long-term investments	(20,140)	(19,898)
	143,781	144,023

(*) Other long-term investments are investments in unlisted local economic organisations.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

11 FIXED ASSETS

11.1 Tangible fixed assets

	Buildings, structures VND million	Machinery VND million	Motor vehicles VND million	Office equipment VND million	Others VND million	Total VND million
Historical cost						
As at 1 January 2023	483,304	315,464	349,009	356,826	14,808	1,519,411
New purchases	44,684	52,107	77,855	23,554	5,807	204,007
Disposals	(16,366)	(1,351)	(68)	(2,847)	-	(20,632)
Others	-	28	-	(28)	-	-
As at 31 December 2023	<u>511,622</u>	<u>366,248</u>	<u>426,796</u>	<u>377,505</u>	<u>20,615</u>	<u>1,702,786</u>
Accumulated depreciation						
As at 1 January 2023	146,562	178,697	237,955	312,483	12,093	887,790
Charge for the year	19,210	30,275	43,088	19,165	1,203	112,941
Disposals	(7,005)	(1,166)	(68)	(2,847)	-	(11,086)
Others	(34)	18	-	(64)	80	-
As at 31 December 2023	<u>158,733</u>	<u>207,824</u>	<u>280,975</u>	<u>328,737</u>	<u>13,376</u>	<u>989,645</u>
Net book value						
As at 1 January 2023	<u>336,742</u>	<u>136,767</u>	<u>111,054</u>	<u>44,343</u>	<u>2,715</u>	<u>631,621</u>
As at 31 December 2023	<u>352,889</u>	<u>158,424</u>	<u>145,821</u>	<u>48,768</u>	<u>7,239</u>	<u>713,141</u>

As at 31 December 2023, historical cost of tangible fixed assets that were fully depreciated but still in use was VND579,835 million (as at 31 December 2022: VND532,716 million).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

11 FIXED ASSETS (continued)

11.2 Intangible fixed assets

	Definite land use rights VND million	Indefinite land use rights VND million	Software VND million	Others VND million	Total VND million
Historical cost					
As at 1 January 2023	109,626	531,404	357,930	7,313	1,006,273
New purchases	-	-	69,264	650	69,914
As at 31 December 2023	109,626	531,404	427,194	7,963	1,076,187
Accumulated amortisation					
As at 1 January 2023	12,328	-	305,971	4,538	322,837
Charge for the year	2,044	-	41,058	630	43,732
As at 31 December 2023	14,372	-	347,029	5,168	366,569
Net book value					
As at 1 January 2023	97,298	531,404	51,959	2,775	683,436
As at 31 December 2023	95,254	531,404	80,165	2,795	709,618

As at 31 December 2023, historical cost of intangible fixed assets that were fully amortised but still in use was VND322,809 million (as at 31 December 2022: VND217,765 million).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

12 OTHER ASSETS

12.1 Other receivables

	31.12.2023 VND million	31.12.2022 VND million
Receivables from UPAS L/C (i)	25,621,589	23,853,153
Receivables from deferred L/C (ii)	12,230,410	-
Receivables from card organisations	5,232,530	2,577,457
Construction in progress, advances for purchases of fixed assets (iii)	2,369,330	2,170,744
Deposits for purchases of certificates of deposit (iv)	1,000,000	2,250,000
Advances for saving deposits with upfront interest payments (v)	897,326	112,435
Receivables from disposals of fixed assets (vi)	410,000	514,000
Receivables from selling equity securities (vii)	351,646	-
Receivables from bonds collection-on-behalf and management services	121,004	539,050
Deposits for office rentals, tools and equipment	90,135	82,467
Commission receivables from agencies	74,449	80,863
Deposits for derivatives trading	41,677	44,787
Advances for operating activities	34,594	184,065
Receivables from insurance agency services	28,790	87,057
Receivables from sales of securities on credit	-	239,980
Interest advances from loans granted under entrusted funds	-	168,295
Others	439,453	502,256
	48,942,933	33,406,609

- (i) Receivables from UPAS L/C are receivables from HDBank's customers for the services of financing from other credit institutions as payables at sight to beneficiaries for deferred sets of documents under Letter of credit issued by HDBank. Subsequently, HDBank shall collect principal and fee from customers and repay to the reimbursing bank on the due date of sets of documents.
- (ii) Receivables from deferred L/C services represent receivables from HDBank's customers arising from financing transactions wherein HDBank facilitates early payments to the beneficiary based on HDBank's acceptance of payment and the beneficiary's request for early payment. Subsequently, upon the maturity date of the payment documents, HDBank shall collect the principal and fees from the customer.
- (iii) Details of construction in progress, advances for purchasing fixed assets were as follows:

	31.12.2023 VND million	31.12.2022 VND million
Houses and head office	2,069,934	1,988,428
<i>In which: Construction project at Ho Chi Minh City</i>		
<i>Hi-Tech Park</i>	1,485,490	1,448,323
Software	134,439	72,690
Repair and maintenance expenses	57,329	39,075
Motor vehicles	50,611	42,429
Purchases of other fixed assets	57,017	28,122
	2,369,330	2,170,744

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

12 OTHER ASSETS (continued)

12.1 Other receivables (continued)

- (iv) The Bank made deposits under contracts to purchase certificates of deposits with several economic organisations, which were fully settled in February 2024.
- (v) Saving deposit with upfront interest payment is a product where customers receive interest upfront at the time they make deposits. These products are eligible for individuals and economic organisations who are currently living and operating legally in Vietnam.
- (vi) Receivables related to the transfers of assets to several economic organisations, which are expected to be settled within 7 years at an interest rate of 7% per annum and due on 28 June 2025. Deferred principals and interests are paid annually.
- (vii) Receivables from sales of equity securities which were fully received in January 2024.

12.2 Interests and fees receivables

	31.12.2023 VND million	31.12.2022 VND million
Interest receivables from credit activities	3,613,888	2,761,050
Interest receivables from investment securities	1,118,124	1,003,752
Fees receivables from UPAS L/C and deferred L/C	975,307	319,383
Interest receivables from deposits	16,786	25,625
Other interests and fees receivables (*)	877,996	293,691
	<u>6,602,101</u>	<u>4,403,501</u>

- (*) Including receivables from other credit activities and service activities with a total amount of VND585,000 million, which were fully collected in January 2024.

12.3 Other assets

	31.12.2023 VND million	31.12.2022 VND million
Prepaid expenses awaiting for allocations (i)	1,791,630	1,928,431
Collateral assets awaiting for resolutions (ii)	290,642	267,373
Tools, equipment	147,693	127,817
Goodwill (Note 12.4)	-	4,799
Other assets	3,450	3,450
	<u>2,233,415</u>	<u>2,331,870</u>

- (i) Prepaid expenses mainly comprised of commissions paid to agencies and sales employees, tools, equipment and supplies, prepayments for services, rental expenses, transmission line rental, repair and maintenance expenses.
- (ii) These are collaterals pledged to settle for obligations of guarantors, which have been transferred ownerships to the Bank and are awaiting for resolutions. The Bank already obtained all legal documents proving ownership rights from these assets.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

12 OTHER ASSETS (continued)

12.4 Goodwill

On 30 October 2013, the Bank acquired 100% equity interest of Ho Chi Minh City Development Joint Stock Commercial Bank Finance Co., Ltd (HDFinance, previously known as Société Générale Vietnam Finance Company Limited) according to the Resolution of the Annual General Shareholders Meeting dated 26 April 2013 and Decision No. 2532/QĐ-NHNN issued by SBV. Total business combination cost amounting to VND629,376 million was paid in cash in 2013. Goodwill originated from the acquisition was VND115,251 million and amortised over ten years.

In the year 2014, the Bank transferred 49% equity interest in HDFinance to Credit Saison Co., Ltd. and renamed it to HD SAISON Finance Limited ("HD SAISON"). In May 2015, the Bank completed its divestment of 1% equity interest in HD SAISON to a domestic investor at the price of VND17,000 million and recognised a net gain amounting to VND9,604 million. The Bank wrote down goodwill accordingly with divestment percentage.

