

GREEN MINDSET
SUSTAINABLE GROWTH





CONTENTS

An aerial photograph of a vast tea plantation with neat rows of green tea bushes. In the background, there is a large body of water, a small town, and rolling hills under a blue sky with light clouds. Two drones are visible in flight: one in the upper left and another in the middle right of the frame.

04 OVERVIEW

42 GENERAL INFORMATION

68 BUSINESS RESULTS IN 2023

104 REPORT OF THE BOARD OF MANAGEMENT

114 CORPORATE GOVERNANCE

182 SUSTAINABLE DEVELOPMENT

218 CONSOLIDATED FINANCIAL STATEMENTS

GREEN AWARENESS

GUIDING ACTIONS

01 OVERVIEW

- 06 Message of the Chairman of the Board
- 08 Message from the Chief Executive Officer
- 12 Vision - Mission - Core Values
- 14 Board Of Directors
- 20 Board Of Supervisors
- 24 Board Of Management
- 34 Organizational structure of HDBank
- 36 10 highlights in the year of 2023



MESSAGE OF THE CHAIRMAN OF THE BOARD



I firmly believe that HDBank will not only deliver business results as assigned and entrusted by shareholders, customers, business partners and employees but also be proactive in performing its social responsibilities. This, in turn, will ripple out, contributing to the well-being of society and enriching both our shareholders and business partners.

Dear valued shareholders, business partners and customers of HDBank,

On behalf of HDBank's Board of Directors, I would like to express our sincerest gratitude and appreciation of your continued support to HDBank over the past year.

In 2023, the global scene posed numerous challenges including lower demand, elevated inflation, tighter monetary policies, geopolitical conflicts, and climate change concerns. Amidst this, Vietnam witnessed a notable economic shift with a GDP growth decline to 5.05%, far below the 8% of 2022, accompanied by downturns in industrial production, exports, and public investments. The banking sector also faced challenges: weaker credit demand, lower profitability, and rising asset quality risks, highlighted by a State Bank of Vietnam report citing an NPL ratio surged to 4.95%.

In the face of these challenges, HDBank has demonstrated resilience and agility, seizing opportunities to achieve remarkable results. Total assets surpassed an impressive VND 602 trillion, registering a substantial 44.7% increase. Total deposits surged to over VND 536 trillion, marking an extraordinary 46.5% growth. Total credit balance exceeded VND 353 trillion, up by 31.8%, positioning HDBank at the top of the sector.

Profit before tax reached an outstanding VND 13 trillion dong, a substantial 26.8% increase, successfully meeting our annual target. Our NPL ratios remain low at 1.5% for the parent bank and 1.8% once consolidated with our subsidiary, and other key prudential ratios continue to signal the health of our institution.

In the stock market, HDBank has solidified its position as one of the top two banks with the most robust share price growth, experiencing an impressive 54.3% increase in its share price. Our market capitalization has risen significantly by 46.4% to over 58.7 trillion VND (equivalent to USD 2.4 billion). Furthermore, HDBank have been selected for inclusion in the VN Diamond Index and Vietnam Sustainability Index (VNSI) by Ho Chi Minh Stock Exchange. HDBank was also honoured with major awards such as Board of the Year Award awarded by the Vietnam Institute of Directors (VIOD) as well as Best Annual Report (among large market capitalization companies) and The Best Companies in Organizing Shareholders' Meeting awarded by the Vietnam Listed Companies Awards.

Beyond our core businesses, HDBank advanced strategic initiatives, focusing on digital transformation, Basel III governance standards, ESG initiatives, and launching preferential credit packages for customers facing difficulties.

In 2023, thanks to our digital transformation initiatives, we have witnessed robust growth in both number of new digital users and number of digital transactions, increasing by 107% and 88% year-over-year respectively. 94% of retail banking transactions were executed over digital platforms, significantly higher than the 77% rate recorded in 2022. For the first time, the number of new-to-bank customers acquired via digital channels exceeded those from traditional channels.

My heartfelt gratitude goes to State Bank of Vietnam, shareholders, business partners and customers who have always supported and accompanied HDBank. I believe that we could not have successfully completed 2023 business targets without your support given all the global

and domestic headwinds. This helps further bolster our confidence that we can realize the goal of becoming the best bank.

2024 presents a complex landscape. The World Bank forecasts a global GDP dip to 2.4%, impacting developing economies like ours with a projected 3.9% growth. Geopolitical tensions and the digital revolution's rapid pace add further uncertainty. To navigate these challenges, vigilance and adaptability are crucial. Strategic partnerships with customers who have robust ecosystems will be key to enhancing our service and product delivery efficiency. This aligns with our unwavering commitment to sustainable growth and strategic initiatives.

HDBank remains steadfast in its core values: **customer-centric professionalism, efficiency, honesty, and responsibility**. We stand ready to support key government and banking sector programs, including promoting a green economy for net-zero carbon emissions by 2050, financial inclusion, and rural development. We are also well-equipped to implement the credit institution system restructuring entrusted to us by the authorities.

As Chairman of the Board, I firmly believe that HDBank will not only deliver business results as assigned and entrusted by shareholders, customers, business partners and employees but also be proactive in performing its social responsibilities. This, in turn, will ripple out, contributing to the well-being of society and enriching both our shareholders and business partners.

This journey to becoming "the best bank" takes partnership. The HDBank Board deeply values the trust and ongoing support we receive from our esteemed shareholders, investors, and business partners. Your insightful ideas are invaluable, and we invite you to continue shaping our future success together.

CHAIRMAN OF THE BOARD

KIM BYOUNGHO

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



In 2023, HDBank continued to significantly increase its position and market share, surpassing the total assets milestone of VND 602 trillion, exceeding 116% of the plan. The total credit balance reached over VND 353 trillion, growing by 31.8% compared to 2022.



TOTAL MOBILIZED FUNDS HIT OVER

536,000 billion VND

▲ 46.5% compared to 2022



HDB'S MARKET CAPITALIZATION

58,719 billion VND

▲ 46.4% making it one of the top 5 stocks in the VN30 index with the strongest market capitalization growth in 2023

Dear Customers and Partners, Shareholders, and Investors!

On behalf of the Board of Management of HDBank, I would like to extend a warm greeting and express our sincere gratitude for your valuable companionship throughout the past year, a year marked by many instabilities and challenges in the markets.

2023 marked the completion of 10 years of HDBank's reformation, a pivotal year for the second half of the 5-year strategic period from 2021 to 2025. Many values and successes have been accumulated by HDBank on this journey to firmly and vigorously overcome challenges, always maintaining a proactive and innovative mindset to seize opportunities most effectively. Along with the precious partnership of our Customers and Partners, Shareholders, and Investors, HDBank has significantly surpassed the targets set by the General Meeting of the Shareholders.

In 2023, HDBank continued to significantly increase its position and market share, surpassing the total assets milestone of VND 602 trillion, exceeding 116% of the plan. The total credit balance reached over VND 353 trillion, growing by 31.8% compared to 2022. The brand value of HDBank associated with trust in the market continued to be enhanced, clearly reflected by a growth of over 46.5% of the bank's total mobilized funds which hit over VND 536 trillion.

Marking a continuous 10-year journey of sustainable growth, in 2023, HDBank recorded its record-high profit before tax of VND 13,000 billion. Key profitability indicators such as ROE and ROA continued to rank among the market leaders. Prudential ratios were further strengthened within the regulatory thresholds prescribed of the State Bank of Vietnam and in alignment with international standards.

Also in the past year, HDBank became the pioneering commercial bank in Vietnam to comprehensively implement Basel III standards; effectively implemented ESG standards (Environmental, Social, and Governance) highly regarded by reputable domestic and international organizations.

HDB's market capitalization increased from 40,118 billion VND to 58,719 billion VND, a rise of 46.4%, making it one of the top 5 stocks in the VN30 index with the strongest market capitalization growth in 2023. Enhancing shareholder benefits, HDBank completed its dividend payout plan at a rate of 25% in 2023 and has consistently maintained a high dividend rate for many years.

"Green Mindset - Sustainable Growth", in 2023, HDBank continued to increase its contribution to the State budget, climbing into the Top 30 largest taxpayers nationwide. The bank vigorously promoted and implemented numerous customer support programs and economic recovery initiatives. Alongside these efforts, HDBank invested in developing sectors such as healthcare, education and training, culture, and sports. Social and community activities were also widely implemented across the entire system.

In line with the strategic focus set at the 2023 Annual General Meeting of Shareholders, HDBank has intensified its investment and expanded its network in tier-2 urban markets, agricultural and rural areas. The Bank has been a pioneer in effectively implementing digital transformation initiatives, enhancing its portfolio of products, services, and financial solutions. These efforts have elevated the customer experience, expanded market share, and established a crucial foundation for future sustainable growth objectives.

Dear Customers and Partners, Shareholders, and Investors!

Although there are still many challenges ahead, the Vietnamese economy in 2024 is forecasted to have promising prospects for sustainable recovery and new opportunities. In 2024, HDBank is confident that it will continue to achieve its set targets excellently, specifically:

Target 1 Operational efficiency associated with the 5-year Strategy

- ▶ Implement strategic transformation programs that align with development goals for the period 2024 - 2025;
- ▶ The business plan flexibly adapts to market developments and operating policies of the Government and the State Bank, seizing opportunities for breakthrough development while still ensuring asset quality and operational safety;
- ▶ Promote the mobilization of tier 1 and tier 2 capital according to expected capital needs for business strategies in 2024. Consistently implement the CASA action program to strongly improve the CASA ratio and lower funding costs.

Target 2 Customers and distribution channels

- ▶ Focus on building and completing journeys as a key strategic transformation program.
- ▶ Focus on developing new customers in parallel with awakening prospect sources through activation programs and the SkyJoy loyalty platform; promote supply chain financing and prioritize connecting and linking platform partners with a wide ecosystem using the approach of Partnership Banking and VCF.
- ▶ Diversify sales channels through the new HDBank App and Website following the E-Commerce mindset; develop customers on applications of affiliate partners with large customer bases; Promote and improve the effectiveness of digital marketing programs; Deploy step by step the KIOSK BANK business model associated with brand promotion.
- ▶ Consolidate and optimize the operating network, continue to increase the scale and operational efficiency of branches/transaction offices, ensuring safe, effective, and sustainable operations. Establish the new CMB centers on schedule. Convert and consolidate Priority Banking and over-the-counter customer service.

Target 3 Products and services

- ▶ Combo credit policy to engage customers and sell a complete package of products and services, increasing efficiency;
- ▶ Accelerate comprehensive digital transformation, enhance convenience, experience, and security for customers;
- ▶ Refresh the Banca segment and promote investment banking services for Priority Banking;
- ▶ Integrate products into the application to digitize traditional transactions, bringing products closer to rural agricultural economic regions with convenient and easy-to-use "One Click" automatic features;
- ▶ Develop new features and services based on modern technology platforms to increase customer satisfaction (specifically eCredit, EasyLoan, VCF platform, etc.);
- ▶ Officially launching Vikki digital bank to customers;
- ▶ Promote the implementation of OneCredit and OnePayroll for credit and OneClick (for services) as HDBank brand product lines,

Target 4 Culture and brand

- ▶ Implement cultural journeys. Strengthen the core values of HDBank culture;
- ▶ Strengthen discipline, awareness of compliance and risk control in operations and a culture of creative learning, improving, and specifying the responsibilities of leaders;
- ▶ Build a corporate culture of "Execution" with high commitment and exclusive rewards, emphasizing results;
- ▶ Promote an open, friendly, cohesive, and supportive working environment among all levels, receive sincere and constructive criticism to promote collective intelligence. Ensure that corporate culture comes to life and becomes a typical behavioral culture;
- ▶ Enhance HDBank brand recognition at business units, including Kiosk Banks, becoming a bank with brand recognition and brand health among the top joint stock commercial banks.

Target 5 HDB stocks

- ▶ Enhance market capitalization value and position of HDBank in the stock market.
 - Aim to maintain a resilient market capitalization value, outperforming the average of the banking industry and the VN30 basket, and increasing its ranking compared to 2023, with a target growth of 35%.
 - Remain a component of the VN30, VNDiamond, and VNSI indices and aims to win major awards for listed companies.
- ▶ Investor relations and securities market activities
 - Increase the attraction of domestic investors.
 - Establish direct and effective communication with international investors.
 - Thoroughly prepare for the strategic investor selection plan.

Target 6 Implement sustainable development strategies, sustainable finance, Environment - Society - Governance (ESG) practices

- ▶ Build and manage a bankwide ESG strategy; Report and disclose ESG information;
- ▶ ESG risk management: enhance internal training and control ESG risks in operations and business activities;
- ▶ Continue to upgrade the green credit framework and develop sustainable financial products;
- ▶ Promote and expand cooperation with international organizations, financial institutions, and domestic Government ministries and agencies to promote green credit, sustainable finance, etc. towards the goal of a net zero bank.

With the direction of **"Green Mindset - Sustainable Growth"**, innovation, pioneer creativity, flexibility, and adaptability will be the key priorities in 2024. HDBank appreciates the trust, support, and companionship of our valued customers and partners, shareholders, and investors on the journey towards new successes.

Sincerely,
CHIEF EXECUTIVE OFFICER



PHAM QUOC THANH

VISION

To become a leading financial group with a commercial bank at its core which ranks among the best in Vietnam, which offers superior products and customer services through an international network, and which operates efficiently and is trusted by customers.

MISSION

TO OUR CUSTOMERS

HDBank is committed to deliver the best return to its customers through innovative and comprehensive financial solutions, hence meeting their diverse and ever-changing demands with critical insights.

TO OUR EMPLOYEES

HDBank creates a professional, exciting and rewarding work environment where staff can learn, innovate and contribute towards their career development.

TO OUR PARTNERS

HDBank is committed to maximise the interests of its shareholders and partners through robust and sustainable growth, effective governance and rigorous risk management.



CORE VALUES

INTEGRITY AND RESPONSIBILITY

HDBank is a trusting and earnest business collective with bold thoughts, daring initiative and a firm sense of responsibility.

CUSTOMER-ORIENTATION

HDBank places customers at the core of its operation and strives to exceed their expectations.

CONSISTENCY AND FLEXIBILITY

HDBank defines its goals clearly and displays consistency in their pursuit. The Bank demonstrates its proactive and flexible actions in its course towards the defined goals.

EFFICIENCY AND INNOVATION

HDBank continually learns, innovates and perfects itself to achieve operational efficiency and superior customer services.

PROFESSIONALISM AND TEAMWORKING

HDBank oversees a professional operation which encourages friendly sharing and cooperation based on mutual trust and respect.



From left to right

Mr. PHAM QUOC THANH
Board Member,
Chief Executive Officer

Mr. LUU DUC KHANH
Vice Chairman

Mr. NGUYEN HUU DANG
Vice Chairman

Madam NGUYEN THI PHUONG THAO
Permanent Vice Chairwoman

Mr. KIM BYOUNGHO
Chairman,
Independent Board Member

Mr. NGUYEN THANH DO
Vice Chairman

Mr. LE MANH DUNG
Independent Member



Mr. KIM BYOUNGHO
Chairman, Independent Board Member

Born in 1961, Mr. Kim Byounggho has nearly 40 years of experience in the financial industry. He previously served as the Chief Financial Officer and Chief Executive Officer of Hana Bank, which is the second-largest bank in Korea, as well as the Vice Chairman of the Board of Directors of Hana Financial Group in Korea. Throughout his career, he has been instrumental in driving comprehensive innovation and strong growth at Hana Bank, propelling it to become one of the largest banks in Korea and extending its reach globally.

Under Mr. Kim Byounggho's leadership at Hana Financial Group, he oversaw the acquisition of Seoul Bank in 2002, successfully bringing Hana Bank into the league of Korea's largest banks. In 2012, he spearheaded Hana Bank's repurchase of over 51% of Korea Exchange Bank (KEB) capital from Lone Star Fund (USA). The transaction was completed in 2015, propelling Hana Bank's total assets to over USD 240 billion and solidifying its position as the top bank in Korea in terms of international network with 137 branches across 24 countries. Mr. Kim was also instrumental in directing numerous international projects of Hana Bank in various markets including Indonesia, China, the US, and Vietnam.

On April 26, 2022, Mr. Kim Byounggho was elected as an independent member of HDBank's Board of Directors, and subsequently elected by the Board of Directors to serve as the Chairman of HDBank's Board of Directors starting from April 29, 2022.

Banking Industry Experience: nearly 40 years

Experience at HDBank: 2 years

Education: Master of Business Administration (MBA) - University of California, Berkeley (USA). Bachelor of Arts in English Literature (major) & Business Administration (minor) - Seoul National University (South Korea). Certified Public Accountant (CPA) - United States.



Madam NGUYEN THI PHUONG THAO
Permanent Vice Chairwoman

With extensive experience in various economic sectors in Vietnam and other parts of the world, particularly in the banking and financial industry, Mdm. Nguyen Thi Phuong Thao has held management positions in foreign banks and established and managed several banks in Vietnam. As the Permanent Vice Chairwoman of HDBank, she has been instrumental in leading numerous innovations that have enabled the bank to achieve sustainable growth and development.

Beyond her business acumen, Mdm. Thao has actively participated in various educational, social, and charitable organizations that promote community cohesion.

Mdm. Nguyen Thi Phuong Thao has joined HDBank's Board of Directors since June 30, 2005, and has since directed a series of reforms that have propelled the bank to the top of the industry.

Banking experience: 28 years

Experience at HDBank: 21 years

Education: Doctorate in Economic Cybernetics from Moscow D. Mendeleev Institute of Chemical Technology. Bachelor's Degrees in Finance and Credit and in Labour Economic Management from Plekhanov Moscow Institute of the National Economy. Founding Member of the Institute for System Programming, an affiliate of the Russian Academy of Sciences.



Mr. LUU DUC KHANH
Vice Chairman

An expert in finance and banking, Mr. Luu Duc Khanh held senior management positions at several banks, including HSBC, Techcombank, ABBANK, etc., and contributed to their solid achievements in Vietnam.

Mr. Luu Duc Khanh has joined HDBank's Board of Directors since July 03, 2009. He has participated in the introduction of many strategies relating to business operation, risk management, technology, etc., which aim at transforming the Bank into a modern international institution.

Banking experience: 30 years

Experience at HDBank: 16 years

Education: Master of Business Administration (MBA) degree from the University of New England in Australia. Bachelor's Degree from Lviv Polytechnical Institute in the Soviet Union. Bachelor's Degree in Economics from University of Economics Ho Chi Minh City.



Mr. NGUYEN THANH DO
Vice Chairman

He has extensive experience in financial management and international financial affairs. He has served as Deputy Director, Head of the Department of International Finance - Ministry of Finance, Director of the Debt and International Finance Management Department - Ministry of Finance.

He joined the Board of Directors of HDBank on April 21, 2017, and has made effective contributions to the development strategy planning of HDBank.

Banking and Finance Experience: 38 years

Experience at HDBank: 10 years

Education: Doctorate in Banking and Finance from Moscow Finance Institute.



Mr. NGUYEN HUU DANG
Vice Chairman

Mr. Nguyen Huu Dang has been with HDBank for nearly 30 years. He has held various positions from credit officer and specialist in managing non-state credit institutions. He also worked at the state-owned Dong Thap provincial bank and Vietinbank.

Mr. Nguyen Huu Dang has joined HDBank's Board of Directors since December 31, 2010, he has been instrumental in proposing key strategies for the bank's significant accomplishments.

Banking Experience: 32 years

Experience at HDBank: nearly 30 years

Education: Master of Business Administration (MBA) - GRIGGS University (USA), Bachelor of Economics - Ho Chi Minh City University of Economics.



Mr. LE MANH DUNG
Independent Member

Mr. Le Manh Dung has nearly 30 years of experience in Banking and Finance, used to hold the position of Head of Credit Department of Worri Bank, Director of the Financial Institution Advisory Group of Citi Capital Partners, Investment Director of Mekong Capital, the Chief Representative of the DEG Deutsche Investitions - und Entwicklungsgesellschaft mbH, of the German Development Bank KfW in Vietnam.

In the role of Chief Representative, Mr. Le Manh Dung directly leads and builds DEG's investment strategy in the Vietnamese market, support potential businesses in Vietnam to develop sustainably, create long-term values for the economy as well as the community and society.

Mr. Le Manh Dung has joined HDBank's Board of Directors since April 26, 2022.

Banking Experience: nearly 30 years

Experience at HDBank: 2 years

Education: Master of Business Administration (MBA) from the Institute of Management (CFVG), jointly granted by the National Economics University and the Paris Chamber of Commerce and Industry.



Mr. PHAM QUOC THANH
Board Member, Chief Executive Officer

He has nearly 30 years of experience in the banking sector. He has extensive experience in risk management, building and managing corporate customer business areas. He has held various senior leadership positions at banks such as HSBC, ACB, ABBank, and Techcombank.

He served as Deputy CEO of HDBank from March 2013 until being appointed CEO of HDBank in April 2020. He has made significant contributions to HDBank's breakthrough development strategy, especially in the areas of corporate customer development, green credit programs, supply chain financing, ecosystem expansion, and digital transformation.

Since April 26, 2023, he has been appointed as member of the HDBank Board of Directors. He currently serves as a Board Member and CEO of HDBank.

Banking Experience: 31 years

Experience at HDBank: 11 years

Education: Bachelor of Economics - Banking University of Ho Chi Minh City, Bachelor of English Language - Hanoi University of Foreign Studies.

CHANGES IN THE BOD

Time: 26/04/2023

- ▶ Mrs. Nguyen Thi Tam has been officially resigned from her position as a Member of the Board of Directors of HDBank for the term 2022 - 2027 by the HDBank Shareholders' Meeting, according to her personal request.
- ▶ Mr. Pham Quoc Thanh has been elected by the HDBank's 2023 Annual General Meeting of Shareholders to be appointed as a Member of the Board of Directors of HDBank for the term 2022 - 2027.



From left to right

Ms. DUONG THI THU
Member of the Board of Supervisors

Mr. DAO DUY TUONG
Chief of the Board of Supervisors

Ms. BUI THI KIEU OANH
Member of the Board of Supervisors

Mr. NGUYEN LE HIEU
Member of the Board of Supervisors



Mr. DAO DUY TUONG
Chief of the Board of Supervisors

He has over 20 years of experience in the field of Finance - Accounting. Previously, he was Chief Accountant of Enterprise 347, Song Hong Company - Ministry of National Defense, Phu An Infrastructure Development and Construction Investment Joint Stock Company, Song Viet Investment Joint Stock Company.

Mr. Dao Duy Tuong has joined HDBank's Board of Supervisors since December 03, 2010, he plays an important role in controlling all activities, ensuring safe and effective operational targets in accordance with the requirements of HDBank and the State Bank.

Banking Experience: 14 years

Experience at HDBank: 14 years

Education: Bachelor of Economics majoring in Accounting, National Economics University



Ms. DUONG THI THU
Member of the Board of Supervisors

Ms. Duong Thi Thu used to be a Lecturer at Hong Duc University, Credit Officer at Sacombank. Joining HDBank since 2006, she has held the positions of Internal Auditor, Regional Head of Internal Audit and Deputy Head of Internal Audit of HDBank. With nearly 20 years of experience at HDBank, she has accompanied and actively contributed to HDBank's sustainable development journey.

She joined the HDBank Board of Supervisors on April 26, 2022.

Banking Experience: 19 years

Experience at HDBank: 18 years

Education: Bachelor of Accounting - Financial Academy



Ms. BUI THI KIEU OANH
Member of the Board of Supervisors

Ms. Bui Thi Kieu Oanh has extensive experience in various positions at credit institutions such as: Head of Retail Banking Division - Dai A Commercial Joint Stock Bank, Director of Cho Lon Branch - Techcombank, Deputy Director of Retail Banking Division - Vietnam Thuong Tin Commercial Joint Stock Bank (Vietbank), Deputy Head of Internal Audit of HDBank.

She joined the HDBank Board of Supervisors on April 26, 2022.

Banking Experience: 21 years

Experience at HDBank: 4 years

Education: Bachelor of Economics specializing in Banking and Finance - Thang Long University - Hanoi.



Mr. NGUYEN LE HIEU
Member of the Board of Supervisors

Mr. Nguyen Le Hieu has extensive experience in banking sector in many positions such as Corporate Customer Relationship Officer - Asia Commercial Joint Stock Bank (ACB), Director of Chanh Hung Transaction Office - Nam A Commercial Joint Stock Bank (NamABank), Head of Internal Audit for East Saigon Region - HDBank, Member of Basel implementation team - Saigon Thuong Tin Commercial Joint Stock Bank (Sacombank).

He joined the HDBank Board of Supervisors on April 26, 2022.

Banking Experience: 7 years

Experience at HDBank: 6 years

Education: Master's in Economic Development - Ho Chi Minh City University of Economics, Professional Master's in Data Science and Artificial Intelligence Applications - Asian Institute of Technology (AIT), Bachelor of Economics - Ho Chi Minh City University of Economics.

BOARD OF MANAGEMENT



Back row, from left to right

- Mr. TRAN HOAI PHUONG**
Director of Corporate Banking Division
- Mr. TRAN THAI HOA**
Deputy Chief Executive Officer
- Mr. TRAN XUAN HUY**
Deputy Chief Executive Officer cum Chief of BOD Office
- Mr. NGUYEN CANH VINH**
Deputy Chief Executive Officer
- Mr. NGUYEN VAN HAO**
Deputy Chief Executive Officer
- Mr. TRAN HOAI NAM**
Deputy Chief Executive Officer

Front row, from left to right

- Mr. LE THANH TUNG**
Deputy Chief Executive Officer
- Ms. TRAN THU HUONG**
Director of Operation Division
- Mr. PHAM QUOC THANH**
Member of the Board, Chief Executive Officer

Back row, from left to right

- Mr. LE THANH TRUNG**
Deputy Chief Executive Officer
- Mr. NGUYEN DANG THANH**
Deputy Chief Executive Officer
- Mr. PHAM VAN DAU**
Chief Financial Officer cum Person in charge of Corporate Governance
- Mr. TRAN QUOC ANH**
Director of Retail Banking Division
- Mr. HUYNH TRUNG MINH**
Director of Bancassurance Division

Front row, from left to right

- Ms. HO DANG HOANG QUYEN**
Chief Accountant
- Mr. NGUYEN MINH DUC**
Deputy Chief Executive Officer
- Mr. HOANG DUC LONG**
Director of Treasury Division



Mr. PHAM QUOC THANH
Member of the Board, Chief Executive Officer

He has over 30 years of experience in the banking sector. He has extensive experience in risk management, building and managing corporate customer business areas. He has held various senior leadership positions at banks such as HSBC, ACB, ABBank, and Techcombank.

He served as Deputy CEO of HDBank from March 2013 until being appointed CEO of HDBank in April 2020. He has made significant contributions to HDBank's breakthrough development strategy, especially in the areas of corporate customer development, green credit programs, supply chain financing, ecosystem expansion, and digital transformation.

Since April 26, 2023, he has been appointed as member of the HDBank Board of Directors. He currently serves as a Board Member and CEO of HDBank.

Banking experience: 31 years

Experience at HDBank: 11 years

Education: Bachelor of Economics - Banking University of Ho Chi Minh City, Bachelor of English - Hanoi University of Foreign Studies.



Mr. LE THANH TUNG
Deputy Chief Executive Officer

Mr. Le Thanh Tung has served HDBank for nearly 30 years at different positions, including Branch Director and Regional Director. With his leadership and business acumen, he has managed and nurtured the operation of the regional branches and transaction offices, thus facilitating the Bank's recent impressive expansion and growth.

Prior to his association with HDBank, Mr. Le Thanh Tung worked at several financial institutions and commercial banks. In addition, he is the current Secretary of HDBank Party Committee.

Mr. Le Thanh Tung has joined HDBank's Board Of Management since September 16, 2009.

Banking industry experience: 28 years

Experience at HDBank: 26 years

Education: Master of Business Administration and Bachelor of Law.



Mr. TRAN HOAI NAM
Deputy Chief Executive Officer

Mr. Tran Hoai Nam has obtained a broad experience in banking and finance, notably in corporate and institutional banking. He is considered as an energetic leader with many initiatives. Currently, Mr. Tran Hoai Nam is in charge of the Bank's corporate and institutional banking, and the development of HDBank partnership with both domestic and international major organisations. Prior to HDBank, he held management positions at the Ministry of Science and Technology, Citibank, VIB, etc.

Mr. Tran Hoai Nam has joined HDBank's Board of Management since February 27, 2012.

Banking experience: 28 years

Experience at HDBank: 12 years

Education: Master's degree from the Asian Institute of Technology (AIT), Bachelor's degree from the Hanoi University of Technology.



Mr. NGUYEN MINH DUC
Deputy Chief Executive Officer

Mr. Nguyen Minh Duc has amassed more than 30 years of experience in the management of credit and financial institutions. He has made vital contributions to the Bank's achievements in risk management and compliance audit, brought HDBank into the top of the leading banks in terms of asset quality with an effective risk management system, always fully complying with the regulations of state management agencies, gradually applying international standards.

Mr. Nguyen Minh Duc was previously a professor of Economics at Vietnam Maritime University and held senior positions at several banks in Vietnam.

Mr. Nguyen Minh Duc has joined HDBank's Board Of Management since December 30, 2013.

Banking experience: 32 years

Experience at HDBank: 15 years

Education: Master's degree in Economics, Bachelor of Law.



Mr. LE THANH TRUNG
Deputy Chief Executive Officer

Mr. Le Thanh Trung has over 25 years of experience in the Banking - Finance sector in Vietnam and overseas. Notably, he is knowledgeable in system management, organizational structure, risk management, and customer relations.

He served senior positions at Vietcombank Leasing Company and other commercial banks, including Vietcombank and Shinhan Vina Bank.

Mr. Le Thanh Trung has joined HDBank's Board of Management since February 15, 2012.

Experience in banking: 32 years

Experience at HDBank: 12 years

Education: Doctorate in Economics and Bachelor's Degree in Law.



Mr. NGUYEN CANH VINH
Deputy Chief Executive Officer

Mr. Vinh embarked on his diverse career starting as a lecturer at Hanoi University of Construction before transitioning to Finance - Banking, a field he has been dedicated to for over 26 years. Throughout this time, he has held high-level leadership positions ranging from direct business units to Deputy CEO and CEO roles at leading banks in Vietnam, including 21 years at Techcombank. Joining HDBank at the end of 2022, he quickly integrated and made effective contributions to HDBank during its accelerated development phase.

He joined the HDBank Board of Management on November 1, 2022.

Banking experience: 28 years

Experience at HDBank: 2 years

Education: Bachelor of Engineering from Hanoi University of Construction, Bachelor of Economics from National Economics University, and Master of Business Administration from La Trobe University.



Mr. TRAN THAI HOA
Deputy Chief Executive Officer

He is a seasoned professional with over 20 years of experience working and managing in the Finance - Banking sector across various banks. Before joining HDBank, he spent 17 years at the Ho Chi Minh City State Bank and at VietABank, holding leadership roles such as Department Head and Deputy General Director.

He joined the HDBank Board of Management on May 27, 2015.

Banking experience: 29 years

Experience at HDBank: 9 years

Education: Bachelor's degree from the Banking University of Ho Chi Minh City.



Mr. NGUYEN VAN HAO
Deputy Chief Executive Officer

He has over 20 years of experience in the banking and finance sector, during which he has held numerous important managerial and executive positions. He served as the Head of Department at The Bank of Tokyo Mitsubishi UFJ in Vietnam, Director of Finance at PG Bank, and Member of the Board of Directors - CEO of Viet A Commercial Joint Stock Bank.

He joined the HDBank Board of Management on October 2, 2020.

Banking experience: 24 years

Experience at HDBank: 4 years

Education: Master's degree in Economics from the National Economics University, specializing in Economics.



Mr. NGUYEN DANG THANH
Deputy Chief Executive Officer

He has many years of experience and has held various leadership positions in both the Banking and Real Estate sectors. Before joining HDBank, he held management positions at other organizations, including Deputy CEO of Sacombank, Deputy CEO of Techcombank, CEO of VietBank, CEO of Dong Duong Corporation, CEO of Hoa Lam Corporation, and Chairman of the Board of Directors of TTC Land.

He joined the HDBank Board of Management on July 9, 2020.

Banking experience: 24 years

Experience at HDBank: 4 years

Education: Bachelor's degree in Currency Business from the University of Economics Ho Chi Minh City.



Mr. TRAN XUAN HUY
Deputy Chief Executive Officer cum Chief of BOD Office

Mr. Huy has nearly 25 years of experience in the Finance - Banking sector, having served in managerial and senior leadership roles in Board of Managements, Boards of Directors, and strategic advisory positions at financial institutions such as Sacombank, VIB, ABBank, SHB... Mr. Huy has been responsible for leading and driving strategic projects, strengthening the foundation, core capabilities, and competitive advantages of the Bank.

He joined the HDBank Board of Management on October 16, 2023.

Banking experience: 24 years

Experience at HDBank: 8 years

Education: Bachelor's degree in Banking and Finance from the Banking University of Ho Chi Minh City, Bachelor's degree in English from Ho Chi Minh City University of Education.



Mr. PHAM VAN DAU
Chief Financial Officer cum Person in charge of Corporate Governance

He has over 25 years of experience in the Finance - Banking sector. In particular, he has a deep understanding and proficiency in credit, accounting, finance, capital, and planning. He holds a critical role in the bank's financial domain, ensuring the most efficient utilization of capital while developing detailed plans for HDBank's development process.

He assumed the position of Chief Financial Officer at HDBank on September 16, 2009.

He took on the role of Person in charge of Corporate Governance on May 26, 2023.

Banking experience: 25 years

Experience at HDBank: 25 years

Education: Master's degree in Economics.



Mr. HOANG DUC LONG
Director of Treasury Division

He has been associated with HDBank for nearly 25 years and has held various positions in the Capital Sources Department. He has made significant contributions to the management and implementation of capital and currency business activities, achieving strong business efficiency over the years at HDBank, thereby enhancing the bank's image and reputation in the financial market. He plays a key advisory role for the Management Board and the ALCO Council in managing the balance sheet, optimizing capital utilization, liquidity management, expanding currency business, and capital market activities at HDBank.

Banking experience: 23 years

Experience at HDBank: 23 years

Education: Master's degree in Banking and Finance from the University of Economics Ho Chi Minh City.



Mr. HUYNH TRUNG MINH
Director of Bancassurance Division

Mr. Minh has nearly 30 years of experience in the Insurance and Finance sector. Before assuming the position of Director of the Bancassurance Division at HDBank, he worked in various roles including Head of Business Department at Prudential Vietnam Life Insurance Company, Regional Director at ANZ Bank Vietnam, Southern Director at VIB Bank, and Deputy Director of the Retail Banking Division at HDBank.

He took on the role of Director of the Bancassurance Division at HDBank on January 27, 2021.

Banking experience: 16 years

Experience at HDBank: 9 years

Education: Bachelor of Economics from Maritime University, Master of Banking and Finance from the School of Applied Sciences and Arts Northwestern Switzerland.

Mr. TRAN HOAI PHUONG
Director of Corporate Banking Division



He joined HDBank in 2019 and currently serves as the Director of the Enterprise Customer Division and a member of the Board of Management. With nearly 30 years of experience in major international financial institutions such as Standard Chartered, Citi, BNP Paribas, and domestic banks like Techcombank, TPBank, and OCB, where he held positions as Deputy Chief Executive Officer. With over 25 years of experience, he has extensive experience in building solutions and developing relationships with large enterprises, multinational corporations, import-export financing, and supply chain financing platforms.

He assumed the role of Director of the Corporate Banking Division at HDBank on December 31, 2020.

Banking experience: 29 years

Experience at HDBank: 5 years

Education: Bachelor's degree in International Trade from the University of Economics Ho Chi Minh City (1989 - 1994).

Mr. TRAN QUOC ANH
Director of Retail Banking Division



He has nearly 30 years of experience in the banking sector, particularly demonstrating extensive experience and a passion for business in modern Retail Banking. Before joining HDBank, he spent many years at ACB, holding various important positions in the Retail Banking Division such as Product Director, Credit Center Director, Deputy Head of Credit Department at the headquarters...

He took on the role of Director of the Retail Banking Division at HDBank on May 7, 2015.

Banking experience: 29 years

Experience at HDBank: 10 years

Education: Bachelor's degree in Banking from the Banking University of Ho Chi Minh City.

Ms. TRAN THU HUONG
Director of Operations Division



She has over 20 years of banking experience across various fields in Credit Institutions, with over 10 years of dedication to HDBank. She has been entrusted with overseeing the Operations Division with the goal of innovating operational activities towards international standards and efficiency. This involves implementing technology and automation into operations, refining operational processes, and building the operational workforce's capabilities. Additionally, she oversees the transformation of HDBank's customer service personnel to meet the requirements of HDBank's strong development strategy.

She assumed the role of Director of the Operations Division at HDBank on August 28, 2020.

Banking experience: 21 years

Experience at HDBank: 14 years

Education: Bachelor's degree in Banking from the Banking University of Ho Chi Minh City.

Ms. Ho Dang Hoang Quyen
Chief Accountant



With nearly 30 years of experience in the Finance - Accounting field of banking, she is regarded as one of the top experts in this area. She has been dedicated to HDBank for over 24 years, holding positions such as teller, accounting specialist, control officer, branch deputy director, Head of Accounting - Finance Department, and Chief Accountant. These roles have helped her gain a thorough understanding of the bank's operational areas, enabling her to contribute to the establishment of accounting systems and appropriate financial and accounting policies, accurately reflecting the bank's operational situation.

She assumed the role of Chief Accountant at HDBank on July 7, 2011.

Banking experience: 26 years

Experience at HDBank: 26 years

Education: Master's degree in Economics.

CHANGES IN THE BOARD OF MANAGEMENT IN 2023

Time: 26/05/2023

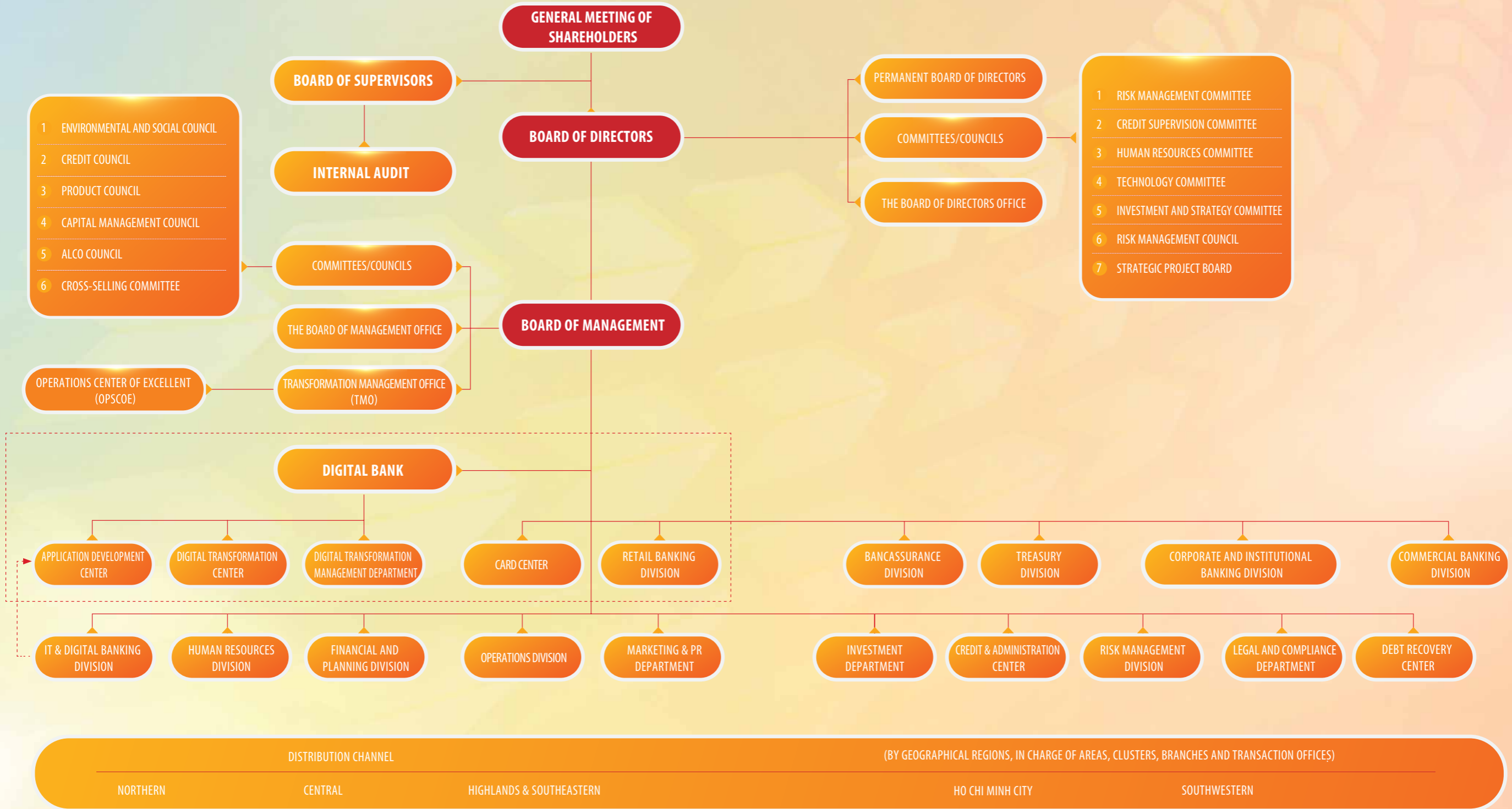
► The Board of Directors of HDBank relieved Mr. Le Thanh Tung from the position of Head of Bank Management Administration, who concurrently serves as Deputy General Director and Head of Leadership Office.