The movements of goodwill during the year are as follows:

	31.12.2023 VND million	31.12.2022 VND million
Total goodwill	115,251	115,251
Amortisation (years)	10	10
Accumulative amortisation of goodwill at the beginning of the year	(110,452)	(104,689)
Carrying amount of goodwill at the beginning of the year	4,799	10,562
Amortisation during the year	(4,799)	(5,763)
Net book value of goodwill at the end of the year	-	4,799

12.5 Analysis of quality of other assets classified as credit-risk bearing assets

	31.12.2023 VND million	31.12.2022 VND million
Current	52,500,121	34,903,955
Loss	46,799	46,456
	<u>52,546,920</u>	<u>34,950,411</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

13 BORROWINGS FROM THE GOVERNMENT AND THE SBV

	31.12.2023 VND million	31.12.2022 VND million
Deposits from the State Treasury	2,104	88
Borrowings from the SBV		
- <i>Open Market Operations (OMO)</i>	-	10,778,760
Other borrowings		
- <i>Japan Bank of International Cooperation (i)</i>	24,486	42,410
	<u>26,590</u>	<u>10,821,258</u>

(i) These borrowings were made under phase II and III of the credit financing for small and medium enterprises project, funded by Japan Bank of International Cooperation (JBIC) through SBV.

14 PLACEMENTS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS

14.1 Placements from other credit institutions

	31.12.2023 VND million	31.12.2022 VND million
Demand deposits		
- In VND	9,002,298	8,347,945
- In foreign currencies	3,883	3,445
	<u>9,006,181</u>	<u>8,351,390</u>
Term deposits		
- In VND	50,400,000	38,627,000
- In foreign currencies	3,191,505	2,462,250
	<u>53,591,505</u>	<u>41,089,250</u>
	<u>62,597,686</u>	<u>49,440,640</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

14 PLACEMENTS AND BORROWINGS FROM OTHER CREDIT INSTITUTIONS (continued)

14.2 Borrowings from other credit institutions

	31.12.2023 VND million	31.12.2022 VND million
Payables related to UPAS L/C		
- In VND	13,628,051	18,573,444
- In foreign currencies	21,828,724	5,279,710
	<u>35,456,775</u>	<u>23,853,154</u>
Borrowings from other credit institutions		
- In VND	3,932,440	6,098,768
<i>In which: Discounting and rediscounting borrowings</i>	<i>1,825,440</i>	<i>4,073,768</i>
- In foreign currencies	10,100,077	13,260,638
	<u>14,032,517</u>	<u>19,359,406</u>
	<u>49,489,292</u>	<u>43,212,560</u>

14.3 Annual interest rates applied for these balances as at:

	31.12.2023 %	31.12.2022 %
Term deposits in VND	0.60 - 3.70	2.60 - 12.00
Term deposits in foreign currencies	5.00 - 5.60	4.25 - 4.95
Borrowings in VND	0.30 - 10.15	5.50 - 13.50
Borrowings in foreign currencies	1.55 - 8.10	1.55 - 7.07
Payables related to UPAS L/C in VND	3.42 - 11.06	3.36 - 11.10
Payables related to UPAS L/C in foreign currencies	0.98 - 7.09	1.53 - 6.45

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

15 DEPOSITS FROM CUSTOMERS

15.1 By type of deposits

	31.12.2023 VND million	31.12.2022 VND million
Demand deposits		
- In VND	38,233,609	20,852,643
- In foreign currencies	2,009,167	1,384,093
Term deposits		
- In VND	70,300,227	53,692,228
- In foreign currencies	-	703,500
Saving deposits		
- In VND	258,924,614	138,090,951
- In foreign currencies	435,606	408,483
Marginal deposits		
- In VND	731,607	522,538
- In foreign currencies	46,352	44,681
Specialised fund deposits		
- In VND	62,897	93,057
- In foreign currencies	33,809	5,000
	<u>370,777,888</u>	<u>215,797,174</u>

15.2 By types of customers, businesses

	31.12.2023 VND million	31.12.2022 VND million
Individuals	272,059,759	145,264,157
Joint stock companies	39,271,602	25,890,668
Limited liability companies	30,084,669	17,659,677
State-owned enterprises	13,581,547	15,853,263
Foreign invested enterprises	6,153,571	3,271,421
Business and administrative units, Party, union and association	3,862,861	2,822,331
Co-operatives and inter-cooperatives	3,794,797	3,714,999
Others	1,969,082	1,320,658
	<u>370,777,888</u>	<u>215,797,174</u>

15.3 Annual interest rates applied for these balances as at:

	31.12.2023 %	31.12.2022 %
Demand deposits in VND	0.00 - 0.50	0.00 - 1.00
Demand deposits in foreign currencies	0.00 - 0.20	0.00 - 0.20
Term deposits, savings deposits in VND	0.10 - 11.90	0.00 - 11.20
Term deposits, savings deposits in foreign currencies	0.00 - 1.90	0.00 - 1.90
Marginal deposits in VND	0.10 - 9.50	0.01 - 8.50
Marginal deposits in foreign currencies	0.00 - 0.20	0.00 - 0.20
Specialised funds deposits in VND	0.10 - 0.50	0.06 - 1.00
Specialised funds deposits in foreign currencies	0.00 - 0.10	0.00 - 0.10

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

16 FUNDS, ENTRUSTED INVESTMENTS AND BORROWINGS RECEIVED THAT THE BANK BEARS RISKS

	31.12.2023 VND million	31.12.2022 VND million
Funds, entrusted investments and borrowings denominated in foreign currencies		
- Funds received for the program to support the development of reforming policies for power sector - Phase III (*)	2,753,542	2,796,945
- Funds received for the construction of Nhon Trach water supply system project - Phase II	56,839	62,400
- Funds received from the Rural Development Fund	748	810
	<u>2,811,129</u>	<u>2,860,155</u>

(*) The borrowing amounting to USD128 million was funded by World Bank through the Ministry of Finance to finance for the program to support the development of reforming policies for power sector - Phase III, for a period of 29 years from 4 August 2015 to 4 August 2043. From 1 January 2022, the borrowing bears interest rate of SOFR plus a spread adjusted periodically.

17 VALUABLE PAPERS ISSUED

	31.12.2023 VND million	31.12.2022 VND million
Certificates of deposits in VND		
- Less than 12 months	15,352,000	7,650,000
- From 12 months to less than 5 years	2,619,000	2,972,000
- Above 5 years	157,000	157,000
Normal bonds in VND		
- From 12 months to less than 5 years	9,800,000	19,450,000
- Above 5 years	15,152,063	6,352,063
Convertible bonds in USD (i)		
- Above 5 years	7,887,750	7,621,250
Valuable papers issuing expenses	(29,665)	(40,673)
	<u>50,938,148</u>	<u>44,161,640</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

17 VALUABLE PAPERS ISSUED (continued)

(i) Details of convertible bonds are as follows:

The Bank issued 3 batches of convertible bonds to foreign investors with total value of USD325 million at par value of USD100,000 per each convertible bond. These convertible bonds were issued privately to foreign investors with a term of 5 years 1 day, bearing interest rate of 4.5% per annum, interest is paid annually, principal is paid at maturity date if they are not converted, details are as follows:

Date	Number of issued bonds (Quantities)	Par value (USD)	Expected conversion price (VND/share)	Conversion time
4.11.2020	300	30,000,000	41,800	Bondholders may convert (in whole, but not in part) into shares of the Bank at any time after 12 months and 1 day and no later than 59 months from the issuance date of bonds.
24.12.2020	1,300	130,000,000	41,800	
29.12.2021	1,650	165,000,000	43,061	Bondholders have the right to convert all or part into shares of the Bank at any time after 12 months and no later than 59 months from the issuance date of bonds.

Expected conversion price may be adjusted for future dilution events according to the agreement.