► The Board of Directors of HDBank appointed Mr. Pham Van Dau as Head of Bank Management Administration. He currently serves as Chief Financial Officer.

Time: 16/10/2023

► The Board of Directors of HDBank appointed Mr. Tran Xuan Huy to assume the position of Deputy General Director, concurrently serving as Head of the Board of Directors' Office and Project Director.

ORGANIZATIONAL STRUCTURE OF HDBANK



HIGHLIGHTS IN THE YEAR OF 2023

1 HDBANK CONTINUES TO ACHIEVE HIGH GROWTH AMONG THE LEADERS IN THE INDUSTRY

With a sustainable development strategy and sound risk management, HDBank has overcome instabilities in 2023 to achieve high growth across all indicators, with non-performing loans on the lowest side in the industry. As of December 31, 2023, HDBank's total assets reached over VND 602 trillion, an increase of 44.7% compared to 2022; total capital mobilization reached VND 537 trillion, up 46.5%; Total credit balance reached VND 353 trillion, up 31.8%.

Profit before tax increased by 26.8% to reach VND 13,017 billion - the highest level ever for HDBank. The ROA and ROE indicators reached 2.0% and 24.2% respectively, both higher than the previous year and among the industry leaders. Capital adequacy ratio (CAR, Basel II) reached 12.6%, exceeding the regulatory threshold by 150%.

2 STRONG EXPANSION OF CUSTOMER BASE, ELEVATING PRODUCT AND SERVICE OFFERINGS

In 2023, HDBank attracted over 1 million new customers, raising the total number of customers using banking and consumer finance services to over 17 million, with the B2B2C (Business To Business To Customer) business model playing a crucial role.

HDBank continuously diversifies and enhances the quality of its products and services to best meet customer needs. A notable highlight is the launch of HDBank Priority, a premium customer service with a high-end experience journey, specialized products, numerous conveniences, and exclusive privileges for high-end customer segments. Shortly after its launch, the service received strong acceptance from customers.



For many consecutive years, HDBank has maintained a high growth rate among the industry leaders, recognized by many domestic and international organizations with major awards.



HDBank is one of the pioneering banks to declare the completion of Basel III implementation

3 IMPROVING RISK MANAGEMENT EFFECTIVENESS IN ACCORDANCE WITH BASEL III INTERNATIONAL STANDARDS

Pioneering the application of international standards, in 2023 HDBank completed the comprehensive upgrade from Basel II to Basel III, ready to implement Basel III successfully from 2024, laying the foundation for HDBank to continue achieving high and sustainable growth amid volatile market conditions.

Additionally, HDBank proactively establishes operational safety indices at levels even more prudential than those required by the State Bank, such as the CAR (under Circular 41) reaching 12.6%; the loan-to-deposit ratio (LDR) at 68.7%; the ratio of short-term funds used for medium and long-term loans at 23.3%. Moreover, several management indices meet Basel III requirements well, such as the CAR (Basel III) expected to exceed 11%, higher than the minimum recommended level; the Liquidity Coverage Ratio (LCR) reaching 132.5%; the Net Stable Funding Ratio (NSFR) reaching 128%.

In 2023, HDBank also completed a comprehensive Operational Risk Management Framework along with tools to identify, measure, monitor, and manage operational risks effectively, proactively detecting early warning signs of risks for timely risk management measures, thus strengthening HDBank's management foundation.

4 PARTNERING WITH CUSTOMERS TO DRIVE ECONOMIC GROWTH

Aligned with the directions of the Government and the State Bank of Vietnam, in 2023 HDBank implemented various programs to support businesses and economic recovery. Responding to the calls of the State Bank Governor and the Chairman of the People's Committee of Ho Chi Minh City to support businesses and people, HDBank launched the "30,000 billion VND Credit Package" with preferential interest rates. By the end of 2023, the total loan volume disbursed under such package reached over 10,500 billion VND, supporting more than 1,600 businesses. The bank also actively implemented the interest rate support program under Government Decree 31/2022/ND-CP, with a total supported loan volume of nearly VND 6,300 billion in 2023.

Furthermore, to accompany workers and laborers, HD SAISON - a financial company under HDBank - vigorously implemented a preferential credit package for living expenses worth VND 10,000 billion with interest rates only half that of the market. As of December 31, 2023, over half a million workers nationwide had borrowed preferential loans with a total loan outstanding of nearly VND 8,000 billion.

These programs have helped customers timely meet financial needs for living and production activities.



In September 2023, during US President Joe Biden's visit to Vietnam, HDBank and Fulbright University Vietnam entered into a cooperation agreement involving the provision of USD 20 million in reciprocal capital.



Mr. Tran Hoai Nam - Deputy Chief Executive Officer of HDBank (left) - received an award on behalf of HDBank as the only retail bank in Asia and the Middle East to be recognized in the "Sustainability Initiative of the Year 2023" category by The Asian Banking and Finance.



EXPANDING COLLABORATION WITH LEADING GLOBAL FINANCIAL INSTITUTIONS

International cooperation activities continue to be promoted and yield positive results. In May 2023, HDBank and the International Finance Corporation (IFC) signed a cooperation agreement to expand supply chain financing activities, laying the foundation for upgrading and expanding the value chain financing platform. This is one of HDBank's important projects in the development strategy for the 2021-2025 period, aiming to develop the portfolio of supply chain financing to USD 3 billion.

In 2023, HDBank continued to strengthen connections and cooperation with international financial institutions, contributing to the ever high total trade credit limit for HDBank of approximately USD 3 billion. This was attributed to flourishing collaboration with leading global financial institutions such as IFC, ADB, JP Morgan, CitiBank, Wells Fargo, ICBC, DBS, UOB, MUFG, SMBC, Commerzbank, Shinhan Bank, among others. Additionally, HDBank received positive cooperation and support from IFC, DEG, Proparco, and Leapfrog in upgrading the Environmental and Social Risk Management System (ESMS), bringing HDBank closer to international standards in operations and business.

In September 2023, coinciding with the visit of the U.S. President Joe Biden to Vietnam, HDBank and Fulbright University Vietnam signed a cooperation agreement to provide financing equivalent to \$20 million to build schools and infrastructure, further enhancing teaching quality, developing scientific research, and promoting innovation.



LEADING MARKET CAPITALIZATION GROWTH, ENHANCING SHAREHOLDER BENEFITS

In 2023, HDB stock prices increased by 54.3%, surpassing the banking industry average growth rate by 2.5 times, VN30 index growth rate by 4.3 times, and VNIndex growth rate by 4.45 times. HDBank's market capitalization increased by 46.4% to reach 58.719 trillion VND, ranking among the Top 20 stocks with the largest market capitalization in the VN30 basket. HDB was also among the Top 10 stocks most bought by foreign investors. Last year, HDB was the only bank stock eligible for inclusion in the VNDiamond basket selected by the Ho Chi Minh City Stock Exchange (HoSE).

HDBank continues to be included in the VNSI sustainability index, comprising of 20 companies rated highest by HoSE for sustainable activities. The bank also won two important corporate governance awards: Best Listed Company with Excellent Annual Report and Best Listed Company in Organizing Annual General Meeting of Shareholders.

HDBank has a tradition of regularly paying high dividends. In 2023, the bank continued this tradition by distributing dividends in both stock and cash, with a total dividend payout ratio of 25%, which was among the highest in the market.



EFFECTIVE ESG IMPLEMENTATION

With the strategy of "Sustainable Development - Pioneering Spirit", in 2023, HDBank promoted the implementation of the ESG strategy, effectively integrating sustainable development factors into its operations: promoting green credit, increasing investment in healthcare and education, expanding environmentally-friendly activities, focusing on community development, enhancing diversity, fairness in labor structure, and advancement opportunities.

For Governance, HDBank adheres to regulations and applies best practices in governance, consistently pursuing goals, and building HDBank according to international standards.

For Environmental, HDBank's nationwide offices optimally utilize natural resources, complying with green construction standards. The bank also communicates to employees and customers the common awareness and responsibility in protecting the environment, actively attracting and providing green financing.

For Social, HDBank ensures balanced benefits for its stakeholders: shareholders, partners, customers, employees, and the community.

ESG-driven developments have helped HDBank achieve sustainable business results, making profit growth with little impact on the environment, keeping pace with global development trends. These efforts have been highly appreciated by domestic and international organizations.

Last year, HDBank received 11 awards for sustainable development, including: The Asian Banking and Finance (ABF) awarded HDBank - the only retail bank in Asia and the Middle East in the category "Most Sustainable Development Bank in 2023"; Board of the Year award from the Vietnam Institute of Directors (VIOD); "Best Bank for Sustainable Finance" award from The Asset; "Outstanding Bank for Green Credit, SME Companion Bank" award from IDG...



HARVESTING MANY “SWEET FRUITS” FROM DIGITAL TRANSFORMATION



Mr. Nguyen Van Hao - Deputy Chief Executive Officer of HDBank (on the far left) - representing HDBank, received the Innovation Choice Award, awarded by the National Innovation Center



ENHANCING THE PROUD CULTURAL FOUNDATION

HDBank’s 35-year development journey has always been associated with a professional, humane, and distinctive business culture.

HDBank’s culture is, in a nutshell, about 05 core values: **customer-orientation; integrity and responsibility; consistency and flexibility; professionalism and teamwork; efficiency and innovation.** In 2023, HDBank’s Leadership Board conducted a series of workshops on “Building a Culture Towards High Performance”



HDBank’s leadership received the “Best Companies to Work for in Asia” award by HR Asia

Following the success in the first half of the 2021-2025 digital transformation strategy, HDBank strengthened the implementation of several significant projects in 2023. This strategic direction is closely linked to the capacity for innovation and creativity, thereby developing new products and services on digital platforms, providing superior experiences for customers, and improving the bank’s operational efficiency.

By the end of 2023, the number of new customers acquired through digital channels increased by 58% compared to the same period, surpassing the number of new customers acquired through traditional channels. The number of eBanking accounts increased by 73%, the number of transactions on eBanking increased by 86%, financial transactions on eBanking increased by 132%; the balance of online savings deposits (VND) increased by 449%. The proportion of digital transactions in the total transactions of individual customers increased to 94% from 77% in the same period last year.

HDBank was voted by customers as one of the Top 10 Sustainable Brands for Innovative Innovation at the Better Choice Awards 2023.

nationwide, thereby establishing the HDBank cultural standards based on feedback on these 05 core values.

By the end of 2023, HDBank had around 17,000 employees, with a significant proportion of employees having engagement of 5 years or more. HDBank has also been the only bank for six consecutive years to be voted by HR Asia - the leading human resources magazine in Asia - as “Best Companies to Work for in Asia”.



LAUNCHING HDBANK RURAL APP, SUPPORTING RURAL FARMERS IN LOCAL ECONOMIC DEVELOPMENT

Agriculture and rural areas are among the key focuses in HDBank’s development strategy targeting potential customers who have limited access to banking and financial services. Additionally, this is part of the bank’s efforts to contribute to the implementation of financial inclusion strategy of the banking industry. HDBank has developed and implemented programs, products, and services tailored to the specific characteristics of localities and customer groups.

In addition to the HDBank website localizing 63 provinces and cities, in 2023, HDBank officially launched the HDBank Rural Service - a specialized and superior financial solution integrated with intelligent technology, with the prominent product being the HDBank Rural App. In 2023, HDBank also collaborated with the Agricultural Trade Promotion Center (Agritrade) and TikTok Vietnam to jointly implement the National “One Commune One Product”



(OCOP) program, promoting local agricultural products on digital platforms and e-commerce, guiding people to use cashless payments, creating a strong impression and wide-reaching impact that the market warmly welcomed.



GREEN OBJECTIVES UNWAVERING EFFORTS

02 GENERAL INFORMATION

- 44 Overview
- 45 HDBank's subsidiaries
- 46 Primary business lines, business locations, and provincial network
- 48 History of establishment and development
- 50 Financial growth over the years (2021, 2022, 2023)
- 52 Business environment, opportunities, risks and challenges
- 53 Economic outlook year 2024
- 54 HDBank's risk management
- 58 Strategic development goals in the 2021 - 2025 period
- 59 Goals, directions, and business plan 2024
- 60 HDBank's goals in 2024
- 62 Medium and long-term goals and orientation
- 64 Outstanding milestones and awards



Name in Vietnamese:	NGÂN HÀNG THƯƠNG MẠI CỔ PHẦN PHÁT TRIỂN THÀNH PHỐ HỒ CHÍ MINH
Name in English:	HO CHI MINH CITY DEVELOPMENT JOINT STOCK COMMERCIAL BANK
Abbreviated name:	HDBank
Business Registration Certificate:	No. 0300608092 issued by Ho Chi Minh City Department of Planning and Investment, 1 st registered on August 11, 1992 and 33 rd amended on September 5, 2023
Current charter capital:	VND 29,076 billion
Owner's equity:	VND 46,400 billion
Head Office:	No. 25Bis Nguyen Thi Minh Khai Street, Ben Nghe Ward, District 1, Ho Chi Minh City
Tel:	(84-28) 6291 5916
FAX:	(84-28) 6291 5901
Website:	www.hdbank.com.vn
License of Establishment and Operation	No. 26/GP-NHNN issued by the State Bank of Vietnam dated February 12, 2020 and Decisions amending and supplementing License of Establishment and Operation No. 26/GP-NHNN dated February 12, 2020
Logo:	 <p>HDBank Committed to your best returns</p>
Ticker:	HDB

HD SAISON FINANCE CO., LTD. (HD SAISON)

Address:	History of establishment:
8-9-10 Floor, Gilimex Building, 24C Phan Dang Luu Street, Ward 6, Binh Thanh District, Ho Chi Minh City, Vietnam.	HD SAISON Finance Co., Ltd. ("HD SAISON"), originally known as Société Générale Viet Finance Co., Ltd. ("SGVF") and wholly owned by Société Générale S.A., underwent a change in ownership when Société Générale S.A. transferred its entire equity stake in SGVF to the Ho Chi Minh City Development Joint Stock Commercial Bank ("HDBank"). Subsequently, SGVF was renamed to Ho Chi Minh City Development Joint Stock Commercial Bank Finance Co., Ltd. ("HDFinance").
Charter capital:	Products and services:
VND 2,350 billion	HD SAISON offers consumer loan products, including installment loans for transport vehicles, household appliances, furniture, tuition fees, beauty and dental care, weddings, travel, sports and fitness, as well as cash loans for personal use.
Ownership ratio:	Transaction points as of December 31, 2023:
50%	24,234 transaction points in 63 cities and provinces nationwide.

In addition, the HD SAISON mobile application, available on both popular operating systems, iOS and Android, enables clients to apply for such loans entirely online with just a few taps on their phone screens.

In addition, HD SAISON issues HD SAISON VISA international credit card embedded with contactless payment EMV chip, bringing a new experience to customers with a modern, fast and highly secure payment method.

PRIMARY BUSINESS LINES, BUSINESS LOCATIONS, AND PROVINCIAL NETWORK

HDBank was established and operated under Decision No. 47/QĐ-UB of the People's Committee of Ho Chi Minh City dated February 11, 1989 and License No. 26/GP-NHNN issued by the State Bank of Vietnam dated February 12, 2020 (replacing License No. 00019/NH-GP of the State Bank of Vietnam dated June 6, 1992).

The Bank was established in order to perform all activities allowed for a commercial bank under applicable laws, including: mobilizing and receiving short, medium and long-term deposits from organizations and individuals; offering short, medium and long-term loans to

organizations and individuals based on types and sources of its funds; providing bank guarantees; factoring invoices; issuing credit cards; offering foreign currency transactions; providing foreign exchange services, derivative products in the domestic and international markets, international trade finance support services, discounts of commercial papers, bonds and other valuable papers, and insurance agency services, opening payment accounts; providing payment services, corporate finance consulting services and other banking services permitted by the State Bank of Vietnam.

BUSINESS LOCATIONS

01
Head Office in Ho Chi Minh City

01
Representative Office in Hanoi

01
Representative Office in Myanmar

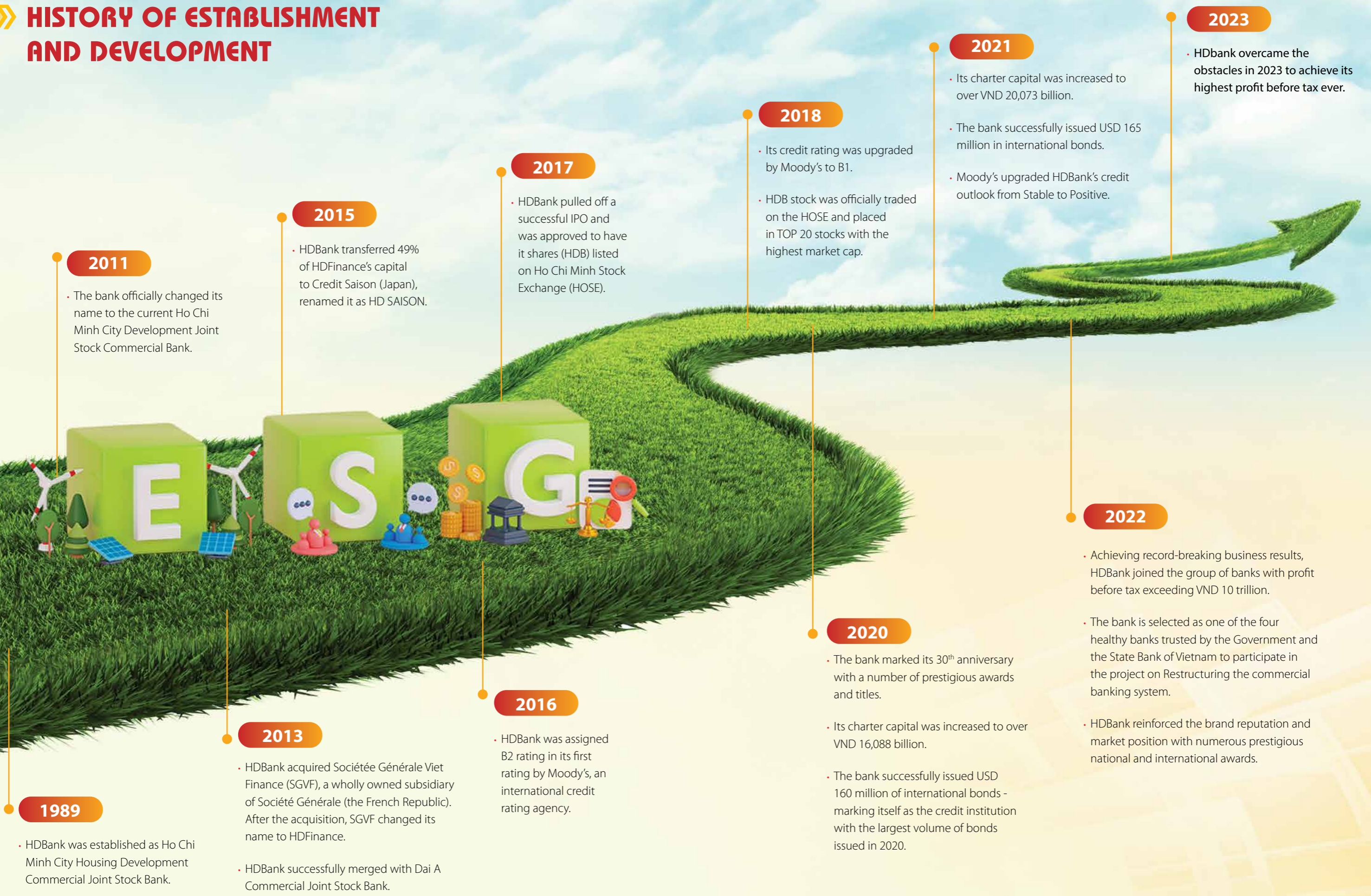
352
branches and transaction offices nationwide.

HDBank's wide domestic operation network enables HDBank and its member units to reach out to customers in all 63 provinces and cities nationwide, providing a wide range of banking and consumer finance products and services to a diverse range of customers.

LOCATIONS	QUANTITY OF BRANCHES AND TRANSACTION OFFICES
Ho Chi Minh City	61 (Head Office included)
Hanoi	56 (Northern Representative Office included)
North	76
Central	40
Southeast - Central Highlands	75
Southwest	46
Myanmar	01 Representative Office



HISTORY OF ESTABLISHMENT AND DEVELOPMENT



1989

- HDBank was established as Ho Chi Minh City Housing Development Commercial Joint Stock Bank.

2011

- The bank officially changed its name to the current Ho Chi Minh City Development Joint Stock Commercial Bank.

2013

- HDBank acquired Société Générale Viet Finance (SGVF), a wholly owned subsidiary of Société Générale (the French Republic). After the acquisition, SGVF changed its name to HDFinance.
- HDBank successfully merged with Dai A Commercial Joint Stock Bank.

2015

- HDBank transferred 49% of HDFinance's capital to Credit Saison (Japan), renamed it as HD SAISON.

2016

- HDBank was assigned B2 rating in its first rating by Moody's, an international credit rating agency.

2017

- HDBank pulled off a successful IPO and was approved to have its shares (HDB) listed on Ho Chi Minh Stock Exchange (HOSE).

2020

- The bank marked its 30th anniversary with a number of prestigious awards and titles.
- Its charter capital was increased to over VND 16,088 billion.
- The bank successfully issued USD 160 million of international bonds - marking itself as the credit institution with the largest volume of bonds issued in 2020.

2018

- Its credit rating was upgraded by Moody's to B1.
- HDB stock was officially traded on the HOSE and placed in TOP 20 stocks with the highest market cap.

2021

- Its charter capital was increased to over VND 20,073 billion.
- The bank successfully issued USD 165 million in international bonds.
- Moody's upgraded HDBank's credit outlook from Stable to Positive.

2022

- Achieving record-breaking business results, HDBank joined the group of banks with profit before tax exceeding VND 10 trillion.
- The bank is selected as one of the four healthy banks trusted by the Government and the State Bank of Vietnam to participate in the project on Restructuring the commercial banking system.
- HDBank reinforced the brand reputation and market position with numerous prestigious national and international awards.

2023

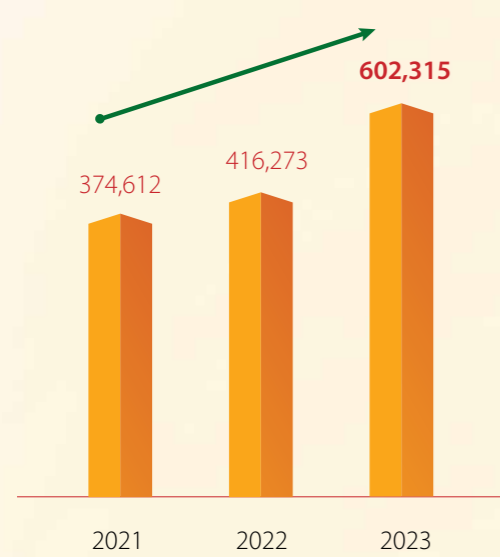
- HDBank overcame the obstacles in 2023 to achieve its highest profit before tax ever.

FINANCIAL GROWTH OVER THE YEARS (2021, 2022, 2023)

Total assets

Unit: VND billion

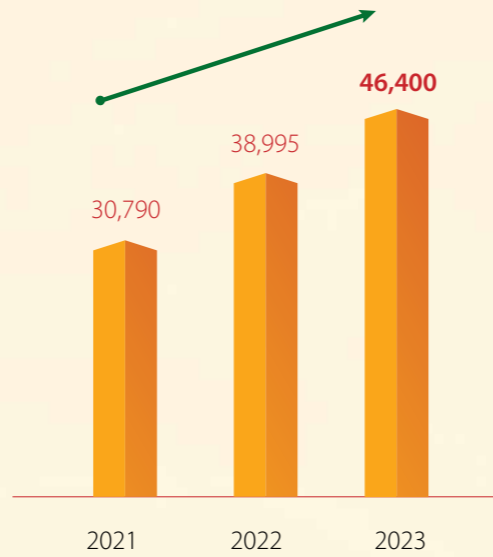
HDBank's total assets reached VND 602,315 billion for the first time, growing by 44.7% compared to 2022 and the latest 10-year CAGR was 21.5%.



Owners' equity

Unit: VND billion

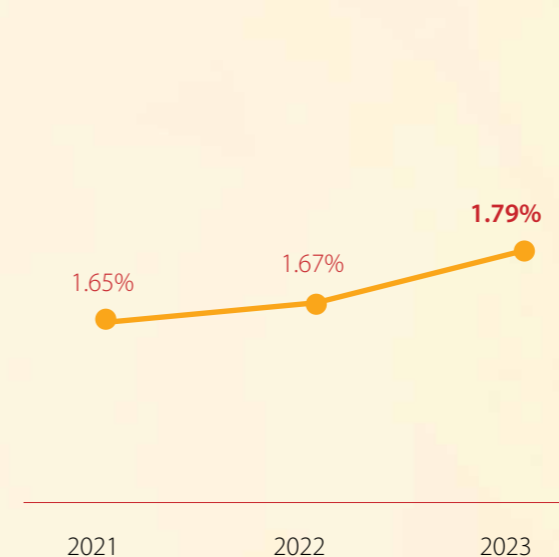
Owners' equity increased by 19.0% compared to 2022, of which charter capital increased by 14.9% and the latest 10-year CAGR was 18.4%.



Non-performing loan ratio

Unit: %

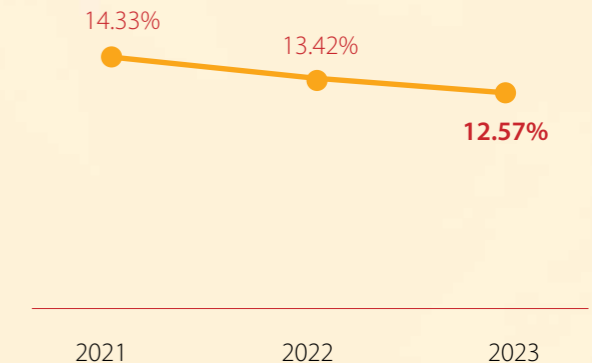
The consolidated NPL ratio is effectively controlled below 2% and HDBank's separate NPL ratio in 2023 was recorded at a low level of 1.51%.



Capital adequacy ratio (CAR) (Basel II)

Unit: %

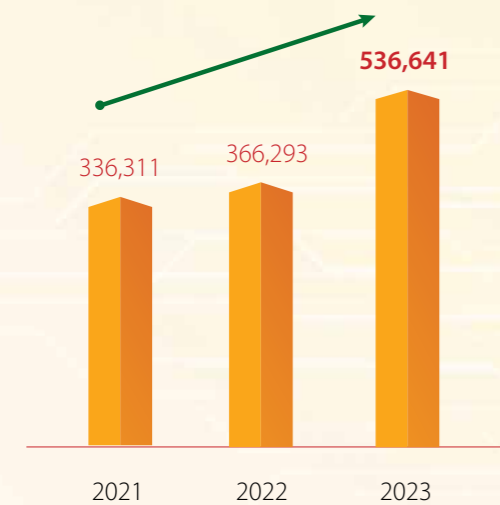
HDBank's CAR (Basel II) is always managed at a high level over to the State Bank's regulatory threshold (8%). Notably, HDBank is also one of the first banks in Vietnam to have completed full implementation of Basel III requirements, affirming HDBank's solid risk management foundation in operations, meeting international standards, enhancing the Bank's reputation and competitiveness in the market.



TOTAL DEPOSITS

Unit: VND billion

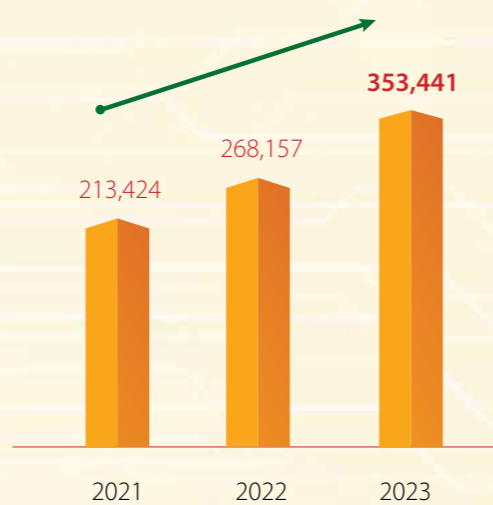
The total deposits increased stably by 46.5% compared to 2022 and the latest 10-year CAGR was 21.5%



TOTAL OUTSTANDING CREDIT

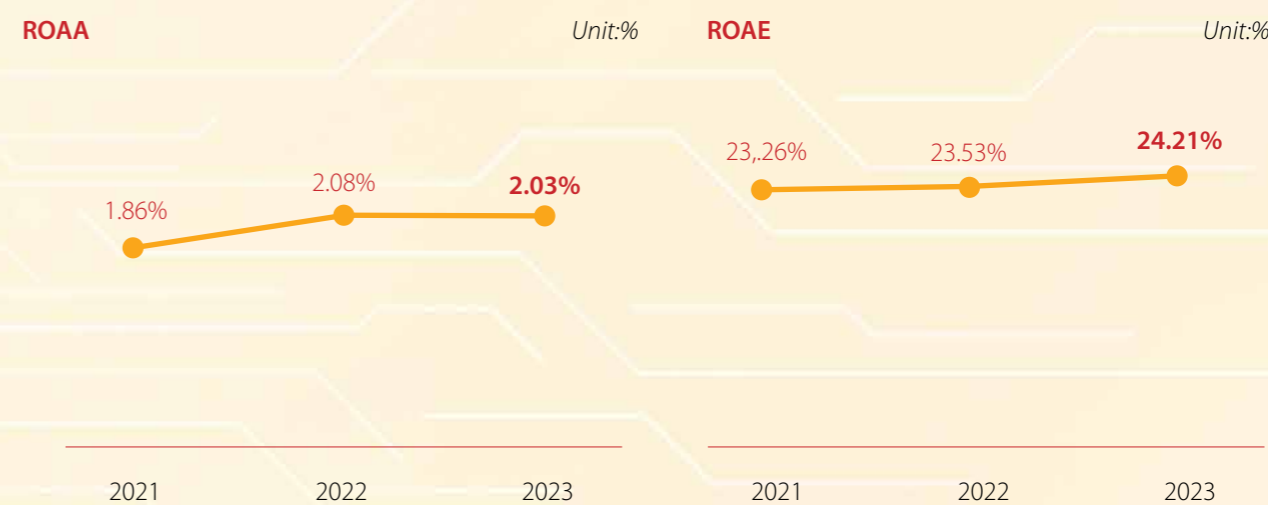
Unit: VND billion

The total outstanding credit increased remarkably by 31.8% compared to 2022 and the latest 10-year CAGR was 21.8%



PROFITABILITY RATIO

The profitability ratio was high and sustainable, enabling HDBank to bring the best benefits to shareholders and remain at the forefront of the industry. The 10-year CAGR for ROAA was 20.6% and 22.8% for ROAE.



»»» BUSINESS ENVIRONMENT, OPPORTUNITIES, RISKS AND CHALLENGES

Under the influence of a tightening cycle of such unprecedented scale and speed to combat inflationary pressures, the global economy in 2023 faced significant growth pressures in an uncertain macroeconomic environment. According to World Bank forecasts, overall global growth is expected to reach merely around 3% in 2023, compared to 3.5% in 2022 and 3.8% in the 2000-2019 period. Inflation is expected to continue improving, averaging 6.9%, but will not return to target levels until 2025 in most economies. Some of the financial market hotspots in 2023 included the banking crisis in a number of major economies, the Federal Reserve's (FED) interest rate plateau at high levels for an extended period, the impact of the real estate sector in China, sluggish economic growth in European countries, and escalating geopolitical risks between Russia and Ukraine, as well as Israel and Hamas, which have significantly slowed down the international trade and investment flows in 2023.

As a highly open economy heavily reliant on exports, imports, and foreign investment, Vietnam faced numerous challenges in 2023, such as weakening consumer demand in key partner economies, and slower foreign direct investment (FDI) growth compared to past years due to heightened risk aversion and business expansion difficulties, which significantly dampened the economy's capital absorption needs. To adapt and overcome these challenges, the Government and the State Bank of Vietnam implemented proactive and flexible monetary

policies in close coordination with fiscal and other policies. These measures ensured the safety and liquidity of the system, contributed to macroeconomic stability, controlled inflation, maintained major economic balances, and created momentum for rapid and sustainable development. In 2023, the average GDP growth reached 5.05%, driven by the service and industrial and construction sectors. Within the 2011-2023 period, the GDP growth rate in 2023 only outperformed the rates of 2.87% and 2.55% recorded in 2020 and 2021, respectively, highlighting the substantial impact of the global interest rate tightening cycle on the Vietnamese economy. Other growth drivers included the Government's strong political determination to accelerate public investment disbursement, the robust recovery of FDI inflows under the influence of the China +1 strategy, and the resurgence of domestic tourism. Inflation in 2023 remained well-controlled, increasing by only around 3.3% compared to the target of 4.5%, primarily due to the downward trend in global oil prices in the latter half of 2023. According to data from the State Bank of Vietnam: The Vietnamese Dong (VND) depreciated by only about 2.2%, while other Asian domestic currencies depreciated by 5-10% compared to the USD. The credit growth rate was around 13.7%, and mobilization increased by around 14% compared to the end of 2022. Interbank market liquidity remained stable and abundant. Efforts are underway to actively address bottlenecks in the corporate capital market and the real estate sector.

»»» ECONOMIC OUTLOOK YEAR 2024

WORLD AND VIETNAM ECONOMIC OUTLOOK 2024

The global fight against inflation is no longer the main focus as most major central banks signal a shift towards monetary policy easing in the second half of 2024, in response to timely signs of a downward trend in consumer price indexes and mounting pressure on economic growth, which is almost on the brink of a recession. In 2024, the World Bank forecasts that global growth will remain subdued, with the lagged effects of the tightening measures implemented in 2023 and the first half of 2024 continuing to weigh on economic activity. The average growth rate is projected to hover around 2.9%, while global inflation is expected to increase by around 5.8% compared to 6.9% in 2023. The coordinated monetary policy easing by Central Banks of major economies is likely to boost aggregate demand for goods, improve market sentiment, and increase capital flows to emerging markets. Large-scale fiscal stimulus packages targeting specific economic sectors in China, and resolute policy support for the domestic real estate market are expected to be the driving force behind the overall global economic growth in 2024.

For Vietnam, the National Assembly has set **an economic growth target of around 6-6.5%** and an inflation target of around 4-4.5% for 2024. Accordingly, the Government and the State Bank of Vietnam are expected to continue implementing proactive and flexible monetary policies in close coordination with fiscal and other policies. These measures are expected to ensure the safety and liquidity of the system, contribute to macroeconomic stability, controlled inflation, maintained major economic balances, and created momentum for rapid and sustainable development. In addition, public investment disbursement is expected to be further accelerated in 2024 through key infrastructure projects, and the strengthening of comprehensive strategic partnerships with major economies such as the United States and China, is expected to significantly improve the overall economic outlook and investment flows into Vietnam.

OPPORTUNITIES AND CHALLENGES

Alongside the economy's opportunities and challenges, the Banking sector continues to face numerous growth prospects in 2024 while also confronting unavoidable risk factors.

Balancing monetary policy to control inflation, ensure sustainable economic growth, maintain financial market stability, and guarantee major economic balances poses one of the most significant challenges for the State Bank of Vietnam and the Banking sector. Despite these challenges, there are numerous opportunities for the Banking sector for sustainable and effective development.

Specifically, the Banking sector has consistently implemented, improved, and ensured compliance with international financial regulations and banking governance standards to adapt to the fluctuations and changes in the global financial market. In addition, banks are heavily investing in upgrading and perfecting the new technology infrastructure, not only to ensure information security but also to implement digital transformation to automate business processes, provide digital banking products and services, enhance service quality, and improve customer convenience and experience.

HDBANK'S RISK MANAGEMENT

RISK MANAGEMENT SYSTEM

RISK MANAGEMENT IN 2023

In 2023, HDBank continued to maintain a good internal control system, with the 3 pillars of Basel II and in compliance with Circular 41 and Circular 13, including: CAR calculation according to Basel (Pillar 1), application of the internal capital adequacy assessment process (ICAAP) (Pillar 2), and transparency of information (Pillar 3). HDBank is aiming to adopt the International Financial Reporting Standard (IFRS 9) in the period 2024-2025 with advice from leading consulting companies in the market.

The prudential ratios of HDBank are always strictly managed within the limits prescribed by the State Bank. The capital adequacy ratio CAR reached 12.6%. The separate non-performing loan ratio reached 1.51%. The ratio of short-term funds used for medium and long-term loans is 22.5%, lower than the prescribed level of 30%. The loan to deposit ratio is 66.2% compared to the maximum limit of 85%.

In addition, HDBank also continued to further improve the internal control system, capital capacity, and risk management capability through the implementation of Basel III (with advice from a leading consulting company), with the direction of becoming one of the banks in Vietnam with a modern, healthy and sustainable risk management system, committed to the highest benefits for its customers.

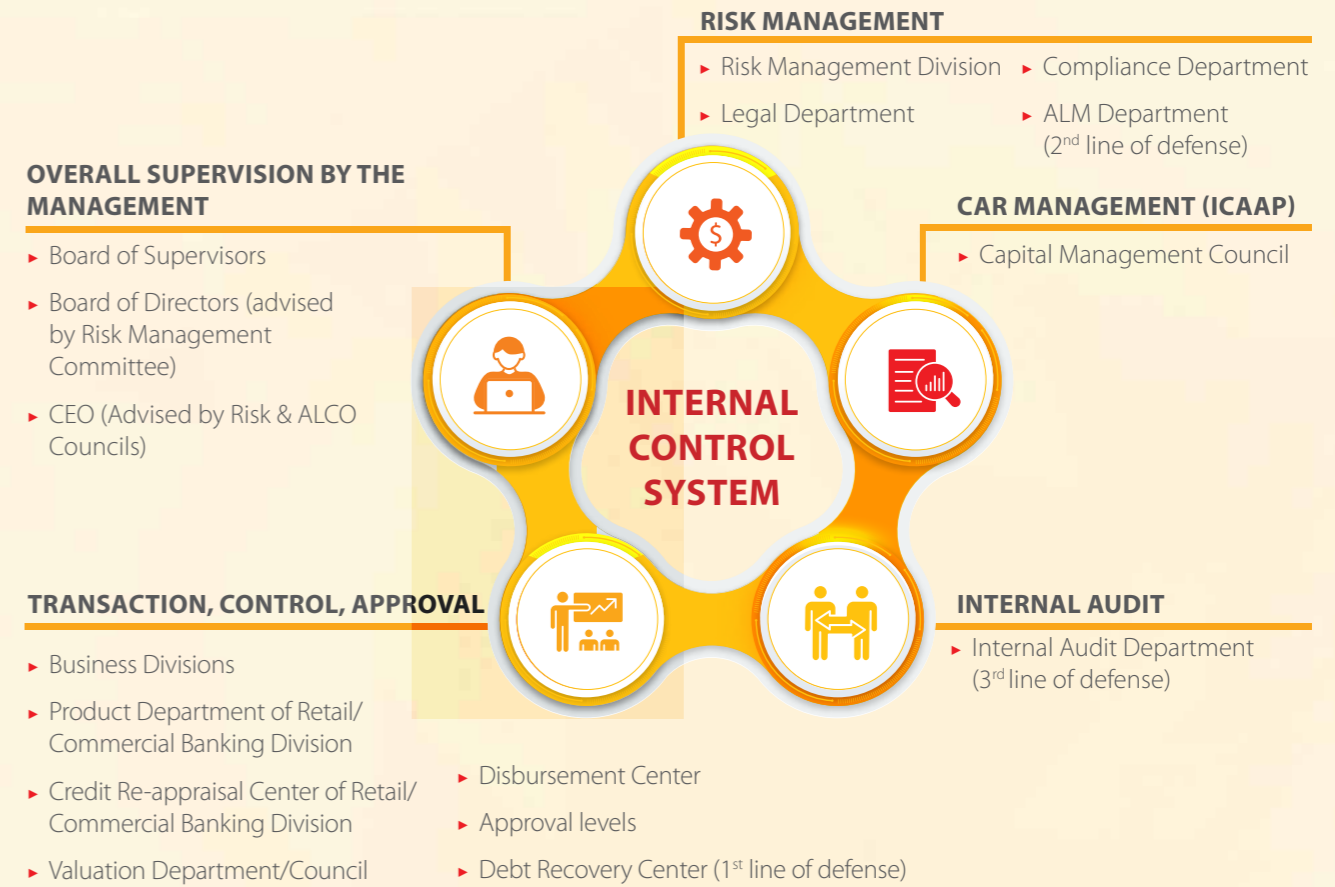
For Operational Risk Management, HDBank has completed a comprehensive Operational Risk Management Framework with advice from a leading consulting company in the market. The system provides tools to effectively identify, measure, monitor and manage operational risks, proactively detect early warning signs of risks to take timely operational risk management measures.