Annual interest rates applied for the valuable papers issued by the Bank and its subsidiary are as follows:

	31.12.2023 %	31.12.2022 %
Certificates of deposits less than 12 months in VND	4.80 - 13.50	5.50 - 16.00
Certificates of deposits from 12 months to less than 5 years in VND	7.30 - 15.00	5.35 - 8.00
Certificates of deposits above 5 years in VND	11.00 - 14.00	11.00 - 14.00
Bonds from 12 months to less than 5 years in VND	3.80 - 4.20	3.20 - 6.30
Bonds above 5 years in VND	6.30 - 9.10	6.30 - 9.40
Bonds above 5 years in USD	4.50	4.50

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18 OTHER LIABILITIES

18.1 Interest and fee payables

	31.12.2023 VND million	31.12.2022 VND million
Interest payables for deposits	7,713,126	4,112,991
Interest payables for valuable papers issued	1,518,297	643,176
Interest payables for borrowings	952,098	201,963
Interest payables for derivatives forward, swap contracts	110,286	83,191
Interest payables for funds, entrusted investments received	52,692	11,612
	<u>10,346,499</u>	<u>5,052,933</u>

18.2 Other liabilities

	31.12.2023 VND million	31.12.2022 VND million
Internal payables	238,604	313,825
External payables		
- Remittance-in-transit payables	4,188,693	1,784,549
- Tax and other payables to the State (Note 34)	1,928,845	1,483,465
- Cash held-on-behalf and awaiting for settlements	463,899	478,133
- Payables for agents	195,043	345,700
- Expenses payables	191,299	79,726
- Remittance payables	80,869	72,629
- Commission payables	73,721	172,669
- Dividend payables of subsidiary	7,500	-
- Other payables awaiting for settlements	293,439	804,793
Unearned revenue	1,223,782	134,519
Bonus and welfare funds	41,611	35,289
	<u>8,927,305</u>	<u>5,705,297</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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19 OWNERS' EQUITY

19.1 Movements in owners' equity

	Reserves of credit institutions							Investment and construction capital VND million	Retained earnings VND million	Non - controlling interest VND million	Total VND million
	Charter capital VND million	Share premium VND million	Treasury shares VND million	Financial reserves VND million	Supplement charter capital reserves VND million	Other reserves VND million	Total reserves VND million				
As at 1 January 2022	20,072,906	535,956	(413,448)	1,709,175	725,779	112,511	2,547,465	89	6,290,473	1,756,672	30,790,113
Capital increase during the year (i)	200,000	-	-	-	-	-	-	-	-	-	200,000
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	175,000	175,000
Profit for the year	-	-	-	-	-	-	-	-	7,749,794	459,676	8,209,470
Appropriation to reserves	-	-	-	647,465	324,881	25,000	997,346	-	(997,346)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	-	-	-	-	(10,000)	-	(10,000)
Utilisations of reserves during the year	-	-	-	-	-	(10,262)	(10,262)	-	-	-	(10,262)
Stock dividends (ii)	5,030,523	-	-	-	-	-	-	-	(5,030,523)	-	-
Dividends paid from subsidiary	-	-	-	-	-	-	-	-	-	(350,000)	(350,000)
Others	-	-	-	(4,549)	(2,273)	-	(6,822)	-	(2,613)	-	(9,435)
As at 31 December 2022	25,303,429	535,956	(413,448)	2,352,091	1,048,387	127,249	3,527,727	89	7,999,785	2,041,348	38,994,886
Profit for the year	-	-	-	-	-	-	-	-	10,070,898	265,115	10,336,013
Appropriation to reserves	-	-	-	790,110	395,722	25,000	1,210,832	-	(1,210,832)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	-	-	-	-	(10,000)	-	(10,000)
Utilisations of reserves during the year	-	-	-	-	-	(30,316)	(30,316)	-	-	-	(30,316)
Stock dividends (iii)	3,772,892	-	-	-	-	-	-	-	(3,772,892)	-	-
Cash dividends paid (iv)	-	-	-	-	-	-	-	-	(2,515,261)	-	(2,515,261)
Dividends paid from subsidiary	-	-	-	-	-	-	-	-	-	(375,000)	(375,000)
As at 31 December 2023	29,076,321	535,956	(413,448)	3,142,201	1,444,109	121,933	4,708,243	89	10,561,698	1,931,463	46,400,322

(i) According to the Resolution of the General Shareholders Meeting No. 07/2021/NQ-ĐHĐCĐ dated 23 April 2021, the Resolution No. 18/2021/NQ-ĐHĐCĐ dated 16 September 2021 and the Official Letter No. 8570/NHNN-TTGSNN dated 6 December 2021 from SBV, the Bank increased its charter capital in 2022 with the amount of VND200 billion by issuing new shares under the employee stock ownership plan (ESOP).

(ii) According to the Resolution of the General Shareholders Meeting No. 05/2022/NQ-ĐHĐCĐ dated 26 April 2022 and the Official Letter No. 5458/NHNN-TTGSNN dated 8 August 2022 from SBV, the Bank distributed stock dividends of the year 2021 at the rate of 25% appropriation from undistributed retained earnings at the end of the financial year 2021 to increase its charter capital.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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19 OWNERS' EQUITY (continued)

19.1 Movements in owners' equity (continued)

- (iii) According to the Resolution of the General Shareholders Meeting No. 06/2023/NQ-ĐHĐCĐ dated 26 April 2023 and the Official Letter No. 4279/NHNN-TTGSNH dated 5 June 2023 from SBV, the Bank distributed stock dividends of the year 2022 at the rate of 15% appropriation from undistributed retained earnings at the end of the financial year 2022 to increase its capital.
- (iv) According to the Resolution of the General Shareholders Meeting No. 06/2023/NQ-ĐHĐCĐ dated 26 April 2023, the Bank distributed cash dividends of the year 2022 at the rate of 10% of the total value of outstanding shares appropriation from undistributed retained earnings at the end of the financial year 2022.

19.2 Shares

19.2.1 Number of shares

	31.12.2023	31.12.2022
	Ordinary shares	Ordinary shares
Number of shares registered	2,907,632,132	2,530,342,922
Number of shares issued	2,907,632,132	2,530,342,922
Number of shares repurchased	(15,081,522)	(15,081,522)
Number of existing shares in circulation	2,892,550,610	2,515,261,400

19.2.2 Movements of charter capital

	Number of ordinary shares Shares	Ordinary shares at par value VND million
As at 1 January 2022	2,007,290,642	20,072,906
New shares issued during the year	20,000,000	200,000
Stock dividends	503,052,280	5,030,523
As at 31 December 2022	2,530,342,922	25,303,429
Stock dividends	377,289,210	3,772,892
As at 31 December 2023	2,907,632,132	29,076,321

All ordinary shares have a par value of VND10,000.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

19 OWNERS' CAPITAL (continued)

19.2.3 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the appropriations to bonus and welfare funds by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus shares issued during the year. Details are as follows:

	2023	2022
Net profit attributable to shareholders (VND million)	10,070,898	7,749,794
Adjustments to appropriation to bonus and welfare fund (VND million)	-	(10,000)
	<u>10,070,898</u>	<u>7,739,794</u>
Weighted average of ordinary shares outstanding at the reporting date (shares)	2,892,550,610	2,878,293,761
Basic earnings per share (VND)	<u>3,482</u>	<u>2,689</u>

During the year, the Bank and its subsidiary did not have any dilutive potential ordinary shares. Accordingly, the requirement for presentation of the diluted earnings per share was not applicable.

20 INTEREST AND SIMILAR INCOME

	2023 VND million	2022 VND million
Interest income from loans	38,543,102	26,911,829
Interest income from debt investment securities:	2,709,684	2,737,510
- <i>Interest income from investment securities</i>	2,618,802	2,561,845
- <i>Interest income from held-for-trading securities</i>	90,882	175,665
Income from UPAS L/C and deferred L/C	2,582,206	1,069,414
Interest income from deposits	1,039,402	632,684
Income from guarantee activities	70,570	77,815
Other income from credit activities (*)	7,695,613	1,894,152
	<u>52,640,577</u>	<u>33,323,404</u>

(*) Mainly including capital withdrawal commitment fees, standby credit limit fees, early repayment fees and other fees related to credit activities.

21 INTEREST AND SIMILAR EXPENSES

	2023 VND million	2022 VND million
Interest expenses on deposits	23,657,737	11,408,937
Interest expenses on valuable papers issued	3,412,816	2,163,572
Interest expenses on borrowings	3,353,894	1,674,614
Other expenses on credit activities	32,156	64,713
	<u>30,456,603</u>	<u>15,311,836</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

22 FEE AND COMMISSION INCOME

	2023 VND million	2022 VND million
Settlement services	1,140,095	1,112,421
Insurance agency services	1,396,733	2,033,309
Treasury services	15,534	17,832
Other services	277,806	144,893
	<u>2,830,168</u>	<u>3,308,455</u>

23 FEE AND COMMISSION EXPENSES

	2023 VND million	2022 VND million
Settlement services	416,715	265,519
Brokerage fees	27,858	26,733
Treasury services	18,261	20,701
Other services	179,532	38,684
	<u>642,366</u>	<u>351,637</u>

24 NET GAIN FROM TRADING IN FOREIGN CURRENCIES

	2023 VND million	2022 VND million
Income from trading in foreign currencies		
- Income from foreign currency spots trading	1,393,712	962,209
- Income from currency derivatives instruments	975,726	228,002
- Income from golds trading	2,793	4,964
	<u>2,372,231</u>	<u>1,195,175</u>
Expenses from trading in foreign currencies		
- Expenses from foreign currency spots trading	(944,551)	(520,686)
- Expenses from currency derivatives instruments	(862,706)	(539,458)
- Expenses from golds trading	(271)	(794)
	<u>(1,807,528)</u>	<u>(1,060,938)</u>
Net gain from trading in foreign currencies	<u>564,703</u>	<u>134,237</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