For Environmental and Social Risk Management, in 2023, HDBank has issued Regulations on Environmental, Social, Governance (ESG) and Regulations on Environmental and Social Risk Management in credit granting activities to enhance its sustainable operations in customer service and partner collaboration. This emphasizes HDBank's commitment to respecting human life, creating a positive impact on the environment and complying with laws and international standards. HDBank is also committed to supporting small and medium-sized enterprises (SMEs) through integrating ESG (Environment, Social and Governance) sustainable development goals into overall business development goals. This will contribute to the green transition and sustainable growth of the economy.

In 2023, HDBank continued to organize training courses to improve the knowledge of risk management, update on new regulations and enhance risk management awareness from management to employees.

INTERNAL CONTROL SYSTEM MODEL

HDBank has implemented an Internal Control System in accordance with Circular 13 of the State Bank, and the Basel Standard: applying the three (3) lines of defense and the five (5) key activities in the following model:



SYSTEM OF REGULATIONS, LIMITS, AND PRUDENTIAL RATIOS

- ▶ The system of regulations, limits, and prudential ratios is continuously to be developed and completed by the bank. The system of regulations is organized into three levels: Regulations (issued by the Board of Directors to set general policies and directions), Policies and Guidelines/Products (issued by the Chief Executive Officer and implemented appropriately from time to time), encompassing all activities to standardize operations and ensure safety for the bank.
- ▶ Since 2013, the bank has successfully implemented a quality management system according to ISO 9001:2008, which was successfully upgraded to the latest version in 2018, and the 5S standard (Sort, Set in order, Shine, Standardize, and Sustain).
- ▶ In addition, the bank regularly establishes and adjusts its system of limits related to credit transactions, money market transactions, investments, and prudential ratios related to liquidity, asset and liability management, etc., in accordance with the regulations of the State Bank of Vietnam and in line with HDBank's operations.

CONTROL, MONITORING AND INSPECTION SYSTEM

- ▶ HDBank places special emphasis on its remote control, monitoring, and inspection system as a basis for detecting, warning, and preventing risks before, during, and after transactions.
- ▶ The system applies multiple methods simultaneously: automatically through the IT system, periodically performed by specialized control departments, or immediately on each transaction, in which HDBank has monitored suspect transactions (if any) on-site.
- ▶ Reports on the results of monitoring and actual inspection with specific data, analysis, warnings, and proposals are sent in a timely manner to the Board of Management and the Board of Directors for appropriate and timely processing instructions.

RISK MANAGEMENT ACTIVITIES

CREDIT RISK MANAGEMENT



HDBank has established a strict credit granting system throughout the organization, from headquarters to business units, including all departments at all stages: sales, appraisal, approval, disbursement, and debt collection. The credit granting process is applied independently at the proposal, appraisal/valuation, and approval stages, clearly defining the steps and responsibilities of each involved party.

HDBank has also established strict regulations on credit granting, collaterals, and limits on loan structure by industry, purpose, type of collateral, etc. to mitigate concentrated risks.



HDBank is adopting an internal credit rating system for individuals, enterprises, credit institutions officially approved by the State Bank of Vietnam since 2011, which serves as an important basis during credit granting, debt classification and risk provisioning. This credit rating system is continuously reviewed and perfected by HDBank over the years. Currently, HDBank is developing models for credit rating, Probability of Default (PD), Exposure at Default (EAD) risks, and Loss Given at Default (LGD) parameters that apply artificial intelligence (AI) technology, expected to be implemented in the period 2024 - 2025.



HDBank is continuously perfecting many systems and tools to improve and better control. Highlighted projects in 2023 include the upgrade of the limit management system, centralized approval system at approval centers, disbursement, centralized documentation and notarization management system at credit support management centers, etc.; Loan Origination System (LOS) projects partnering with leading software companies that acquire the ability to handle multi-channel credit granting applications quickly, efficiently, and safely to offer the best loan services for customers, expected to be implemented in the period 2024 - 2025.



The handling of overdue debts continues to be emphasized through regular activities of the Overdue Debt Handling Steering Committee comprising the Board of Directors, the Board of Management and regional representatives, applying effective non-performing loan handling measures while adhering to Government's policies.



Despite the overall challenges posed by the COVID-19 pandemic and the global economic downturn in 2023, HDBank has implemented various solutions in line with the Government's policies and controlled **the separate and consolidated non-performing loan ratio at 1.51% and 1.79%, respectively.**

LIQUIDITY RISK, INTEREST RATE AND MARKET RISK MANAGEMENT

In 2023, HDBank has completed the consulting project to upgrade from Basel II to Basel III. By aiming to meet Basel III standards, the bank achieves a dual benefit: compliance with the State Bank regulations and an upgrade of its risk management framework, particularly in liquidity, interest rates, and market aligning with international practices.

With a focus on digital transformation, the bank continues to deploy Asset and Liability Management (ALM) software and fund transfer pricing (FTP) management system in 2023. This system allows the Bank to manage risks of liquidity, daily interest rate, and balance sheet forecast, enhancing the efficiency of Asset and Liability Management, optimizing profits, while ensuring compliance with regulations and risk limits.

OPERATIONAL RISK MANAGEMENT

In 2023, HDBank completed a consulting project to implement an Operational Risk Management Framework in line with RC2 initiative of Strategy 35-53 according to BCG's advice on building a proactive mechanism of future operational risk management through a Risk and Control Self-Assessment (RCSA) solution, thereby improving the effectiveness of potentially damaging incident prevention. RCSA is considered the **"Heart of Operational Risk Management"**, connecting the bank's three lines of defense with preventive operational risk management to prevent operational breakdowns before incidents arise.

Besides the RCSA solution, the project helps complete other Operational Risk Management solutions, including completing the set of rules and regulations for operational risk management; Regulations on Key Risk Indicators (KRI);

Additionally, monitoring and warning of limits in foreign exchange trading and securities investments are regularly and strictly carried out to ensure compliance with the prudential ratios for liquidity and operations as prescribed in the State Bank regulations.

In response to fluctuations in exchange rates, interest rates, bonds, and so on, in 2023, HDBank conducted a number of stress tests on market risk and liquidity risk, which showed that HDBank still continue to ensure effective and safe operations.

Regulations on Loss Data Collection (LDC); Regulations on Business Continuity Management (BCM); and Regulations on insurance procurement and operational risk management for outsourcing and new products/services. Along with building a methodology, HDBank also focuses on using the right tools for each solution and, most importantly, transferring knowledge through training sessions, seminars, and on-the-job training.

In addition to a strong focus on digital transformation, operational risks are also managed through digital technology projects such as the eKYC solution enhancement, fraud and counterfeiting detection, etc., thereby contributing to minimizing risks in the digital journey for opening payment accounts and credit cards online.

CONCENTRATION RISK MANAGEMENT

HDBank continues to improve concentration risk management in two main operations (in accordance with Circular 13): concentration risk in credit granting and concentration risk in proprietary trading of foreign exchange and bonds, through building and implementing a tightly-controlled risk limit system such as the maximum loan limits for each customer or related customer group, the maximum proportion of lending for each industry/field, and the maximum proportion of proprietary trading for some foreign exchange and bond products, etc.

STRATEGIC DEVELOPMENT GOALS IN THE 2021 - 2025 PERIOD

HDBank's strategic vision and objectives are to become a leading SME, Retail and Consumer Bank and among the top finance and banking group in Vietnam and Southeast Asia, contributing to the development and integration of global financial markets. Specifically:



DIGITAL BANK

Pioneering in information technology, digital banking development and fintech, etc. with diversified quality and convenient financial products and services, thereby becoming the people's bank of choice - the Happy Digital Bank.



CONSUMER FINANCE

Turning HD SAISON into a leading consumer finance company, while improving and harnessing the ecosystem of Finance - Aviation - Retails - Consumers - Energy - Telecoms - Real estates with the aim of serving more than 40 million individual and corporate customers in the economy, bringing the highest benefits to shareholders, partners, customers and employees.



GREEN BANK - SUSTAINABLE DEVELOPMENT

Adhering to a development strategy of sustainability, further promoting Green Bank initiatives, contributing to the growth of a Green Economy for a sustainable society, environment, and future development of Vietnam.

GOALS, DIRECTIONS, AND BUSINESS PLAN 2024

The global situation is forecast to remain complex and unpredictable in 2024, with global economic, trade, and investment growth continuing to slow down.

The Vietnamese economy is facing both fundamental advantages and "double negative impacts" from external disadvantages and internal limitations and inadequacies. Opportunities, favorable conditions, and difficulties and challenges are intertwined, but difficulties and challenges are more prevalent, especially in implementing macroeconomic management solutions to control inflation while also promoting growth.

However, based on the achievements of 2023, many reputable international organizations have highly appreciated the results and prospects of the Vietnamese economy and forecast that Vietnam will recover quickly in the coming period.

In order to create breakthroughs in its operations, in addition to the foundations achieved in 2023, HDBank will persevere with its strategic goals and continue to maintain its growth rate on a digital platform, strongly deploy and complete strategic initiatives, and overcome the common difficulties of the banking industry to soon become one of the leading banks in Vietnam.

2024 BUSINESS PLAN

Unit: VND billion, %

Item	2023 Performance	2024 Target	Growth vs 2023
Total assets	602,315	700,958	16%
Charter capital	29,076	35,101	20.7%
Owners' equity	46,400	56,028	21%
Total Deposits (*)	536,641	624,474	16%
In which: Due to customers + Valuable papers issued	421,716	474,681	13%
Outstanding credit balance (**)	353,441	438,420	24%
Profit before tax	13,017	15,852	22%
Profit after tax	10,336	12,601	22%
ROAE	24.2%	24.6%	2%
ROAA	2.03%	1.93%	
NPL (according to Circular No. 11/2021/TT-NHNN) (***)	1.32%	≤2%	

(*) Total Deposit includes: borrowing from the Government and the State Bank of Vietnam, due to customers, valuable papers issued, entrusted funds, due to and borrowing from credit institutions.

(**) Outstanding credit balance must not exceed the credit growth limit approved by the State Bank of Vietnam.

(***) Non-performing loan ratio is calculated in accordance with Circular No. 11/2021/TT-NHNN.

HDBANK'S GOALS IN 2024



OPERATIONAL EFFICIENCY ASSOCIATED WITH THE 5-YEAR STRATEGY

- ▶ Implement strategic transformation programs that align with development goals for the period 2024 - 2025;
- ▶ The business plan flexibly adapts to market developments and operating policies of the Government and the State Bank, seizing opportunities for breakthrough development while still ensuring asset quality and operational safety;
- ▶ Promote the mobilization of tier 1 and tier 2 capital according to expected capital needs for business strategies in 2024. Consistently implement the CASA action program to strongly improve the CASA ratio and lower funding costs.



CUSTOMERS AND DISTRIBUTION CHANNELS

- ▶ Focus on building and completing journeys as a key strategic transformation program.
- ▶ Focus on developing new customers in parallel with awakening prospect sources through activation programs and the SkyJoy loyalty platform; promote supply chain financing and prioritize connecting and linking platform partners with a wide ecosystem using the approach of Partnership Banking and VCF.
- ▶ Diversify sales channels through the new HDBank App and Website following the E-Commerce mindset; develop customers on applications of affiliate partners with large customer bases; Promote and improve the effectiveness of digital marketing programs; Deploy step by step the KIOSK BANK business model associated with brand promotion.
- ▶ Consolidate and optimize the operating network, continue to increase the scale and operational efficiency of branches/transaction offices, ensuring safe, effective, and sustainable operations. Establish the new CMB centers on schedule. Convert and consolidate Priority Banking and over-the-counter customer service.



PRODUCTS AND SERVICES

- ▶ Combo credit policy to engage customers and sell a complete package of products and services, increasing efficiency;
- ▶ Accelerate comprehensive digital transformation, enhance convenience, experience, and security for customers;
- ▶ Refresh the Banca segment and promote investment banking services for Priority Banking;
- ▶ Integrate products into the application to digitize traditional transactions, bringing products closer to rural agricultural economic regions with convenient and easy-to-use "One Click" automatic features;
- ▶ Develop new features and services based on modern technology platforms to increase customer satisfaction (specifically eCredit, EasyLoan, VCF platform, etc.);
- ▶ Officially launching Vikki digital bank to customers;
- ▶ Promote the implementation of OneCredit and OnePayroll for credit and OneClick (for services) as HDBank brand product lines.



CULTURE AND BRAND

- ▶ Implement cultural journeys. Strengthen the core values of HDBank culture;
- ▶ Strengthen discipline, awareness of compliance and risk control in operations and a culture of creative learning, improving, and specifying the responsibilities of leaders;
- ▶ Build a corporate culture of "Execution" with high commitment and exclusive rewards, emphasizing results;
- ▶ Promote an open, friendly, cohesive, and supportive working environment among all levels, receive sincere and constructive criticism to promote collective intelligence. Ensure that corporate culture comes to life and becomes a typical behavioral culture;
- ▶ Enhance HDBank brand recognition at business units, including Kiosk Banks, becoming a bank with brand recognition and brand health among the top joint stock commercial banks.



HDB STOCKS

- ▶ Enhance market capitalization value and position of HDBank in the stock market.
 - Aim to maintain a resilient market capitalization value, outperforming the average of the banking industry and the VN30 basket, and increasing its ranking compared to 2023, with a target growth of 35%.
 - Remain a component of the VN30, VNDiamond, and VNSI indices and aims to win major awards for listed companies.
- ▶ Investor relations and securities market activities
 - Increase the attraction of domestic investors.
 - Establish direct and effective communication with international investors.
 - Thoroughly prepare for the strategic investor selection plan.



IMPLEMENT SUSTAINABLE DEVELOPMENT STRATEGIES, SUSTAINABLE FINANCE, ENVIRONMENT - SOCIETY - GOVERNANCE (ESG) PRACTICES

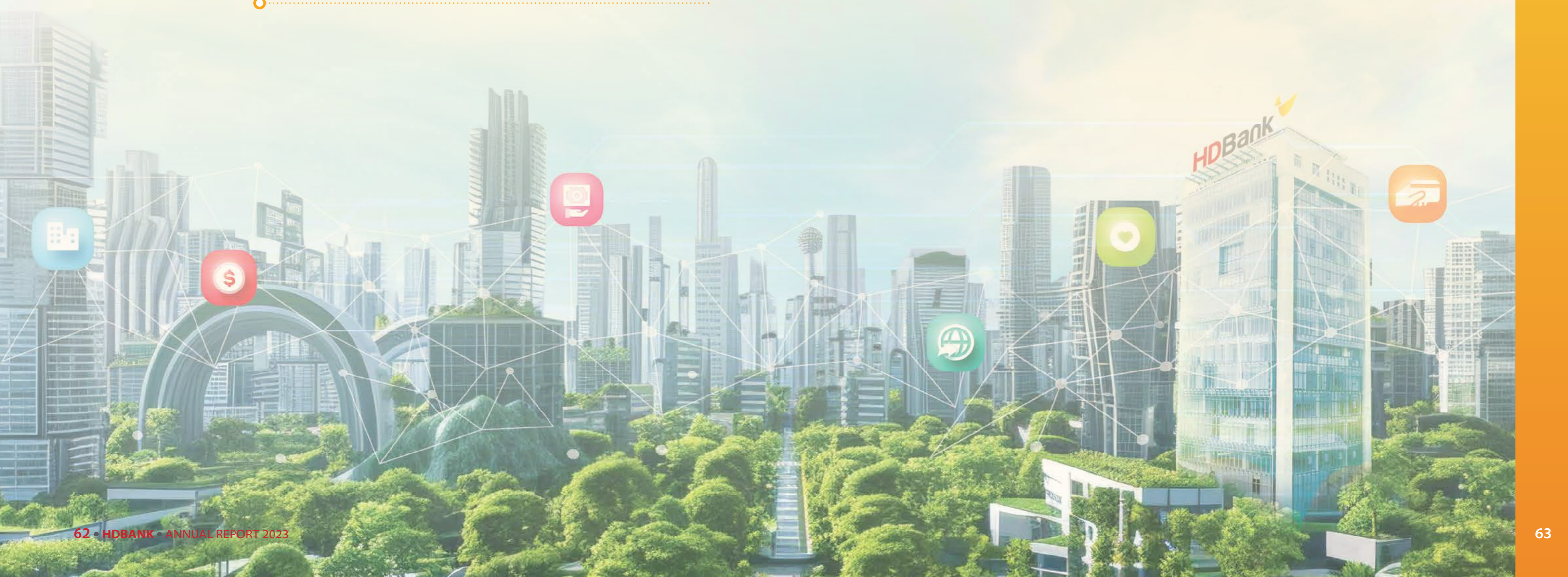
- ▶ Build and manage a bankwide ESG strategy; Report and disclose ESG information;
- ▶ ESG risk management: enhance internal training and control ESG risks in operations and business activities;
- ▶ Continue to upgrade the green credit framework and develop sustainable financial products;
- ▶ Promote and expand cooperation with international organizations, financial institutions, and domestic ministries and agencies to promote green credit, sustainable finance, etc. towards the goal of a net zero bank.

MEDIUM AND LONG-TERM GOALS AND ORIENTATION

In 2023, HDBank entered the third year of its 5-year strategy (2021-2025) aiming to become the leading profitable bank by 2025. The bank is also working to establish Happy Digital Bank as a national brand and achieve international recognition. HDBank's strategies focus on the following main goals:

-  Further promoting and developing the SME and retail segments.
-  Diversifying the banking, insurance, and investment product portfolio in combination with cross-selling and harnessing potential customer chains to attract more customers to the ecosystem.
-  Developing products and services catering to the industry-specific needs and value chain potentials, amplifying the strengths and scaling the models in rural and agricultural markets.

-  Implementing end-to-end digitalization of the customer journey, business, and sales activities, automating operational processes, developing local online banking and financial services, and developing the website into an online sales channel.
-  Repositioning HDBank's brand to become Happy Digital Bank.
-  Reorganizing the distribution channel network and opening new transaction points in potential markets to improve scale and increase profits.
-  Developing human resources with excellent digital expertise, digital knowledge, and information technology capabilities, and the ability to adapt and master technological advances in the digital era.



OUTSTANDING MILESTONES AND AWARDS



The Prime Minister's Certificate of Merit for Outstanding Achievements in the Prevention and Control of the Covid-19 Pandemic; contributing to building socialism and defending the country

Emulation Flag from the State Bank of Vietnam due to its remarkable achievements, leading in the emulation movement of the Banking industry



Excellent Brands of Outstanding Business Performance - Vietnamese Excellent Brands 2023 (VnEconomy & Vietnam Economic Times)



Best Retail Bank Vietnam 2023 - International Business Magazine



Leading Partner Bank in Vietnam - Trade and Supply Chain Finance Program (ADB)



Top 50 Vietnam The Best 2023 - Vietnamnet & VNReport



Top 50 Vietnam Best Growth 2023 - Vietnamnet & VNReport



The Most Innovative Digital Banking in Vietnam 2023 - The Global Economics



Innovation and Digital Transformation Award - ASEAN Business Awards 2023 (ABA)



Best Online Banking Experience Brand - Global Brand Awards



Fastest Growing Digital Bank Vietnam 2023 - International Business Magazine



Prominent technology and digital transformation products - Vietnam Wealth Advisor Summit 2023 (VWAS 2023)



Governance Awards



Top 10 Best Annual Reports 2023 - Vietnam Listed Company Awards (VLCA 2023)



Board of the Year Award - Annual Forum on Corporate Governance in Hanoi, Vietnam Institute of Board of Directors (VIOD)



Annual Report of the Year in Vietnam - MerComm Inc in the US (ARC 2023)



Listed Enterprise Organizing the Best Annual General Meeting of Shareholders 2023 - Vietnam Listed Company Awards (VLCA 2023)



Winner for 6 consecutive years of "Best Companies To Work For In Asia" Award - HR Asia Awards



Top 100 Sustainable Businesses in Trade - Services in Vietnam 2023 (CSI100 2023)



Outstanding Bank for Green Credit - Outstanding Financial - Banking Products & Services Award 2023 (IDG 2023)



Sustainability Initiative of the Year - Asian Banking & Finance Award 2023 (BFA)



"Gender Equality Star" in the Top 50 Corporate Sustainability Awards 2023 (CSA 50) - Nhip Cau Dau Tu Magazine



Best Bank for Sustainable Development Vietnam - Global Banking and Finance Review Awards 2023



Top 10 Sustainable Brands Through Innovation 2023 - Better Choice Awards



GREEN CREDIT GROWING TOGETHER

03 BUSINESS RESULTS IN 2023

- 70 Overview of business results in 2023
- 74 HDBank's market positioning
- 80 2023 division business performance report
- 98 2023 subsidiary operation reports



OVERVIEW OF BUSINESS RESULTS IN 2023



The year 2023 ended in tough economic conditions, with challenges and difficulties outweighing opportunities and advantages. In spite of this, HDBank still observed sustainable growth and development according to the Bank's strategic goals, continuing to affirm its position and reputation.

THE BANK'S TOTAL ASSETS REACHED

VND **602,315** billion

▲ of 45% compared to 2022, achieving 116% of the plan

- ▶ **The Bank's total assets reached VND 602,315 billion**, an increase of 45% compared to 2022, achieving 116% of the plan, continuing a decade of high and sustainable growth.
- ▶ **Owner's equity reached VND 46,400 billion.** In particular, charter capital increased from VND 25,303 billion to VND 29,076 billion through the issuance of shares to pay the 2022 dividend (a payout ratio of 15%).
- ▶ **Total outstanding credit balance reached VND 353,441 billion**, an increase of 32% compared to 2022, achieving 106% of the plan and in line with the credit growth target set out by the State Bank of Vietnam. HDBank's credit growth in 2023 is higher than the sector average, directed towards prioritized sectors and fields, serving as a driving force for economic development.
- ▶ **Total deposits reached VND 536,641 billion**, an increase of 47% compared to 2022, achieving 117% of the plan, in which mobilization from economic organizations and individuals reached VND 421,716 billion, an increase of 62% YOY, achieving 128% of the plan affirming HDBank's prestige, market position, and customer trust.

HDBANK'S PROFIT BEFORE TAX WAS

VND **13,017** billion

▲ 27% compared to 2022

- ▶ **HDBank's profit before tax was VND 13,017 billion**, an increase of 27% compared to 2022. In which, net interest income reached VND 22,184 billion, an increase of 23% compared to 2022 while Net Interest Margin (NIM) decreased slightly from 5.16% to 5.13%. Non-interest income reached VND 4,230 billion. Credit cost and operational cost were controlled reasonably in compliance with regulations.
- ▶ **The return on average asset (ROAA) and return on average equity (ROAE) were 2.03% and 24.2%, respectively**, placing HDBank among top banks in terms of profitability.
- ▶ **Capital adequacy ratio (CAR, Basel II) was 12.6%**, higher than the SBV's minimum threshold of 8%.
- ▶ **Customer base reached 17 million**, with the number of customers transacting on e-banking channels increasing by 86% compared to 2022. Digital banking products and services are well-received by the market.



HDBank, together with other commercial banks, actively supported economic recovery by launching various enabling programs and solutions to help customers overcome challenges.

- ▶ HDBank launched a preferential credit package of VND 5,000 billion with attractive interest rates of only 7.5% - 8.0%/year to support businesses before the year-end peak production season.
- ▶ HDBank implemented the interest rate support program following Decree No.31/2022/ND-CP of the Government, with the HDBank's total interest rate equivalent amount reaching over VND 6,000 billion.
- ▶ Other programs included the credit package "Sharing for doing business with confidence" totaling VND 40,000 billion with lending interest rate reduced by 2%/year; the Swift SME credit package of VND 20,000 billion under the program "Timely capital - Enable business"; the VND 30,000-billion credit package "Unlocking capital sources for your development" which reduced interest rates by 1.5-2%/year compared to the announced interest rates; and preferential credit package for women-led enterprises.
- ▶ In addition, from the second quarter of 2023, HDBank committed to reducing costs, dedicating a budget to support interest rate reduction of 0.5-2.5%/year for existing customers.
- ▶ HDBank launched the program "New loans, happy life with 0% interest rate" totaling up to VND 10,000 billion with 0% interest rate for the first month, targeting new borrowers/existing customers applying for loans, retail customers, payroll corporate customers, and SMEs.

Key performance indicators

(Unit: VND billion, %)

INDICATORS	2021	2022	2023
1. Capital			
▶ Charter capital	20,073	25,303	29,076
▶ Total assets	374,612	416,273	602,315
▶ Capital Adequacy Ratio (CAR)	14.3%	13.4%	12.6%
2. Business Results			
▶ Total deposits (separate)	2,505,144	3,442,169	4,071,397
▶ Total credit (separate)	236,467	281,843	343,919
▶ Loan collection (separate)	210,725	224,660	263,619
▶ Overdue loan	8,698	11,791	17,930
▶ Non-performing loan	3,360	4,404	6,140
▶ Overdue guarantees/total outstanding guarantees balance ratio	0.01%	0.02%	0.04%
▶ Overdue loan/ total credit	4.28%	4.47%	5.22%
▶ Non-performing loan / total credit	1.65%	1.67%	1.79%
3. Liquidity Ratio			
▶ Current ratio	14.0%	15.2%	22.47%
▶ Overall liquidity ratio	74.32%	61.4%	87.14%

ACTUALS VS. PLAN

HDBank achieved encouraging business results in 2023, meeting or even exceeding the set targets.

(Unit: VND billion, %)

Items (Consolidated)	31/12/2022	31/12/2023	The 2023 plan approved by the General Meeting of Shareholders	% Actual vs Plan 2023
Total assets	416,273	602,315	520,024	116%
Charter capital	25,303	29,076	29,276	99%
Owner's equity	38,995	46,400	47,300	98%
Total deposits(*)	366,293	536,641	459,398	117%
In which: Customer deposits and valuable papers	259,959	421,716	330,459	128%
Total credit	268,157	353,441	333,553	106%
Non-performing loans(**)	1.67%	1.79%	≤ 2%	Pass
Profit before tax	10,268	13,017	13,197	99%
Profit after tax	8,209	10,336	10,558	98%
ROE after tax	23.5%	24.2%	24.5%	99%
ROA after tax	2.08%	2.03%	2.3%	90%

(Source: FY2022 and FY2023 Audited consolidated financial statements)

(*) Total deposits include borrowings from the Government and the State Bank of Vietnam, customer deposits, valuable papers, trusted investment funds, deposit and lending from credit institutions.

(**) Non-performing loan ratio is calculated against loans to customer.

PROJECT INVESTMENT AND IMPLEMENTATION

Apart from existing multi-year capital contributions to HD SAISON, in 2023, HDBank made no new financial investments. Investments in strategic projects are included in the annual income and expense plan. The new headquarter construction project in Hi-Tech Park - Thu Duc City has been gradually put into use since 2023. This project uses modern, energy-efficient and environmentally friendly equipment in accordance with international standards and the smart building model. The new headquarter is intended to be a hub to connect major domestic and international businesses and technology giants with the aim of developing modern multi-feature technology solutions for the banking and finance industry and others.

HDBANK'S MARKET POSITIONING



Through 34 years of unwavering brand building and 10 years of innovation (2013-2023), HDBank has established its remarkable position as a leader in retail, SME, and consumer banking by having exceptional growth, low non-performing loans, and high efficiency among the industry's top performers.

TOTAL ASSETS INCREASED TEN FOLDS, PIONEER IN BASEL III IMPLEMENTATION



As of December 31, 2023, for the first time, HDBank's total assets exceeded VND 602,315 billion, 7 times higher than that at the end of 2013, with a compound annual growth rate of 21.5% in the decade of innovation. Profits continued to set a new record of over VND 13,017 billion, increasing 26.8% year-on-year and 54 times higher than 2013 profits. The return on equity (ROE) of 24.2% and ROA of over 2% placing HDBank among the banks with the highest efficiency. At the same time, the capital adequacy ratio (CAR) reached 12.6%, while the standalone and consolidated non-performing loan ratios remain low at 1.5% and 1.8%, respectively, placing HDBank among the top performers in terms of capital adequacy and asset quality.

In July 2023, HDBank completed the comprehensive upgrade of Basel II to Basel III Reforms in all indicators. With the application of Basel III Reforms, HDBank aims to improve its financial capacity by applying a higher CAR than the minimum ratio required in Basel II, the Internal Capital Adequacy Assessment Process (ICAAP), and the Leverage Ratio, improve liquidity by applying LCR, NSFR, and improve the Internal Control System.



This critical step continues to affirm HDBank's robust risk management foundation in operations, meeting international standards, enhancing reputation and competitiveness in the market.



Mr. Nguyen Van Hao - Deputy Chief Executive Officer of HDBank (on the far right) - representing HDBank, signed a cooperation agreement with the Trade Promotion Center for Agriculture and TikTok Vietnam to jointly implement the "One Commune, One Product" (OCOP) National Program

PROMOTE AGRICULTURAL AND RURAL DEVELOPMENT

Bringing modern financial and banking products and services to customers in tier 2 cities and rural areas has been a key strategic focus of HDBank for many years, in line with its sustainable development strategy. The first step in this strategy was taken in 2013 with the successful merger of Dai A Commercial Joint Stock Bank, expanding the branch network and customer base in Southeast, Southwest, Central and Central Highlands regions, while also enhancing financial capacity and product and service delivery capabilities. Also in 2013, HDBank acquired 100% of consumer finance company Societe Generale Viet Finance, a subsidiary of Societe Generale (France), to expand its customer base to low-income and credit-constrained individuals in tier 2 cities and rural areas across the country.

Over the past decade, HDBank has gradually affirmed its position as a leading bank in the region through a strong increase in the number of customers, branch network, and the scale of outstanding loans for agriculture and rural areas. Currently, over 60% of HDBank's branches and transaction offices are located in tier 2 cities and rural areas. More than 2.3 million customers out of the parent bank's total of 4.3 million customers come from this region. The total outstanding loans of customers in rural and tier 2 areas in recent years have consistently contributed 50%-55% of the total outstanding loans of the whole bank with a non-performing loan (NPL) ratio lower than the general level, in which outstanding loans for the agriculture, forestry, and fishery sectors reached more than 7 times by the end of 2023 compared to 2013, growing faster than other industries.

HDBank is a pioneer in deploying comprehensive value chain financing, from farmers to agricultural product purchasing and processing enterprises to exporters. In addition to providing products and services, HDBank also

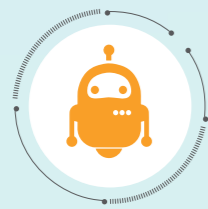
cooperates with local authorities and partners to implement many programs to provide knowledge about financial and banking products and services, support farmers in getting acquainted with and applying e-commerce to promote and sell products on online platforms. At HD SAISON, the scale of total assets and outstanding loans has grown continuously, reaching more than 10 times over the past 10 years, the scale of outstanding loans in rural areas has also increased correspondingly, with an NPL ratio lower than the industry. The company's operations not only contribute to HDBank's overall business results but also help millions of people access credit, avoid the black credit trap, and contribute to improving their quality of life.

Embracing the digital transformation wave, HDBank emerged as a pioneer in 2023 by launching the HDBank Nông thôn - HDBank Rural Banking Mobile App specifically tailored for customers in rural areas. The application features a comprehensive suite of products and services, designed with simplicity and convenience in mind to cater to the unique needs of rural communities.

HDBank Nông thôn streamlines the loan application process and provides valuable support for local businesses and investment initiatives. Additionally, the service offers financial education programs, tailored advisory services, and assistance in managing personal and business finances. Within a short period since its launch, the application has garnered a substantial user base, attracting tens of thousands of partners and customers.

Moving forward, developing the agricultural and rural sector remains a central focus of HDBank's sustainable growth strategy. The bank is committed to delivering long-term value and positive impact to its customers, partners, shareholders, and the broader community.

PIONEER IN DIGITAL TRANSFORMATION, ENABLING EXPONENTIAL GROWTH



HDBank is one of the pioneering banks in robotic operational automation, covering human resources and customer support, for optimized processes and reduced operating expenses. Over the past year, both Retail and Corporate customer journeys of HDBank were digitalized, covering various steps including account opening, credit card and term deposit account opening, online FX trading, and letter of credit issuance to shorten transaction time and improve customer experience.



HDBank is the first bank in Vietnam to cooperate with AWS - the global leading cloud computing service provider, a member of Amazon.com, to launch Amazon Elastic Kubernetes service to facilitate a comprehensive digital transformation.



In addition, HDBank is also the first adopter of Swift Go in Vietnam which is an important step forward for HDBank in international payment. This effort has been well recognized by international financial institutions via a series of prestigious awards.



The enhanced investment in a series of key digital transformation projects as well as agriculture and rural development from the previous years justifies HDBank's high cost-to-income ratio (CIR), which is even higher than that of other commercial banks. HDBank's 2023 digital transformation strategy has seen early achievements, achieving exponential growth in various aspects.

NUMBER OF CUSTOMERS TRANSACTING ON E-BANKING CHANNELS INCREASED

▲ 86% YOY

NUMBER OF FINANCIAL TRANSACTIONS ON E-BANKING CHANNELS INCREASED

▲ 132% YOY

PERCENTAGE OF CUSTOMER TRANSACTIONS CONDUCTED THROUGH DIGITAL CHANNELS

▲ 93%
total customer transaction

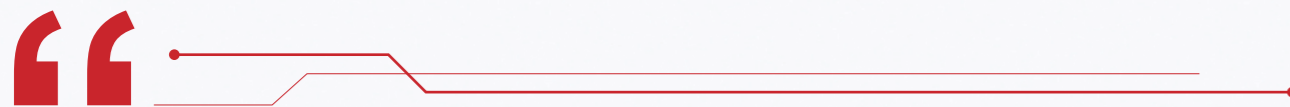
NUMBER OF NEW CUSTOMER REGISTRATIONS ON DIGITAL CHANNELS IN 2023 INCREASED

▲ 125% YOY

SOCIAL RESPONSIBILITIES INITIATIVES



Mdm. Nguyen Thi Phuong Thao - Permanent Vice Chairwoman of HDBank and a delegation of employees visited and presented gifts to SOS Children's Village Nha Trang



Along with vibrant business activities, HDBank proactively took on its social responsibilities, implementing programs on inclusive financial goals, contributing to promoting business growth.



In 2023, HDBank expanded its branch network by opening 15 additional branch offices, bringing the total number to nearly 360. This expansion has created employment opportunities for local residents and has facilitated easier access to credit and modern banking services for them.

Demonstrating its commitment to community development, HDBank prioritized social responsibility in 2023 by allocating tens of billions of VND to initiatives that improve the lives of local residents. These initiatives included contributing to infrastructure development through building charity houses, rural bridges, and restoring historical sites; advancing education through scholarships, school upgrades and construction, and

donations to SOS children's villages; and improving healthcare by providing health insurance cards, funding eye surgeries, and assisting with the purchase of dialysis machines. By expanding its branch network while strategically investing in social responsibility programs, HDBank has made a positive impact on the communities it serves.

The year 2023 marked the 7th year of companionship between HDBank and the Vietnam Futsal Tournament. Along with the success of HDBank International Chess Tournament for almost a decade from 2011, the achievements of the Futsal Tournament over the past 7 years have contributed to bringing Vietnam closer to the international community, creating a bridge for better understanding about Vietnam through chess and football, which connect all races and nations.

These Futsal Tournaments have been of great help to Vietnam national teams, especially during the generation transition, by giving great opportunities for potential young players to compete and learn. The HDBank National Futsal Championship and Vietnamese National Futsal Cup will play a very important role in earning our National Team a ticket to the FIFA Futsal World Cup.

In the previous period, HDBank coordinated with FPT Corporation to contribute and join hands with the Ministry of Finance to handle network congestion on Hochiminh Stock Exchange (HOSE). As a result, after 3 months, the system developed by the two corporations was handed over and put into operation smoothly and safely on July 5, 2021, with a processing capacity 3-5 times greater than the legacy system. With this huge capacity (3-5 million orders/day), the new trading system will fulfill the demand of HoSE and the market for at least the next 3-5 years. At the same time, HOSE can completely master technology for future scale up.

40 prestigious titles and awards are the well-deserved recognition for HDBank in 2023 - a year full of uncertainties for both domestic and international economies. One among these recognitions is the Certificate of Merit by the People's Committee of Ho Chi Minh City for the Bank's outstanding achievements in contribution to the State Budget, marking 5 consecutive years HDBank has ensured full compliance to tax regulations and made great contributions to the State Budget.

In 2024, the Bank will continue to follow the 2021-2025 strategy, realizing the goal of making HDBank a bank for every family, prioritizing green supply chains and agricultural - rural development.



2023 is the 7th year HDBank accompanies the HDBank National Futsal Cup

2023 DIVISION BUSINESS PERFORMANCE REPORT

RETAIL BANKING DIVISION

Individual customer acquisition emerged as one of the areas with the highest breakout growth, experiencing a 90% YOY increase and surpassing the initial plan by 144%.

NEW INDIVIDUAL CUSTOMERS

900,000 customers

In 2023, the Retail Banking Division achieved outstanding results, exceeding its set targets for the year. Through a robust digital transformation journey, the Division acquired over 900,000 new individual customers (90% of whom have activated eBanking services). Customer acquisition through digital channels also grew at a rapid pace, driven by competitive offerings along with convenient and user-friendly features.

Individual customer acquisition emerged as one of the areas with the highest breakout growth, experiencing a 90% YOY increase and surpassing the initial plan by 144%.

With the goal of becoming a leader in both retail banking and digital transformation, the Retail Banking Division focused on developing applications and pilot business software in 2023 to propel the Bank forward in 2024. These include:

INDIVIDUAL CUSTOMER ACQUISITION

90%
YOY increase and surpassing the initial plan by 144%.

- ▶ Developing the Mobio application to manage and centralize sales forces.
- ▶ Implementing the RLOS software to digitally transform the retail model by facilitating a fully digitalized lending process.
- ▶ Rural Bank Project to expand access to HDBank products for people in rural areas.
- ▶ Payroll Project for salary payments through HDBank to promote CASA growth.
- ▶ Improvements to incentive programs tailored to different business stages to tap into customer relationship depth and maximize investment cost efficiency.
- ▶ Building a customer ecosystem through partnerships: facilitate technology integration and comprehensive collaboration with partners boasting large customer bases (domestic conglomerates, foreign corporations, and major universities, etc.).



THE RETAIL BANKING DIVISION ACHIEVED SIGNIFICANT ACCOMPLISHMENTS IN 2023, NAMELY

Standing out as the only Vietnamese bank to receive the “Digital Innovation” Award from the ASEAN Business Advisory Council in recognition of its innovations and digital transformation adoption in product development and operations.

Promoting the implementation of eKYC and offering leading technological solutions for customer identification and information security (OCR, Facematch, Liveness Detection, and NFC).

Successfully introducing cashless payment methods to customers, including Virtual Accounts and (dynamic or static) QR Codes for receiving transfers and making payments through QR code generation and scanning as well as enabling POS transactions and online (e-commerce) payment gateways

Increasingly improved “All in App” digital banking services with more than 100 features and 200 service providers, with the goal of localizing online business activities with dedicated websites for all 63 provinces and cities across the country...



2024 ACTION PLAN DIRECTION

The key focuses of the Retail Banking Division in 2024 will be on:

► Robust digital transformation strategy:

- Driving further product and service development through the Digital Banking application with in-app products to digitize traditional banking transactions,
- Introducing the “Rural HDBank” application with convenient and user-friendly “One Click” automation features to extend product coverage closer to agricultural and rural economic areas.

► Developing attractive products:

- Revamping customer journeys to improve and provide the most suitable products and services to each customer segment with attractive and timely incentives.
- Leveraging social media and e-commerce platforms to maintain and expand the Zero-fee policy for enhancing competitiveness and attracting new capital mobilization opportunities.
- Promoting credit products through packages specifically tailored to each customer segment and even the most demanding one as well as expanding value chain and partner customer networks within the ecosystem to increase the number of products per customer.
- Introducing a variety of foreign exchange and remittance services, providing customers with efficient and secure investment solution packages, and offering consultations on health protection plans for customers.

► Human resource training and management:

- Facilitating innovations in training, coaching, and HR management.



COMMERCIAL BANKING DIVISION



Despite 2023 global and domestic economic challenges, the Commercial Banking Division continued to deliver exceptional results:

Overall performance: The Commercial Banking Division achieved 112% of its mobilization target, 121% of its outstanding loan balance plan, and nearly USD 9 billion in international payment volume, surpassing 100% of the target.

Value-Chain financing: The Division successfully developed financial services and loans for nearly 5,000 Commercial Customers. All of its targets were met or even exceeded the initial plan.

Partnership: As part of the Partnership Banking strategy, in addition to offering traditional products and services, HDBank continues to be a leading and pioneering force in developing innovative cashless payment solutions and establishing direct system connections with partners across key sectors such as education (EduPay), healthcare (MediPay), retail (EasyPay), Fintechs, and e-commerce companies, etc, which enable unique and groundbreaking cashless payment solutions tailored to each cashless payment channel for each organization and millions of individual customers. Some of the most notable projects include establishing system connections with Thong Nhat Hospital, Phu Nhuan Hospital, Shingmark Hospital, Danang Architecture University, Nghia Tan Primary School, etc.

Payroll: In 2023, the Commercial Banking Division continued to enhance its digital journey in providing

payroll solutions for businesses and employees. This new digital journey not only offers a convenient tool for businesses but also optimizes the processes of opening a salary account and receiving payments for employees while offering various incentives. The “Happy Di-Payroll” journey launched in 2023 has successfully fulfilled the needs of nearly 4,200 businesses and 500,000 employees. Coupled with HDBank’s market-leading incentive programs, this journey is expected to continue to be one of HDBank’s key solutions for creating value for both Commercial and Individual Customers in the years to come.

Supporting Commercial Customers through challenging times: reduced loan interest rates for existing-to-bank Commercial Customers; promoted low-interest rate loan programs to provide cost-effective capital to Commercial Customers, especially those in priority sectors such as production, agriculture, industrial parks, export processing zones, and import-export activities to reduce financial burdens, enhance product competitiveness, and support business stability.

Sustainable development Initiatives: alignment with business goals is a prerequisite for the long-term success of the Commercial Banking Division, which requires bank-wide implementation of processes, regulations, and systems for environmental and social risk management (E&S).

Enhancing banking experience on modern digital platforms for Commercial Customers:

- ▶ **Virtual account:** facilitating identification of partners in money transfers and payments as well as enabling ease of transaction tracking and investigation for businesses and organizations.
- ▶ **eAccount:** successfully adopted OCR technology to reconcile business information against the General Department of Taxation’s Information Portal, thereby significantly reducing account opening times.
- ▶ **eCash:** The cash collection solution for initiating payments on Commercial Customers’ behalf and allowing them to schedule cash pick-ups from their business locations, track the status of each payment initiation through the HDBank Portal, and receive instant notifications upon successful transactions.

2024 ACTION PLAN DIRECTION

The Commercial Banking Division will continue to implement flexible business solutions to achieve optimal results in line with its assigned business targets, align business goals with sustainable development mandates, and focus on meeting the diverse capital needs of businesses to support their recovery in 2024. The Division will also enhance customer satisfaction and experience through the continued development of new features and services through modern technology platforms (e.g. eCredit, EasyLoan, VCF platform, etc.) and the adoption of new SMT and CLOS tools to boost sales productivity and loan application turnaround times.



The Commercial Banking Division achieved

▲ **112%**
of its mobilization target

▲ **121%**
of its outstanding loan balance plan

CORPORATE & INSTITUTIONAL BANKING DIVISION



Guided by a customer-centric approach, the Division focused on developing its customer ecosystem, cultivating value chains, leveraging existing strategic partnerships, and establishing new ones with major groups, corporations, and financial institutions all while developing products and services focused on Green Banking and Sustainable Digital Banking.

2023 was a year of success for the Corporate and Institutional Banking Division, demonstrated by its efforts in overcoming initial difficulties at the beginning of the year and seizing opportunities to successfully achieve its assigned targets. The Financial Institutions (FI) Department played a pivotal role in solidifying relationships with domestic and international FIs, thereby enhancing the Bank's reputation as a trusted partner for FIs to increase their credit limits, which contribute to the growth of international payment activities and foreign exchange business across the Bank.

HDBank as the holder of the ADB's Leading Partner Bank in Vietnam Award

HDBank was named the Leading Partner Bank in Vietnam by the ADB at its 9th Trade and Supply Chain Finance Program (ADB's TSCFP) Awards Ceremony held in Singapore on September 5, 2023 - honoring the leading partner bank with the highest volume of transactions facilitated through ADB in Vietnam from Q3 2022 to Q2 2023.



The signing ceremony of cooperation agreement between HDBank and IFC

The increased trade finance limit by IFC contributed to IFC's total facility of more than USD 230 million

As the focal point, the Corporate and Institutional Banking Division successfully secured an increased Trade Finance limit from the IFC, a member of the World Bank Group, resulting in a total credit limit exceeding USD 230 million for HDBank. Earlier in May 2023, HDBank and IFC also signed a consulting agreement on expanding value chain financing activities, paving the way for upgrades and enhancements

to its existing Value Chain Financing platform. This is one of the key projects for HDBank as part of its 2021-2025 development strategy. With over 3,600 businesses within the value chains of 50 key players across its seven high-potential sectors, expanding and optimizing these value chains is one of the most critical initiatives in HDBank's 2021-2025 overall strategic plan.

Cultivating cooperative relationships with correspondent banks and international organizational partners through strengthening bilateral cooperation and promoting common agendas

2023 marked significant progress for HDBank in cultivating and expanding cooperative relationships with domestic and international correspondent banks and international organizational partners. HDBank has welcomed many international delegates from leading correspondent banks and international organizations across all continents and actively participated in high-level delegation exchanges and international forums alongside government agencies, NGOs, policymakers, banks, and various banking and finance partners. These events include The World Bank Group-IMF Annual Meetings in October 2023 in Marrakech, Morocco, the Belt and Road Summit in September 2023 in Beijing, China, the 23rd ASEAN Banker Conference & 51st ASEAN Banking Council Meeting in Laos, etc.



HDBank and Raiffeisen Bank International at the Signing ceremony of the Trade Finance Framework Agreement in April 2023

HDBank and Fulbright University Vietnam signed a counterpart financing agreement during US President Joe Biden's Vietnam visit



Mdm. Nguyen Thi Phuong Thao - Permanent Vice Chairwoman of the Board of Directors of HDBank and Mr. John Kerry - Special Envoy of The US President Joe Biden at the event where HDBank and Fulbright University Vietnam entered into an agreement involving the provision of USD 20 million in reciprocal financing

On September 10, 2023, the Ho Chi Minh City Development Joint Stock Commercial Bank (HDBank) signed an agreement with Fulbright University Vietnam on providing reciprocal capital to support the construction of schools, universities, and facilities to further enhance teaching quality, student life, and foster scientific research and innovations. This will contribute to creating new values for the community and empowering the future generation within a leading educational setting at Fulbright University.

HDBank as the bank of choice to support the Public Transport Infrastructure Improvement Project in Binh Duong with a JICA-supported preferential loan of JPY 6.2 billion.

In July 2023, HDBank was selected as the Bank to support the Public Transport Infrastructure Improvement Project in Binh Duong Province with a JICA-supported preferential loan of JPY 6.2 billion. The goal of the project is to alleviate traffic congestion and strengthen inter-city connectivity by improving Binh Duong's transportation infrastructure and linking Binh Duong New City to Suoi Tien Station of Ho Chi Minh City's Metro Line 1. Ultimately, the project aims to contribute to the sustainable socio-economic development of Binh Duong province.

Strengthening cooperation and developing the Thaco Group's ecosystem

The CIB has proactively promoted cooperative relationships with Thaco Group and successfully supported the Group in cultivating an ecosystem encompassing 51 subsidiaries over the past two years. HDBank is committed to providing high-quality and timely products and services to its customers, thereby solidifying its position and reputation as a trusted partner within Vietnam's banking and finance sector.



2024 BUSINESS DIRECTION

Building on the successes of 2023, the Corporate & Institution Banking (CIB) Division is committed to further implementing its five-year strategic initiatives in 2024 with the following business directions:

- ▶ Robust implementation of industry-specific solutions for sectors like petroleum, steel, pharmaceuticals, construction, transportation, and fast-moving consumer goods (FMCG), boosting revenues from services, international payments, foreign currency trading, and customer ecosystem cash flow management.
- ▶ Focusing on developing a diverse client base, including private economic groups, domestic corporations, and FDI customers; strengthening cooperation with domestic and international FIs to enhance HDBank's brand reputation.
- ▶ Effectively implementing digital transformation plans, promoting digital products and services to customers, while simultaneously developing new high-quality offerings

- ▶ Focusing on the Bank's overall goals of growing current account savings account (CASA) balances through cash management solutions, cashless payments, and continuously improving customer service quality.

- ▶ Driving credit growth with a focus on maintaining good quality and high efficiency, while maintaining and controlling NPL ratio at 0%.

HDBank will continue to expand partnerships and cooperative relationships to optimize capital utilization and manage resources based on best practices established by leading international banks and FIs, with a continued focus on mobilizing hundreds of millions of USD through medium- and long-term foreign loans and the international bond issuance program to contribute to the Bank's overall strategy of Sustainable Development.

TREASURY DIVISION

In 2023, the Treasury Division faced significant pressure and risks both domestically and internationally, which had a direct influence on the Bank's treasury business operations. HDBank's Treasury Division has implemented flexible and timely policies to maintain and develop efficient and safe management of funds, foreign exchange business, and investments, while minimizing risks. The division has continuously solidified HDBank's position and reputation in the treasury and capital markets, playing an active and proactive role in securing sources of funds, investment, and capital market transactions, while maintaining its position as one of the top banks in terms of transaction volume in the market.

In 2023, HDBank achieved several notable awards, including:

TOP 3

in outright transaction of Government bonds on the Hanoi Stock Exchange.

Top Banks with largest FX matching volume with customers.

The Treasury Division has implemented the Treasury System for over 3 years, which is a modern and flexible tool to process business transactions, manage risks, and ensure compliance with State Bank of Vietnam's regulations, market, and Basel standards.

CAPITAL MANAGEMENT ACTIVITIES

In 2023, in addition to focusing on business specialization, the Treasury Division will continue to coordinate and support the Financial Planning Division in managing liquidity and ensuring the prudential ratios of HDBank.

In addition, the Treasury Division continuously and closely monitors market developments, advises and supports the entire process of issuing valuable papers, including private placement and public offering, contributing to enhancing the bank's capital capacity and stability. Capital resourcing for credit programs supporting renewable energy and green energy sectors is prioritized.

TREASURY ACTIVITIES IN THE INTERBANK MARKET

Treasury activities in the interbank market encountered numerous obstacles in 2023 with the State Bank of Vietnam's continued reduction of regulatory interest rates and hiking inflation. Meanwhile, the need for solutions to support the economy persisted, and issues in the stock, real estate, and corporate bond markets remained fundamentally unresolved.

Given the situation, the Treasury Division continuously and closely monitors market developments, ensuring the safety and efficiency of HDBank's capital business, maintaining growth in scale and market share in the domestic and international markets. At the same time, the Division's activities continued to maintain the position and

TOP 3

in proprietary trading of Government bonds on the Hanoi Stock Exchange.

Market maker for credit institution bonds and interbank capital trading and FX matching

reputation of HDBank, supporting partners, promoting healthy competition, and contributing to regulating the supply and demand of currency and stability in the interbank market in accordance with the State Bank of Vietnam's direction and policies.

FOREIGN EXCHANGE BUSINESS

The USD/VND exchange rate in the interbank market exhibited fluctuations in response to the divergent monetary policy trajectories of the SBV and FED, following a predominant upward trend (with instances of VND depreciation exceeding 6%). HDBank 2023's interbank foreign exchange operations were likewise impacted by a highly unpredictable market setting; however, the Bank has fully utilized all accessible and market capital sources, in addition to capitalizing on profitable business opportunities. In 2023, the interbank foreign currency trading volume amounted to 30 billion USD, reflecting a notable growth of 15% compared to 2022, with net profit generated from foreign currency trading operations and derivatives growing by more than thrice.

In 2023, HDBank continued to strengthen the development of its Treasury Sales model, while enhancing its business operations and supplying derivative products in the capital market, such as interest rate derivatives (CCS, IRS) and commodity price derivatives, to diversify its products, increase business activities, and enhance customer convenience.

The application of Industry 4.0 technology in business operations and adapting to new transaction situations have been actively implemented with solutions such as online foreign exchange trading, online gold trading, and marketing through digital channels.



Mr. Hoang Duc Long - Head of HDBank's Treasury Division - on behalf of HDBank, received the award - "Top 5 special trading members with the largest market share of Government Bond trading in 2022" awarded by Vietnam Stock Exchange

INVESTMENT AND SECURITIES TRADING ACTIVITIES

The financial market conditions in 2023 proved to be more conducive to investment and securities trading than compared to 2022. The presence of steady and ample liquidity facilitates the acquisition of capital, resulting in a more optimistic outlook. In 2023, the yield on 10-year Government bonds underwent deliberate downward adjustment by almost 250 percentage points to around 2.2%, providing enablers for market participants to capitalize on business prospects and enhance their portfolio. As of the conclusion of 2023, the Bank's Government Bond portfolio accumulated to over VND 17,000 billion, while the credit institution bond portfolio surpassed VND 35,000 billion. Additionally, profit from investment and securities trading activities increased substantially, nearly fivefold compared to 2022, and emerged as a crucial source of profit for the bank's overall profit.

In addition, the Treasury Division continued to play an active role in the government bond market through proprietary trading activities, outright and repo transactions of government bonds, etc. Specifically, HDBank was always among the top 10 largest trading members on the Hanoi Stock Exchange (HNX).

2024 ACTION PLAN DIRECTION

- ▶ Enhance business activities related to capital, foreign exchange, and securities trading, maintain a leading role in the overall business operations, leverage market influence through transaction volume, proactive reputation, and market reliability, and support the market when necessary.
- ▶ Improve the capacity for managing funding and exchange rate and interest rate risk management, focus on collecting, analyzing information and forecasting the market to seize and maximize business opportunities.
- ▶ Optimize the use of the available capital by engaging in cross-selling activities and leveraging derivative products across capital trading and foreign currency trading.
- ▶ Efficiently use and optimize bidirectional transaction limits; increase market share and client diversification.
- ▶ Restructure and revamp investment and securities trading portfolios, while maintaining a leading role in the overall business operations and one of the top 10 members with the highest trading volume in the market.
- ▶ Enhance foreign exchange and capital trading capabilities; implement a robust and modern structure in addition to cultivating and fostering business personnel.
- ▶ Continue to develop capital market products and expand the team of dedicated traders for capital market products and derivatives; cultivate a strong customer base for interest rate and commodity price derivatives, with the goal of propelling HDBank from Top 8 to Top 7 in foreign exchange transaction volume in the entire market.
- ▶ Continue to effectively improve and apply digital and information technology in Treasury operations as well as research and innovate the application of online transaction products for customers, with a focus on achieving customer-centricity.
- ▶ Coordinate and support other units to ensure a balance between safety and efficient use of bank-wide capital; provide advice and assistance to the Financial Planning Division in the issuance of medium and long-term HDBank Bonds to improve the efficiency and reliability of capital sources, ensuring liquidity and payment demands at all times; continue to prioritize promoting green credit programs (specifically those related to renewable and solar energy sectors). The issuance of "Green Bonds" will also be expedited in accordance with international market standards, with a focus on "Green Capital for Green Credit".

BANCASSURANCE DIVISION

In 2023, several events had a direct impact on the bancassurance sector as a whole, resulting in a slight deceleration in revenue from HDBank's life insurance business in 2023 compared to the preceding year, 2022. In response to the circumstances, HDBank identified its primary objective as the enhancement of professional advisory services and the provision of a wide range of insurance products to cater to the different needs of its customers. In addition, HDBank introduced several reward and customer loyalty initiatives, to foster trust and satisfaction among its long-term customers.

In the year 2023, HDBank consistently maintained its position as one of the industry leaders for generating the highest figures from insurance premiums. This outcome could be attributed to the implementation of effective customer engagement strategies, in conjunction with the development of appealing promotional campaigns and incentives. These results in the especially challenging context of 2023 showed the confidence and preference of customers in the life insurance products offered by HDBank.

ENSURING SERVICE QUALITY OF INSURANCE PRODUCTS

In the year 2023, the Bancassurance Division maintained its emphasis on allocating resources towards the development of skilled personnel and using cutting-edge technology to enhance the overall client experience, encompassing several aspects, including the insurance procurement procedure, contract administration, and post-purchase assistance. The high standard of professional insurance services was demonstrated in the consistency and thoroughness in the processes of contacting, consulting, insurance contract performance, customer service with health exams (if applicable), and customer service during insurance claims. This fostered consumer trust and satisfaction.

DIVERSIFYING PRODUCT OFFERINGS

The Bancassurance Division vigorously pursued the enrichment and diversification of the insurance product portfolio, including both life insurance and non-life insurance. In the year 2023, HDBank introduced life insurance offerings that exhibited strong adaptability and alignment with the demands of consumers, serving as a secure and efficient means of investment, accompanied by competitive interest rates for investment prospects, while concurrently furnishing consumers with protective measures. The presence of many options provides customers with a wide range of choices that are tailored to their unique financial circumstances and demands.

Additionally, the products offer customers and their assets effective protection against adverse events such as fires, accidents, serious illnesses, and natural disasters... Furthermore, health insurance products provide coverage for surgical costs and fees associated with medical examinations and treatments. Insurance compensation can be used to pay off obligations and provide a stable financial source for family members when the primary provider's ability to work is impacted.

ENHANCING THE CALIBER OF THE WORKFORCE

The Bancassurance Division consistently engaged in staff training and development initiatives, with an emphasis on expertise, knowledge, and corporate culture to effectively address the ever-more-stringent business requirements. Simultaneously, the Bancassurance Division has rigorously expanded its sales force and staff, bolstered its teams of consultants within the business units, cultivated a network of collaborators, and expanded its activities nationwide.

IMPLEMENTING DIGITAL TRANSFORMATION TO BRING GREATER VALUES FOR CUSTOMERS



Building on the momentum from 2022, HDBank continued to research and implement digital technologies to enhance the operations of its life insurance business. Smartphones and online platforms have played a significant role in this effort by enhancing the efficiency of transaction processes in various stages such as consultation, product registration, payment, and contract tracking, offering consumers greater convenience and flexibility while saving time.



One-click HDI Motorcycle Insurance Project: The initiative facilitates the acquisition of HDI motorcycle insurance for individuals or their family members via efficient and easy transactions through the Mobile Banking App, hence enhancing customer service and generating additional value for customers throughout their interactions with HDBank. The initiative also reduces costs on conventional marketing while maintaining efficiency in customer outreach.

Customer 360 Website and Telesales Portal for stronger customer outreach: This instrument assists the insurance sales team in comprehending customer profiles prior to consulting, thereby contributing to the development of a more proficient customer outreach procedure and a prospect list for existing and future HDBank products by providing segment-specific customer information.

"Happy Digital Sales" Project for consultants: Happy Digital Sales, as a holistic sales management application specifically designed for HDBank's sales and consultant teams to enable the effortless, expeditious, and efficient closure of deals. In addition to offering real-time "interactions" on mobile devices and personal computers, Happy Digital Sales is equipped with an extensive array of sales functionalities that are tailored exclusively for sales administration, including: acquisition of sales opportunities anywhere, simultaneous management of workflow and customers, digitized and streamlined data and reports.

2024 ACTION PLAN DIRECTION

The objective of the Bancassurance Division for the year 2023 is to capitalize on the achievements of the previous year with the strong intention of further augmenting and expanding the insurance business operations. Continued efforts will be devoted to activities that enhance customer engagement, service quality, and product innovation. Further investments will be made by the Division in employee training and digital technology in attempts for improved consumer experience and performance. HDBank aspires to establish itself as a frontrunner in the banca sector in Vietnam, while also making a significant contribution to the advancement of the banking sector. HDBank endeavors to collaborate with insurance providers whose products, technologies, and quality are unparalleled in the industry. HDBank's exclusive bancassurance agreement with its partners will undoubtedly assist the bank in maintaining its position atop the bank industry in terms of bancassurance activities. This will also aid in the realization of the Bank's development strategies for the period 2021-2025 and enable customers to benefit from an expanded range of financial and insurance solutions.

INFORMATION TECHNOLOGY AND DIGITAL BANKING DIVISION

The Information Technology and Digital Banking Division achieved notable accomplishments in 2023 by actively integrating digital business thinking into Information Technology offerings and systems. The Division made significant efforts to provide technology advancements to the Bank, resulting in important accomplishments like:

Designing digital financial offerings that deliver enhanced convenience to consumers:

- ▶ Introducing a cutting-edge digital banking solution characterized by a high degree of automation and convenience through the Division's pilot program known as the Vikki Digital Banking System.
- ▶ Piloting the Kiosk Banking system to deliver a seamless self-service experience. This development marks the introduction of digital branch models, which enable customers to conduct transactions that were previously exclusive to physical branches.
- ▶ The effective implementation of a collection of encrypted account solutions enabled Commercial Banking to monitor and administer financial transactions with ease.
- ▶ The digitized payroll journey incentivizes customers to open product bundles, such as debit cards, prepaid cards, credit cards, and payroll accounts. This in turn attracts businesses to initiate the opening of accounts for thousands of their employees.

Collaborating to develop digital financial products and services with strategic partners:

- ▶ Collaborating with partners to increase the number of accounts opened with the Bank, with HD SAISON application's remarkable digital loan and disbursement journey.
- ▶ Integrating the credit card opening process across several channels, with a particular focus on Vietjet Air and Vikki to enhance the issuance and activation of credit cards.
- ▶ Establishing partnership with JCB for the card issuance and merchant programs of JCB's card products.
- ▶ Developing and enhancing the new "Buy Now, Pay Later" feature for Muadee application with the intention of delivering better experience for Muadee users and making their app purchases more convenient. Expanding the merchant networking by adding thousands of new merchants to the list.

Optimizing operational efficiency by digitizing current processes:

- ▶ Effectively migrating document storage onto cloud platforms to reduce hardware storage burden for the core banking system.
- ▶ Adding several new features and utilities on the Customer 360 tool to assist business units in their operations, covering tasks such as handling customer inquiries, identifying high-priority customers, fingerprint/face authentication, Di-payroll, and facilitating deposits and withdrawals, etc.
- ▶ Officially launching the Digital Core Thought Machine initiative, an innovative core banking solution. HDBank is the first in Vietnam to collaborate with Thought Machine in the implementation of this cutting-edge core banking solution, thus establishing an unprecedented benchmark for forthcoming core banking technologies.
- ▶ Collaborating with Card Center and Digital Transformation Center for the effective deployment of flexible lending products on credit cards.
- ▶ Collaborating with Digital Transformation Center to optimize the consumer experience with the Bank's offerings through designing superior 1-Click Banking products.
- ▶ Collaborating with functional departments and Digital Transformation Center to provide business units with cutting-edge sales management solutions that can be accessed anywhere via mobile app and internet.
- ▶ Collaborating with several functional departments to manage the replacement of the loan origination system (LOS) for both Commercial and Retail Banking as part of the credit segment's digital transformation.

DIGITAL TRANSFORMATION HIGHLIGHTS

Surpassing
2 million
e-banking customers

Monthly active users (MAU) of the bank's digital offerings increased by

87%
YOY

Total number of eBanking transactions increased by

132%
YOY

The percentage of customer transactions conducted through digital channels accounts for

93%
total transaction

The number of new customers acquired through digital channels in 2023 increased

125%
YOY



Customer journey enhancement

- ▶ Retail Banking Division (Open accounts, Open saving accounts, Open credit cards, Apply for loans,...)
- ▶ Commercial & Corporate Banking Division (Corporate account and credit services, trade finance and international payment features), foreign exchange and derivative transactions, Payroll services - Employee Banking
- ▶ Card center: customer care services

Digital product & service development

- ▶ Develop Mobile Banking - Internet Banking system integrated with VNPT Group's application
- ▶ Develop customer identification system (eKYC) for individual customers
- ▶ Operating procedures for depositing money and renting safes to store assets at the Bank
- ▶ Customer 360 comprehensive customer analysis system
- ▶ One Click Banking application (one-stop banking service) to develop and enhance customer journeys

Digital transformation of internal processes

- ▶ Enhance the bank-wide human resources management system
- ▶ Update the operational organization system of some Divisions and departments with a technology system that supports measurement and reporting
- ▶ Research and apply the data management system, dashboards, and automatic management reports

2024 ACTION PLAN DIRECTION

In alignment with HDBank's strategic growth strategy, the Information Technology and Digital Banking Division will remain committed to executing technology initiatives for the Bank, building upon the accomplishments in 2023. The Division will engage in tight coordination to assure the Bank's development objectives, with a particular emphasis on projects initiated by other functional divisions and digitally driven business initiatives.

The objectives for technology pipelines of the year 2024 cover the following:

Vikki Digital Bank to be formally introduced with the target of enhancing the experience of the Bank's existing customers and attracting new ones.

Implementing the Digital Core Banking Thought Machine initiative, aiming to develop a contemporary digital core banking, in line with the bank's continued expansion objectives.

Formally introducing the LOS system for the credit operations of both Commercial Banking and Retail Banking.

Collaborating with departments of Digital Banking to establish, standardize, and improve customer journeys across various transaction channels. Subsequently, cultivating satisfaction and trust in HDBank's digital offerings and solutions.

Expediting the launch of novel features on the Customer 360 system to lower business unit TAT and deliver a higher level of convenience for customers.

Striving for the successful execution of key initiatives from various Divisions/Departments and headquarters, including but not limited to priority customers, customer information management, data dashboard, integration with Apple Pay, and new online banking services for Commercial Banking.

Expanding the range of digital channels for payment account, credit card, and other journeys to deliver true end-to-end digital experience.

Collaborating with the Center of Excellence (COE) to enhance and standardize the Bank's standard operating procedures.



HD SAISON FINANCE COMPANY LIMITED



HD SAISON has been one of the most profitable enterprises in Vietnam for several consecutive years

OVERVIEW OF BUSINESS OPERATIONS 2023

In 2023, global economic growth continued to slow down. Geopolitical tensions, natural disasters, and tightened monetary policies have narrowed down international trade, reduced demand for goods, and increased unemployment. This has had a serious impact on the Consumer Finance industry. The main customer segments of financial companies are manual laborers and low-income workers some of whom are now earning less, losing jobs, or even unemployed, etc. resulting in a negative impact on their capacity to make payments. The Consumer Finance market is in the midst of its worst crisis ever, with consumer loan demand falling and bad debts skyrocketing, causing a significant decline in profits for financial companies.

HD SAISON is not an exception to the industry-wide risks. In this context, HD SAISON has been flexibly adjusting its business strategy to overcome the market volatility, with the top priority of ensuring the safety of its business operations. As of December 31, 2023, HD SAISON's total assets reached VND 17,593 billion, of which loans to customers reached VND 16,086 billion and the Company is always in compliance with operational prudential requirements under regulations of the State Bank of Vietnam. In particular, HD SAISON has always maintained a high capital adequacy

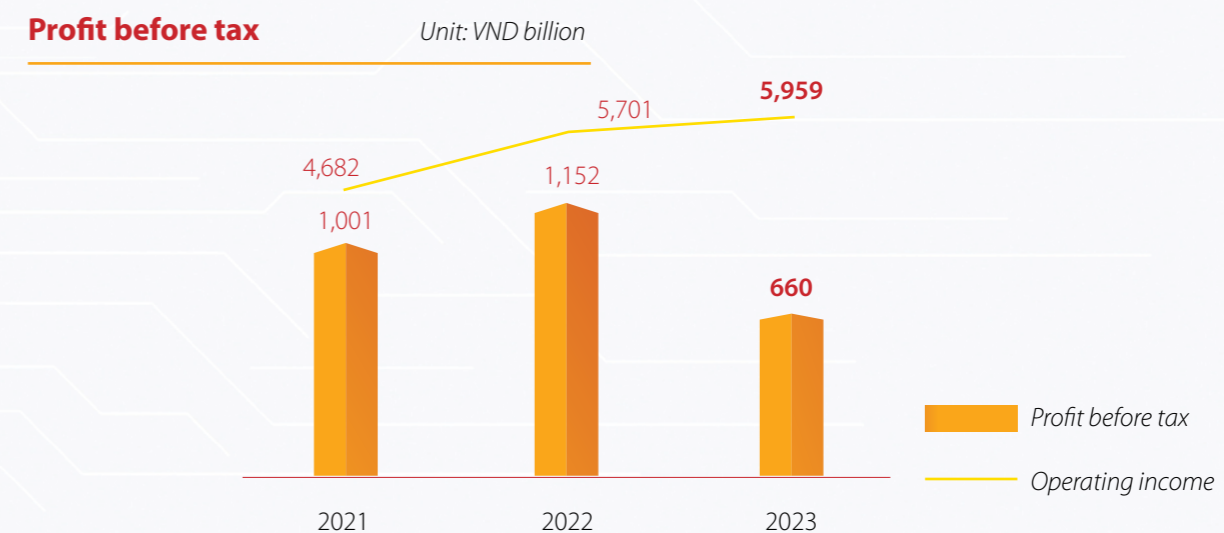
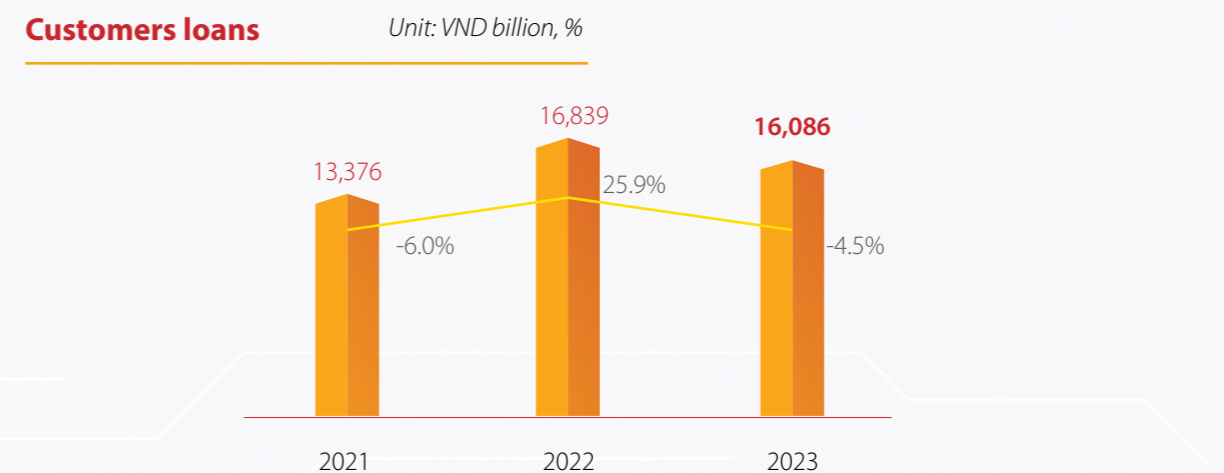
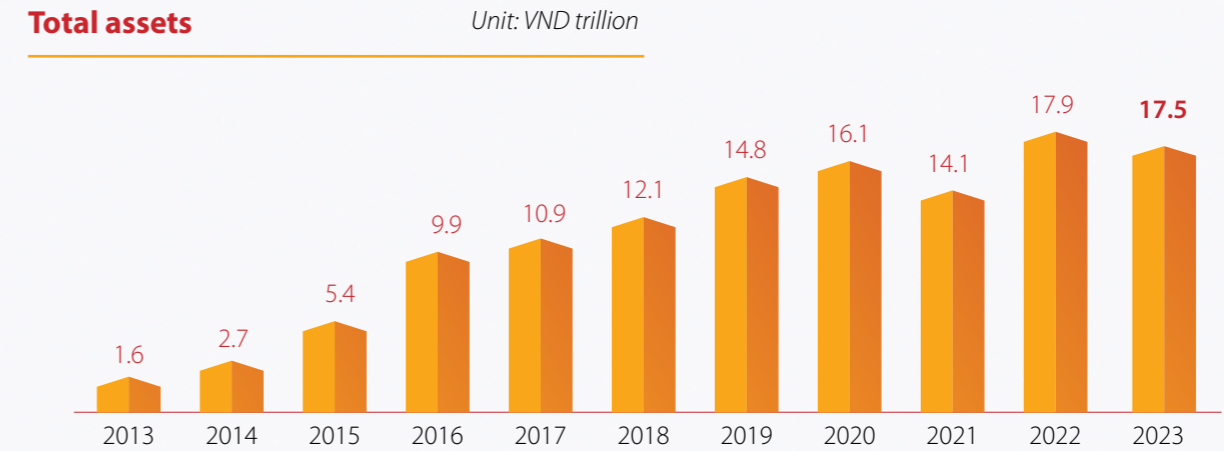
Profit before tax in 2023 reached

VND 660 billion

More than VND 8,000 billion of preferential loans was disbursed to workers in industrial parks and export-processing zones to improve their lives

ratio (CAR). The CAR at the end of 2023 was 22.5%, 13.5% higher than the minimum requirement of 9.0%. The non-performing loan (NPL) ratio was controlled at 7.61%, one of the best in class in the industry. In addition to ensuring the operational safety, HD SAISON has also implemented a number of initiatives to improve business efficiency. These include digital transformation and the integration of technology into business processes to optimize costs and improve workforce productivity. Furthermore, HD SAISON has minimized the impact of downturn in credit quality across the Consumer Finance industry by effectively managing risks, targeting lending strategy to lower-risk customer segments, and giving higher ticket size only to those loyal customers whose have good repayment history. As a result, the Company's before tax profit in 2023 reached VND 660 billion.

GROWTH CHART



CORPORATE GOVERNANCE 2023

MANAGEMENT AND GOVERNANCE

The membership of the Members' Council, Board of Supervisors, and Chief Executive Officer of HD SAISON remains stable. The stability of the senior leadership team has enabled the Company to quickly unify its strategy and provide consistent guidance, thereby helping to develop its business activities:

Members' Council

The Members' Council of HD SAISON is composed of experienced members in the banking and finance sector, with many years holding important leadership positions in domestic and international organizations. The Members' Council of HD SAISON is the highest decision-making body of the Company and consists of the following 5 members:

- (i) **Mr. Kosuke Mori** - Chairman of the Members' Council
- (ii) **Mdm. Nguyen Thi Phuong Thao** - Permanent Vice Chairwoman of the Members' Council
- (iii) **Mr. Pham Quoc Thanh** - Member of the Members' Council
- (iv) **Mr. Nguyen Huu Nhan** - Member of the Members' Council and Chief Executive Officer
- (v) **Mr. Koji Sugahara** - Member of the Members' Council

With timely and proper guidance and direction of the Members' Council, along with the determination and efforts of all employees, HD SAISON has achieved many successes in its business operations.

Board of Supervisors

The Board of Supervisors monitors compliance with legal and charter regulations in the management and operation of the Company by its managers and executives. The Board of Supervisors of HD SAISON consists of the following 3 members:

- (i) **Mdm. Ho Thu Trang** - Chief of the Board of Supervisors
- (ii) **Mr. Nguyen Xuan Hoang** - Member of the Board of Supervisors
- (iii) **Mr. Takehiko Hayashi** - Member of the Board of Supervisors

Chief Executive Officer

The day-to-day operations of the Company are managed by **Mr. Nguyen Huu Nhan, the Chief Executive Officer**, with the assistance of several Deputy Chief Executive Officer and department heads.

DEVELOPMENT ORIENTATION

The Members' Council and Executive Board of HD SAISON consistently align the Company's development strategy with a long-term and sustainable approach. HD SAISON continues to implement core tasks, including:

- ▶ HD SAISON is committed to being a pioneer in digital technology, leveraging automation and artificial intelligence to the fullest extent in all its business and operational activities. This is all designed to increase productivity, reduce costs, improve profitability, and promote the expansion of consumer credit across the country, contributing to the enhancement of the material and spiritual living standards of the people, especially those with low and middle incomes.

▶ In line with the digital transformation trend and the Digital Transformation Plan of the State Bank of Vietnam, HD SAISON has set specific goals for its Digital Transformation Plan. HD SAISON's activities are all geared towards improving service quality, enhancing customer experience at the lowest cost and fastest service time.

▶ In addition to focusing on customer service, HD SAISON also prioritizes the development of human resources as a top asset to ensure sustainable growth, not just for the next 10 years but even for the next 20 years. This can be achieved through intensive investment in training and development, as well as maintaining and promoting attractive compensation policies to acquire and retain talented personnel.

DIGITAL TRANSFORMATION INITIATIVES AND ACHIEVEMENTS IN OPERATIONS AND CUSTOMER PRODUCTS

In 2023, HD SAISON continued to accelerate digital transformation in operations and product design, introducing numerous new initiatives to improve operational efficiency and meet the ever-increasing needs of customers.

HD SAISON focused on refining its website and mobile app, enabling customers to perform true digital loan or credit card application journeys. In 2023, the mobile app successfully disbursed over 129,000 loan applications and issued over 13,000 credit cards.

HD SAISON has implemented electronic signatures across all sales channels, facilitating secure and seamless transactions for customers. With this improvement, HD SAISON has optimized resources in verifying, storing, and securing loan contracts.

In addition, the application of eKYC and automated underwriting has also shortened the lead time for loan applications and credit card issuance.

Aiming to enhance customer experience, HD SAISON has closely collaborated with HDBank to provide an online payment account opening service integrated into the lending process, enabling customers to quickly and easily acquire online payment accounts.

Initial operational results have led to the opening of over 20,000 new online payment accounts. Integrated has expanded partnership with Vietjet Air to develop the "Fly Now, Pay Later" service, an end-to-end online airline tickets platform. This product applies advanced technology, with a simple procedure, making it easy for customers to purchase airline tickets.

SUSTAINABLE DEVELOPMENT OBJECTIVES AND ACTIONS

(integrated's contributions to economic, environmental, and social developments)

Business development through financial support for consumers, along with a strong focus on social responsibility, are essential goals of HD SAISON's operations. HD SAISON fulfills its social responsibility commitments through practical and meaningful actions that address specific needs:

EDUCATIONAL SCHOLARSHIP SPONSORSHIP

Maintaining educational support activities since 2016, HD SAISON continued to sponsor scholarships worth VND 60 million in 2023 for Duc Tri Secondary School in Ho Chi Minh City. The annual scholarship sponsorship package has over the years supported hundreds of students to continue their education.



PREFERENTIAL LOAN PACKAGE FOR TEACHERS AND DOCTORS

HD SAISON has been maintaining its preferential interest rate loan package exclusively for teachers, doctors, medical and educational staff, introduced in 2017, to address the consumer loan needs of individuals who have made contributions to building and developing the future generation as well as protecting and maintaining the community's health.