25 NET GAIN FROM TRADING OF HELD-FOR-TRADING SECURITIES

	2023 VND million	2022 VND million
Income from trading of held-for-trading securities	194,305	115,706
Expenses from trading of held-for-trading securities	(152,582)	(101,600)
Reversal of provisions for diminution in value of held-for-trading securities	-	2,880
Net gain from trading of held-for-trading securities	<u>41,723</u>	<u>16,986</u>

26 NET GAIN FROM TRADING OF INVESTMENT SECURITIES

	2023 VND million	2022 VND million
Income from trading of investment securities - equity securities	1,251,449	-
Income from trading of investment securities - debt securities	173,649	484,340
Expenses from trading of investment securities	(203,825)	(240,319)
(Charge)/reversal of provisions for diminution in value of investment securities (Note 9.6)	(54,268)	68,599
Net gain from trading of investment securities	<u>1,167,005</u>	<u>312,620</u>

27 NET OTHER INCOME

	2023 VND million	2022 VND million
Other income		
Income from recoveries of written-off loans	270,198	409,912
Overpayments received from customers	131,225	47,923
Deferred interests from disposals of assets	32,270	38,040
Income from interest rate and commodity derivatives	14,171	30,472
Other income	93,780	61,779
	<u>541,644</u>	<u>588,126</u>
Other expenses		
Sponsorships and social activities	(18,626)	(38,078)
Goodwill	(4,799)	(5,763)
Expenses from interest rate and commodity derivatives	(4,326)	(8,643)
Other sponsorships	(227,289)	-
Other expenses	(27,451)	(7,552)
	<u>(282,491)</u>	<u>(60,036)</u>
Net other income	<u>259,153</u>	<u>528,090</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

28 INCOME FROM INVESTMENTS IN OTHER ENTITIES

	2023 VND million	2022 VND million
Dividends received from investment in other entities	9,325	6,785

29 OPERATING EXPENSES

	2023 VND million	2022 VND million
Staff costs		
- Salaries and allowances	4,628,862	4,993,068
- Salary-related contributions	337,367	289,746
- Other expenses for staffs	163,950	145,847
Assets-related expenses		
- Rental expenses	458,062	412,893
- Repair and maintenance expenses	243,195	206,163
- Depreciation and amortisation	156,673	152,737
- Other expenses on assets	138,572	121,375
Advertising, marketing and promotion expenses	603,236	343,419
Commission fee for agents	598,060	526,725
Conference, receptionist and guest expenses	466,459	324,615
Insurance expenses for customer deposits	285,163	162,094
Others	1,049,603	952,027
	<u>9,129,202</u>	<u>8,630,709</u>

30 PROVISIONS FOR CREDIT LOSSES

	2023 VND million	2022 VND million
General provisions of loans to customers (Note 8.8)	592,855	452,892
Specific provisions of loans to customers (Note 8.8)	3,674,896	2,555,447
Specific provisions of loans to other credit institutions (Note 5.3)	-	60,000
	<u>4,267,751</u>	<u>3,068,339</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**
31 CIT EXPENSES

The CIT expenses on the Bank and its subsidiary's profit before tax differs from theoretical amount that would arise using the applicable tax rate of 20% as follows:

	2023 VND million	2022 VND million
Net accounting profit before tax	13,016,732	10,268,056
Tax calculated at a rate of 20%	2,603,346	2,053,611
Adjustments:		
Income not subject to tax	(2,550)	(1,537)
Expenses not deductible for tax purposes	74,867	2,421
Adjustment for income from consolidation	958	1,828
Adjustment for tax payables in previous year	4,098	2,263
Temporary differences for which deferred income tax was recognised (i)	43,910	33,400
Total CIT expenses - current (*)	<u>2,724,629</u>	<u>2,091,986</u>

(i) Movements in deferred tax assets/(deferred tax liabilities) related to deductible temporary difference losses/(gains) during the year were as follows:

	2023 VND million	2022 VND million
Opening balance	32,798	(602)
Charged to the consolidated income statement	43,910	33,400
Closing balance	<u>76,708</u>	<u>32,798</u>

(*) The CIT expenses charged for the year are based on estimated taxable profit and are subject to review and possible adjustments by the tax authorities.

32 CASH AND CASH EQUIVALENTS

	31.12.2023 VND million	31.12.2022 VND million
Cash on hand and golds	2,810,044	2,937,994
Balances with SBV	41,481,638	11,273,345
Placements with other credits institutions (including demand and term deposits with original terms of 3 months or less)	88,120,085	40,322,487
	<u>132,411,767</u>	<u>54,533,826</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

33 EMPLOYEES' INCOME

	2023 VND million	2022 VND million
Total average number of employees (headcounts)	16,643	15,602
Employees' income		
Total salary fund	4,481,308	4,858,525
Other income	147,554	134,543
Total income	4,628,862	4,993,068
Average salary per month (VND million/employee)	22.44	25.95
Average income per month (VND million/employee)	23.18	26.67

34 OBLIGATIONS TO THE STATE

Items	1.1.2023 VND million	Movements during the year		31.12.2023 VND million
		Payable VND million	Payments VND million	
CIT	1,337,559	2,724,629	(2,241,447)	1,820,741
Value added tax	37,781	247,080	(214,332)	70,529
Personal income tax	94,340	371,594	(445,034)	20,900
Withholding tax	13,785	94,698	(91,808)	16,675
Others	-	2,725	(2,725)	-
	1,483,465	3,440,726	(2,995,346)	1,928,845

35 ASSETS, VALUABLE PAPERS HELD AS COLLATERALS AND FOR DISCOUNTING, REDISCOUNTING

35.1 Assets and valuable papers received as collaterals and for discounting and rediscounting

	31.12.2023 VND million	31.12.2022 VND million
Real estates	357,224,126	354,847,997
Valuable papers	61,228,868	42,363,599
Machines, equipments	12,049,601	13,638,281
Materials	5,655,113	9,828,355
Transportation vehicles	11,611,557	14,812,501
Other assets	278,306,628	199,756,816
	726,075,893	635,247,549

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

35 ASSETS, VALUABLE PAPERS HELD AS COLLATERALS AND FOR DISCOUNTING, REDISCOUNTING (continued)

35.2 Assets, valuable papers placed as collaterals and for discounting and rediscounting

	31.12.2023 VND million	31.12.2022 VND million
Government bonds	3,590,000	22,421,000
Bonds and certificates of deposits issued by other local credit institutions	-	3,000,000
	<u>3,590,000</u>	<u>25,421,000</u>

36 COMMITMENTS AND CONTINGENT LIABILITIES

36.1 Commitments

Total amount of effective commitments outstanding as at the date of the consolidated statement of financial position were as follows:

	31.12.2023 VND million	31.12.2022 VND million
Borrowing guarantees	809,436	406,790
Foreign exchange transactions commitments	259,213,350	69,775,987
L/C commitments	2,643,473	4,322,692
Other guarantees	15,724,260	4,375,832
- <i>Payment guarantees</i>	13,097,981	1,775,175
- <i>Contract performance guarantees</i>	762,746	569,715
- <i>Bidding guarantees</i>	27,134	53,162
- <i>Other guarantees</i>	1,836,399	1,977,780
Other commitments	5,318,378	3,724,488
- <i>Interest swap contracts commitments</i>	1,943,430	1,172,500
- <i>Commodity derivatives contracts commitments</i>	21,391	83,291
- <i>Valuable papers trading contracts commitments</i>	250,000	160,000
- <i>Unused credit card limits commitments</i>	3,103,557	2,308,697
<i>Less: Marginal deposits</i>	<i>(628,026)</i>	<i>(327,275)</i>
	<u>283,080,871</u>	<u>82,278,514</u>

36.2 Operating lease commitments

The future minimum lease payments under non-cancellable operating leases of the Bank and its subsidiary were as follows:

	31.12.2023 VND million	31.12.2022 VND million
Within 1 year	287,646	280,227
From 1 year to 5 years	582,572	603,798
Over 5 years	575,664	674,367
Total minimum payments	<u>1,445,882</u>	<u>1,558,392</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

36 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

36.3 Capital commitments

Capital expenditure contracted for at the consolidated statement of financial position date but not recognised in the consolidated financial statements were as follows:

	31.12.2023 VND million	31.12.2022 VND million
Buildings, structures	202,667	190,755
Software	54,973	45,428
Repair and maintenance expenses	47,205	24,623
Other	26,737	46,319
	<u>331,582</u>	<u>307,125</u>

37 OTHER OFF-STATEMENT OF CONSOLIDATED FINANCIAL POSITION ITEMS

37.1 Interests and fees receivables not yet collected

	31.12.2023 VND million	31.12.2022 VND million
Interest receivables from loans not yet collected	961,311	553,958
Interest receivables from investments not yet collected	40,050	-
Fee receivables not yet collected	1,362,988	964,757
	<u>2,364,349</u>	<u>1,518,715</u>

37.2 Bad debts written-off

	31.12.2023 VND million	31.12.2022 VND million
Principal balances of written-off loans being under monitoring	12,776,048	9,399,939
Interest balances of written-off loans being under monitoring	2,808,290	2,026,121
	<u>15,584,338</u>	<u>11,426,060</u>

37.3 Other assets and documents

	31.12.2023 VND million	31.12.2022 VND million
Other assets kept-on-behalf	25,918,278	13,139,703
Other valuable documents under custody	1,113,694	1,113,653
Precious metals and stones kept-on-behalf	29,473	24,610
	<u>27,061,445</u>	<u>14,277,966</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

38 ENTRUSTMENTS UNDERTAKING ACTIVITIES NOT EXPOSED TO RISK

Remaining payables by the Bank to a credit institution from the entrustment contract for lendings still recognised in the off-statement of financial position items were as follows:

	31.12.2023 VND million	31.12.2022 VND million
Payables of from loans granted under entrustment contract for lendings	4,265,122	5,250,407
<i>Total accumulative entrustment fund received from the organisation</i>	<u>10,813,464</u>	<u>6,588,402</u>

39 CONCENTRATIONS OF ASSETS, LIABILITIES AND OFF STATEMENT OF FINANCIAL POSITION ITEMS BY GEOGRAPHICAL AREA

	Deposits with and loans to other credit institutions VND million	Loans to customers VND million	Placements and borrowings from other credit institutions VND million	Deposits from customers VND million	Derivatives financial instruments (*) VND million	Trading and investment securities VND million	Other long-term investments VND million	Funds, entrusted investments and borrowings received that the Bank bears risks VND million	Valuable papers issued VND million	Credit commitments VND million
31.12.2023										
Domestic	85,808,706	343,404,295	83,695,336	370,777,888	117,475,318	62,757,493	163,921	2,811,129	43,058,944	19,177,169
Overseas	10,706,157	-	28,391,642	-	3,186,812	-	-	-	7,879,204	-
	<u>96,514,863</u>	<u>343,404,295</u>	<u>112,086,978</u>	<u>370,777,888</u>	<u>120,662,130</u>	<u>62,757,493</u>	<u>163,921</u>	<u>2,811,129</u>	<u>50,938,148</u>	<u>19,177,169</u>
31.12.2022										
Domestic	47,341,143	263,856,383	75,494,158	215,797,174	31,449,499	50,617,010	163,921	2,860,155	36,551,912	9,105,314
Overseas	1,791,174	-	17,159,042	-	903,883	-	-	-	7,609,728	-
	<u>49,132,317</u>	<u>263,856,383</u>	<u>92,653,200</u>	<u>215,797,174</u>	<u>32,353,382</u>	<u>50,617,010</u>	<u>163,921</u>	<u>2,860,155</u>	<u>44,161,640</u>	<u>9,105,314</u>

(*) Total contract value at foreign exchange rate at the contract date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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40 RELATED PARTY DISCLOSURES

40.1 Related party transactions

The primary transactions with related parties incurred during the year were as follows:

	Year ended 31 December	
	2023	2022
	VND million	VND million
Major shareholders and their related parties		
Increases in deposits from customers and interests paid	105,430,748	28,887,250
Decreases in deposits from customers	104,378,566	28,465,585
Increases in loans to customers	242,341	-
Decreases in loans to customers	782,046	-
Interest income from loans	80,127	-
Insurance services fee	3,924	5,620
Insurance expenses for assets	8,826	7,246
Entities in which the Bank has long-term investments		
Increases in deposits from customers and interests paid	108,117,080	60,033,752
Decreases in deposits from customers	105,637,426	60,359,472
Increases in loans to customers	14,035,494	7,991,014
Decreases in loans to customers	13,723,653	7,550,263
Interest income from loans	259,319	108,425
Members of the Board of Management, Board of Supervisors, Board of Directors and their related parties		
Increases in deposits from customers and interests paid	355,499,623	23,181,292
Decreases in deposits from customers	355,157,878	22,483,074
Increases in loans to customers	2,530,263	37,200
Decreases in loans to customers	2,894,289	11,388
Interest income from loans	41,780	1,595
Income from service activities	478,426	224,479
- Bonds collection on behalf and management services (i)	445,202	224,479
- Interest income from deposits for purchases of CDs	33,224	-
Remuneration paid to:		
- The Board of Directors (ii)	16,029	8,408
- The Board of Management, Chief Financial Officer and Chief Accountant (iii)	21,285	29,317
Remuneration/income and operating expenses of the Board of Supervisors	8,739	4,812

- (i) The party was a related party of the Bank for the period from 1 January 2022 to 21 June 2022 and the period from 30 March 2023 to 31 December 2023.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

40 RELATED PARTY DISCLOSURES (continued)

40.1 Related party transactions (continued)

(ii) Details of remuneration/income paid to members of the Board of Directors during the year were as follows:

Name	Position	2023 VND million	2022 VND million
Mr. Kim Byounggho	Chairman, Independent member	5,177	1,350
Ms. Nguyen Thi Phuong Thao	Permanent Vice Chairwoman	1,851	1,879
Mr. Luu Duc Khanh	Vice Chairman	1,027	3
Mr. Nguyen Thanh Do	Vice Chairman	2,227	1,346
Mr. Nguyen Huu Dang	Vice Chairman	3,541	1,579
Mr. Le Manh Dung	Independent member	1,171	646
Ms. Nguyen Thi Tam	Member (to 26 April 2023)	1,035	855
Ms. Le Thi Bang Tam	Chairperson (to 29 April 2022)	-	474
Mr. Chu Viet Cuong	Member (to 29 April 2022)	-	205
Mr. Lim Peng Khoon	Member (to 29 April 2022)	-	71
		<u>16,029</u>	<u>8,408</u>

(iii) Details of remuneration/income paid to members of the Board of Management, Chief Financial Officer and Chief Accountant during the year were as follows:

Name	Position	2023 VND million	2022 VND million
Mr. Pham Quoc Thanh	General Director	2,174	6,060
Mr. Nguyen Minh Duc	Deputy General Director	2,180	3,940
Mr. Le Thanh Tung	Deputy General Director	1,569	1,702
Mr. Nguyen Van Hao	Deputy General Director	2,141	3,223
Mr. Nguyen Dang Thanh	Deputy General Director	1,858	3,004
Mr. Le Thanh Trung	Deputy General Director	2,158	1,309
Mr. Tran Hoai Nam	Deputy General Director	2,054	2,145
Mr. Tran Thai Hoa	Deputy General Director	1,347	2,067
Mr. Nguyen Canh Vinh	Deputy General Director	2,601	323
Mr. Tran Xuan Huy	Deputy General Director	806	-
Ms. Nguyen Doan Duy Ai	Deputy General Director (to 20 June 2022)	-	2,502
Mr. Pham Van Dau	Chief Financial Officer	1,359	1,631
Ms. Ho Dang Hoang Quyen	Chief Accountant	1,038	1,411
		<u>21,285</u>	<u>29,317</u>

The above remunerations/income are presented on the basis of actual receipt after withholding personal income tax in accordance with current regulations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

40 RELATED PARTY DISCLOSURES (continued)

40.2 Year end balances with related parties

	31.12.2023 VND million	31.12.2022 VND million
Major shareholders and their related parties		
Deposits from customers	3,860,314	1,763,992
- <i>Demand deposits</i>	2,190,734	697,838
- <i>Term deposits</i>	1,554,480	1,052,154
- <i>Saving deposits</i>	101,100	-
- <i>Marginal, payment guarantee deposits</i>	14,000	14,000
Loans to customers	189,788	36
Other receivables	311,550	373,011
Interest receivables from loans	660	-
	<u> </u>	<u> </u>
Entities in which the Bank has long-term investments		
Deposits from customers	2,950,234	469,422
- <i>Demand deposits</i>	1,620,401	340,589
- <i>Term deposits</i>	1,300,000	100,000
- <i>Marginal, payment guarantee deposits</i>	29,833	28,833
Loans to customers	3,292,818	2,914,406
Interest receivables from loans	4,116	2,723
	<u> </u>	<u> </u>
Members of the Board of Management, Board of Supervisors, Board of Directors and their related parties		
Deposits from customers	2,441,685	1,607,628
- <i>Demand deposits</i>	1,158,828	353,138
- <i>Term deposits</i>	845,458	918,830
- <i>Saving deposits</i>	437,335	335,660
- <i>Marginal deposits</i>	64	-
Loans to customers	567,744	46,438
Other assets	122,796	337
- <i>Interest receivables</i>	1,792	337
- <i>Receivables from bonds collection on behalf and management services</i>	121,004	-
	<u> </u>	<u> </u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****41 FINANCIAL RISK MANAGEMENT****41.1 Risk management policies relating to financial instruments**

Risk policies, limits and management tools are embedded in daily operations of the Bank and its subsidiary.