BRINGING CONSUMER FINANCE CLOSER TO THE PEOPLE

Continuously expanding service network, HD SAISON now has over 24,000 service points across the country. By expanding its presence, the Company is supporting people to easily access its professional consumer finance services.



SPECIAL PREFERENTIAL LOAN PACKAGE FOR WORKERS NATIONWIDE

Since 2022, HD SAISON has had the honor to be selected by the Government and the State Bank of Vietnam, together with another financial company, to implement a VND 20,000 billion loan package for workers across the country with interest rates just half of the market prevailing rates. This is the largest loan package ever provided by a consumer finance company, under which workers can apply for loans completely digital through the application. As a result, HD SAISON has also supported workers to access a comprehensive digital consumer loan service with many utilities.



Through this loan package, together with the support of the Vietnam General Confederation of Labor, HD SAISON has brought conventional credit into the lives of workers, helping many working families stabilize their daily lives and improve their life quality. This shows the practicality and timeliness of the loan package for workers during the economic recovery period, particularly as an effort to keep them away from illicit credit practices.

So far, HD SAISON has and will continue to expand the coverage of this preferential loan package to workers in provinces and cities across the country. HD SAISON has disbursed such preferential loans to 54,000 workers. Non-profit loan package of VND 10,000 billion exclusively for workers.

DESIGNING CONSUMER LOAN PACKAGES THAT BRING MORE BENEFITS TO CUSTOMERS

While loan repayment is the borrower's responsibility, HD SAISON has developed loan packages that were designed to encourage customers to make timely payments. Thereby, customers can receive a monthly cashback if they make full and timely or early payments. Typically, the VND 36 million-Cashback Loan Package has been applied to motorcycle loans or the VND 12 million-Gift Loan Package for electronics, home appliances, and other products. These loan packages not only offer tangible benefits but also support customers to maintain a good credit history, ensuring that they continue to have access to credit from reputable lenders in the future.



GREEN VALUES SUSTAINABLE GROWTH

04 REPORT OF THE BOARD OF MANAGEMENT

- 106 Report and assessment of the Board Of Management
- 113 Explanation of the Board Of Management to auditors' opinions





REPORT AND ASSESSMENT OF THE BOARD OF MANAGEMENT



The Board of Directors awarded the Certificate of Merit to the Executive Board at the 2024 Business Implementation Conference

In 2023, the global landscape presented numerous challenges amidst sluggish economic growth, soaring inflation rates, reduced global trade, volatile basic commodity prices, and geopolitical tensions. Meanwhile, central banks across the globe continued to maintain high operating interest rates, with the US Federal Reserve (FED) and the European Central Bank (ECB) raising theirs four and five times, respectively. Many currencies also experienced sharp devaluations. In Vietnam, drivers for export, investment, and consumption faced challenges due to weak global demand, leading to businesses struggling with dwindling orders and markets. Ongoing issues related to corporate bonds and insurance also continued to affect Vietnam's market sentiment and banking system stability.

While major countries have suffered from high inflation and have applied tightening measures in order to control, in Vietnam, the State Bank has adopted a proactive, effective, flexible, and robust approach to operate monetary policy in close alignment with fiscal and other macroeconomic policies, contributing to macroeconomic stability, inflation control, economic growth recovery, and the safe development of the credit institution system.

Under the Board of Directors' strategic, visionary orientations and the Leadership's timely and effective directions, HDBank has demonstrated a highly proactive and adaptable response to the fluctuations in both the global and Vietnamese economies. With a sustainable and flexible development strategy, HDBank continued to affirm its position in the banking sector with a series of outstanding achievements in 2023:

- ▶ In term of profit, HDBank achieved 98.6% of the consolidated target and 103.4% of the separate one. Other financial indicators all outperformed strategic targets and commitments to investors. HDBank was ranked among the TOP performers in terms of profitability and was one of the banks with a low and well-controlled non-performing loan ratio.
- ▶ Upholding the commitment to "Sustainable development, pioneering leadership," HDBank was one of the first banks to have successfully applied Basel III standards in risk management, maintaining the Capital Adequacy Ratio (CAR) above 12%, which was well above the regulatory minimum of 8% and among the highest in the sector.

- ▶ HDBank achieved a prominent position and reputation in the market: ranking 2nd in government bond trading volume; 3rd among proprietary trading members, and 8th among government bond repo trading members.
 - ▶ HDBank has digitalized end-to-end of the customer journey to provide ultimate convenience, launching Vikki - the Digital Banking Destination, accelerating the offering of products and services via mobile/internet banking channels with a "one-click" approach.
 - ▶ HDBank's priority banking services has been launched and Commercial Banking Centers (CMBC) were established nationwide;
 - ▶ HDBank's international cooperation efforts continued to reach significant milestones such as cooperation with IFC and Raiffeisen Bank International on trade finance, with Fulbright University Vietnam on counterpart funding, and with Visa on implementing their installment payment solutions in Vietnam.
 - ▶ HDBank shares were included in the VN Diamond index basket and continued to be part of the VNSI Sustainability index basket. The market price of HDBank shares also surged by 54.3% in 2023, outperforming the banking sector average, VN30, and VNIIndex by 2.5, 4.3, and 4.45 times, respectively.
- ▶ HDBank has pioneered the implementation of several initiatives:
 - 2023 is the third year of implementing HDBank's 5-year strategy 2021-2025, with the goal of becoming the most profitable bank, the Happy Digital Bank brand becoming a national brand, reaching internationally by the end of 2025, HDBank's strategy has focused on the following key objectives:
 - Taking the lead in "greening" credit lines in high-tech agriculture and renewable energy with environmentally friendly production plans. To date, HDBank has disbursed over VND 13 trillion into green projects, with strong financial support from many major global financial institutions.
 - Pioneering livestream sales on TikTok platform and currently ranked No. 1 among 11 banks in terms of TikTok followers.
 - ▶ HDBank has been honored with 40 prestigious domestic and international awards, including several awarded consecutively over the years, such as: "Best Workplace in Asia" honored by HR Asia Awards for 6 consecutive years, among the Best Large Cap Companies with the Best Annual Reports - Finance Sector for 5 consecutive years, and consistently achieving the Elite Quality Recognition Award for International Payment from JP Morgan Chase Bank for many years.

FINANCIAL PERFORMANCE

TOTAL ASSETS

VND **602,315** BILLION

An increase of 44.7% compared to 2022

HDBank's total assets have experienced consecutive growth over the years, reaching VND 602,315 billion in 2023, representing an increase of 44.7% compared to 2022 and surpassing the planned target by 15.8%.

The Bank's asset structure continued to demonstrate a rising proportion of profitable assets, maintaining a steady level of 83.4%. HDBank consistently maintained high asset quality with a low NPL ratio.

CREDIT ACTIVITIES

Total outstanding credit balance reached

VND **353,441** BILLION

An increase of 31.8% compared to 2022. HDBank has been among the leading banks with high credit growth rates, complying with the limits granted by the State Bank of Vietnam.

In 2023, HDBank has focused on promoting lending to key drivers for economic growth such as lending to the rural and agricultural sectors, chain financing, lending to export enterprises, fast-moving consumer goods industry, SMEs, business households, local traders, and renewable energy projects.

In support of the economy, HDBank has continued to offer credit packages worth tens of trillions of Vietnamese Dong with preferential interest rates to individuals and businesses to contribute to facilitating economic recovery.

CHARTER CAPITAL

VND **29,076** BILLION

An increase from VND 25,303 billion by issuing shares to pay dividends in shares at the rate of 15%

In 2023, HDBank issued shares to pay dividends and to increase the Charter Capital from VND 25,303 billion to VND 29,076 billion.

The increase in charter capital has contributed to strengthening HDBank's financial capacity and competitiveness, scaling up the Bank's operations, improving safety indicators as well as supplementing capital for lending to customers to adapt the demand for expanding production and business of individuals and businesses.

DEPOSITS

Total deposits reached

VND **536,641** BILLION

An increase of 46.5% compared to 2022, securing capital demand and high safety of liquidity.

In the challenging global and Vietnamese economic landscape, capital mobilization has become a fiercely competitive segment among banks. Nevertheless, HDBank's due to customers surged by 71.8% to VND 370,778 billion, affirming the Bank's market reputation, brand, as well as the trust of customers. In addition, HDBank continuously launched deposit products with competitive interest rates, diversified distribution channels and deployed many incentive programs for the Bank's customers. The lifetime zero-fee account service packages - eSkyOne for individuals and Bemax for corporate customers - could be considered the key factors contributing to reducing cost of funds and increasing net interest margin.

CREDIT QUALITY

Consolidated NPL ratio at **1.79%**

Separated NPL ratio at **1.51%**

Well-controlled at a low level compared to the industry average

HDBank always focuses on controlling credit quality while enhancing credit growth.

Risk management activities have been effectively carried. Credit activities comply with safety limits. Credit has been promoted to industries, fields considered as the driving force of the economy, and limited to industries with high potential risks.

PROFIT BEFORE TAX

VND **13,017** BILLION

An increase of 26.8% compared to 2022, the highest level ever achieved.

HDBank's profit before tax in 2023 reached VND 13,017 billion, increasing 26.8% compared to 2022, achieving 98.6% of the consolidated target and 103.4% of the separate one assigned by the General Meeting of Shareholders.

- ▶ In the period 2018 - 2023, HDBank's profit grew at a compound rate of 26.6%.
- ▶ The Bank's total income reached VND 26,414 billion, an increase of 20.2% compared to 2022. The net interest margin (NIM) of HDBank separately improved from 3.97% in 2022 to 4.12% in 2023, the consolidated NIM reached 5.1%. The net interest income and net gain from investment securities trading were served as the primary drivers for profit growth. HDBank has implemented decisive measures to increase CASA ratio, thereby improving NIM and overall income.

CAPITAL ADEQUACY RATIO - CAR (ACCORDING TO BASEL II STANDARDS)

12.6%

Standing among the leading banks with the highest CAR

HDBank's CAR is among the highest in the banking sector. As a forerunner in the early adoption and completion of Basel II, HDBank has fully adopted Basel III Reforms and is expected to official apply these standards in operations on Q2 2024. This critical step solidifies HDBank's robust risk management foundation in operations, ensuring compliance with international standards, enhancing the Bank's reputation and creditworthiness, ultimately creating a competitive edge in the market and supporting its global integration efforts.

PROFITABILITY RATIOS

ROAA reached

2.03%

ROAE stood at

24.2%

placing HDBank among the top performers in the banking sector

HDBank is consistently placed among the industry leaders in terms of profitability ratios, with ROAA demonstrating continuous growth and ROAE consecutively exceeding 20% over the years, respectively reaching 2.03% and 24.2% in 2023.

ROBUST MARKET-DRIVEN TRANSFORMATION

Improvements in organizational structure, customer engagement approaches, sales channels and human resource policies

STRATEGIC VISION AND SOLID FOUNDATION

With the strategic goal of becoming a leading financial group in the market with outstanding products and services, an international network, safe and efficient operations, and a brand that is proudly trusted by customers, HDBank remains steadfast in implementing sustainable development strategy, focusing on retail and digitalization, striving to improve customer experience and value. As one of the fastest-growing banks in recent years, HDBank has faced numerous challenges throughout its development.

To maintain stability and success, in addition to the guideline of operating safely and effectively, HDBank also sets specific responsibilities towards the goal of “sustainable development.” HDBank’s strategic objectives are actualized through specific strategic initiatives and journeys. Up to now, the initiatives have gradually been put into operation, contributing to creating a solid foundation and propelling HDBank closer to achieving its five-year goals by 2025.

THE DYNAMIC, INNOVATIVE WORK ENVIRONMENT

In the era of digitalization and technology, to elevate the working environment, HDBank has constructed the new head office as an “Innovation Hub” at Saigon Hi-Tech

Park, and invested in international-standard facilities such as Data Centers, Smart Buildings, and Innovation hubs, aligning with the orientation “to develop the Hi-Tech Park into a technology hub, contributing to the advancement of science, technology, and the socio-economic development of Ho Chi Minh City”. This location has been attracting large technology enterprises and corporations both domestically and internationally, providing the best research facilities, workspaces, product testing areas and infrastructure conditions to support the research and development of technological ideas according to international standards, contributing to enhancing convenience and flexibility in activities, promoting the development of HDBank.

The “Innovation Hub” offers the following facilities:

- ▶ Smart multi-media system
- ▶ Smart Building control system
- ▶ Implementation of material solutions for aesthetic and green constructions
- ▶ Green energy system
- ▶ Utility services for employees
- ▶ Landscape, greenery, and entertainment facilities
- ▶ Digital transaction system

GALAXY
INNOVATION HUB



AMENDMENT OF THE ORGANIZATIONAL STRUCTURE

In 2023, HDBank launched Happy Digital Bank, marking a major step forward in its 2021-2025 digital transformation strategy.

IMPROVEMENTS IN CUSTOMER ENGAGEMENT APPROACHES AND SALES CHANNELS

HDBank has diversified its sales channels by leveraging new applications and websites with an e-commerce mindset and is one of the pioneering banks in innovating customer engagement approaches:

- ▶ Pioneering the development of dedicated websites for all 63 provinces and cities, facilitating farmers’ access to e-commerce platforms, which has been well-received by the community; pioneering livestream sales on TikTok platform and currently ranked No. 1 among 11 banks in terms of TikTok followers.

- ▶ Furthermore, in 2023, HDBank officially launched the exceptional customer service - HDBank Priority - “Enjoy privileges, increase benefits”, offering tailored products, great deals, and outstanding benefits for mid-and high-end customers. The payroll package “Happy Di-Payroll” stands out as a comprehensive financial solution for payroll payments with extensive and leading utilities and incentives for both businesses and their employees.

With a comprehensive operational optimization approach, HDBank has continuously scaled up and enhanced the operational efficiency of branches and transaction offices, ensuring safety, effectiveness and sustainability in operations. In addition, the Kiosk Bank - automatic banking model has been gradually put into operation, while Commercial Banking Centers have been opened nationwide to expand HDBank’s operating areas.



In 2023, HDBank officially launched HDBank Priority - “Special privileges with increased benefits”

NUMBER OF EMPLOYEES

TOTAL

17,345 employees,

HDBank separately

9,627 employees

an increase of 6,24% compared to 2022

Achieving remarkable business results and outstanding achievements in human resource management, in 2023, HDBank has executed a number of specific plans and actions to attract, retain, develop, and train top talents, as well as to prepare the next generation of leaders and managers to sustain growth momentum and ensure sustainable development in the coming years.

Following the orientation of building HDBank as the second home of every employee, the Bank's leadership places great emphasis on comprehensive compensation, welfare, emotional well-being, and corporate culture policies that foster career growth and emotional well-being for each employee.

For many years, HDBank has consistently maintained a professional working environment and applied an exceptional compensation and welfare policy such as performance-based bonuses, the offering of preferential loan interest rates, unsecured loans, periodical medical care, and international health insurance for employees with tenure of over 5 years. HDBank's employees also benefit from ongoing training and reskilling programs.

To harness the potential of its talent pool, HDBank has organized programs such as the "Golden Gerbera" business completion program, programs to honor outstanding long-term employees, the "HDBank Next Leaders" program which aimed at internal recruitment for key leadership positions, aligning individual career advancement with the Bank's overall development. In addition, in 2023, HDBank Training Center conducted 767 training courses for employees.

Strategy and culture stand as two of the most powerful tools for maintaining operational effectiveness. Culture translates goals into values and beliefs, and navigates

HDBANK EMPLOYEES WITH OVER 5 YEARS OF TENURE

Accounted for

39.4% /of the total staff

An increase of 21.6% compared to 2022

actions through shared beliefs and norms. When aligned with strategy, a strong culture drives positive results. As such, during this strategic period of 2021-2025, HDBank has directed its efforts into building and cultivating a distinct corporate cultural identity to create a one-of-a-kind culture that reflects its identity.

HDBank places great emphasis on a strong internal culture that celebrates humanistic values, which is evident through programs which have become the unique brand and pride of HDBank's employees, such as "HDBank in me" writing competition, "The Charming HDBank" photo competition, "Our work narrative" film competition, "My favorite book" review competition, "CEO Speakout" talk-show, "Happy Friday" program... Such those programs have contributed to fostering a sense of unity with the broader HDBank family in the passion and satisfaction of each employee, and served as a platform for promoting dynamism, creativity, and connectivity.

The digital culture is also one of HDBank's competitive edge in the labor market. The comprehensive digitalization of the Bank's human resource management activities has supported the stronger and more consistent in information connection and human resource development, enhancing value synergies for improved operational effectiveness. HDBank has deployed and expanded the application of technology solutions in operations, such as tracking attendance, evaluating KPIs online weekly/monthly/quarterly via the "People World" and the "People HDBank" applications, managing employee information via the "HDBank Power Home" application, connecting and exchanging information via "Workplace" and "Workplace Chat", training on the "E-Learning" platform. Those are significant factors for HDBank to be honored as the "Best Companies to Work for in Asia" for the 6th time and the "Digital Transformation Awards" on August 3, 2023.

EXPLANATION OF THE BOARD OF MANAGEMENT TO AUDITORS' OPINIONS

PwC Vietnam Limited gives no qualified opinion, emphasis of matter or other matter on the 2023 financial statements of Ho Chi Minh City Development Joint Stock Commercial Bank.



05 CORPORATE GOVERNANCE

- 116 Overview on corporate governance
- 118 The Board Of Directors' assessment of the bank's performance
- 120 Structure of the Board Of Directors
- 122 Report on the activities of the Board Of Directors and independent members of the Board Of Directors in 2023
- 126 Report on the activities of committees under the Board Of Directors
- 138 Legal and compliance
- 142 Transactions, remuneration and benefits of Board Of Directors, Board Of Supervisors, and Board Of Management
- 148 Evaluation of independent board members on the implementation of corporate governance policies at HDBank
- 150 Assessment of corporate governance implementation under the ASEAN corporate governance scorecard
- 152 Assessment under the ASEAN corporate governance scorecard
- 170 Governance and executive orientations for 2024 of the Board Of Directors
- 172 Shareholder and investor relations
- 178 Information about shareholder structure, shares, and stock prices

GREEN GOVERNANCE SOARING HIGH



OVERVIEW ON CORPORATE GOVERNANCE



The Board of Directors congratulated Mr. Pham Quoc Thanh - Chief Executive Officer of HDBank (the 3rd from left) on becoming a Member of the Board of Directors at the 2023 Annual General Meeting of Shareholders



Ensuring compliance with legal regulations on the operations of a Credit Institution and on the governance of a listed company, HDBank has been building an internal governance system according to the best domestic as well as international corporate governance practices, principles and standards, including:

- ▶ Decree No. 155/2020/ND-CP detailing the implementation of a number of Articles of the Law on Securities.
- ▶ Circular No. 13/2018/TT-NHNN on the internal control system of commercial banks, foreign bank branches, and related amendments and supplements.
- ▶ “The Vietnam Corporate Governance Principles of Best Practices” issued by the State Securities Commission and the International Finance Corporation (IFC).
- ▶ The OECD (Organisation for Economic Co-operation and Development) Principles of Corporate Governance .
- ▶ ASEAN Corporate Governance Scorecard.



With a well-established and clearly defined medium to long-term development strategy, affirming the brand value, bringing the highest benefits to customers, investors, employees and the community, in 2023 and the following years, HDBank shall focus on performing the following tasks:

- ▶ To innovate corporate governance methods; to further improve the quality of human resources, building a high-performance working culture.
- ▶ To accelerate the adoption of the Environmental, Social, and Governance (ESG) standards to enhance operational efficiency, improve competitive capacity and ensure sustainable development of HDBank, while demonstrating the Bank's responsibility to the environment and society.
- ▶ To strengthen the role and responsibilities of the Committees under the Board of Directors in advising, supervising relevant areas, and sponsoring transformation programs according to the 5-year strategy 2021 - 2025, emphasizing the crucial role of top Management in successfully implementing transformation programs, highlighting the requirement of embracing innovative mindset and new approaches to transformation works, leading the development and promotion of the culture of innovation and collaboration.
- ▶ To increase investment in technology, digitizing internal processes and customer journeys to optimize operational efficiency, enhance management capacity and improve competitiveness in the market.
- ▶ To strengthen the risk management system in a modern and efficient direction; to improve forecasting capacity and prepare plans to minimize the impact of macroeconomic risks.
- ▶ To implement plans to restructure the Bank in presence of appropriate opportunities.



THE BOARD OF DIRECTORS' ASSESSMENT OF THE BANK'S PERFORMANCE

CAPITAL ADEQUACY RATIO (CAR) ACCORDING TO THE BASEL 2 STANDARDS

12.6%

among the banks with the highest capital adequacy

THE NUMBER OF FINANCIAL TRANSACTIONS PERFORMED ON E-BANKING INCREASED BY

▲ 132%

2023 has been assessed as a difficult year for the world economy with declines in global GDP growth, trade and investment. Exchange rates, Economies have been put under a lot of pressure coming from the tightening of monetary policy in many countries due to the high level of inflation, the complex fluctuations in exchange rates, oil prices, and gold prices, the failures of some of the world's leading financial institutions in the US and Europe, and the stressful, unpredictable developments in geopolitical conflicts, extreme weather events, and widespread diseases...

As a highly open economy, Vietnam has been inevitably influenced by external fluctuations. In particular, the banking sector has faced many challenges in 2023 such as liquidity pressures, the increasing trend of overdue debts, the negative impact on non-interest income due to the cautious sentiment of customers after incidents related to products, services of some financial institutions...

For HDBank, 2023 was considered a pivotal year in implementing the 5-year strategy 2021 - 2025. In a challenging market context, to achieve the established strategic objectives, the Board of Directors directed,

THE NUMBER OF NEW CUSTOMERS DEVELOPED THROUGH DIGITAL CHANNELS ACCOUNTED FOR

55%

of the Bank's total new customers

THE BALANCE OF SAVINGS DEPOSITS VIA DIGITAL CHANNELS INCREASED BY

▲ 449%

supervised, and accompanied the Board of Management in implementing flexible adaptation solutions, actively seeking, seizing and taking advantage of business opportunities. With the close guidance of the Board of Directors, the determination of the Board of Management in operating as well as the best efforts of all employees, by the end of 2023, HDBank achieved positive results, continued impressive growth in scale and efficiency, ensured quality, safety in operations, affirmed the position and brand of HDBank, gradually approaching the 5-year strategic goal (2021 - 2025). In particular, the growth ratio of Total Deposits, Total Credit Outstanding and Profit Before Tax of HDBank were among the highest in the banking industry.

Accelerating business development for breakthrough growth to enhance its position, HDBank also pays great attention to risk management. The Bank has always been positively evaluated by partners and Moody's - the credit rating agency - thanks to good asset quality, high operational efficiency, and abundant liquidity reserves. HDBank's Capital Adequacy Ratio (CAR) (under Basel standards) as of December 31, 2023 reached 12.27%, placing it among the banks with the highest



Madam Nguyen Thi Phuong Thao - Permanent Vice Chairwoman of the Board of Directors

capital adequacy ratio. HDBank is one of the pioneering banks in Vietnam to fully apply Basel III standards in risk management.

As one of the leading, pioneer banks in digitalization, the implementation of HDBank's digital transformation strategy and the development of HDBank Digital Bank have recorded positive results. In 2023, the number of new customers developed through digital channels accounted for 55% of total new customers, the number of financial transactions on e-banking increased by 132%, the balance of savings deposits via digital channels increased by 449%... HDBank was the only bank in Vietnam to receive the "Digital Innovation" award at the ASEAN Business Awards - (ABA) 2023. This is a prestigious award organized by the ASEAN Business Advisory Council to honor businesses with outstanding achievements and contributions to the region's development. This award demonstrates the international recognition for HDBank's digital transformation initiatives.

Implementing a sustainable development strategy, business growth parallel with corporate responsibility in environmental and social protection, and bringing

positive impacts to the community, HDBank is one of the pioneers in Vietnam in green credit, providing the best financial solutions for customers in agriculture, high-tech applications, renewable energy, and environmentally friendly production solutions, contributing to promoting socio-economic development with the goal of minimizing environmental impacts. Additionally, the Bank always fulfills its social responsibilities, actively participates in and accompanies social welfare activities. With its efforts and contributions, HDBank is the only retail bank in Asia and the Middle East honored by The Asian Banking and Finance (ABF) in the category "Most Sustainable Development Bank of the Year 2023" (Sustainability Initiative of the Year). Balancing the interests of the Bank, customers, shareholders, and investors, HDBank completed cash dividends at a rate of 10% and stock dividends at a rate of 15% as per the resolutions passed by shareholders and the tradition of regular dividend payouts every year. Information disclosure and support for shareholders to exercise their rights are timely, transparent, and responsible. Furthermore, HDBank has a dedicated investor relations department always ready to receive and address shareholders' contributions, requests, and inquiries.

STRUCTURE OF THE BOARD OF DIRECTORS

The Board of Directors of HDBank consists of 7 members, including 2 independent members; 6 out of 7 members are non-executive members, and the Chairman of the Board of Directors is an independent member.

The personnel preparation for the Board of Directors strictly complies with the relevant procedures and regulations and is implemented in a systematic and high-quality

manner with the consultancy of reputable international advisory organizations. All HDBank's Board members are experienced, highly reputable in the industry, fully meet the standards, conditions for being Board members, independent Board members and ensure compliance with cases banned from concurrently holding different positions as prescribed by law the Charter, and internal regulations of HDBank. Specifically:

No.	Member	Title	Date of becoming/ceasing Board member		Ownership percentage	Position at other organizations
			Date of appointment	Date of dismissal		
1	Kim ByoungHo	Chairman Independent member	April 29, 2022		0%	Board member - SK Inc., Korea
2	Nguyen Thi Phuong Thao	Permanent Vice Chairwoman	June 30, 2005		3.69%	Chairman, CEO - Sovico Group Joint Stock Company Chairwoman - Vietjet Aviation Joint Stock Company Permanent Vice Chairwoman - HD SAISON Finance Co., Ltd Chairwoman - GalaxyOne Co., Ltd
3	Nguyen Huu Dang	Vice Chairman	December 31, 2010		2.75%	Chief Executive Officer - GalaxyOne Co., Ltd
4	Nguyen Thanh Do	Vice Chairman	April 21, 2017		0%	Board member - Hoa Binh University
5	Luu Duc Khanh	Vice Chairman	July 03, 2009		0.29%	Board member - Vietjet Aviation Joint Stock Company
6	Le Manh Dung	Independent member	April 29, 2022		0%	Vietnam Representative - DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH
7	Pham Quoc Thanh	Member cum Chief Executive Officer	April 26, 2023		0.16%	Board member - HD SAISON Finance Co., Ltd
8	Nguyen Thi Tam	Member	April 26, 2013	April 26, 2023	0%	

Following the resignation of Ms. Nguyen Thi Tam - Board member according to her personal wishes, at the 2023 AGM, HDBank organized an additional election for 01 Board member to fulfil the composition of the Board of Directors. Mr. Pham Quoc Thanh - the CEO, was additionally elected as a Board member of HDBank with a very high percentage of votes (96.24%).

ASSIGNMENT OF DUTIES OF THE BOARD OF DIRECTORS

After the 2023 AGM, the Board of Directors completed the assignment of duties to the Board members, enhancing the quality and professionalism in the supervision and governance of the Banks's activities.

Specifically, to fulfill the authorities and obligations of the Board of Directors as stipulated in the Law on Credit Institutions, the Law on Enterprise, the Charter of the Bank and other relevant legal documents, the duties of each HDBank's Board members are assigned as follows:

Member	Duties
Mr. Kim ByoungHo Independent Chairman	<ul style="list-style-type: none"> To comprehensively operate, lead and manage all general activities of the Board of Directors. To be responsible for the development strategies and restructuring plans of HDBank. To be responsible for external relations and relationships with strategic partners both domestically and internationally. To support financial investment and shareholder relations activities. To hold the positions as the Chairman of the Strategy and Investment Committee (renamed as the ESG Committee), Chairman of the Banking Technology Committee.
Ms. Nguyen Thi Phuong Thao Permanent Vice Chairwoman	<ul style="list-style-type: none"> To directly resolve issues on behalf of the Chairman of the Board of Directors according to his authorization. To daily handling issues under the authorities and responsibilities of the Board of Directors on a regular basis. To hold the positions as the Chairwoman of the Credit Supervision Committee, Member of the Strategy and Investment Committee (renamed as the ESG Committee).
Mr. Nguyen Huu Dang Vice Chairman	<ul style="list-style-type: none"> To be responsible for network development and human resource activities of the Bank. To hold the positions as the Chairman of the Human Resources Committee, Member of the Credit Supervision Committee, Member of the Strategy and Investment Committee (renamed as the ESG Committee), Member of the Banking Technology Committee.
Mr. Nguyen Thanh Do Vice Chairman	<ul style="list-style-type: none"> To be responsible for supervising the operations of the Board Office. To manage activities in the Northern Region on behalf of the Board of Directors. To support the Board of Directors in external relations activities. To hold the positions as the Member of the Human Resources Committee and Member of the Risk Management Committee.
Mr. Luu Duc Khanh Vice Chairman	<ul style="list-style-type: none"> To assist the Board of Directors in directing the implementation of the strategic plans. To hold the positions as the Member of the Risk Management Committee, Member of the Credit Supervision Committee, Member of the Strategy and Investment Committee (renamed as the ESG Committee).
Mr. Le Manh Dung Independent member	<ul style="list-style-type: none"> To monitoring the Balance Sheet, performance indicators and prudential ratios of the Bank. To hold the positions as the Chairman of the Risk Management Committee, Member of the Human Resources Committee, Member of the Strategy and Investment Committee (renamed as the ESG Committee).
Mr. Pham Quoc Thanh Member cum Chief Executive Officer	<ul style="list-style-type: none"> To directly lead and manage the operations of HDBank, to direct the implementation of the resolutions and decisions of the Board of Directors across the Bank. To hold the positions as the Member of the Risk Management Committee, Member of the Human Resources Committee, Member of the Strategy and Investment Committee (renamed as the ESG Committee).

REPORT ON THE ACTIVITIES OF THE BOARD OF DIRECTORS AND INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS IN 2023

In 2023, the Board of Directors effectively fulfilled the leadership role in the Bank's governance. The Professional Committees played a crucial role in advising the Board of Directors to make decisions on specific areas, supporting the Board of Management in implementing key development programs and projects, contributing positively to the Bank's performance. In 2023, the HDBank Board of Directors was honored with "the Board of the Year" award by the Vietnam Institute of Directors (VIOD), recognizing HDBank's pioneering efforts in applying advanced corporate governance standards and transparency in business operations according to the best international practices.

All Board members have demonstrated a high sense of responsibility, professionalism and prudence in carrying out their duties, effectively leveraging their leadership roles, actively engaging, seizing opportunities to contribute to the bank's development while harmonizing short-term and long-term goals.

The independent Board members of the Board of Directors fulfilled their responsibilities with a strong commitment, dedication, professionalism, and respect for the interests of all shareholders. They carefully considered issues within their authorities, including decisions on transactions with related parties, ensuring objectivity, transparency, contributing to enhancing the effectiveness of the Board of Directors' operations. Attending all Board meetings, independent members have proactively reviewed, analyzed to provide valuable, objective, and relevant comments, recommendations to improve the quality of operations, making significant contributions to the bank's sustainable development.

As the governing body responsible for directing, supervising and assessing the bank's operations, HDBank's Board of Directors regularly discusses and organizes the collection of opinions from Board members to make final decisions on the Bank's operations according to the majority principle.

Key activities of the Board of Directors in 2023:

1

- ▶ The Board of Directors successfully organized the 2023 AGM (fiscal year 2022) on April 26, 2023, achieving the high consensus of shareholders in approving the reports and proposals submitted by the Board of Directors, the Board of Supervisors, the Board of Management, as well as additionally electing one Board member.

2

- ▶ In 2023, the Board of Directors held 5 meetings attended by Board members, the Chief of the Board of Supervisors, the Chief Executive Officer, and observers representing bondholders of HDBank convertible bonds.

The summary of the agenda/ conclusions of the Board meetings in 2023:

No.	Date	Agenda/conclusions of the meeting
1	February 09, 2023	<ul style="list-style-type: none"> ▶ To approve the Report on operations in 2022 and orientations for 2023 of the Board of Directors; ▶ To approve the Report on 2022 performance and 2023 business plan of the Chief Executive Officer to submit to the AGM; to provide orientations for operating business activities in 2023, ensuring the achievement of established targets; ▶ To approve the Reports on operations in 2022 and orientations for 2023 of the Professional Committees and the Working Team on reviewing Regulations under the Board of Directors.
2	April 11, 2023	<ul style="list-style-type: none"> ▶ To approve the list of candidates for additionally electing members to HDBank's Board of Directors for the term 2022 - 2027
3	April 25, 2023	<ul style="list-style-type: none"> ▶ To approve the Report on Q1 2023 operations and orientations for Q2 2023 of the Board of Directors; ▶ To approve the Report on Q1 2023 business performance; to provide orientations for operating business activities, pointing out solutions to implement in order to improve operational quality, achieving Q2 2023 as well as 2023 business targets; ▶ To approve the Reports on Q1 2023 operations and orientations for Q2 2023 of the Professional Committees and the Working Team on reviewing Regulations under the Board of Directors; ▶ To review the preparation for HDBank's 2023 AGM.
4	July 27, 2023	<ul style="list-style-type: none"> ▶ To approve the Report on 1H 2023 operations and orientations for 2H 2023 of the Board of Directors; ▶ To approve the Report on 1H 2023 business performance; to provide orientations for operating business activities, pointing out solutions to implement in order to ensure asset quality and make breakthrough growth in scale, achieving established business targets; ▶ To approve the establishment of the Digital Bank and the organization structure of HDBank Digital Bank; ▶ To approve the Reports on 1H 2023 operations and orientations for 2H 2023 of the Professional Committees and the Working Team on reviewing Regulations under the Board of Directors.
5	October 26, 2023	<ul style="list-style-type: none"> ▶ To approve the Report on operations in the first 9 month of 2023 and orientations for Q4 2023 of the Board of Directors; ▶ To approve the Report on business performance of the first 9 months of 2023; to provide orientations and significant tasks to aggressive perform in order to achieve business targets assigned by the General Meeting of Shareholders; ▶ To provide orientations for the Board of Management to develop the 2024 business plan, reviewing, considering the appropriateness of the established strategic goals and initiatives to make necessary amendments to ensure the feasibility of strategic goals; ▶ To approve the Reports on operations in the first 9 month of 2023 and orientations for Q4 2023 of the Professional Committees and the Working Team on reviewing Regulations under the Board of Directors. ▶ To reach consensus on the tentative meeting schedule of the Board of Directors and the Professional Committees under the Board of Directors in 2024.



Members of the Board of Directors and Executive Board at the HDBank Strategy workshop, October 2023

The attendance of the Board members at Board meetings in 2023 was as follows:

No.	Member	No. of meetings attended	Meeting attendance rate	Note
1	Mr. Kim Byoungho	05/05	100%	
2	Ms. Nguyen Thi Phuong Thao	05/05	100%	
3	Mr. Luu Duc Khanh	05/05	100%	
4	Mr. Nguyen Thanh Do	05/05	100%	
5	Mr. Nguyen Huu Dang	05/05	100%	
6	Ms. Nguyen Thi Tam	03/03	100%	Ms. Nguyen Thi Tam was dismissed from the position of the Board member by the General Meeting of Shareholders on April 26, 2023.
7	Mr. Le Manh Dung	05/05	100%	
8	Mr. Pham Quoc Thanh	02/02	100%	Mr. Pham Quoc Thanh was additionally elected as HDBank's Board member by the General Meeting of Shareholders on April 26, 2023.

- ▶ In addition to the meetings, the Board of Directors organized 114 times of collecting written opinions of it's the Board members on issues under the authorities and responsibilities of the Board of Directors.
- ▶ Resolutions/Decisions of the Board of Directors on issues adopted at meetings or approved by collecting written opinions of the Board members are important guidelines to support the Board of Management in safely and effectively performing business tasks.
- ▶ The Board of Directors directed and closely supervised the Board of Management in implementing the resolutions and decisions of the General Meeting of Shareholders and the Board of Directors:
 - To urgently and resolutely implement action programs to achieve 2023 business targets approved by the General Meeting of Shareholders. The Board of Directors always accompanies the Board of Management to fully grasp and update information, thereby being able to give accurate, timely directions, resolving difficulties, and effectively supporting Board of Management in business administration, ensuring asset quality, effectiveness and safety in operations.
 - To effectively implement projects to enhance risk management capacity: Developing Operational Risk Management Framework, implementing the roadmap for applying International Financial Reporting Standards (IFRS), Basel III standards... HDBank is one of the first banks in Vietnam to fully adopt Basel III Reforms across the board, complying with strict requirements recommended by the Basel Committee.
 - To complete the payment of 2022 dividends (10% in cash and 15% in shares) as committed to shareholders and completed the procedures for increasing charter capital in 2023.
 - To finalize and submit to the Board of Directors for official approval the detailed plan on purchasing shares of a securities company to turn it into a subsidiary/ affiliate of HDBank according to the Resolution No. 11/2023/NQ-ĐHĐCĐ dated April 26, 2023, approved by the General Meeting of Shareholders. Currently, HDBank is undergoing procedures to obtain approval from state management agencies as required.
 - To perform tasks under the 2021-2025 Development Strategy and Digital Transformation Strategy approved by the Board of Directors; to review the implementation progress, results, and reassessed the suitability of the goals and initiatives under the 2021-2025 strategy, making necessary amendments to ensure the feasibility of strategic goals, enhancing HDBank's position and reputation in the market.
- To calculate the capital demand, developing and implementing plans to raise capital, preparing resources to effectively implement the developed strategic projects.
- To closely follow the State Bank's policies to capture information to be proactive in participating in the credit institutions restructuring program, leveraging advantages of participating in this program to strengthen internal financial capacity and achieve breakthrough growth.
- ▶ The Board of Directors directed the Board of Management to prepare HDBank's Sustainability Report to publish quantitative information of HDBank's activities in terms Environmental, Social, and Governance (ESG) aspects, clearly demonstrating HDBank's goal of sustainable development and commitment to responsibility to stakeholders: Creating sustainable assets for society, contributing to economic development, adding value to assets of domestic as well as international partners and investors, creating a professional, engaging work environment with satisfactory remuneration policies for employees.
- ▶ The Board of Directors effectively fulfilled their role and responsibility in developing and promulgating a system of internal management regulations in compliance with the law, aiming to apply advanced international practices and standards in banking management in all operations.

REPORT ON THE ACTIVITIES OF COMMITTEES UNDER THE BOARD OF DIRECTORS



These committees operate according to the regulations of the Board of Directors, conducting regular meetings or collecting written opinions from members aiming to advise and propose to the Board of Directors on issues under their competence related to the governance and operations of the Bank.

Board Members are assigned to participate in relevant Professional Committees and have effectively played a leadership role, providing important guidance in the development, review, and adjustment of strategic tasks and monitoring the implementation results.

The Committees have developed plans and action programs, closely monitoring market trends, policies of the Government and the State Bank of Vietnam, timely advising the Board of Directors to direct the Board of Management to implement appropriate solutions to adapt, ensuring smoothness, efficiency, and safety in operations.

To enhance the professionalism and effectiveness of the Committees' activities, at the end of 2023 and the beginning of January 2024, the Board of Directors promulgated regulations specifying the functions, tasks, and working regimes of each committee.

The activities of the Professional Committees in 2023 are summarized as follows:

RISK MANAGEMENT COMMITTEE

FUNCTIONS AND TASKS

The Risk Management Committee's main functions are to advise the Board of Directors in developing, issuing, updating changes, and organizing the implementation of risk management policies in the Bank's operations in accordance with legal regulations and the Bank's Charter; to advise the Board of Directors on risk management related to issues submitted for approval; to provide warnings about the Bank's safety levels against potential risks and preventive measures; to advise the Board of Directors on organizing the handling, rectifying existing limitations in risk management.