The Bank and its subsidiary's objective is to manage its risk adequately within the approved limits. Therefore, the use of financial instruments, including receiving deposits from customers and investing in high-quality assets to achieve sufficient interest margins, are core activities of the Bank and its subsidiary. From risk management perspective, this primarily involves maintaining loans to individuals and organisational borrowers of varied creditworthiness, in both local and foreign currencies, as well as off-statement of financial position commitments (such as guarantees and letters of credit). In addition, the Bank and its subsidiary also place its mobilised funds in loans to other banks. Risks relating to foreign exchange and interest rate exposures are managed through the use of position limits, to avoid undue concentrations and entering into counter-balancing positions in order to offset exposures. By holding high quality financial instruments, the Bank and its subsidiary are able to manage significant risks in its operating activities and to maintain an adequate liquidity position.

41.2 Credit risk

Credit risk is the risk of financial loss due to customer or counterparty of the Bank and its subsidiary being unable or unwilling to fulfill on its payment obligations, in part or as a whole under a contract or agreement with the Bank and its subsidiary. The Bank and its subsidiary's customer or counterparty (including credit institutions and foreign bank branches) has relationship with the Bank and its subsidiary in term of being granted credit (including entrusted loans), receiving deposits and issuing corporate bonds.

41.2.1 Credit risk management and mitigation policies

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

41 FINANCIAL RISK MANAGEMENT (continued)

41.2 Credit risk (continued)

41.2.2 Maximum exposure to credit risk

The maximum exposure to credit risk is the carrying amounts on the consolidated statement of financial position as well as off-statement of financial position financial instruments, without taking into account any collateral assets held or other credit enhancements. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Bank and its subsidiary would have to pay if the obligations of the instruments issued are called upon. For off-statement of financial position commitments, the maximum credit risk exposure is the full value of the unrealised commitments. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers. The table below shows the maximum exposure to credit risk for the Bank and its subsidiary, without taking into account any collateral assets held or other credit enhancements, including:

	Maximum exposures	
	31.12.2023	31.12.2022
	VND million	VND million
Credit risk exposures relating to assets in the consolidated statement of financial position:		
Placements with and loans to other credit institutions	96,514,863	49,132,317
Held-for-trading securities (Note 6.4)	18,580,932	1,797,822
Derivatives financial instruments and other financial assets	110,079	-
Loans to customers (Note 8.3)	343,404,295	263,856,383
Investment securities (Note 9.5)	26,564,970	20,825,966
Other financial assets (Note 12.5)	52,546,920	34,950,411
	<u>537,722,059</u>	<u>370,562,899</u>
Credit risk exposures relating to off-statement of financial position items:		
Financial guarantee contracts	16,533,696	4,782,622
L/C commitments	2,643,473	4,322,692
	<u>19,177,169</u>	<u>9,105,314</u>
	<u>556,899,228</u>	<u>379,668,213</u>

41.2.3 Collaterals

The details of collateral assets as at 31 December 2023 and as at 31 December 2022 are presented in Note 35.1.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

41 FINANCIAL RISK MANAGEMENT (continued)

41.2 Credit risk (continued)

41.2.4 Credit quality

Analysis of credit quality of credit risk bearing assets at the carrying amount as at the reporting date is as follows:

	As at 31.12.2023						
	Placements with and loans to other credit institutions VND million	Held-for-trading securities VND million	Derivatives VND million	Loans to customers VND million	Investment securities VND million	Other financial assets VND million	Total VND million
Balances neither past due nor impaired	96,514,863	18,580,932	110,079	316,903,432	24,034,975	52,500,121	508,644,402
Balances past due but not impaired	-	-	-	10,750,454	2,484,995	-	13,235,449
Balances impaired	-	-	-	15,750,409	45,000	46,799	15,842,208
	<u>96,514,863</u>	<u>18,580,932</u>	<u>110,079</u>	<u>343,404,295</u>	<u>26,564,970</u>	<u>52,546,920</u>	<u>537,722,059</u>
Less: provisions							
Specific provisions	-	-	-	(1,491,241)	(9,000)	-	(1,500,241)
General provisions	-	-	-	(2,563,216)	(75,272)	-	(2,638,488)
Other provisions	-	-	-	-	-	(46,521)	(46,521)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,054,457)</u>	<u>(84,272)</u>	<u>(46,521)</u>	<u>(4,185,250)</u>
Net amount	<u>96,514,863</u>	<u>18,580,932</u>	<u>110,079</u>	<u>339,349,838</u>	<u>26,480,698</u>	<u>52,500,399</u>	<u>533,536,809</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

41 FINANCIAL RISK MANAGEMENT (continued)

41.2 Credit risk (continued)

41.2.4 Credit quality (continued)

	As at 31.12.2022					
	Placements with and loans to other credit institutions VND million	Held-for-trading securities VND million	Loans to customers VND million	Investment securities VND million	Other financial assets VND million	Total VND million
Balances neither past due nor impaired	49,132,317	1,797,822	251,600,881	20,825,966	34,903,955	358,260,941
Balances past due but not impaired	-	-	1,414,837	-	-	1,414,837
Balances impaired	-	-	10,840,665	-	46,456	10,887,121
	<u>49,132,317</u>	<u>1,797,822</u>	<u>263,856,383</u>	<u>20,825,966</u>	<u>34,950,411</u>	<u>370,562,899</u>
Less: provisions						
Specific provisions	-	-	(1,131,211)	-	-	(1,131,211)
General provisions	-	-	(1,970,361)	(30,004)	-	(2,000,365)
Other provisions	-	-	-	-	(46,308)	(46,308)
	<u>-</u>	<u>-</u>	<u>(3,101,572)</u>	<u>(30,004)</u>	<u>(46,308)</u>	<u>(3,177,884)</u>
Net amount	<u>49,132,317</u>	<u>1,797,822</u>	<u>260,754,811</u>	<u>20,795,962</u>	<u>34,904,103</u>	<u>367,385,015</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

41 FINANCIAL RISK MANAGEMENT (continued)

41.3 Market risk (continued)

Market risk incurs when there are adverse movements of interest rate, exchange rate, gold price, stock price and commodity price in the market causing the losses to the Bank and its subsidiary. Market risk includes currency risk, interest rate risk, price risk and commodity risk.

41.3.1 Currency risk

Currency risk incurs due to adverse movements of foreign exchange rate, gold price whilst the Bank and its subsidiary maintain an open foreign exchange/gold position. The Board of Management sets limits on the level of exposure by each currency and in total for both overnight and intra-day positions, which are monitored daily. The below table discloses the Bank and its subsidiary's assets and liabilities in book value and by currencies:

	Unit: VND million					
As at 31 December 2023	VND	USD	EUR	Gold	Others	Total
Assets						
Cash on hand, gold, silver, precious metals	1,956,741	463,842	34,644	23,634	331,183	2,810,044
Balances with SBV	38,391,317	3,085,613	4,708	-	-	41,481,638
Placements with and loans to other credit institutions	74,188,970	13,016,580	84,147	-	9,225,166	96,514,863
Held-for-trading securities (*)	18,580,932	-	-	-	-	18,580,932
Derivatives financial instruments and other financial assets	1,926,662	6,042,527	-	-	(7,859,110)	110,079
Loans to customers (*)	333,518,834	9,828,622	-	-	56,839	343,404,295
Investment securities (*)	44,176,561	-	-	-	-	44,176,561
Other long-term investments (*)	163,921	-	-	-	-	163,921
Fixed assets	1,422,759	-	-	-	-	1,422,759
Other assets (*)	44,208,637	12,519,163	705,868	-	421,489	57,855,157
Total assets	558,535,334	44,956,347	829,367	23,634	2,175,567	606,520,249
Liabilities						
Borrowings from the Government and SBV	26,590	-	-	-	-	26,590
Placements and borrowings from other credit institutions	76,962,789	32,901,851	692,358	-	1,529,980	112,086,978
Deposits from customers	368,252,954	2,059,117	120,598	-	345,219	370,777,888
Funds, entrusted investments and borrowings received that the Bank bears risks	-	2,754,290	-	-	56,839	2,811,129
Valuable papers issued	43,050,398	7,887,750	-	-	-	50,938,148
Other liabilities	18,417,634	764,379	13,204	485	78,102	19,273,804
Total liabilities	506,710,365	46,367,387	826,160	485	2,010,140	555,914,537
Net on-balance sheet position	51,824,969	(1,411,040)	3,207	23,149	165,427	50,605,712
Off-statement of financial position commitment position	-	1,275,056	-	-	(62,354)	1,212,702
Total currency gap	51,824,969	(135,984)	3,207	23,149	103,073	51,818,414

(*) These items do not include provisions.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

41 FINANCIAL RISK MANAGEMENT (continued)

41.3 Market risk (continued)

41.3.1 Currency risk (continued)

	VND	USD	EUR	Gold	Others	Unit: VND million Total
As at 31 December 2022						
Assets						
Cash on hand, gold, silver, precious metals	2,209,398	468,328	26,195	14,699	219,374	2,937,994
Balances with SBV	9,757,912	1,511,041	4,392	-	-	11,273,345
Placements with and loans to other credit institutions	44,443,960	4,407,315	64,425	-	216,617	49,132,317
Held-for-trading securities (*)	1,797,822	-	-	-	-	1,797,822
Loans to customers (*)	252,917,766	10,876,218	-	-	62,399	263,856,383
Investment securities (*)	48,819,188	-	-	-	-	48,819,188
Other long-term investments (*)	163,921	-	-	-	-	163,921
Fixed assets	1,315,057	-	-	-	-	1,315,057
Other assets (*)	34,691,219	5,478,757	3,049	-	1,753	40,174,778
Total assets	396,116,243	22,741,659	98,061	14,699	500,143	419,470,805
Liabilities						
Borrowings from the Government and SBV	10,821,258	-	-	-	-	10,821,258
Placements and borrowings from other credit institutions	71,647,157	19,363,851	3,028	-	1,639,164	92,653,200
Deposits from customers	213,251,417	2,301,254	66,840	-	177,663	215,797,174
Derivatives financial instruments and other financial liabilities	12,064,076	(10,452,522)	25,039	-	(1,410,113)	226,480
Funds, entrusted investments and borrowings received that the Bank bears risks	-	2,797,756	-	-	62,399	2,860,155
Valuable papers issued	36,540,390	7,621,250	-	-	-	44,161,640
Other liabilities	10,400,233	352,410	165	337	5,085	10,758,230
Total liabilities	354,724,531	21,983,999	95,072	337	474,198	377,278,137
Net on-balance sheet position	41,391,712	757,660	2,989	14,362	25,945	42,192,668
Off-statement of financial position commitment position	-	(351,747)	-	-	44	(351,703)
Total currency gap	41,391,712	405,913	2,989	14,362	25,989	41,840,965

(*) These items do not include provisions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

41 FINANCIAL RISK MANAGEMENT (continued)

41.3 Market risk (continued)

41.3.2 Interest rate risk

Interest rate risk incurs when there are adverse movements of interest rates in the markets, impacting to the values of valuable papers, interest bearing financial instruments, interest rate derivatives in trading book of the Bank and its subsidiary. The Bank and its subsidiary manage interest rate risks by monitoring the level of interest rate mismatch by terms on a monthly basis.

The table below summaries the Bank and its subsidiary's exposure to interest rate risk at the consolidated statement of financial position date. The Bank and its subsidiary's assets and liabilities are categorised by the earlier of contractual repricing or maturity dates.

									Unit: VND million
	Overdue	Non-interest bearing	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Total
As at 31 December 2023									
Assets									
Cash on hand, gold, silver, precious metals	-	2,810,044	-	-	-	-	-	-	2,810,044
Balances with SBV	-	41,481,638	-	-	-	-	-	-	41,481,638
Placements with and loans to other credit institutions	-	-	87,159,872	1,177,700	549,266	7,628,025	-	-	96,514,863
Held-for-trading securities (*)	-	-	-	4,403,015	1,630,697	12,547,220	-	-	18,580,932
Derivatives financial instruments and other financial assets	-	108,709	(230)	-	-	-	1,600	-	110,079
Loans to customers (*)	24,165,370	-	87,635,553	143,908,077	41,622,010	37,514,236	8,474,173	84,876	343,404,295
Investment securities (*)	2,529,995	285,222	1,971,988	12,507,955	1,567,407	4,386,854	5,485,867	15,441,273	44,176,561
Other long-term investments (*)	-	163,921	-	-	-	-	-	-	163,921
Fixed assets	-	1,422,759	-	-	-	-	-	-	1,422,759
Other assets (*)	46,799	19,546,358	3,139,526	5,853,740	11,757,812	17,305,922	205,000	-	57,855,157
Total assets	26,742,164	65,818,651	179,906,709	167,850,487	57,127,192	79,382,257	14,166,640	15,526,149	606,520,249
Liabilities									
Borrowings from the Government and SBV	-	-	3,273	18,917	337	674	3,389	-	26,590
Placements and borrowings from other credit institutions	-	-	66,975,916	14,401,579	16,380,569	13,789,580	539,334	-	112,086,978
Deposits from customers	-	238,108	93,361,407	70,863,590	141,772,128	56,090,367	8,452,287	1	370,777,888
Funds, entrusted investments and borrowings received that the Bank bears risks	-	-	-	2,753,542	-	-	102	57,485	2,811,129
Valuable papers issued	-	-	4,539,929	9,819,927	16,404,577	3,248,684	16,925,031	-	50,938,148
Other liabilities	-	19,273,804	-	-	-	-	-	-	19,273,804
Total liabilities	-	19,511,912	164,880,525	97,857,555	174,557,611	73,129,305	25,920,143	57,486	555,914,537
Net interest gap	26,742,164	46,306,739	15,026,184	69,992,932	(117,430,419)	6,252,952	(11,753,503)	15,468,663	50,605,712

(*) These items do not include provisions.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

41 FINANCIAL RISK MANAGEMENT (continued)

41.3 Market risk (continued)

41.3.2 Interest rate risk (continued)

									Unit: VND million
	Overdue	Non-interest bearing	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Total
As at 31 December 2022									
Assets									
Cash on hand, gold, silver, precious metals	-	2,937,994	-	-	-	-	-	-	2,937,994
Balances with SBV	-	11,273,345	-	-	-	-	-	-	11,273,345
Placements with and loans to other credit institutions	-	-	33,140,993	7,461,324	2,230,000	6,300,000	-	-	49,132,317
Held-for-trading securities (*)	-	-	-	-	1,000,000	797,822	-	-	1,797,822
Loans to customers (*)	11,791,100	-	68,350,949	123,951,229	29,642,530	19,633,374	10,405,963	81,238	263,856,383
Investment securities (*)	-	1,013,973	897,710	4,565,623	4,301,485	4,515,090	11,383,888	22,141,419	48,819,188
Other long-term investments (*)	-	163,921	-	-	-	-	-	-	163,921
Fixed assets	-	1,315,057	-	-	-	-	-	-	1,315,057
Other assets (*)	46,456	15,761,169	3,165,455	4,450,302	8,094,016	8,247,380	410,000	-	40,174,778
Total assets	11,837,556	32,465,459	105,555,107	140,428,478	45,268,031	39,493,666	22,199,851	22,222,657	419,470,805
Liabilities									
Borrowings from the Government and SBV	-	-	8,779,197	2,042,061	-	-	-	-	10,821,258
Placements and borrowings from other credit institutions	-	-	46,765,375	21,540,645	13,188,415	10,116,543	1,042,222	-	92,653,200
Deposits from customers	-	268,648	53,652,970	43,790,834	81,280,785	34,595,698	2,208,185	54	215,797,174
Derivatives financial instruments and other financial liabilities	-	226,480	-	-	-	-	-	-	226,480
Funds, entrusted investments and borrowings received that the Bank bears risks	-	-	810	2,796,946	-	-	-	62,399	2,860,155
Valuable papers issued	-	-	-	341,000	3,755,625	11,994,761	28,060,254	10,000	44,161,640
Other liabilities	-	10,758,230	-	-	-	-	-	-	10,758,230
Total liabilities	-	11,253,358	109,198,352	70,511,486	98,224,825	56,707,002	31,310,661	72,453	377,278,137
Net interest gap	11,837,556	21,212,101	(3,643,245)	69,916,992	(52,956,794)	(17,213,336)	(9,110,810)	22,150,204	42,192,668

(*) These items do not include provisions.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****41 FINANCIAL RISK MANAGEMENT (continued)****41.3 Market risk (continued)****41.3.3 Price risk**

Apart from assets and liability items that have been disclosed above, the Bank and its subsidiary are not exposed to other market price risks which risk levels account for 5% of net profit or value of assets, liabilities account for 5% of total assets.