COMMITTEE MEMBERS

Mr. Le Manh Dung
Independent Board Member - Committee Chairman

Mr. Luu Duc Khanh
Vice Chairman of the Board of Directors - Member

Mr. Nguyen Huu Dang
Vice Chairman of the Board of Directors - Member

Mr. Pham Quoc Thanh
Board Member cum Chief Executive Officer - Member

Mr. Nguyen Thanh Do
Vice Chairman of the Board of Directors - Member

Mr. Le Thanh Hai
Director of the Risk Management Division - Committee Secretary

HIGHLIGHTS OF ACTIVITIES

In 2023, the Risk Management Committee held 04 quarterly periodical meetings with the participation of committee members and leaders of related Divisions/ Departments.

The main activities of the Risk Management Committee in 2023:

- ▶ To assist the Board of Directors in monitoring the implementation of projects under the Basel II and Basel III roadmap and strategic initiatives on risk management.
- ▶ To advise the Board of Directors to improve risk management policies: Promulgating the Regulation on Environmental, Social, and Governance (ESG) policies; the Regulation on operational risk management, announcing HDBank's risk appetite from now until 2026 as well as operational risk management framework of HDBank.
- ▶ To assist the Board of Directors in supervising compliance with regulations of the State Bank on safety criteria for banking operations; HDBank's regulations on risk appetite, risk limit and risks related to credit risk, liquidity risk, interest rate risk, exchange rate risk, operational risk; HDBank regulations on risk appetite, risk limits, and risks related to credit risk, liquidity risk, interest rate risk, exchange rate risk, operational risk, making recommendations for the Board of Management to implement necessary actions and solutions to ensure safe and efficient operations in the context of complex market developments directly affecting activities of banks.

OPERATING DIRECTION

- ▶ The Risk Management Committee shall continue to focus on monitoring compliance with risk management policies in the Bank's operations, assessing the appropriateness and effectiveness of these policies; monitoring the progress of projects to enhance technology application in risk management and the implementation of the roadmap for applying international standards and criteria based on consultancy, thereby making recommendations to the Board of Management and advisory opinions to the Board of Directors for timely directions and decisions, ensuring effective risk management and optimizing business efficiency.

HUMAN RESOURCES COMMITTEE

FUNCTIONS AND TASKS

The Human Resources Committee assists and advises the Board of Directors in promulgating internal policies and regulations on human resources under their authorities; recruiting/appointing/reappointing senior management positions; evaluating the appropriateness of current human resources policies to make appropriate adjustments in compliance with legal regulations and actual situations.

COMMITTEE MEMBERS

Mr. Nguyen Huu Dang

Vice Chairman of the Board of Directors - Committee Chairman

Mr. Nguyen Thanh Do

Vice Chairman of the Board of Directors - Member

Mr. Le Manh Dung

Independent Board Member - Member

Mr. Pham Quoc Thanh

Board Member
cum Chief Executive Officer - Member

Ms. Nguyen Thi Thanh Thuy

Deputy Director of the Human Resources Division - Committee Secretary

HIGHLIGHTS OF ACTIVITIES

The Human Resources Committee held 04 meetings to assess the implementation of directions on human resources and the quality of human resources activities at HDBank in 2023.

The Human Resources Committee assisted the Board of Directors in directing the Board of Management and the Human Resources Division to focus on implementing tasks to enhance the quality of human resources at HDBank such as: developing and improving policies to encourage, attract, and train high-quality human resources; promptly deploying welfare policies to bond employees to the Bank; improving procedures and regulations related to human resources; Establishing long-term orientation, vision, and specific goals for training, focusing on fostering and training source staff; improving the quality of HR reports and proposal.

OPERATING DIRECTION

- ▶ To advise the Board of Directors on continuing to improve policies for effective human resources management.
- ▶ To advise the Board of Directors on directing training, recruitment, and human resource development activities to build a professional, friendly working environment with competitive remuneration, creating motivation for all employees, enhancing HDBank's brand position in the recruitment market.
- ▶ To advise the Board of Directors to focus on the goal of digitizing the entire operation processes in 2024 to facilitate reporting, data management, and personnel management.

In addition, facing increasingly fierce competition in the financial-banking market and the strong digital transformation trend, the Human Resources Committee has assisted the Board of Directors in directing to review the human resources situation of the Transformation Management Office (TMO) and the organizational as well as personnel structure of the Digital Bank - 02 key units that are expected to be able to support the Bank in accelerating the implementation process to complete the work items in the shortest time in order to soon achieve the established strategic development as well as digital transformation goals, strengthening and enhancing HDBank's capacity, position and competitiveness in the market.

6.3. CREDIT SUPERVISION COMMITTEE

FUNCTIONS AND TASKS

The Credit Supervision Committee advises the Board of Directors in: approving credit policies; approving credit limits within the decision-making authority of the Board of Directors as stipulated; supervising the credit approval levels under the Board of Management on approving the credit extension to 01 customer, or 01 customer and their related parties with a value equal to or greater than 1% of HDBank's equity capital, or 5% of HDBank's charter capital and/or equivalent to 500 billion VND or more as prescribed in HDBank's recent regulations.

COMMITTEE MEMBERS

Ms. Nguyen Thi Phuong Thao

Permanent Vice Chairwoman of the Board of Directors - Committee Chairwoman

Mr. Luu Duc Khanh

Vice Chairman of the Board of Directors - Member

Mr. Nguyen Huu Dang

Vice Chairman of the Board of Directors - Member

HIGHLIGHTS OF ACTIVITIES

In 2023, the Credit Monitoring Committee held 04 quarterly periodical meetings and 05 times of collecting written opinions of members for the purpose of:

- ▶ Advising the Board of Directors on orienting credit development strategy and approving credit policies, plans to develop new products, new markets in accordance with the policies of the Government and the State Bank;
- ▶ Advising the Board of Directors to direct the Board of Management to carry out credit activities in line with the 2023 credit growth limit granted by the State Bank of Vietnam and the actual market situation, proactively and flexibly offering credit to the economy, focusing on

OPERATING DIRECTION

- ▶ To advise the Board of Directors to direct and supervise the Board of Management in credit approval activities and credit development orientation, promptly making adjustments in accordance with developments and actual situations to effectively exploit 2024 credit growth limit, contributing to promoting economic growth and increasing the scale, enhancing the position of the Bank while still ensuring credit quality, controlling the ratio of overdue and bad debts in accordance with regulations.

Mr. Pham Quoc Thanh

Board Member cum Chief Executive Officer - Member

Mr. Thai Minh Tu

Director of the Corporate Credit Center - Committee Secretary

Ms. Nguyen Thi Thu Hang

Head of the Retail Banking Re-Appraisal Department - Committee Secretary

areas considered as economic growth drivers according to the Government's policies;

- ▶ Supporting the Board of Directors in monitoring, supervising the Board of Management in implementing of the credit growth plan, ensuring scale, quality, and effectiveness in accordance with the orientation;
- ▶ Advising the Board of Directors in approving credit applications under the approval authority of the Board of Directors.

In addition, the Committee appointed Member(s) to supervise the credit approval levels under the Board of Management in approving the credit extensions under the supervision authority of the Board of Directors.

- ▶ When the Credit Approval Level of the Board of Management approved credit applications that are under the approval authority or the supervision authority of the Board of Directors and such those approved applications are submitted by the Credit Reappraisal Department to the Board of Directors for reporting/ approval, the Credit Supervision Committee shall assess, scrutinize and suggest solutions and advices to the Board of Directors for consideration and approval.

STRATEGY AND INVESTMENT COMMITTEE

FUNCTIONS AND TASKS

The Strategy and Investment Committee advises the Board of Directors in orienting, monitoring the development and implementation of medium/long-term strategic objectives; promulgating policies within the authority related to the strategy; providing direction, criteria, and promulgating investment policies in the Bank's operations as regulated by the law and the Bank's Charter.

COMMITTEE MEMBERS

Mr. Kim Byoungho

Chairman of the Board of Directors - Committee Chairman

Ms. Nguyen Thi Phuong Thao

Permanent Vice Chairwoman of the Board of Directors - Member

Mr. Nguyen Huu Dang

Vice Chairman of the Board of Directors - Member

Mr. Luu Duc Khanh

Vice Chairman of the Board of Directors - Member

Mr. Le Manh Dung

Independent Board Member - Member

Mr. Pham Quoc Thanh

Board Member cum Chief Executive Officer - Member

Ms. Le Thi Bang Tam

Advisor to the Board of Directors - Member

Mr. Chu Viet Cuong

Advisor to the Board of Directors - Member

Mr. Pham Van Dau

Chief Financial Officer - Committee Secretary

HIGHLIGHTS OF ACTIVITIES

In 2023, the Strategy and Investment Committee held 04 meetings with the participation of committee members and members of the Board of Management, as well as relevant Divisions/ Departments to discuss and provide advisory opinions for the Board of Directors on investment and strategy development and implementation, including:

- ▶ Developing business plans and orienting banking activities for 2023;
- ▶ Implementing tasks and action programs in order to achieve the approved business plan for 2023;
- ▶ Participating in the Credit institutions restructuring program as directed by the State Bank;
- ▶ Reassessing the appropriateness of established strategic objectives and initiatives, proposing adjustments to ensure the feasibility of strategic objectives;
- ▶ Performing tasks under the 5-year development strategy for 2021 - 2025; developing a set of key performance indicators (KPIs) linked to transformation and incentive policies based on KPIs for Board members;
- ▶ Developing the detailed plan on contributing capital to a securities company as approved by the General Meeting of Shareholders;
- ▶ Studying and considering the plan to establish the HDBank representative office in Seoul, South Korea;
- ▶ Investor relations activities, seeking and selecting strategic investors.

OPERATING DIRECTION



- ▶ To support the Board of Directors in directing the completion of HDBank's organizational structure towards a leaner, more efficient manner, optimizing resources, improving competitiveness, and cost-effectively enhancing capabilities.



- ▶ To advise the Board of Directors in directing, supervising and proactively supporting the Board of Management in implementing strategic projects such as establishing the Representative Office in Seoul, Korea; participating in the restructuring program of a commercial bank; seeking and selecting strategic partners...



- ▶ In the context of sustainable development with 3 pillars of Environmental - Social - Governance (ESG) increasingly becoming dominant, at the beginning of 2024, HDBank Board of Directors reached a consensus on establishing the ESG Committee based on renaming the Strategy and Investment Committee and supplementing a number of functions and duties to this committee.



- ▶ The ESG Committee shall advise and support the Board of Directors in:
 - Enhancing the Bank's awareness of the importance and positive impacts of implementing ESG on the bank's operations and long-term development;
 - Providing orientation, directing the establishment of specific objectives, policies, and action programs related to ESG implementation;
 - Directing the implementation and closely monitoring the deployment of approved policies, programs, solutions to urgently apply the ESG standards effectively into various activities, ensuring the bank's sustainable growth and development, while contributing to economic development, environmental health, and social stability, bringing the highest benefits to all stakeholders.

BANKING TECHNOLOGY COMMITTEE

FUNCTIONS AND TASKS:

The Banking Technology Committee of the Bank advised the Board of Directors in issuing policies, information technology development strategies under their competences; making decisions on investments with technology application to banking operations.

COMMITTEE MEMBERS

Mr. Kim Byounggho

Chairman of the Board of Directors - Committee Chairman

Mr. Lim Peng Khoon

Advisor to the Board of Directors - Member

Mr. Nguyen Huu Dang

Vice Chairman of the Board of Directors - Member

Mr. Nguyen Phuc Duong

Director of the Information Technology and Electronic Banking Division - Member

HIGHLIGHTS OF ACTIVITIES

The Banking Technology Committee held 04 meetings in 2023 to focus on discussing and advising the Board of Directors on the following key issues:



Optimization plan for the 2023 technology budget;



Implementation plan for technology projects in 2023;



Major projects related to technology that are strategically important to the Bank: Core Banking system simplification and upgrade plan, technology resource restructuring plan, Digital Bank establishment project...

OPERATING DIRECTION

- ▶ To advise the Board of Directors on planning key Technology projects for 2024 in priority order to achieve strategic objectives.
- ▶ To participate in reviewing and consulting the 2024 budget plan for Information Technology and Digital Banking.



- ▶ To support the Board of Directors in directing the Board of Management to implement major technology projects such as Digital Core Thought Machine, Vikki App by HDBank, ensuring successful project execution with minimal risk.

REPORT OF THE BOARD OF SUPERVISORS

FUNCTIONS AND TASKS

Based on the provisions of the Law, regulations of the State Bank, the Charter of HDBank, and the Policies of the Board of Supervisors, the Board of Supervisors has completed the following tasks:

- ▶ Monitoring compliance with legal regulations and the Charter of the Bank in the management and operation of the Board of Directors and the Board of Management;
- ▶ Monitoring the operations of HDBank in accordance with legal regulations, the Charter of the Bank, and/or upon request of competent authorities;
- ▶ Reviewing the six-month and annual financial reports of the Bank, assessing the reasonableness, legality, accuracy, and prudence in accounting, statistics, and preparation of financial statements;
- ▶ Implementing internal audit activities according to the annual plan, including evaluating the effectiveness of HDBank's internal control system;
- ▶ Reviewing the Regulation on operations of the Board of Supervisors.

MEMBERS OF THE BOARD OF SUPERVISORS

As of December 31, 2023, the Board of Supervisors of HDBank consists of 04 specialized members - meeting the requirements for standards and conditions as stipulated by laws and by HDBank.

The composition of the Board of Supervisors and HDBank shares owned by Members of the Board of Supervisors are as follows:

No.	Full name	Position	Ownership percentage
1	Mr. Dao Duy Tuong	Chief of Board of Supervisors	2.74%
2	Ms. Duong Thi Thu	Member	0.001%
3	Ms. Bui Thi Kieu Oanh	Member	0.00%
4	Mr. Nguyen Le Hieu	Member	0.024%

ACTIVITIES IN 2023

Implementation of internal audit tasks

In 2023, the Board of Supervisors oriented and directed internal audits to focus on monitoring the bank's activities to ensure compliance with legal regulations. Therefore, the Internal audits has strengthened inspections and monitoring of the first and second lines of internal control systems according to Circular 13/2018/TT-NHNN.

Internal audits conducted audits of 95 branches and transaction offices, 13 special topics, and 193 extraordinary cash / important printed letters audits. Additionally, the Board of Supervisors directed internal audits to inspect and review issues required by the State Bank, such as: reviewing internal regulations of commercial banks and credit granting to customers with large credit balances according to Document No. 2406/TTGSNH4 dated June 7, 2023; auditing the handling of non-performing loans (NPL), provisions, and use of reserves to manage operational risks of credit institutions according to Document No. 8861/NHNN-TTGSNH dated November 16, 2023; enhancing supervision and control over activities,

areas with potential risks. The Board of Supervisors also directed internal audits to continue reviewing and improving internal regulations in internal audit activities in accordance with legal regulations.

With the development of digital transformation in banking activities, internal audits reviewed and inspected some activities to ensure compliance with regulations on safety and information security of HDBank.

During the year, the Board of Supervisors, internal audits issued reports to the Board of Directors, Board of Management, accompanied by recommendations/suggestions for systemic adjustments, process and regulation improvements, risk mitigation, and enhancement of operational quality.



Supervision of the management and operation activities of the Board of Directors and Board of Management

HDBank continued to enhance the internal control system by completing and applying documents according to the requirements of Circular 13/2018/TT-NHNN dated May 18, 2018 (Circular 13), applying an internal control system consisting of 3 independent protection lines to meet the requirements of Circular 13.

The Board of Directors established five (05) Committees: Human Resources Committee, Risk Management Committee, Credit Supervision Committee, Strategy and Investment Committee, Banking Technology Committee. Advising by these Committees, the Board of Directors issued Resolutions, Directives to direct and supervise the Board of Management in implementing the 2023 business plan approved by the General Meeting of Shareholders and legal regulations, directives of the State Bank on managing, monitoring banking activities, ensuring compliance with safety ratios the Bank's operations.



The Board of Supervisors' supervision of HDBank's compliance with regulations for listed companies

The Board of Supervisors supervises HDBank's compliance with regulations for listed companies in accordance with regulations and regularly updated information; the disclosure of information according to regulations is always supervised.



The review of financial statements, business operation reports

The Board of Supervisors reviewed the six-month and the annual financial statements audited by PwC Vietnam Limited Liability Company, assessing the reasonableness, accuracy, and prudence in accounting, statistics, and financial statement preparation in compliance with Vietnamese accounting standards, Vietnamese accounting regime applied to credit institutions issued by the State Bank of Vietnam and relevant legal regulations on preparation and presentation of financial statements.

MEETINGS OF THE BOARD OF SUPERVISORS

In 2023, the Board of Supervisors held eight (08) internal meetings with the participation of all members of the Board of Supervisors. The content and results of the meetings were as follows:

No.	Content of meeting	Result/content approved
1	To orient the internal audit activities in 2023.	<ul style="list-style-type: none"> ▶ The Board of Supervisors outlined tasks to perform in 2023.
2	To implement certain activities of the Board of Supervisors	<ul style="list-style-type: none"> ▶ The Chief of the Board of Supervisors pointed out certain issues should be reflected in the Periodic Report of the Board of Supervisors. ▶ The Chief of the Board of Supervisors directed to implement some inspection and monitoring tasks.
3	To assess Q1 2023 operations	<ul style="list-style-type: none"> ▶ The contents of the Quarterly Report of the Board of Supervisors should ensure a coherent structure, with clear and precise analytical content. ▶ Members of the Board of Supervisors and the Head/Deputy Head of the Internal Audit should promptly report to the Chief of the Board of Supervisors when they grasp information about the bank's operations. ▶ To conduct the assessment of the internal control system of HDBank.
4	Report on HDBank's operation	<ul style="list-style-type: none"> ▶ Members of the Board of Supervisors and the Head/Deputy Head of the Internal Audit should closely monitor the situation of overdue debts and the implementation of recommendations outlined in audit reports.
5	To review files/documents. To implement tasks outlined in the conclusion document of the State Bank Governor.	<ul style="list-style-type: none"> ▶ To review, examine data/records/documents to prepare for inspection work. ▶ To conduct inspections, monitor internal control systems to ensure compliance with the law. ▶ To supplement some contents into the monthly report to be submitted to the Chief of the Board of Supervisors. ▶ Upon the availability of the inspection results, the status of credit card issuance at the Tuyen Quang Branch should be immediately reported to the Board of Supervisor..
6	To implement tasks as requested by the State Bank authorities/Banking Supervision Inspectorate.	<ul style="list-style-type: none"> ▶ To review and prepare a comprehensive report to be sent to the competent authorities. ▶ To assign monitoring and supervision tasks to ensure that the Board of Supervisors fulfills their responsibilities and authorities. ▶ To summarize and evaluate the implementation status of the recommendations made. ▶ To request the Risk Management Division/Chief Executive Officer to report on the overall NPLs situation. ▶ To fully archive records and audit documents.

THE COORDINATION OF THE BOARD OF SUPERVISORS WITH THE BOARD OF DIRECTORS AND THE BOARD OF MANAGEMENT

- ▶ The Board of Directors, the Board of Management, and the Board of Supervisors have established appropriate coordination mechanisms in monitoring, inspection, and control activities.
- ▶ The recommendations and suggestions of the Board of Supervisors and internal audits are always taken note by the Board of Directors, the Board of Management to promptly direct the relevant units to timely amend, supplement.

ORIENTATIONS FOR 2024 OPERATIONS OF THE BOARD OF SUPERVISORS

In 2024, the Board of Supervisors shall continue to perform the supervisory function, constantly improving the quality of supervision based on existing resources, with the following main tasks:

- ▶ Supervising the Board of Directors, the Board of Management in managing the operations of HDBank, ensuring safety, effectiveness, following the key action programs of the Board of Directors and the Board of Management in accordance with the responsibilities and authorities of the Board of Supervisors as prescribed by law;
- ▶ Implementing internal audit activities according to the plan; audit activities shall focus on evaluating the effectiveness of the internal control system as required by Circular 13/2018/TT-NHNN;

▶ In internal audit activities, establishing automated data reports to serve remote supervision and risk identification;

▶ Focusing on regular reporting to ensure the timely dissemination of information on the Bank's operation to relevant parties;

▶ Reviewing financial statements, assessing the reasonableness, accuracy, and prudence in accounting, statistics, and financial statement preparation;

▶ Supervising information disclosure activities and shareholder relations of HDBank after listing according to legal regulations.

INTERNAL AUDIT SYSTEM

Internal audit Department of HDBank was established according to the regulations of the State Bank of Vietnam, as a specialized unit under the HDBank Board of Supervisors, responsible for conducting internal audit activities. Internal audit Department is organized in a vertical system and operates on the principles of independence, objectivity, and professionalism.

The operations of internal audit Department are led by the Head of Internal Audit Department with the support of Deputy Heads of Internal Audit and Heads of Internal Audit for Areas.

AUDIT PROCEDURE

Internal audit activities are implemented by unit, by area, and by function, using methods of cross-sectional, expansion, coordination audit, and in various forms, including: On-site audit at each unit/group of units for the business activities; specialized audit for business processes evaluated based on risk orientation, with elements lacking prevention/error control in operation, and specialized audit for systemic business activities; spot checks for the safety of the Bank's treasury, cash, important printed papers, ATM key management, etc., to detect/control arising violations timely;

Remote monitoring to timely detect errors in operations, identify critical risk areas. Audit is organized annually according to the plan or at the request of the Board of Supervisors, or when signs of misconduct and potential risk arises.

Annually, based on the results of the previous year's auditing to identify risk areas, based on the bank's operational direction, leadership management objectives, at the suggestion of the Board of Directors, the Board of Supervisors develops and approves the next year's audit plan.

SUMMARY OF LEGAL COMPLIANCE ACTIVITIES IN 2023



With a clear understanding of the foundational role and backbone of regulatory and compliance work in the operations of an enterprise in general and specifically within the banking sector, through collective efforts and unity, HDBank's legal activities have been carried out and achieved the set objectives as follows.

Ensuring legal safety in activities and operations throughout the HDBank's system

In 2023, some legal regulations related to banking activities underwent changes to adapt to the fluctuating market economic conditions, such as regulations on lending activities for customers, restructuring repayment terms while maintaining debt groups to support customers in difficulty (due to the Covid-19 pandemic, economic downturn), conditions for foreign borrowing without government guarantees, guidance on anti-money laundering, digital signatures, personal data protection, etc.

Continuous review, adjustment, establishment, and legal control of internal regulations, business process procedures, products/services, and transaction form templates, as well as operational activities, have been consistently carried out and well perfected, aligning with the actual situation and general legal system. Additionally, legal control work ensures legal safety, protection, and enhancement of HDBank's legal rights and interests in transactions, contracts, agreements with partners, and customers are meticulously performed, meeting the business, development, and safety needs of the system.

Digital Transformation in Banking Operations

In line with the digital transformation trend in the banking industry, HDBank's legal work has been reflected through the active participation in digital transformation projects, supporting units in linking and cooperating with partners to develop digitized products and services, providing a "digital" and streamlined experience, reducing procedures for customers. Additionally, HDBank actively contributed opinions on draft legal regulations regarding electronic transactions and regulations related to "Digital Banking" activities at the State Bank, Banking Association, etc.

Bank Representation in Legal Proceedings

The Legal Department has participated, supported, and provided advice to resolve disputes, complaints, and handle risks resulting from violations by employees to protect the bank's legal rights, interests, and minimize related damages.

Furthermore, legal activities also include acting as the Representative of the Bank to work with authorities, attending court sessions to protect the Bank's legal rights and interests.

Participation in Councils, Project Committees

Legal Department has actively participated in product council meetings to provide legal advice on emerging issues, new policies, products, and business programs of HDBank, enhancing the overall quality and efficiency of HDBank's operations.

In particular, Legal activities played an active role in key projects such as restructuring weak credit institutions, cooperation projects to develop digital products for individual and corporate customers, investment projects, project on reviewing, upgrading internal document systems and transaction forms of HDBank...

Support for Debt Handling, Asset Recovery

The implementation of debt handling and asset recovery has been intensified across the HDBank system. Compliance work participated in, supported early debt resolution for customers to minimize bad debts. Especially, amidst the negative impact of the Covid-19 pandemic since 2021, despite the economic market still being sluggish and volatile, many customers are still affected and face difficulties in debt repayment. Compliance work provided legal advice, debt resolution for special cases of customers, thereby meeting customer expectations and ensuring capital safety for the bank.

Dissemination of Legal Information

Training and disseminating legal information were conducted through various methods to enable staff to understand and apply them to their work. This included direct dissemination, updating of basic legal regulations in banking operations through online training courses, legal assessment reports when new legal documents are issued, informing through Legal Bulletins, and periodic reports on newly issued legal policies.

Participation in Drafting Legal Regulations

HDBank participated in providing insights for drafting legal regulations to contribute to improving the transparency and alignment of legal regulations with the business activities of commercial banks. In particular, HDBank actively coordinated with the Banking Association to propose, advise, and recommend amendments and supplements to legal regulations. Notable activities in the past year included drafting amendments to the Law on Credit Institutions (a critical sectoral law regulating the operations of credit institutions in general and commercial banks in particular), State Bank's Circulars on corporate bond trading, conditions for foreign borrowing without government guarantees, operational network of commercial banks, lending activities, disbursement methods of credit institutions, foreign bank branches for customers, etc.

CHALLENGES AND SOLUTIONS

With the instabilities and impacts of the global and domestic economy, resulted in the operations of businesses in general and credit institutions in particular facing many difficulties, it is a significant challenge to balance competitiveness and business targets while adhering to legal regulations and ensuring the safety of the bank's business activities.

Additionally, the constant changes in policies, legal regulations, and the application of legal principles by authorities also significantly affect legal activities.

RESULTS OF DIGITAL TRANSFORMATION APPLICATION IN OPERATIONS



2023 witnessed a strong shift in HDBank's digital transformation efforts, which was the fruit of the preparation journey and system conversion efforts, as well as the collective effort and unity from Divisions/ Departments and the Legal Department in particular.



In terms of online payment account opening, Legal Department closely monitored, advised, and supported business units "anytime, anywhere" in exploiting customer segments, applying solutions, and enhancing the "digital" experience for customers. As of December 31, 2023, the number of successfully opened online payment accounts is approaching the milestone of one million accounts. Especially, within just 3 months of collaboration with a financial company, over 44 thousand individual customers have opened accounts.



In the credit sector, with the motto of "Committed to your best returns", HDBank developed and implemented online loan journeys for customers. HDBank collaborated with the Telecommunications Corporation (VNPT) to grant overdraft limit on payment accounts for individual customers using VNPT subscriptions and wallets. This is a bright spot in the journey of serving and maximizing benefits for customers, facilitating customers from the delta to the border region, or from remote islands to easily access consumer loans without having to visit the bank in person. In a short period of deployment, from September 2023 to the end of December 2023, over 600 customers have been successfully granted credit with a total credit limit of over 2 billion VND.



Especially, at the end of 2023, HDBank developed and implemented flexible loan journeys based on existing individual customers who have been granted credit card limits. With simple, fast, and flexible loan procedures, while still ensuring risk management and legal compliance, individual customers can be disbursed one hundred million VND to meet their consumer credit needs. In just a short period of less than a month since the implementation, by the beginning of January 2024, nearly 600 customers have borrowed with a total outstanding balance reaching nearly 6 billion VND.



Additionally, other online loan journeys such as savings secured loan, overdraft... are still being finalized to be able to serve customers in the future.



It can be said that HDBank's digital journeys have provided convenience for customers, facilitating customers to access credit and avoid the situation of black credit in the context of many socio-economic difficulties. HDBank's digital transformation work not only meets customer needs but also contributes to economic development and social stability.

LEGAL OPERATIONS DIRECTION FOR 2024

To continue the achievements and align with HDBank's direction and policies, the compliance and regulatory operations set higher goals suitable for the upcoming period. Specifically:



Building Legal Regulations and Legal Dissemination within the System

HDBank will continue to provide insights for drafting legal documents in the banking and financial sector, as well as other related fields. Additionally, close collaboration with the Banking Association, the State Bank, and relevant agencies will be maintained to timely propose and improve legal regulations to serve the bank's business activities and enhance risk management.

Simultaneously, training and disseminating legal knowledge and regulations to units and staff within the system will be continued to ensure awareness of changes and new legal provisions regarding banking operations to meet job requirements.



Compliance and Regulatory Operations Focus on Dual Goals of ensuring compliance with legal regulations while creating additional advantages for HDBank's business operations

Legal Department shall continue to provide legal advice aligned with the bank's development strategy for the overall development of the HDBank system, supporting legal matters for business units, operations, and participating in the bank's key projects, ensuring safety and compliance in the Bank's operations.

For digital transformation efforts: Legal activities will intensify efforts to ensure that the digital transformation strategy is implemented in compliance with current legal frameworks, ensuring that products, services provided to customers, partners, and internal operational processes are handled smoothly, quickly, streamlined, and safely.

For the Bank's Business Activities: Legal activities shall be continuously, comprehensively implemented and adaptively to circumstances to ensure maximum flexibility and effectiveness for the Bank's business activities. Anti-money laundering and anti-corruption efforts will be closely monitored and rigorously enforced as required by regulations, the State Bank, and relevant authorities. Additionally, compliance work will closely monitor practical situations and provide timely preventive solutions and legal risk management to protect the bank's legal rights and interests. Furthermore, HDBank will remain vigilant regarding global and domestic developments to ensure providing appropriate and safe solutions for the bank, especially in international payment activities and cooperation with foreign investors.

Adherence to Current Regulations: The Bank should ensure compliance with regulations on information disclosure, transparency in the operations of listed companies, implementing policies. Risk management should always adhere to the requirements and criteria of Basel III standards.

TRANSACTIONS, REMUNERATION AND BENEFITS OF BOARD OF DIRECTORS, BOARD OF SUPERVISORS, AND BOARD OF MANAGEMENT

HDBank always ensures compliance with legal regulations and internal regulations of the Bank on the authority to approve and responsibility to disclose information regarding remuneration/income of the Board of Directors, Board of Supervisors, Board of Management; transactions of HDB shares by Internal Persons and their related persons; transactions between HDBank and related parties. Specifically:



► The total annual remuneration and allowances of the Board of Directors, Board of Supervisors of HDBank is approved at the Annual General Meeting of Shareholders. Specific remuneration/income for the year of each member of the Board of Directors, Board of Supervisors, Board of Management is detailed in the audited consolidated financial statements and the Annual report of the Bank.



► Resolutions of the Annual General Meeting of Shareholders, audited consolidated financial statements, and the annual report of HDBank are disclosed on the HDBank website in accordance with regulations.



► HDBank's Internal Persons and their related persons, when there is a need to trade HDB share with an expected total transactions value (at par value) equal to or greater than VND 50 million in a day, or equal to or greater than VND 200 million in a month, have complied with regulations on information disclosure, reporting to the State Securities Commission, Stock Exchange before and after conducting transactions. Specifically:

- Information about the expected transaction is disclosed at least 03 working days before the scheduled transaction date;
- The expected transaction execution period is up to 30 days from the registration date for transaction execution;
- Information about the transaction results with the reasons for not executing the transaction or not completing the registered volume (if any) is disclosed within 05 working days from the completion date of the transaction (in case the transaction ends before the registration deadline) or the end of the expected transaction execution period.



► Transactions between HDBank and related parties (including related persons, Internal Persons, and related persons of the Internal Persons of HDBank) are approved by the General Meeting of Shareholders/Board of Directors in accordance with the authority prescribed by legal regulations and HDBank's Charter. Resolutions/Decisions of the General Meeting of Shareholders, Board of Directors approving these transactions and other related issues are disclosed on the HDBank website (Investor Relations - Information Disclosure) within 24 hours from the issuance date of the Resolution/Decision.



► The list of related persons, Internal Persons, and related persons of the Internal Persons of HDBank is reported quarterly to the State Bank and stated in the Company's Corporate Governance Report (according to the template applicable to public companies) disclosed every 06 months as required.

REMUNERATION/SALARY, BONUS, COMPENSATION, OTHER BENEFITS AND EXPENSES FOR EACH OF THE MEMBER OF THE BOARD OF DIRECTORS, BOARD OF SUPERVISORS, BOARD OF MANAGEMENT:

Remuneration/income for the Board of Directors in 2023

Full name	Position	2023 VND million	2022 VND million
Mr. Kim Byoungho	Chairman, Independent member	5,177	1,350
Mdm. 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
Mdm. Nguyen Thi Tam	Member (by April 26, 2023)	1,035	855
Mdm. Le Thi Bang Tam	Chairwoman (by April 29, 2022)	-	474
Mr. Chu Viet Cuong	Member (by April 29, 2022)	-	205
Mr. Lim Peng Khoon	Member (by April 29, 2022)	-	71
		16,029	8,408

Remuneration/income for the Board of Management, Chief Finance Officer and Chief Accountant in 2023

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

The remunerations/incomes above are the net amounts after deducting personal income tax in accordance with current laws.

STOCK TRANSACTION OF THE INTERNAL PERSONS AND THEIR RELATED PERSONS

Details of HDB stock transactions by the Internal Persons and their Related Persons in 2023 were as follows:

No	Trader	Relationship with HDBank	Number of shares owned at the beginning of the period		Number of shares owned at the end of the period		Comparison of the end and the beginning of the period		Reasons for increasing, decreasing
			Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (6) - (4)	(9) = (7) - (5)	(10)
1	Sovico JSC	Major Shareholder	363,255,967	14.356%	417,744,361	14.367%	54,488,394	0.011%	To receive dividends in shares at the rate of 15%
2	Pham Khac Dung	Chairman - Legal Representative of Sovico JSC	30,418,818	1.202%	34,981,640	1.203%	4,562,822	0.001%	To receive dividends in shares at the rate of 15%
3	Nguyen Thi Phuong Thao	Permanent Vice Chairwoman	93,618,412	3.700%	107,661,173	3.703%	14,042,761	0.003%	To receive dividends in shares at the rate of 15%
4	Nguyen Huu Dang	Vice Chairman	69,740,160	2.756%	80,201,183	2.758%	10,461,023	0.002%	To receive dividends in shares at the rate of 15%
5	Luu Duc Khanh	Vice Chairman	7,251,620	0.287%	8,339,363	0.287%	1,087,743	0.000%	To receive dividends in shares at the rate of 15%
6	Pham Quoc Thanh	Board Member cum Chief Executive Officer	1,909,700	0.075%	4,626,725	0.159%	2,717,025	0.084%	To receive dividends in shares at the rate of 15% To transact in accordance with Article 33 of Circular 96
7	Dao Duy Tuong	Chief of Board of Supervisors	69,313,034	2.739%	79,709,988	2.741%	10,396,954	0.002%	To receive dividends in shares at the rate of 15%
8	Duong Thi Thu	Member of the Board of Supervisors	26,812	0.001%	30,833	0.001%	4,021	0.000%	To receive dividends in shares at the rate of 15%
9	Nguyen Le Hieu	Member of the Board of Supervisors	618,751	0.024%	711,563	0.024%	92,812	0.000%	To receive dividends in shares at the rate of 15%
10	Le Thanh Tung	Deputy Chief Executive Officer	268,125	0.011%	308,343	0.011%	40,218	0.000%	To receive dividends in shares at the rate of 15%
11	Nguyen Minh Duc	Deputy Chief Executive Officer	231,093	0.009%	254,456	0.009%	23,363	0.000%	To receive dividends in shares at the rate of 15% To transact in accordance with Article 33 of Circular 96
12	Tran Hoai Nam	Deputy Chief Executive Officer	1,830,687	0.072%	2,190,964	0.075%	360,277	0.003%	To receive dividends in shares at the rate of 15% To transact in accordance with Article 33 of Circular 96
13	Nguyen Van Hao	Deputy Chief Executive Officer	-	-	184,000	0.006%	184,000	0.006%	To transact in accordance with Article 33 of Circular 96
14	Pham Van Dau	Chief Financial Officer	109,153,434	4.314%	125,485,767	4.316%	16,332,333	0.002%	To receive dividends in shares at the rate of 15% To transact in accordance with Article 33 of Circular 96
15	Ho Dang Hoang Quyen	Chief Accountant	118,593	0.005%	136,456	0.005%	17,863	0.000%	To receive dividends in shares at the rate of 15% To transact in accordance with Article 33 of Circular 96
16	Nguyen Canh Son	Related Person of the Internal Person Related Person of the Internal Person	773,437	0.031%	889,452	0.031%	116,015	0.000%	To receive dividends in shares at the rate of 15%
17	Nguyen Huu Long	Related Person of the Internal Person	1,000	0.000%	-	-	(1,000)	0.000%	To transact in accordance with Article 33 of Circular 96
18	Nguyen Thi Phuong Thao	Related Person of the Internal Person	3,000	0.000%	-	-	(3,000)	0.000%	To transact in accordance with Article 33 of Circular 96
19	Tran Tu Thi	Related Person of the Internal Person	4,516,176	0.178%	88,944	0.003%	(4,427,232)	-0.175%	To transact in accordance with Article 33 of Circular 96
20	Pham Thi Truyen	Related Person of the Internal Person	257,812	0.010%	-	-	(257,812)	-0.010%	To transact in accordance with Article 33 of Circular 96
21	Dao Anh Minh	Related Person of the Internal Person	515,625	0.020%	592,968	0.020%	77,343	0.000%	To receive dividends in shares at the rate of 15%
22	Doan Thi Thu Huong	Related Person of the Internal Person	3,690,168	0.146%	4,243,693	0.146%	553,525	0.000%	To receive dividends in shares at the rate of 15%
23	Nguyen Minh Tri	Related Person of the Internal Person	4,100	0.000%	-	0.000%	(4,100)	0.000%	To transact in accordance with Article 33 of Circular 96
24	Tran Xuan Viet	Related Person of the Internal Person	6,125	0.000%	7,043	0.000%	918	0.000%	To receive dividends in shares at the rate of 15%

TRANSACTIONS WITH RELATED PARTIES

No.	Partner	Relationship with HDBank	Content
1	Vietjet Aviation JSC	Related Party of the Internal Person	Increasing the credit limit for Vietjet Aviation Joint Stock Company.
2	Hoa Binh University	Related Party of the Internal Person	Granting credit line to Hoa Binh University.
3	HD Securities Corporation	Related Party of the Internal Person	Periodic assessment of the credit limit granted to HD Securities Corporation.
4	HD Saison Finance Company Ltd.	Subsidiary	Renewal of credit limit for HD Saison.
5	HD Securities Corporation	Related Party of the Internal Person	Utilizing HD Securities Corporation's services in bond issuing activities.
6	HD Securities Corporation	Related Party of the Internal Person	Investment transactions, buying and selling securities with HD Securities Corporation (HDS).
7	Vietjet Aviation JSC	Related Party of the Internal Person	Periodic assessment of the credit limit granted to Vietjet Aviation JSC.
8	HD Securities Corporation	Related Party of the Internal Person	The plan to purchase shares of HD Securities Corporation.
9	HD Saison Finance Company Ltd.	Subsidiary	Cooperation between HDBank and HD SAISON Co., Ltd.
10	Sovico Group JSC	Related Party of the Internal Person	Granting credit line to Fulbright University Vietnam Limited Co., Ltd. (Sovico Group JSC is the 3 rd party guaranteeing the loan).

EVALUATION OF INDEPENDENT BOARD MEMBERS ON THE IMPLEMENTATION OF CORPORATE GOVERNANCE POLICIES AT HDBANK



It is believed that in 2024 and the years to come, HDBank shall continue to achieve high and sustainable growth, enhancing the Bank's position and competitiveness, reaching the developed strategic goal of becoming the leading bank in the system, a pioneer in digital technology, being governed under the modern model, according to international practices.

In 2023, given the economy in general and the banking sector in particular facing many challenges, the Board of Directors of HDBank effectively leveraged its leadership role, providing direction, oversight, and support to the Board of Management in implementing programs and plans according to the resolutions of the Annual General Meeting of Shareholders, steering HDBank's operations to achieve positive results, continuing impressive growth in scale, affirming the bank's position and brand, while ensuring the best interests of all stakeholders.

The organizational, governance structure and internal regulation system are being adjusted to align with the best international standards and practices, contributing to improving operational efficiency and enhancing forecasting, prevention, and control capabilities for potential risks, ensuring smooth, safe, and stable operation. HDBank is urgently deploying policies, programs, and solutions to effectively adopt ESG (Environmental, Social, Governance) standards in the Bank's activities, aiming at sustainable development, improving competitiveness, and making positive contributions to the environment and society.

Emphasizing human resources activities, HDBank is developing a professional working environment, establishing the clear policies on recruitment, training, career promotion, and offering the best compensation and welfare schemes for employees. Exciting internal activities and corporate culture dissemination programs, with the motto "A Happy Workplace" are regularly organized to enhance employee engagement with the bank.

The activities of the Board of Directors in 2023 were carried out in accordance with the resolutions of the General Meeting of Shareholders, compliance with the Charter, internal policies, and governance standards. The Board members always adhere to the responsibility of disclosing interests and fulfilling their duties of monitoring and preventing conflicts of interest, protecting the rights and interests of the bank, shareholders, and investors. Transactions with related parties are conducted on the objective basis without any terms that create an advantage over terms proposed by other independent partners

HDBank consistently complies with regulations on information disclosure and pays attention to shareholders' interests. Shareholders are guaranteed to be treated equally, be able to access information fully, accurately, transparently and are given the best conditions to exercise their rights. Fulfilling commitments, HDBank completed the 2022 dividend payment within the stipulated time frame.

With effective and transparent governance according to the best standards and practices and outstanding business performance, HDBank was honored in the Top 10 most prestigious and effective public companies in Vietnam in 2023 - the ranking includes public companies that demonstrate superiority in capacity, growth potential, sustainable development ability, quality of governance and solid position in the industry. It is believed that in 2024 and the years to come, HDBank shall continue to achieve high and sustainable growth, enhancing the Bank's position and competitiveness, reaching the developed strategic goal of becoming the leading bank in the system, a pioneer in digital technology, being governed under the modern model, according to international practices.

INDEPENDENT BOARD MEMBER

LE MANH DUNG

ASSESSMENT OF CORPORATE GOVERNANCE IMPLEMENTATION UNDER THE ASEAN CORPORATE GOVERNANCE SCORECARD

ASSESSMENT OF COMPLIANCE WITH GOVERNANCE POLICIES FOR LISTED COMPANIES

No.	Criteria	Compliance status of HDBank	Notes
1	To organize the Shareholders' Meeting within 6 months from the end of the fiscal year, in compliance with Article 139(2) of the Enterprise Law 2020.	Comply	Comply The 2023 Annual General Shareholders' Meeting (AGM) was virtually held on April 26, 2023.
2	To disclose the AGM Materials at least 21 days before the meeting's opening date, as stipulated in Point a, Clause 3, Article 10 of Circular 966/2020/TT-BTC.	Comply	The AGM Materials were disclosed on March 31, 2023.
3	To amend the Company's Charter in accordance with the provisions of the Enterprise Law No. 59/2020/QH14 (stipulated in Article 310(20) of Decree No. 155/2020/NĐ-CP).	Comply	
4	To promulgate the internal regulation on corporate governance, according to Article 270(2) and Article 310(20) of Decree No. 155/2020/NĐ-CP.	Comply	
5	To appoint a Person in charge of corporate governance as stipulated in Article 281(1) of Decree No. 155/2020/NĐ-CP.	Comply	
6	To conduct internal audits in accordance with the provisions of Article 10(1), Article 30 of Decree No. 05/2019/NĐ-CP.	Comply	
7	To promulgate the Regulation on the operation of the Board of Directors in accordance with the provisions of Article 278(4) and Article 310(20) of Decree No. 155/2020/NĐ-CP.	Comply	
8	To ensure the number of independent Board members as stipulated in Article 276(4) of Decree No. 155/2020/NĐ-CP.	Comply	
9	To ensure the number of non-executive members of the Board of Directors as stipulated in Article 276(2) of Decree No. 155/2020/NĐ-CP.	Comply	
10	The Chairman of the Board of Directors does not concurrently hold the position of Chief Executive Officer.	Comply	
11	Members of the Board of Directors concurrently serve as members of the Board of Directors in up to 05 other companies as stipulated in Article 275(3) of Decree No. 155/2020/NĐ-CP.	Comply	

No.	Criteria	Compliance status of HDBank	Notes
12	Meeting of the Board of Directors should be held least once a quarter as stipulated in Article 157 of the Enterprise Law 2020; Point c, Clause 3, Article 41 of the Securities Law, and Article 279(1) of Decree No. 155/2020/NĐ-CP.	Comply	
13	The Chief Executive Officer is a person without family relations to Management Officers, Supervisors of the Company and its parent company; representatives of state capital, representatives of capital of the enterprise in the Company and its parent company as regulated in Point b, Clause 5, Article 162 of the Enterprise Law 2020.	Comply	
14	The remuneration of members of the Board of Directors, the salary of the Chief Executive Officer, and other Management Officers comply with the provisions of Article 163(3) of the Enterprise Law 2020.	Comply	
15	To promulgate the Regulation on the operation of the Board of Supervisors according to Article 288(6) and Article 310(20) of Decree No. 155/2020/NĐ-CP.	Comply	
16	To ensure compliance with the minimum number of the Board of Supervisors members, which is 03 persons according to Article 286(1) of Decree No. 155/2020/NĐ-CP.	Comply	
17	To ensure that the number of the Board of Supervisors meetings is at least 02 times/year, as stipulated in Article 289(1) of Decree No. 155/2020/NĐ-CP.	Comply	
18	The Supervisor does not hold management positions in the company, as stipulated in Point d, Clause 1, Article 169 of the Enterprise Law 2020 and Article 286(2) of Decree No. 155/2020/NĐ-CP.	Comply	
19	The Supervisor is a person without family relations to the Board of Management, the Board of Directors, and other Management Officer as stipulated in Point c, Clause 1, Article 169 of the Enterprise Law 2020 and Article 286(2) of Decree No. 155/2020/NĐ-CP.	Comply	
20	The Supervisor does not work in the financial accounting department of the company or an independent auditing company in the previous 03 consecutive years, as stipulated in Point a, Clause 2, Article 286 of Decree No. 155/2020/NĐ-CP.	Comply	
21	The remuneration and operating expenses of the Inspection Committee comply with the provisions of Article 172(3) of the Enterprise Law 2020.	Comply	
22	To conduct transactions with related parties in compliance with the provisions of Article 167 of the Enterprise Law 2020 and Article 292, 293 of Decree No. 155/2020/NĐ-CP.	Comply	
23	To disclose the resolutions of the Shareholders' Meeting/Board of Directors when conducting transactions with related parties, reflecting these transactions in the financial reports and corporate governance reports.	Comply	

ASSESSMENT UNDER THE ASEAN CORPORATE GOVERNANCE SCORECARD

For optimal business performance, the Board of Directors of HDBank not only focuses on boosting business operations to increase revenue, reduce costs, and enhance profitability, but also concentrates on enhancing corporate governance capacity according to international standards, ensuring efficient utilization of all resources, creating long-term sustainable values, attracting and effectively utilizing investment capital, human resources, knowledge, and talents of the Bank.

Accordingly, the Bank has assessed the effectiveness of its corporate governance system under the ASEAN Corporate Governance Scorecard, focusing on 5 key areas: Rights of Shareholders, Equitable Treatment of Shareholders, Role of Stakeholders, Disclosure and Transparency, Role and Responsibilities of the Board of Directors.

✔ Tick mark - Compliance ○ Circle mark - Partial Compliance

No.	Criteria	Compliance status of HDBank		Assessment basis for 2023
		2022	2023	
A	The rights of shareholders			
A.1	Basic rights of shareholders			
A.1.1	Does the company pay (interim and final/annual) dividends in an equitable and timely manner; that is, all shareholders are treated equally and paid within 30 days after being (i) declared for interim dividends and (ii) approved by shareholders at general meetings for final dividends? In case the company has offered Scrip dividend, did the company pay the dividend within 60 days.	✔	✔	In 2023, HDBank completed the dividend payment at a rate of 10% in cash and 15% in stock, in accordance with the resolution of the General Meeting of Shareholders (GMS).
A.2	The right to participate in decisions related to fundamental changes of the Company			
	Shareholders have the right to participate in:			
A.2.1	Shareholders have the right to participate in amending the Charter or equivalent corporate governance documents of the Company.	✔	✔	Stipulated in the Charter and the Internal Regulation on Corporate Governance of the Bank
A.2.2	Shareholders have the right to participate in voting on the issuance of additional shares.	✔	✔	Stipulated in the Charter and reflected in the documents of the General Meeting of Shareholders, collecting shareholders' written opinions.
A.2.3	Shareholders have the right to participate in the transfer of all or a significant portion of the Company's assets leading to the sale of the Company.	✔	✔	Stipulated in the Charter
A.3	The right to participate in and vote at the Shareholders' General Meeting, being informed about the regulations of the Shareholders' General Meeting, including voting procedures.			
A.3.1	Do shareholders have the opportunity, evidenced by an agenda item, to approve remuneration or any increases in remuneration for non-Executive Board members?	✔	✔	Presented in the materials of the 2023 AGM published on the Bank's website and sent to each shareholder attending the meeting.

No.	Criteria	Compliance status of HDBank		Assessment basis for 2023
		2022	2023	
A.3.2	Does the company provide non-controlling shareholders a right to nominate candidates for the Board members?	✔	✔	Stipulated in the Charter and The Internal Regulation on Corporate Governance of the Bank
A.3.3	Does the company allow shareholders to elect Board members individually?	✔	✔	Stipulated in the Charter
A.3.4	Does the company disclose the voting procedures to be used before the start of meeting?	✔	✔	Published on the Bank's website before the start of meeting.
A.3.5	Does the minutes of latest AGM record that the shareholders were given the opportunity to ask questions?	✔	✔	Stated in the minutes of the 2023 AGM
A.3.6	Does the company disclose the voting results including approving, dissenting, and abstaining votes for all resolutions/each agenda item for the latest AGM?	✔	✔	Stated in the latest minutes of counting shareholders' written votes
A.3.7	Does the company disclose the list of Board members attending the latest AGM?	✔	✔	Stated in the minutes of the 2023 AGM.
A.3.8	Does the company disclose that all Board members and the CEO attended the latest AGM?	✔	✔	The attendance of all Board members and the CEO at the latest AGM are stated in the minutes of the 2023 AGM.
A.3.9	Does the company allow absentee voting?	✔	✔	Stipulated in the Charter
A.3.10	Did the company vote by poll for all resolutions at the latest AGM?	✔	✔	Stated in the latest minutes of counting shareholders' written votes
A.3.11	Has the company disclosed the appointment of an independent party to count or validate votes at the latest AGM?	✔	✔	Stated in the minutes of the 2023 AGM.
A.3.12	Does the company publish the voting results for all resolutions in the latest AGM on the next working day?	✔	✔	The minutes of the 2023 AGM and the GMS's Resolutions were published on the Bank's website as required.
A.3.13	Does the company provide a minimum 21-day notice for the Annual/Extraordinary General Meeting of Shareholders?	✔	✔	Notice of the 2023 AGM and the 2023 AGM Materials were published on the website on March 31, 2023.
A.3.14	Does the company provide the rationale and explanation for each agenda item in the draft Resolution which requires shareholders' approval in the Notice of the AGM/ AGM Materials/ Draft or the reports attached?	✔	✔	Reflected in the 2023 AGM Materials.

No.	Criteria	Compliance status of HDBank		Assessment basis for 2023
		2022	2023	
A.3.15	Does the company give the opportunity for shareholder to place item(s) on the agenda of AGM?	✓	✓	Stipulated in the Charter and The Internal Regulation on Corporate Governance of the Bank, accordingly shareholders shall vote to approve the agenda, they might pose questions to the Board of Directors and propose agenda items for the AGM. Such those questions, proposals were recorded in the minutes of the 2023 AGM
A.4 Effective and transparent corporate management				
A.4.1	In cases of mergers, acquisitions or takeovers requiring shareholders' approval, does the Board of Directors of the company appoint an independent party to evaluate the fairness of the transaction price?	✓	✓	Stipulated in the Charter.
A.5 The exercise of the rights of all shareholders, including institutional shareholders.				
A.5.1	Does the company publicly disclose policies/practices to encourage the participation of shareholders outside the AGM?	✓	✓	HDBank's Investor Relations activities always focus on promoting exchange between investors, shareholders and the Bank on a quarterly basis and according to actual activities throughout the year.
B EQUITABLE TREATMENT OF SHAREHOLDERS				
B.1 Shares and voting rights				
B.1.1	Do the company's ordinary shares have one vote for one share?	✓	✓	Stated in the Regulation on the organization of General Meeting at the Annual General Meeting of Shareholders.
B.1.2	Where the company has more than one class of shares, does the company publicize the voting rights attached to each class of shares	✓	✓	Stipulated in the Charter.
B.2 Notice of AGM				
B.2.1	Does each resolution in the latest AGM deal with only one item, i.e., there is no bundling of several items into the same resolution?	✓	✓	Reflected in the 2023 AGM Materials.
B.2.2	Were the notice and materials of the latest AGM fully translated into English and published on the same date as the local- language version?	✓	✓	The notice and materials of the latest AGM were published in both languages (Vietnamese - English).

No.	Criteria	Compliance status of HDBank		Assessment basis for 2023
		2022	2023	
B.2.3	Were the profiles of the candidates to the Board of Directors for election/re-election included?	✓	✓	HDBank publishes the profiles of the candidates to be elected/re-elected on the Bank's website.
B.2.4	Was the list of auditors for selection clearly identified?	✓	✓	Stated in the 2023 AGM Materials.
B.2.5	Are proxy forms for attending the AGM made easily available?	✓	✓	Proxy forms for attending the 2023 AGM are published on the Bank's website and sent to shareholders.
B.3 Insider trading and abusive self-dealing should be prohibited				
B.3.1	Does the company have policies or rules prohibiting Board members and employees to benefit from knowledge which is not generally available to the market?	✓	✓	Stipulated in the Charter, The Internal Regulation on Corporate Governance of the Bank, and other related documents.
B.3.2	Are Board members required to report their transactions of the Company stock within 3 business days?	✓	✓	HDBank commits to comply with the current disclosure regulations in the market.
B.4 Related party transactions by the Board of Directors and the Board of Management				
B.4.1	Does the company have a policy requiring Board members to disclose their related interests in transactions and any conflicts of interest with the company?	✓	✓	Stipulated in the Charter, The Internal Regulation on Corporate Governance of the Bank, and other related documents. HDBank commits to comply with the current information disclosure regulations in the market.
B.4.2	Does the company have a policy requiring a Committee consisting of independent Board members to review significant/important related-party transactions to determine whether they are in the best interests of the company and shareholders?	✓	✓	The Board of Supervisors supervises the governance and operations of the Board of Directors and the Board of Management.
B.4.3	Does the company have a policy requiring Board members to abstain from participating from the Board discussion on a particular agenda when they are conflicted?	✓	✓	Stipulated in the Charter, The Internal Regulation on Corporate Governance of the Bank.
B.4.4	Does the company have policies on loans to Board Members either forbidding this practice or ensuring that they are being conducted at arm's length basis and at market rates?	✓	✓	Stipulated in the Charter, The Internal Regulation on Corporate Governance of the Bank and other documents related to credit approval.
B.5 Protecting minority shareholders from abusive actions				
B.5.1	Does the company disclose that related-party transactions are conducted at arm's length basis and at market rates?	✓	✓	Stipulated in the Charter, ensuring compliance with legal regulations.
B.5.2	In case of related party transactions requiring shareholders' approval, are the decisions made by disinterested shareholders?	✓	✓	Stipulated in the Charter.

No.	Criteria	Compliance status of HDBank		Assessment basis for 2023
		2022	2023	
C	ROLES OF STAKEHOLDERS			
C.1	The rights of stakeholders that are established by law or through mutual agreements are to be respected.			
C.1.1	Does the company promulgate regulations and execute specific activities to protect customers' interests?	✓	✓	HDBank has promulgated internal policies and emphasized enforcement activities to protect the interests of customers.
C.1.2	Does the company provide specific criteria for selection of suppliers?	✓	✓	Reflected in the Annual Report, Sustainability Report
C.1.3	Describing the company's efforts to ensure that its value chain is environmentally friendly or in consistent with the promotion of sustainable development?	✓	✓	HDBank consistently integrates sustainable development goals with the bank's development objectives, as shown in the Annual Report, Sustainability Report.
C.1.4	Describing the company's efforts in interacting with the community in which the company operates?	✓	✓	For many years, HDBank has fulfilled the Bank's responsibilities to social and community through various programs, as evidenced in the Annual Report and on the Bank's website.
C.1.5	Describing the company's anti-corruption programs and procedures?	✓	✓	Reflected in the Annual Report - Sustainability section - Legal Compliance. The Bank has established the anti-corruption and crime prevention steering committee with operating regulations set by the Board of Directors. The steering committee issues an anti-corruption program with specific content for each year. The Chief Executive Officer promulgates specific policies on anti-corruption and crime prevention.
C.1.6	Describing how how creditors' rights are safe-guarded?	✓	✓	HDBank always commits to fully comply with legal regulations in all activities, including regulations on capital safety, liquidity, and risk management. The Bank fulfills all disclosure obligations, including Financial Statements, Annual Reports, periodic disclosures before and after each bond issuance. Investor relations activities are always emphasized and serve as an useful channel for interacting with creditors.

No.	Criteria	Compliance status of HDBank		Assessment basis for 2023
		2022	2023	
C.1.7	Does the company have a separate section/ report on its efforts related to environmental, economic, and social issues?	✓	✓	Reflected in the Annual Report, Sustainability Section.
C.2	Stakeholders' interests are protected by law and stakeholders should have opportunity to obtain effective redress for violation of their rights.			
C.2.1	Does the company provide contact information on its website or in the annual report that stakeholders can use to raise their concerns or complaints for possible violations of their rights?	✓	✓	Contact methods and hotlines are widely available on the media.
C.3	Performance-enhancing mechanisms for employee participation should be permitted to develop			
C.3.1	Does the company explicitly disclose the policies and practices on health, safety and welfare for employees?	✓	✓	Presented in the Annual Report and labor policies.
C.3.2	Does the company explicitly disclose the policies and practices on training and development programs for employees?	✓	✓	Presented in the Annual Report and training programs for employees. HDBank has developed, submitted to the GMS for approval and is implementing a stock issuance program under the 2023 Employee Stock Ownership Program.
C.3.3	Does the company have reward policies to boost the performance of the company in the long term rather than the short-term?	✓	✓	The Bank established a bonus program in accordance with the number of working year at HDBank.
C.4	Stakeholders, including individuals and organizations, are encouraged to voice their concerns about illegal or unethical practices to the Board of Directors			
C.4.1	Does the company have a Whistle-blowing Policy that includes procedures for employees and stakeholders to complain about illegal behavior, unethical practices, and provide detailed information on the company's website and in the Annual Report?	✓	✓	Reflected in the Annual Report, professional code of ethics, labor regulations, regulations on anti-corruption and crime prevention, and other relevant documents.
C.4.2	Does the company have policies or procedures to protect employees from retaliation for revealing illegal/ unethical behavior?	✓	✓	Reflected in professional code of ethics, labor regulations, regulations on anti-corruption and crime prevention, and other relevant documents.
D	DISCLOSURE AND TRANSPARENCY			
D.1	Transparent ownership structure			
D.1.1	Does the information on shareholdings reveal the identity of beneficial owners, holding 5% shareholding or more?	✓	✓	Stated in the Annual Report and Corporate Governance Report.
D.1.2	Does the company disclose the direct and indirect shareholdings of major shareholders?	✓	✓	Stated in the Annual Report and Corporate Governance Report.
D.1.3	Does the company disclose the direct and indirect (deemed) shareholdings of the Board members?	✓	✓	Stated in the Annual Report and Corporate Governance Report.

No.	Criteria	Compliance status of HDBank		Assessment basis for 2023
		2022	2023	
D.1.4	Does the company disclose the direct and indirect (deemed) shareholdings of the Board of Management?	✓	✓	Stated in the Annual Report and Corporate Governance Report.
D.1.5	Does the company disclose detailed information about parent companies, subsidiaries, affiliates, joint ventures, and Special Purpose Entities/ Vehicles (SPE)/(SPV)?	✓	✓	Stated in the Annual Report and Corporate Governance Report.
D.2 Quality of the Annual Report				
D.2.1	Company's objectives	✓	✓	Fully reflected in the Annual Report - General Information section.
D.2.2	Financial performance indicators	✓	✓	Fully reflected in the Annual Report - Business Results section
D.2.3	Non-financial performance indicators	✓	✓	Fully reflected in the Annual Report - Sustainability section.
D.2.4	Dividend policy	✓	✓	Fully reflected in the Annual Report - Corporate Governance section.
D.2.5	Biographical details of each Board member	✓	✓	Fully reflected in the Annual Report - Corporate Governance section.
D.2.6	Attendance details of each Board members in all Board meetings held.	✓	✓	Fully reflected in the Annual Report - Corporate Governance section.
D.2.7	Details of remuneration for each Board member	✓	✓	Fully reflected in the Annual Report - Corporate Governance and Financial Statements sections.
D.2.8	Does the Annual Report include a statement confirming the company's full compliance with the code of corporate governance, and where there is non-compliance, does it clearly identify and explain the reasons for each such issue?	✓	✓	Fully reflected in the Annual Report - Corporate Governance section.
D.3 Disclosure of Related Party Transactions				
D.3.1	Does the company disclose the policy on reviewing and approving significant related party transactions?	✓	✓	Stipulated in the Charter and The Internal Regulation on Corporate Governance of the Bank
D.3.2	Does the company disclose the names of related party, relationship, nature and value for each significant related party transaction?	✓	✓	Presented in documents disclosing information on related party transactions on the Bank's website.

No.	Criteria	Compliance status of HDBank		Assessment basis for 2023
		2022	2023	
D.4 The Board members dealings in the company's shares.				
D.4.1	The company discloses transactions of the company shares conducted by Internal Persons of the company.	✓	✓	Disclosed on notice of transaction of the Company shares by Internal Persons on the Bank's website
D.5 Independent Auditor and Auditor Report				
D.5.1	Are the audit/non-audit service fees publicly disclosed?			
D.5.2	Is non-audit fee higher than audit fee?	✓	✓	
D.6 Communication media				
The company uses the following modes of communication:				
D.6.1	Quarterly reporting	✓	✓	HDBank quarterly updates business results and operations on the Bank's website in bilingual (Vietnamese - English), including: Updated business results, Financial statements, Press releases, presentation documents.
D.6.2	Company's website	✓	✓	Information about the Bank's activities is posted on the Website regularly in bilingual (Vietnamese - English) and some important information might be shown in Japanese.
D.6.3	Analyst's briefing	✓	✓	HDBank proactively works and provides information for domestic and foreign banks' analytical reports
D.6.4	Media briefings/ press conference	✓	✓	HDBank conducts activities to connect with investors, analysts and provides press releases to media periodically, ensuring transparent, timely and complete information.
D.7 Timely release of the annual financial statements				
D.7.1	Are the audited annual financial statements released within 120 days from the end of the fiscal year?	✓	✓	Fully comply with current regulations.
D.7.2	Is the annual report released within 120 days from the end of the fiscal year?	✓	✓	Fully comply with current regulations.
D.7.3	Is the true and fair presentation of the annual financial statements affirmed by the Board of Directors or other relevant officers of the company?	✓	✓	Fully comply with current regulations.

No.	Criteria	Compliance status of HDBank		Assessment basis for 2023
		2022	2023	
D.8	The Company's website			
D.8.1	Financial statements (Last updated quarter)	✓	✓	Fully displayed on the Bank's Website - Investor section.
D.8.2	Materials provided in briefings to analysts and media	✓	✓	Fully displayed on the Bank's Website - Investor section.
D.8.3	Annual reports can be downloaded	✓	✓	Fully displayed on the Bank's Website - Investor section.
D.8.4	Notice of the AGM or Extraordinary General Meeting of Shareholders	✓	✓	Fully displayed on the Bank's Website - Investor section.
D.8.5	Minutes of the annual or extraordinary General Meeting of Shareholders	✓	✓	Fully displayed on the Bank's Website - Investor section.
D.8.6	Company's constitution	✓	✓	Fully displayed on the Bank's Website - Investor section.
D.9	Investor Relations			
D.9.1	Does the company disclose the contact details of the Leader/Department responsible for Investor Relations?	✓	✓	Fully displayed in the Bank's Annual Report and Website - Investor Relation section
E	RESPONSIBILITY OF BOARD OF DIRECTORS			
E.1	Responsibility of Board of Directors			
	Clearly defined responsibilities of the Board of Directors and the Corporate Governance policy			
E.1.1	Does the company disclose the Corporate Governance policy/ Regulation on operations of the Board of Directors?	✓	✓	Fully presented in the Annual Report - Corporate Governance Section.
E.1.2	Are the types of decisions requiring the Board of Directors' approval disclosed?	✓	✓	Full disclosed on the Bank's website.
E.1.3	Are the roles and responsibilities of Board Members clearly defined?	✓	✓	Fully stated in the Charter and Annual Report - Corporate Governance Section.
E.1.4	Does the company disclose the latest vision and missions?	✓	✓	Fully presented in the Annual Report and on the Bank's website.
E.1.5	Does the Board of Directors play an important role in developing and reviewing the Company's strategies annually?	✓	✓	The roles and activities of the Board of Directors are fully demonstrated in the Annual Report - Corporate Governance Section.
E.1.6	Do Board members supervise/monitor the implementation of the Company's strategies?	✓	✓	The roles and activities of the Board of Directors are fully demonstrated in the Annual Report - Corporate Governance Section.

No.	Criteria	Compliance status of HDBank		Assessment basis for 2023
		2022	2023	
E.2	Structure of Board of Directors			
E.2.1	Are details of the Code of Ethics or Conduct disclosed?	✓	✓	The Internal Regulation on Corporate Governance and Regulation on information disclosure are published on the Company's website.
E.2.2	Does the company announce that all members of the Board of Directors, Board of Management and employees are required to comply with the code?	✓	✓	Stipulated in the Internal Regulation on Corporate Governance and Regulation on information disclosure published on the Company's website.
E.2.3	Does the company disclose the process to implement and monitor compliance with the Code of Ethics or Conduct?	✓	✓	Stipulated in the Internal Regulation on Corporate Governance and Regulation on information disclosure published on the Company's website.
E.2.4	Do independent Board members account for at least 50% of the Board members?	⊙	⊙	The Board of Directors currently has 02 independent Board members, complying with the Law on Credit Institutions, the Law on Securities and current regulations.
E.2.5	Does the company have a term limit of 9 years or less or 2 terms of 5 years for independent Board Members?	✓	✓	Stipulated in the Charter and the Internal Regulation on Corporate Governance of the Bank
E.2.6	Has the Company set a maximum limit of 5 Board positions that an independent/non-executive Board Member can hold simultaneously at other Companies?	✓	✓	Stipulated in the Charter and the Internal Regulation on Corporate Governance of the Bank
E.2.7	Does the Company have any Executive Board Members serving on more than 2 Boards of Directors of listed companies outside the Group?	✓	✓	Not incurred
E.2.8	Does the company have a Human Resources Committee?	✓	✓	The Human Resources Committee was established under the Board of Directors.
E.2.9	Does the Human Resources Committee consist of a majority of independent Board Members?		⊙	Independent Board member is member of the Human Resources Committee and is responsible for providing constructive opinions on the Bank's policies on human resources, remuneration and bonuses.
E.2.10	Is the Chairperson of the Human Resources Committee an independent Board member?			
E.2.11	Does the company disclose the regulation on operation/governance structure/charter of the Human Resources Committee?	✓	✓	Stipulated in the Regulation on organization and operations of the Board of Directors.
E.2.12	Does the Human Resources Committee meet at least twice a year and are they publicly announced?	✓	✓	Stated in the Annual Report.
E.2.13	Does the company have the Remuneration Committee?	✓	✓	HDBank has established a Remuneration Subcommittee under the Human Resources Committee.

No.	Criteria	Compliance status of HDBank		Assessment basis for 2023
		2022	2023	
E.2.14	Does the Remuneration Committee consist of a majority of independent Board Members?		⊙	Independent Board member is member of the Human Resources Committee and is responsible for providing constructive opinions on the Bank's policies on human resources, remuneration and bonuses.
E.2.15	Is the Chairperson of the Remuneration Committee an independent Board member?			
E.2.16	Does the company disclose the regulation on operation/governance structure/charter of the Remuneration Committee?	✓	✓	Stipulated in the Regulation on organization and operations of the Board of Directors.
E.2.17	Does the Remuneration Committee meet at least twice a year and are they publicly announced?	✓	✓	Stipulated in the Regulation on organization and operations of the Board of Directors.
E.2.18	Does the company have an Audit Committee?	✓	✓	HDBank operates under the model of the General Meeting of Shareholders, Board of Directors, Board of Supervisors, and Chief Executive Officer.
E.2.19	Does the Audit Committee consist entirely of non-executive Board members with a majority of independent Board Members?	✓	✓	The Board of Supervisors operates independently, supervising the activities of the Board of Directors and the Board of Management. Members of the Board of Supervisors do not hold management positions at HDBank.
E.2.20	Is the Chairperson of the Audit Committee an independent Board member?	✓	✓	The Chief of the Board of Supervisors operates independently from the Board of Directors.
E.2.21	Does the company disclose the regulation on operation/governance structure/charter of the Audit Committee?	✓	✓	Stated in the Annual report
E.2.22	Does at least one independent Board Member in the Committee have accounting expertise (professional qualifications or accounting experience)?	✓	✓	4/4 Members have accounting expertise and experience.
E.2.23	Does the Audit Committee meet at least 4 times a year and are they publicly announced?	✓	✓	Stated in the Annual Report.
E.2.24	Does the Audit Committee have the primary responsibility for making recommendations on the appointment and dismissal of the independent auditors?	✓	✓	Stated in the Annual Report.
E.3 Operating procedures of the Board of Directors				
E.3.1	Are Board meetings scheduled before the start of the financial year?	✓	✓	Stated in the Annual Report.

No.	Criteria	Compliance status of HDBank		Assessment basis for 2023
		2022	2023	
E.3.2	Do Board members meet at least 6 times a year?	✓	✓	All Board members attended 05 Board meetings, participated in 1 workshop session on strategy held on October 2-3, 2023. In addition, Board Members also attend quarterly meetings of the Committees. Independent Board members have conducted 01 meeting to evaluate the activities of the Board of Directors in 2023 according to regulations.
E.3.3	Has each Board Member attended at least 75% of the Board meetings held during the year?	✓	✓	All Board Members attended 100% of the Board meetings held during the year.
E.3.4	Does the company require 2/3 Board members to attend meetings in which Board Resolutions are approved?	✓	✓	Stipulated in the Charter.
E.3.5	Did non-executive Board members of the Company meet at least once a year without the participation of Executive members?	✓	✓	7/7 Members of the HDBank's Board of Directors are non-executive.
E.3.6	Are Materials of the Board meetings provided to the Board of Directors at least 5 working days before the Board meetings?	✓	✓	Materials are provided at least 5 working days before the Board meetings.
E.3.7	Does the person in charge of corporate governance play an important role in supporting the Board of Directors in fulfilling their responsibilities?	✓	✓	Stipulated in the Charter and the Internal Regulation on Corporate Governance of the Bank.
E.3.8	Is the person in charge of corporate governance trained in legal, accounting or secretarial work? And does he/she accompany relevant departments?	✓	✓	The person in charge of corporate governance has sufficient relevant knowledge and experience.
E.3.9	Does the company disclose the criteria used in the selection of new Board Members?	✓	✓	Stipulated in the charter and regulations on nomination and candidacy to be the Board members.
E.3.10	Does the company disclose the process for appointing new Board Members?	✓	✓	Stipulated in the charter and regulations on nomination and candidacy to be the Board members.
E.3.11	Are Board members subject to re-election at least every 3 years or every 5 years for listed companies operating in countries where the law specifies a 5-year term?	✓	✓	Stipulated in the Charter
E.3.12	Does the company disclose policies/practices on remuneration for the Executive Board members and the Chief Executive Officer?	✓	✓	Stipulated in the Charter, The Internal Regulation on Corporate Governance of the Bank, the AGM Materials, and Annual Report.
E.3.13	Is the remuneration structure for non-executive Board members disclosed?	✓	✓	Stipulated in the Charter and published in the Financial Statements as prescribed by law.

No.	Criteria	Compliance status of HDBank		Assessment basis for 2023
		2022	2023	
E.3.14	Do shareholders or the Board of Directors approve the remuneration of the Executive Board members?	✓	✓	The GMS approves remuneration norms and the Board of Directors stipulates in detail.
E.3.15	The company uses metrics to determine the	✓	✓	Stipulated in the Charter
E.3.16	performance-based remuneration of the	✓	✓	HDBank Internal Audit Department was established according to regulations of the State Bank of Vietnam
E.3.17	executive Board members and the Board of Management aligned with the long-term interests of the Company?	✓	✓	Stated in the Annual Report.
E.3.18	Does the company have a separate Internal Audit department?	✓	✓	The Board of Supervisors manages and directly directs activities of the Internal Audit Department.
E.3.19	Does the Company disclose the name of the Head of Internal Audit Department, or if outsourced, is the name of the external firm disclosed?	✓	✓	Stated in the Annual Report - Corporate Governance section.
E.3.20	Does the appointment and dismissal of the Internal Auditors require to be approved by the Audit Committee?	✓	✓	Stated in the Annual Report - Corporate Governance section.
E.3.21	Does the company have an internal control process/risk management system that is periodically reviewed for effectiveness?	✓	✓	Stated in the Annual Report.
E.3.22	Does the annual report disclose that Board members have reviewed the Company's key control points and risk management systems?	✓	✓	Stated in the Annual Report - Corporate Governance section.
E.4 Composition of the Board of Directors				
E.4.1	2 different people hold the positions of the Chairperson of the Board of Directors and the Chief Executive Officer?	✓	✓	Chairman of the Board of Directors does not concurrently hold the position of Chief Executive Officer.
E.4.2	Is the Chairperson an independent Board member?	✓	✓	The Chairman is an independent Board member
E.4.3	Is there any Board member who was previously the Chief Executive Officer of the Company in the last 2 years?	✓	✓	As of December 31, 2023, Mr. Pham Quoc Thanh is a Board member cum Chief Executive Officer.
E.4.4	Are the roles and responsibilities of the Chairperson of the Board of Directors disclosed?	✓	✓	Stipulated in the Charter and stated in the Annual Report.
E.4.5	Does at least 1 non-executive Board member have prior working experience in the major industry in which the Company is operating?	✓	✓	All Board members have experience in the finance and banking industry.
E.4.6	Does the company disclose a policy to diversify the composition of the Board of Directors?	✓	✓	Stated in the Annual Report.

No.	Criteria	Compliance status of HDBank		Assessment basis for 2023
		2022	2023	
E.5 Performance of the Board of Directors				
E.5.1	Does the company have an orientation program for the new Board members?	✓	✓	Board members are fully updated and informed about the functions, duties, authorities and operations of the Board of Directors.
E.5.2	Does the company have a policy to encourage Board members to participate in continuing education or professional training programs?	✓	✓	Training programs to improve professional capacity are always provided by HDBank and all Board members are encouraged to attend.
E.5.3	Does the company disclose how members of the Board of Directors develop succession plans for the positions of Chairperson of the Board of Directors, Chief Executive Officer and key Management Officers?	✓	✓	Shown in the Internal Regulation on Corporate Governance of the Bank and the Bank's internal labor policies.
E.5.4	Does the Board of Directors conduct an annual performance assessment of the Chairperson of the Board of Directors/ Chief Executive Officer?	✓	✓	The performance of the Board of Directors, Chief Executive Officer and Board of Management is assessed annually.
E.5.5	Is an annual performance assessment conducted for the Board of Directors and does the company disclose the criteria and process for conducting the assessment?	✓	✓	The performance of the Board of Directors, Chief Executive Officer and Board of Management is assessed annually, stated in the Annual Report and Report on corporate governance.
E.5.6	Is an annual performance assessment conducted for each Board member and does the company disclose the criteria and process for conducting the assessment?	✓	✓	The performance of the Board of Directors is assessed annually, stated in the Annual Report and Report on corporate governance.
E.5.7	Are annual performance assessments conducted for the Committees and does the company disclose the criteria and process for conducting the assessment?	✓	✓	Stated in the Annual Report - Corporate Governance section.

BONUS SCORECARD

No.	Criteria	Compliance status of HDBank		Assessment basis for 2023
		2022	2023	
(B) A RIGHTS OF SHAREHOLDERS				
(B) A.1 Basic rights of shareholders				
(B) A.1.1	Does the company practice secure electronic voting in absentia at the AGM?	✓	✓	HDBank has submitted to the GMS for approval of the Regulation on the organization of the virtual General Shareholders' Meetings and e-voting.
(B) B EQUITABLE TREATMENT OF SHAREHOLDERS				
(B) B.1 Notice of the AGM				
(B) B.1.1	Does the company release the notice of the AGM as notified to the Stock Exchange, at least 28 days before the meeting date?	✓	✓	Notice of the 2023 AGM released on March 2, 2023.
(B) C ROLES OF STAKEHOLDERS				
(B) C.1 The rights of stakeholders that are established by law or through mutual agreements are to be respected				
(B) C.1.1	Does the company apply international standards to prepare the Sustainability Report?	⊙	⊙	The Sustainability Report has been prepared based on international standards (GRI, 17 sustainable development goals of the United Nations).
(B) D DISCLOSURE AND TRANSPARENCY				
(B) D.1 Quality of Annual Reports				
(B) D.1.1	Are the audited annual financial statements released within 60 days from the end of the fiscal year?	✓	✓	Audited financial statements are released in accordance with regulations.
(B) D.1.2	Does the company disclose detailed information about the Chief Executive Officer's remuneration?	✓	✓	Stated in the Annual Report and Financial Statements.
(B) E RESPONSIBILITY OF THE BOARD OF DIRECTORS				
(B) E.1 Capacity and diversity of the Board of Directors				
(B) E.1.1	Does the company have at least 1 female independent Board Member?	✓	✓	
(B) E.1.2	The company has a policy publishing measurement requirement for the diversity of Board Member and supervises the implementation progress and results?	✓	✓	The standards of members of the Board of Directors are specified in the Charter and Internal Regulation on corporate governance of the Bank

No.	Criteria	Compliance status of HDBank		Assessment basis for 2023
		2022	2023	
(B) E.2 Structure of the Board of Directors				
(B) E.2.1	Does the Human Resources Committee entirely consist of independent members of the Board of Directors?			
(B) E.2.2	Does the Human Resources Committee implement a process of identifying the quality of Board Members in consistent with the Company's strategic directions?	✓	✓	The Human Resources Committee advises the Board of Directors on human resources issues.
(B) E.3 Appointment and re-election of the Board of Directors				
(B) E.3.1	Does the Company use search firms or other independent sources of candidates when seeking candidates for Board Members?	✓	✓	Get consult from BCG in finding suitable candidates for the position of Independent Board Member.
(B) E.4 Structure and composition of the Board of Directors				
(B) E.4.1	Do independent non-executive Board members of the Board account for more than 50% of the Board members with the Chairperson being an independent Board member?	⊙	⊙	The Chairman of the Board of Directors is an independent Board member.
(B) E.5 Risk management				
(B) E.5.1	Does the Board of Directors describe the governance process around IT issues to ensure that all key risks are identified, managed and reported to the Board?	✓	✓	Stated in the Annual Report.
(B) E.6 Performance of the Board of Directors				
(B) E.6.1	Does the company have a separate Risk Management Committee?	✓	✓	Risk Management Committee under the Board of Directors.

PENALTY SCORECARD

No.	Criteria	Compliance status of HDBank		Assessment basis for 2023
		2022	2023	
(P) A RIGHTS OF SHAREHOLDERS				
(P) A.1 Basic rights of shareholders				
(P) A.1.1	The company fails or negligently fails to treat all shareholders in terms of share repurchases in a fair manner	✓	✓	No event occurred in 2023.
(P) A.2 The right to participate in decisions related to fundamental changes of the Company				
(P) A.2.1	Is there evidence of barriers that prevent shareholders from communicating or consulting with other shareholders?	✓	✓	No event occurred in 2023.