41.4 Liquidity risk

Liquidity risk is the risk that the Bank and its subsidiary will not be able to fulfill its financial obligations as they fall due or will be able to fulfil its financial obligations as they fall due but at higher costs than the average market costs, as specified in the Bank's internal regulation. To manage the liquidity risk exposure, the Bank and its subsidiary have diversified the mobilisation of deposits from various sources in addition to its basic capital resources.

Liquidity risks are mainly mitigated through the Bank and its subsidiary's holding a high proportion of assets as cash and cash equivalents in the form of demand deposits at other credit institutions, balances with SBV, and valuable papers. The risk-weighted ratios are also used to manage the Bank and its subsidiary's liquidity.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

41 FINANCIAL RISK MANAGEMENT (continued)

41.4 Liquidity risk (continued)

The table below analyses the Bank and its subsidiary's financial assets and liabilities by relevant maturity groups based on the remaining year from the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Overdue		Current					Total
	Over 3 months	Up to 3 months	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	
As at 31 December 2023								
Assets								
Cash on hand, gold, silver, precious metals	-	-	2,810,044	-	-	-	-	2,810,044
Balances with SBV	-	-	41,481,638	-	-	-	-	41,481,638
Placements with and loans to other credit institutions	-	-	87,159,871	1,177,700	8,177,292	-	-	96,514,863
Held-for-trading securities (*)	-	-	-	4,403,015	14,177,917	-	-	18,580,932
Derivatives financial instruments and other financial assets (*)	-	-	31,471	85,123	(8,115)	1,600	-	110,079
Loans to customers (*)	6,159,963	18,005,407	24,895,393	40,554,943	121,738,537	95,078,943	36,971,109	343,404,295
Investment securities (*)	45,000	2,484,995	1,932,172	9,088,619	6,658,372	8,526,130	15,441,273	44,176,561
Other long-term investments (*)	-	-	-	-	-	-	163,921	163,921
Fixed assets	-	-	563,851	162	14,639	284,403	559,704	1,422,759
Other assets (*)	46,799	-	15,239,520	7,644,073	31,093,144	790,524	3,041,097	57,855,157
Total assets	6,251,762	20,490,402	174,113,960	62,953,635	181,851,786	104,681,600	56,177,104	606,520,249
Liabilities								
Borrowings from the Government and SBV	-	-	3,273	451	5,976	16,890	-	26,590
Placements and borrowings from other credit institutions	-	-	66,975,915	10,008,710	30,256,443	4,845,910	-	112,086,978
Deposits from customers	-	-	93,599,515	70,863,590	197,862,495	8,452,287	1	370,777,888
Funds, entrusted investments and borrowings received that the Bank bears risks	-	-	-	70,604	70,604	564,931	2,104,990	2,811,129
Valuable papers issued	-	-	4,040,000	9,320,000	9,033,806	16,925,031	11,619,311	50,938,148
Other liabilities	-	-	9,916,279	3,865,045	5,153,596	338,600	284	19,273,804
Total liabilities	-	-	174,534,982	94,128,400	242,382,920	31,143,649	13,724,586	555,914,537
Net liquidity gap	6,251,762	20,490,402	(421,022)	(31,174,765)	(60,531,134)	73,537,951	42,452,518	50,605,712

(*) These items do not include provisions.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

41 FINANCIAL RISK MANAGEMENT (continued)

41.4 Liquidity risk (continued)

Unit: VND million

	Overdue		Current					Total
	Over 3 months	Up to 3 months	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	
As at 31 December 2022								
Assets								
Cash on hand, gold, silver, precious metals	-	-	2,937,994	-	-	-	-	2,937,994
Balances with SBV	-	-	11,273,345	-	-	-	-	11,273,345
Placements with and loans to other credit institutions	-	-	33,140,993	7,461,324	8,530,000	-	-	49,132,317
Held-for-trading securities (*)	-	-	-	-	1,797,822	-	-	1,797,822
Loans to customers (*)	4,404,191	7,386,909	14,397,322	31,837,828	131,751,201	40,942,472	33,136,460	263,856,383
Investment securities (*)	-	-	1,698,033	1,901,103	8,369,262	14,709,372	22,141,418	48,819,188
Other long-term investments (*)	-	-	-	-	-	-	163,921	163,921
Fixed assets	-	-	563,171	610	27,456	226,348	497,472	1,315,057
Other assets (*)	46,456	-	12,524,505	5,507,785	17,940,292	1,193,222	2,962,518	40,174,778
Total assets	4,450,647	7,386,909	76,535,363	46,708,650	168,416,033	57,071,414	58,901,789	419,470,805
Liabilities								
Borrowings from the Government and SBV	-	-	8,779,197	2,000,033	4,327	37,701	-	10,821,258
Placements and borrowings from other credit institutions	-	-	46,765,374	15,982,135	21,239,613	8,666,078	-	92,653,200
Deposits from customers	-	-	53,921,619	43,790,834	115,876,482	2,208,185	54	215,797,174
Derivatives financial instruments and other financial liabilities	-	-	(4,153)	129,649	100,984	-	-	226,480
Funds, entrusted investments and borrowings received that the Bank bears risks	-	-	-	68,218	68,218	545,868	2,177,851	2,860,155
Valuable papers issued	-	-	-	341,000	12,930,951	28,060,255	2,829,434	44,161,640
Other liabilities	-	-	4,656,197	1,580,711	4,507,075	14,235	12	10,758,230
Total liabilities	-	-	114,118,234	63,892,580	154,727,650	39,532,322	5,007,351	377,278,137
Net liquidity gap	4,450,647	7,386,909	(37,582,871)	(17,183,930)	13,688,383	17,539,092	53,894,438	42,192,668

(*) These items do not include provisions.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

42 SEGMENT REPORTING

Geographical segments

The Bank and its subsidiary report segment information by main regions in Vietnam and overseas as follows:

	Northern region VND million	Central region VND million	Southern region VND million	Overseas VND million	Eliminations VND million	Total VND million
As at 31 December 2023						
Assets	143,385,242	45,216,619	452,419,490	799	(38,707,291)	602,314,859
Liabilities	136,918,112	43,491,088	414,209,987	2,641	(38,707,291)	555,914,537
For the year ended 31 December 2023						
Profit before tax	<u>6,467,131</u>	<u>1,725,531</u>	<u>4,825,911</u>	<u>(1,841)</u>	<u>-</u>	<u>13,016,732</u>
As at 31 December 2022						
Assets	72,251,589	42,874,859	316,560,990	773	(15,415,188)	416,273,023
Liabilities	70,312,285	41,809,151	280,569,420	2,469	(15,415,188)	377,278,137
For the year ended 31 December 2022						
Profit before tax	<u>1,939,304</u>	<u>1,065,709</u>	<u>7,264,738</u>	<u>(1,695)</u>	<u>-</u>	<u>10,268,056</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****43 EVENTS AFTER THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATE**

According to the Resolution No.07/2023/NQ-ĐHĐCĐ dated 26 April 2023 and the Official Letter No. 9252/NHNN-TTGSNH dated 1 December 2023, the Bank has been approved to increase its charter capital with the maximum amount of VND200 billion by issuing new shares under the employee stock ownership plan (ESOP). As of the date of issuance of these consolidated financial statements, the Bank is in the process of completing the relevant procedures for increasing its charter capital by issuing new shares under the employee stock ownership plan (ESOP).

The consolidated financial statements were approved by the Board of Management on 29 March 2024.



Ho Dang Hoang Quyen
Chief Accountant



Pham Van Dau
Chief Financial Officer



Pham Quoc Thanh
General Director