No.	Criteria	Compliance status of HDBank		Assessment basis for 2023
		2022	2023	
(P) A.3	The right to participate in and vote at the Shareholders' General Meeting, being informed about the regulations of the Shareholders' General Meeting, including voting procedures			
(P) A.3.1	Has the Company included additional and unannounced agenda item into the notice of the Annual/ Extraordinary General Meeting?	✓	✓	Information is always published and notified to shareholders
(P) A.3.2	Did the Chairperson of the Board, Audit Committee Chairperson and Chief Executive Officer attend the latest AGM?	✓	✓	Fully attended
(P) A.4	Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.			
(P) A.4.1	Shareholders Agreement?	✓	✓	No event occurred in 2023.
(P) A.4.2	Voting Cap?	✓	✓	No event occurred in 2023.
(P) A.4.3	Multiple Voting Rights?	✓	✓	No event occurred in 2023.
(P) A.5	Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.			
(P) A.5.1	Is a pyramid ownership structure and/ or cross holding structure apparent?	✓	✓	No event occurred in 2023.
(P) B	EQUITABLE TREATMENT OF SHAREHOLDERS			
(P) B.1	Insider trading and abusive self-dealing			
(P) B.1.1	Has there been any conviction of insider trading involving members of the Board of Directors, Board of Management and employees in the past three years?	✓	✓	No event occurred.
(P) B.2	Protecting minority shareholders from abusive action			
(P) B.2.1	Has there been any cases of non-compliance with the laws, rules and regulations pertaining to material related party transactions in the past three years?	✓	✓	No event occurred.
(P) B.2.2	Were there any related party transactions that can be classified as financial assistance to entities other than subsidiaries?	✓	✓	No event occurred.
(P) C	ROLES OF STAKEHOLDERS			
(P) C.1	The rights of stakeholders that are established by law or through mutual agreements are to be respected			
(P) C.1.1	Have there been any violations of any laws pertaining to labor/ employment/ consumer/ insolvency/ commercial/ competition or environmental issues?	✓	✓	No event occurred.
(P) C.2	The rights of stakeholders that are established by law or through mutual agreements are to be respected			
(P) C.2.1	Has the company faced any sanctions by regulators for failure to make announcements within the requisite time period for material events?	✓	✓	No event occurred.

No.	Criteria	Compliance status of HDBank		Assessment basis for 2023
		2022	2023	
(P) D	DISCLOSURE AND TRANSPARENCY			
(P) D.1	Sanctions from regulator on financial statements			
(P) D.1.1	Did the company receive a "qualified opinion" in the independent auditor's report?	✓	✓	No qualified opinion gave
(P) D.1.2	Did the company receive a "adverse opinion" in the independent auditor's report?	✓	✓	No adverse opinion gave
(P) D.1.3	Did the company receive a "disclaimer opinion" in the independent auditor's report?	✓	✓	No disclaimer opinion gave
(P) D.1.4	Has the company in the past year revised the financial statements for reasons other than changes in accounting policies?	✓	✓	No event occurred.
E	RESPONSIBILITY OF THE BOARD OF DIRECTORS			
(P) E.1	Compliance with current rules and regulations on listing			
(P) E.1.1	Is there any evidence that the company has not complied with any rules and regulations on listing over the past year other than those on information disclosure?	✓	✓	Fully complied
(P) E.1.2	Have there been any instances where non-executive Board members have resigned and raised any issues of governance-related concerns?	✓	✓	No event occurred.
(P) E.2	Structure of the Board of Directors			
(P) E.2.1	Does the Company have any independent Board members who have served for more than nine years or two terms of five years each in the same capacity?	✓	✓	No event occurred.
(P) E.2.2	Did the company fail to identify who are the independent Board member(s)?	✓	✓	No event occurred.
(P) E.2.3	Does the company have any independent/ non - executive Board members who serve on a total of more than five boards of publicly-listed companies?	✓	✓	No event occurred.
(P) E.3	Independent Auditor			
(P) E.3.1	Is any of the Board members or senior management officers a former employee or partner of the current independent auditor?	✓	✓	No event occurred.
(P) E.4	Structure and composition of the Board of Directors			
(P) E.4.1	Has the Chairperson of the Board been the Chief Executive Officer of the Company in the last three years?	✓	✓	No event occurred.
(P) E.4.2	Do independent non-executive Board members receive options or bonus shares?	✓	✓	No event occurred.

GOVERNANCE AND EXECUTIVE ORIENTATIONS FOR 2024 OF THE BOARD OF DIRECTORS

1

- ▶ To focus on directing HDBank's entire system to decisively, flexibly implement action plans in accordance with market developments, maximizing business advantages to achieve the growth targets set for 2024.
- ▶ The Board of Directors will closely coordinate with the Chief Executive Officer and the Board of Management to provide guidance and promptly address issues arising while performing business tasks.

2

- ▶ To accompany and support the Board of Management to implement transformation programs, enhancing the in such those programs as program sponsors participation of Professional Committees under the Board of Directors in such those programs as program sponsors.
- ▶ The Board members should perform their governance tasks with high responsibility, supporting the Board of Management in implementing key programs and projects with potential to directly and positively impact the Bank's performance according to strategic objectives.

3

- ▶ To continue directing HDBank's participation in the credit institutions restructuring program, ensuring benefits for HDBank in implementing project.

4

- ▶ To direct and support the Board of Management to quickly implement procedures to complete the plan on purchasing shares of a securities company for the purpose of turning such company into a subsidiary/affiliate of HDBank following the policy approved by the General Meeting of Shareholders, promoting the development of corporate financial advisory services and other financial services, contributing to increasing the value of HDBank's shares.

5

- ▶ To direct the improvement of processes, digitization of activities, intensifying customer attraction, promoting the offering of products and services via digital channels, enhancing the application of technology to handle internal processes in order to improve work efficiency and the competitiveness of products, services as well as HDBank brand in the market.

6

- ▶ To direct and support the Board of Management in enhancing capital mobilization activities to supplement long-term capital, preparing financial resources for strategic projects, adapting customers' borrowing demand and improving safety indicators; to direct the aggressive and effective implementation of the Plan on restructuring associated with handling non-performing loans for the 2021 - 2025 period, promoting the handling and recovery of non-performing loans, improving credit quality.

7

- ▶ To continue directing and supervising the research, amendment, and enhancement of mechanisms, policies, and internal regulations towards strong reform of regulations and procedures, creating favorable conditions for people and businesses to access bank capital, while improving the human resources quality and work efficiency.

8

- ▶ To properly organize well the periodical meetings of the General Meeting of Shareholders and the Board of Directors throughout the year.



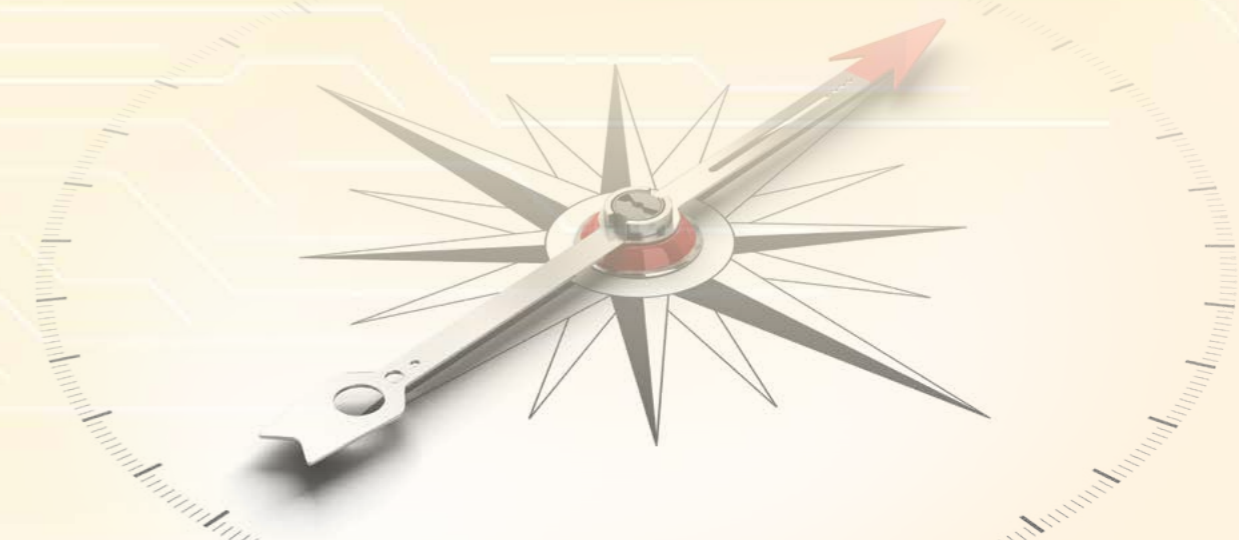
Chairman of the Board of Directors HDBank, Mr. Kim Byounggho

HDBank's Board of Directors always encourages and facilitates the Bank's leaders at all levels to participate in courses, discussions related to the Bank's governance under domestic and international standards. HDBank's Board members have participated in a number of seminars on corporate governance and have extensive experience in managing various economic organizations and credit institutions.

Mr. Kim Byounggho - Chairman, Independent Board Member has been granted a certificate in Corporate Governance following a course organized by SK Group.

The participation of the Board members in corporate governance programs in 2023:

Mr. Kim Byounggho - Chairman, Independent Board Member participated in training courses, High-Level Workshop on Corporate Governance for the Board Members and Directors Summit organized by SK Group - South Korea; Annual Forum 2023: Green Finance and E&S Governance organized by the Vietnam Institute of Directors (VIOD).



SHAREHOLDER AND INVESTOR RELATIONS

IMPRESSIVE FIGURES ON HDBANK SHARE PERFORMANCE AND INVESTOR RELATIONS IN 2023



Investor Conference, updating business results in 2023 and information on directions and prospects for 2024

46.4%

THE GROWTH RATE OF HDBANK'S MARKET CAPITALIZATION IN 2023

The strong and sustainable business growth, the attention and companionship of domestic and international investors and the positive results of shareholder and investor relations activities in recent years have contributed to elevating HDBank's position in the market. By the end of 2023, HDBank's market capitalization reached VND 58,719 billion, an increase of 46.4% YOY, placing the Bank among the top 5 companies in the VN30 basket with the strongest market capitalization growth rate.

25%

THE DIVIDEND RATIO THAT HDBANK SHAREHOLDERS RECEIVED IN 2023

Maintaining the tradition of regularly paying dividends at high rate, in 2023, HDBank completed dividend payments with a total ratio of 25% in cash and stocks in accordance with the resolution of the General Meeting of Shareholders. This is a high dividend ratio in the industry, indicating HDBank's high performance and HDBank's commitment to bringing the highest benefits to shareholders and investors.

172 • HDBANK • ANNUAL REPORT 2023

54.3%

THE GROWTH RATE OF HDB SHARE PRICE IN 2023

Closing the session on December 29, 2023, HDB stock price was at VND 20,300/stock, marking an increase of 54.3% YTD. Despite market fluctuations, the growth rate of HDB stock price outperformed the market, being 4.3 times higher than the increase of the VN30 index (12.6%) and 4.5 times the increase of the VNIndex (12.2%).

Top 10

HDB IS AMONG THE TOP 10 STOCKS WITH THE LARGEST NET PURCHASES BY FOREIGN INVESTORS

Despite of the stock market fluctuations and strong net selling by foreign investors across the market in 2023, HDBank stocks still attracted significant net purchases from large and reputable foreign investment funds. With a net purchase of 39.3 million shares by foreign investors, HDB is among the Top 10 stocks with the largest net purchases by foreign investors on the HoSE in 2023, room for foreign investors has regularly been filled.

#1

HDBANK IS THE ONLY BANK SELECTED TO BE INCLUDED IN THE VN-DIAMOND INDEX BASKET

In October 2023, Ho Chi Minh City Stock Exchange announced that HDBank met all the criteria and was the only bank selected to be included in the VN-Diamond Index basket - a collection of 18 companies listed on the HoSE with good growth potential and high attractiveness to investors, meeting various criteria such as market capitalization, liquidity... Particularly, the key criteria for the attractiveness of VN Diamond is that selected stocks must have great appeal to foreign investors with the "foreign room" being filled at least 95%.

#5

TO BE HONORED FOR 5 CONSECUTIVE YEARS AT THE VIETNAM LISTED COMPANY AWARDS

The Vietnam Listed Company Awards (VLCA) is the largest annual event assessing the activities of listed companies, organized by Ho Chi Minh City Stock Exchange (HoSE), Hanoi Stock Exchange (HNX), and Vietnam Investment Review Magazine. In 2023, HDBank was honored in 2 important categories: awarded as "Listed large-cap company with the best annual report - Financial service industry" for the 5th consecutive year; recognized as "the listed company with the best organization of the AGM" in the first year the organizers evaluated and awarded this category. Furthermore, HDBank continued to be included in the VNSI (Vietnam Sustainable Index) basket, comprising 20 companies highly appreciated by HoSE for sustainability-related activities. These awards are evidence of the high appreciation of the organizers for HDBank in applying the best international standards on corporate governance, being transparent in all activities, and ensuring the highest interests of shareholders and investors.

SHAREHOLDER AND INVESTOR RELATIONS

Shareholder and investor relations have always been prioritized by HDBank, progressively professionalizing to bring the highest benefits to all stakeholders. The Bank always ensures full compliance with corporate governance regulations and endeavors to best meet the requirements of shareholders and investors for timely and comprehensive updates on activities, facilitating shareholders' rights exercise and contributing to the Bank's development.

With this direction, in recent years, HDBank has continuously innovated and improved investor relations activities. HDBank has been one of the pioneering listed companies to organize both online and offline AGM since 2021. Domestic and international shareholders can easily participate in the AGM and pose questions to the Bank's Board of Directors from any location. Voting and elections

have been conducted entirely online on mobile devices, with a friendly, easy-to-operate interface and highly secure. To support shareholders, HDBank has established an online support hotline to provide comprehensive and timely guidance from the date of publishing the AGM Materials until the end of the AGM. The AGM Materials as well as other documents subject to disclosure have always been fully prepared and published on time in both Vietnamese and English. In 2023, the Bank completed the dividend payment in cash and shares with a total ratio of 25% prior to the prescribed deadline.

HDBank's efforts have been recognized by shareholders, investors, and management authorities. At the 2023 Vietnam Listed Company Awards (VLCA) ceremony 2023, HDBank was honored as the listed company with the best organization of the AGM.

LAW-ABIDING, TRANSPARENT AND EFFECTIVE ELECTION PROCEDURES

1

Procedures for electing members of the Board of Directors, Board of Supervisors are always rigorously implemented by HDBank, ensuring compliance with the law and the Bank's Charter, while providing timely, transparent information to shareholders and investors.

2

At least 30 days before the AGM, the Board of Directors publishes information about the number of members expected to be elected and the required criteria of each position for shareholders to acknowledge information and exercise their rights to nominate or self-nominate candidates as regulated. Subsequently, the Board of Directors submits the list of candidates to be elected to the BOD and their profiles to the competent authorities for consideration and approval.

3

Information about candidates should be published on HDBank's website, Ho Chi Minh City Stock Exchange, and other media outlets for shareholders to review before making decisions. The voting, election, and vote counting process is clearly informed by the Bank, including voting and election guidelines published on the website before the AGM and clearly disseminated at the AGM. Election results are announced immediately upon the completion of the vote counting at the AGM in the presence of shareholders, management authorities, and independent auditors. After the AGM, resolutions and meeting minutes of the AGM are published within 24 hours of issuance, and HDBank reports information about elected members in compliance with the prescribed deadlines.

TRANSPARENT INFORMATION DISCLOSURE, OPEN COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

HDBank not only fulfills responsibilities as a listed company but also always accompanies and supports investors and shareholders in timely and effectively accessing information about the Bank's activities. Shareholders can easily exercise their rights and contribute to HDBank's development through various communication channels such as on regular direct and online meetings, via emails, and contacting the Bank's hotline. Information disclosure activities always fully implemented in both Vietnamese and English in accordance with prescribed deadlines. All comments, questions, and requests from investors are comprehensively and promptly received and responded to by HDBank's Investor Relations department.

In 2023, HDBank has promoted interaction and communication with investors, shareholders on online platforms to better meet the requirements of shareholders and investors for diversifying information reception channels. At the same time, the HDBank increased the scale and frequency of participation in domestic and international investor engagement events, attracting the attention of over 9,000 investors. Such those efforts have been highly appreciated by investors and shareholders. According to the results of event quality surveys, "Good" and "Very good" responses averaged 94%.

Investors can update information about HDBank through various channels, including:



Ho Chi Minh City Stock Exchange website:

<https://www.hsx.vn/Modules/Listed/Web/SymbolView/706>



Official website of HDBank

<https://hdbank.com.vn/eng/investor>



HDBank hotline

1900 6060



Contacting the Investor Relations Department of the Bank:

Investor Relations Department - the BOD Office, Ho Chi Minh City Development Joint Stock Commercial Bank



Phone

+84 28 6291 5669 (Ext 1481)



Email

ir@hdbank.com.vn

In 2024, HDBank's investor relations activities will continue to be innovated and improved towards professionalizing and standardizing processes, actively researching and applying the best international practices in investor relations activities in order to create even better conditions for shareholders and investors to fully exercise their rights and obligations as prescribed, while contributing to enhancing the reputation and position of HDBank.

HDB stock price developments in 2023:



THE MARKET PRICE OF HDB STOCK (ADJUSTED FOR STOCK SPLIT)



increased by
54.3%
in 2023.

HISTORY OF DIVIDEND PAYMENTS

Actual payment time	2018	2019	2020	2021	2022	2023
1. Ratio of dividend payment to charter capital	13%	10%	50%	25%	25%	25%
2. Ratio of bonus shares issued to charter capital	-	20%	15%	-	-	-
Total	13%	30%	65%	25%	25%	25%
Payment method	In cash	By shares	By shares	By shares	By shares	In cash: 10% By shares: 15%

The issuance of shares to pay dividends and bonus shares for the year 2019 was implemented in 2020 in accordance with Resolution No. 09/2020/NQ-DHDCD of the General Meeting of Shareholders dated June 13, 2020.

INVESTOR RELATIONS EVENTS IN 2023

Time	Event	Detail
January 12, 2023	Corporate Access Week event organized by SSI Securities Corporation.	Investment conference organized by SSI Securities Corporation to connect international investment funds and listed companies in Vietnam.
February 10, 2023	HDBank's Investor Conference on announcing Q4 2022 business performance.	To update domestic and international individual investors, investment funds and financial institutions on HDBank's 2022 business performance and plans for 2023.
February 16, 2023	Investor conference [SSI x CITI] VIETNAM C-SUITE FORUM 2023.	Investment conference organized by Citigroup in collaboration with SSI Securities Corporation to connect senior leaders of Vietnamese listed companies and large international investment funds.
March 01, 2023	"Vietnam Access Day 2023" investment conference.	Investment conference organized by Viet Capital Securities JSC to connect international investment funds and listed companies in Vietnam.
March 06-07, 2023	The 17 th Annual One on One Conference organized by EFG Hermes in Dubai.	To connect leading reputable investment organizations in Europe, the Middle East, Asia, and America.
April 26, 2023	2023 AGM	The 2023 business plan with high growth targets in both scale and quality was approved at HDBank's 2023 AGM.
May 09, 2023	HDBank's Investor Conference on announcing Q1 2023 business performance.	To update domestic and international individual investors, investment funds and financial institutions on HDBank's Q1 2023 business performance.
May 22-23, 2023	Meeting with investors in Singapore.	To update shareholders and investors in Singapore HDBank's Q1 2023 performance
May 29-30, 2023	Meeting with investors in Hong Kong.	To update shareholders and investors in Hong Kong HDBank's Q1 2023 performance.
June 14- 15, 2023	EMERGING VIETNAM 2023 Investor Conference event organized by HSC.	Emerging Vietnam is an annual event organized by HSC with the goal of creating a bridge between leading Vietnamese companies and the international investors from the United States, Europe, Japan, Singapore, Hong Kong, Korea and Thailand.
August 08, 2023	"Q2 Update Tour" investment conference organized by Viet Capital Securities JSC.	To connect international investment funds and listed companies in Vietnam.
August 08, 2023	HDBank's Investor Conference on announcing Q2 2023 business performance.	To update domestic and international individual investors, investment funds and financial institutions on HDBank's Q3 2023 business performance.
August 29, 2023	Event [GOLDMAN SACHS x SSI] 2023 VIETNAM CORPORATE DAY	To connect international investors with listed companies in Vietnam.
November 01, 2023	Emerging & Frontier Markets Virtual Investor Conference	Investment conference organized by SSI in collaboration with Auerbach Grayson to connect international investment funds.
November 08, 2023	HDBank's Investor Conference on announcing Q3 business performance	To update domestic and international individual investors, investment funds and financial institutions on HDBank's Q3 2023 business performance.

INFORMATION ABOUT SHAREHOLDER STRUCTURE, SHARES, AND STOCK PRICES

SHARES

The total ordinary shares of HDBank as of December 29, 2023 was 2,907,632,132 shares, equivalent to the charter capital of VND 29,076,321,320,000, including:



OUTSTANDING SHARES

2,892,550,610

shares



TREASURY SHARES

15,081,522

shares



UNRESTRICTED SHARES

2,684,696,648

shares



RESTRICTED SHARES

222,935,484

shares

HDBank shares are not traded in foreign countries and territories

In 2023, the Bank did not repurchase shares issued as treasury shares.

SHAREHOLDER STRUCTURE AS OF DECEMBER 29, 2023

HDBank's shareholder structure according to the percentage of ownership (major shareholders - owning equal to or greater than 5% of voting share capital, minor shareholders):

No.	Subject	Number of shareholders	Number of shares owned	Ownership percentage
1	Major shareholders (*)	1	417,744,361	14.37%
2	Minor shareholders	20,079	2,489,887,771	85.63%
Total		20,080	2,907,632,132	100.00%

(*) Sovico Holdings Joint Stock Company is the only major shareholder of HDBank with an ownership percentage of 14.37% of the Bank's voting share capital. All other shareholders own less than 5% of HDBank's.

OWNERSHIP STRUCTURE BY TYPE OF SHAREHOLDERS

No.	Type of shareholders	Number of shares	Ownership percentage	Number of shareholders	Structure of shareholders (*)	
					Organization	Individual
1	State-owned shareholders	89,318,653	3.07%	6	6	0
2	Major shareholders	417,744,361	14.37%	1	1	-
3	The Bank's Labour Union	724,146	0.02%	1	1	-
4	Treasury shares	15,081,522	0.52%	1	1	-
	Other shareholders	2,384,763,450	82.02%	20,071	230	19,841
5	<i>Domestic</i>	<i>1,815,822,970</i>	<i>62.45%</i>	<i>19,404</i>	<i>113</i>	<i>19,291</i>
	<i>Foreign</i>	<i>568,940,480</i>	<i>19.57%</i>	<i>667</i>	<i>117</i>	<i>550</i>
TOTAL		2,907,632,132	100%	20,080	239	19,841
In which:						
	<i>Domestic</i>	<i>2,338,691,652</i>	<i>80.43%</i>	<i>19,413</i>	<i>122</i>	<i>19,291</i>
	<i>Foreign</i>	<i>568,940,480</i>	<i>19.57%</i>	<i>667</i>	<i>117</i>	<i>550</i>

HISTORY OF CHARTER CAPITAL INCREASE

Time	Charter capital after the increase (VND billion)	Charter capital increased in the period (VND billion)	Notes
February 1989	3	0	The initial charter capital
June 1992	5	2	Issuance of additional shares to existing shareholders
October 1993	10	5	Issuance of additional shares to existing shareholders
April 1994	22	12	Issuance of additional shares to existing shareholders
January 1998	42	20	Issuance of additional shares to existing shareholders
August 1998	50	8	Issuance of additional shares to existing shareholders
February 1999	60	10	Issuance of additional shares to existing shareholders
June 2002	70	10	Private issuance of shares
December 2004	150	80	Issuance of additional shares to existing shareholders
August 2005	200	50	Issuance of additional shares to existing shareholders
December 2005	300	100	Issuance of additional shares to existing shareholders
December 2006	500	200	Issuance of additional shares to existing shareholders
November 2007	1,000	500	Issuance of additional shares to existing shareholders and employees

Time	Charter capital after the increase (VND billion)	Charter capital increased in the period (VND billion)	Notes
October 2008	1,550	550	Issuance of additional shares to existing shareholders and employees
August 2010	2,000	450	Issuance of additional shares to existing shareholders and employees
January 2011	3,000	1,000	Issuance of additional shares to existing shareholders and employees
June 2012	5,000	2,000	Issuance of additional shares to existing shareholders and employees
December 2013	8,100	3,100	To increase capital due to the merger of Dai A Commercial Joint Stock Bank in to HDBank
October 2017	8,829	729	Issuance of shares to pay dividends and issuance of shares to increase capital from owners' capital
December 2017	9,810	981	Private issuance of shares
October 2020	12,708	2,898	Issuance of shares to pay dividends and issuance of bonus shares from owners' capital
December 2020	16,089	3,381	To issue shares to pay dividends
October 2021	20,073	3,984	To issue shares to pay dividends
July 2022	20,273	200	Issuance of ESOP shares to employees
November 2022	25,303	5,030	Issuance of shares to pay dividends
July 2023	29,076	3,773	Issuance of shares to pay dividends



GREEN RESPONSIBILITIES CULTIVATING FUTURE

06 SUSTAINABLE DEVELOPMENT

- 184 Sustainable development message - Chairman of the Board Of Directors
- 186 Overview of the Sustainable Development Report
- 188 Overview of 2023 sustainable development and 2024 directions
- 190 Outstanding Achievements in Sustainable Development
- 196 Sustainable governance
- 200 Engagement with key stakeholders
- 204 Stakeholder comments on HDBank's sustainable development efforts
- 208 Key focus areas
- 210 Fully integrate 17 SDGS throughout key topic management

▶▶▶ SUSTAINABLE DEVELOPMENT MESSAGE - CHAIRMAN OF THE BOARD OF DIRECTORS



Dear Shareholders and stakeholders of HDBank,

Scientists are warning that the Earth is continuing to warm and is approaching a critical tipping point. Climate change, environmental pollution, and natural disasters are becoming increasingly frequent and severe threats around the globe. In addition, war, inequality, human rights abuses, poverty, and other social issues are also demanding action from countries around the world.

At the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28), Vietnam officially announced the Plan for Resource Mobilization to Implement the Political Declaration on Establishing the Just Energy Transition Partnership (JETP), reaffirming its commitment to clean energy development and a net-zero emissions target by 2050.

At HDBank, we understand that tomorrow comes from today's actions and fully support the above commitments and goals. We are fully aware of our role and responsibility in creating value for society, protecting the environment, and contributing to the development of a green economy, promoting human rights, and creating sustainable values for the future.

With this awareness and responsibility, over the years HDBank has not only fully complied with environmental regulations in all its operations but has also been one of the pioneers in participating in the country's climate change projects.

In 2015, HDBank was selected by the Government to be the bank serving the Climate Change Adaptation Project in the Mekong Delta region in the two provinces of Ben Tre and Tra Vinh, using ODA funds from the International Fund for Agricultural Development (IFAD) under the United Nations. Also in 2015, HDBank was selected by the Government to serve the project on Improving Energy Efficiency in Hanoi and Ho Chi Minh City, using 100 million euros of ODA provided by the German government. Subsequently, HDBank was continuously selected by the State Bank of Vietnam and the Ministry of Finance to serve projects using ODA to develop the clean water supply system, build schools, hospitals, and economic infrastructure.

In recent years, HDBank has expanded its cooperation with many international organizations such as IFC, DEG, and Proparco to disburse hundreds of millions of USD for renewable energy programs, high-tech agriculture, small and medium-sized enterprises (SMEs), and women-owned businesses in Vietnam. In addition, we have been constantly striving to implement specific solutions and actions to reduce greenhouse gas emissions, hazardous waste, and commit to strictly manage emissions in all our activities.

As of end 2023, HDBank's green finance portfolio exceeded 12 trillion dong and total disbursement amount in 2023 to women-owned businesses exceeded 3.4 trillion dong. At the same time, HD SAISON has disbursed nearly 8 trillion dong of preferential loans to workers at industrial parks and processing zones nationwide to help low-income borrowers improve their living standards.

Recognizing the importance of financial inclusion, HDBank has been promoting strategies, policies, and actions to increase access to financial services for customers in remote and rural areas. Over the past 10 years, HDBank has been committed to the strategy of a universal retail bank, targeting small and medium-sized enterprises, workers, farmers, small traders, and low-income people in second tier cities and rural areas. HDBank and our consumer finance subsidiary HD SAISON currently serve more than 17 million individual and consumer finance customers, with over 50% of outstanding loans for people and businesses in second tier cities and rural areas.

In terms of governance, HDBank is the pioneer bank to upgrade to Basel III in 2023 and is ready to apply from 2024 when approved by the regulatory authorities. The bank has also completed the project of upgrading the risk management framework; issued Policy on Environmental and Social Risk Management in credit extension (ESMS) applied to corporate loans, specifically limiting credit to industries that have a negative impact on the environment.

Throughout many generations of leadership, HDBank has always been an active and responsible bank in implementing social responsibility. HDBank's CSR activities have always received the consensus of implementation throughout the system, bringing a better life to vulnerable groups in need of support in society.

As we move forward into our 34th year of operation, we are committed to building HDBank into a model that

effectively integrates sustainable development goals into its business strategy, bringing maximum benefits to customers, shareholders, the community and society. The success of this model at HDBank has been recognized and highly appreciated by many domestic and international organizations, with numerous awards for sustainable development in 2023. HDBank was honored by Asiamoney magazine as the Best Bank for CSR in Vietnam. Notably, at the 2023 Listed Companies Awards, HDBank won two important awards: Best Listed Company for Organizing the Annual General Meeting and Best Annual Report. The Vietnam Institute of Directors (VIOD) honored HDBank's Board of Directors as the Board of the Year, recognizing its top-notch corporate governance. Previously, in 2019, HDBank was the first bank in Vietnam to be honoured by the Asian Development Bank (ADB) with a Green Deal Award.

Sustainable development is a long-term process that requires perseverance and continuous effort. Therefore, the theme of this year's annual report, **"Green Mindset - Sustainable Growth"**, is also the focus of HDBank's journey to build a green legacy and strive to fully implement the 17 Sustainable Development Goals of the United Nations. The key areas that HDBank will continue to focus on are:

- ▶ Enhancing governance and risk management capabilities
- ▶ Aligning the Bank's credit portfolio towards greening and supporting customers in the green transition process
- ▶ Further promoting digital transformation to provide comprehensive financial solutions to stakeholders

HDBank, together with its Board of Directors and employees, is committed to continuously creating sustainable value and fulfilling its commitment to bringing the best benefits to all stakeholders. With the utmost determination, we are confident that we will achieve and exceed our business targets for 2024 and reach new heights in sustainable development.

Sincerely,

CHAIRMAN OF THE BOARD OF DIRECTORS

KIM BYOUNGHO

OVERVIEW OF THE SUSTAINABLE DEVELOPMENT REPORT



GENERAL INFORMATION

The Sustainable Development chapter is prepared annually and integrated into HDBank's Annual Report to present and disclose information related to the Bank's sustainable development goals. HDBank publishes information related to Environmental - Social - Governance (ESG) annually to provide an overview of its operations and evaluate ESG impacts on business performance as well as sustainable development strategies embedded into the Bank's overall business development strategy to Regulators, Shareholders, Investors, Customers, Employees, Media, Communities and relevant parties.

In 2023, the Bank officially launched its independent Sustainability Report to provide specific information on the Bank's activities and its operational goals towards Sustainable Development.



SCOPE OF INFORMATION DISCLOSURE

- ▶ **Scope:** HDBank's operations in Vietnam covers the parent bank headquartered in Ho Chi Minh City, as well as its branches, and transaction offices across the country. The information and statistics used to disclose information are updated in accordance with the Parent Bank's fiscal year.
- ▶ **Reporting period:** January 1, 2023 to December 31, 2023.



APPLIED STANDARD

- ▶ The information disclosure is built on the basis of Circular 966/2020/TT-BTC guiding Information Disclosure.
- ▶ The report also refers to the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines published by the Global Sustainability Standards Board (GSSB) in 2016 and amended in 2021.
- ▶ Objectives and activities under each key theme are also linked to the United Nations' 17 Sustainable Development Goals.



INFORMATION

The highest-ranking official in charge of putting Sustainable Development policy into action	Mr. Pham Quoc Thanh - Chief Executive Officer of HDBank
The person in charge of putting Sustainable Development policy into action	Mr. Tran Hoai Phuong - Head of the Commercial Banking Division and Chief of the Environmental and Social Council
Email:	vphdqt@hdbank.com.vn
Telephone:	(028) 62 915 916
Website:	www.hdbank.com.vn
Address:	HD Tower Building, 25Bis Nguyen Thi Minh Khai, Ben Nghe Ward, District 1, Ho Chi Minh City

OVERVIEW OF 2023 SUSTAINABLE DEVELOPMENT AND 2024 DIRECTIONS



Sustainable development, as a global aspiration, is a process that integrates the three key dimensions of development, including economic development, social development and environmental protection, into a harmoniously balanced whole.

In 2004, the Vietnamese Government issued the Strategic Orientation for Sustainable Development in Vietnam (Vietnam's Agenda 21) to promote sustainable development for the country which harmoniously combined these three dimensions into a single agenda. Then, in 2012, the Government issued Vietnam Sustainable Development Strategy for the 2011 - 2020 period, followed by Decision No. 841/QĐ-TTg dated July 14, 2023, stipulating the implementation roadmap for Vietnam's sustainable development goals until 2030, with 17 sustainable development goals and 117 specific targets. In response to climate change, at the 2021 United Nations Climate Change Conference (COP26), the Government made strong commitments, including Net Zero emissions by 2050.

Recognizing the importance of sustainable development for the Bank's growth, HDBank has soon integrated specific environmental, social and governance requirements into its business strategy and taken appropriate actions. Since 2013, the Bank has been demonstrating its decisive movements by successfully securing two M&A deals, including the merger of Dai A Commercial Joint Stock Bank and the acquisition of Société Générale Viet Finance from the French Société Générale Group. These deals set a strong foundation for HDBank's rapid penetration into the retail and consumer finance segments across the country, targeting the underserved segments in secondary cities and rural areas. 10 years after this transformation, HDBank now serves more than 17 million individual and consumer customers, actively providing funds for individuals, businesses and local economies. Currently, over 50% of HDBank's loan portfolio is dedicated to the people and businesses in these areas.

When it comes to environmental protection issues, back in 2015, HDBank issued the Policy on Green Credit and Environmental and Social Protection, making it one of the pioneering banks in implementing and promoting green credit development as well as responding to climate change and protecting human health. In 2015, HDBank was selected by the Government to participate in Green projects such as the "Project for Adaption to Climate Change in the Mekong Delta" and "Energy Efficiency Improvement" as well as many other ODA-funded projects related to community and economic infrastructure development to promote the country's inclusive development.

In recent years, HDBank has been actively attracting funds to support projects in agricultural and rural development, high-tech agriculture, small and medium-sized enterprises (SMEs), renewable energy, women-owned businesses, contributing to promoting a green economy, circular economy and financial inclusion.

In 2023, the Bank officially adopted the Regulations on Environmental, Social and Governance (ESG) Policies to communicate to its employees and stakeholders the standards that the Bank strives for. Governance and supervision mechanisms were also established to help implement the commitments of the Bank's Board of Directors. On the same note, HDBank has also officially issued the Policy on Environmental and Social Risk Management in credit extension (ESMS) in corporate credit extension, which was formulated in consultation with a reputable international consulting organization and in compliance with the current environmental and social regulations and standards of the International Finance Corporation (IFC). The purpose of it is to ensure the effective implementation of HDBank's Environmental and Social Policy and proactive assessment and management of Environmental and Social risks and opportunities in credit products/services. Through this regulation, HDBank demonstrates its commitment to excluding financing for activities related to coal, oil exploration and production, as well as infrastructure services related to coal and coal-fired power plants.

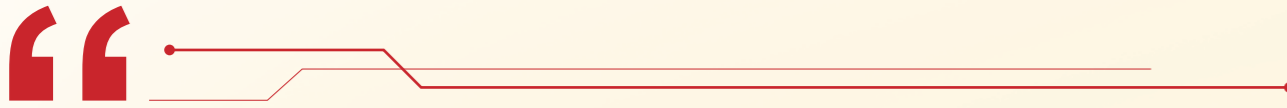
To ensure the rights of stakeholders, HDBank is firmly committed to fully and strictly enforcing the provisions of the law and regulations. The Bank has issued an Environmental and Social Policy to integrate specific principles into the Bank's business operations. HDBank also issued a Grievance Mechanism to establish in detail the procedures for receiving, investigating, resolving and closing complaints regarding the Bank's operations from stakeholders.

Social and community support and development has been a long-established tradition of HDBank. The Bank maintains a track record in proactively fulfilling its social responsibility effectively to create real and far-reaching impacts. Social security activities are centered around three key dimensions, including education, healthcare, and housing. The Bank also focuses on cultivating the young generation by helping to discover and nurture Vietnamese young talents in sports and chess to rival the world's best.

Building on a strong foundation of achievements and values, in 2024, HDBank will further promote its sustainable development strategy, focusing on the three pillars including Environmental - Social - Governance (ESG) through the following programs:

- ▶ Develop bank-wide ESG strategy and management framework; Report and publish ESG-related information;
- ▶ ESG risk management: Strengthen internal training and control of ESG risks in operations and business;
- ▶ Further enhance the green credit framework and develop sustainable financial products;
- ▶ Promote and expand cooperation with international organizations, financial institutions, and domestic ministries and departments to promote green credit, sustainable finance, etc. and pave the way for achieving Net Zero Bank.

OUTSTANDING ACHIEVEMENTS IN SUSTAINABLE DEVELOPMENT



With the aim of ensuring the sustainable growth of the economy, HDBank is among the first commercial banks to lead the way in promoting policies on green credit and social and environmental protection; in addition to organizing comprehensive training programs for its staff to evaluate environmental and social risks throughout the approval process, while also improving consultancy services and customer support.

HDBank has shown a longstanding dedication to the implementation of decarbonization solutions in its operations. This commitment was evident in its proactive efforts to disseminate information and enhance staff and community understanding about greenhouse gas emissions.

In its credit operations, HDBank has made consistent efforts to secure funds for environmentally sustainable projects. Simultaneously, the Bank has introduced financial offerings that are effectively designed to cater to the demands of its customers, the community, and society, with particular emphasis on vulnerable groups.

In terms of green credit, by 2023, HDBank had disbursed a cumulative total of over VND 8,700 billion in the three years of 2021, 2022, and 2023 for projects related to environmentally friendly production and business activities and combating climate change. In recent years, HDBank has received substantial capital support and comprehensive advice from reputable international financial institutions, including the International Finance Corporation (IFC), German Investment Corporation (DEG) of Credit Institution for Reconstruction (KfW), French Development Finance Institution (Proparco), and other programs of the ADB and WB, through the implementation of green credit.

Furthermore, the Bank demonstrated its commitment to financial inclusion by developing its capital resources and designing complex financial solutions and incentives catered to the needs of Small- and Medium-sized enterprises (SMEs) in class 2 cities as well as rural agricultural regions. Nearly VND 800 billion were disbursed

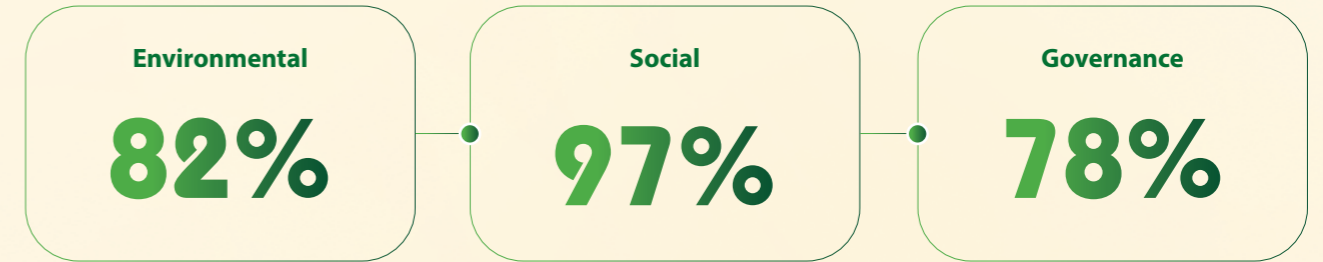


HDBank was honored by Asiamoney magazine as the Best Bank for CSR 2023 in Vietnam

by HDBank in 2023 in support of the Preferential Lending Program, targeting women-owned enterprises. HDBank also collaborated with local communities to bolster anti-black credit messaging, launching a number of livestreams in tandem with the One Commune One Product National Program to assist rural communities and craft villages in their efforts to foster e-commerce and facilitate the promotion and sales of products.

In 2023, IFC increased its Trade Finance limit, bringing the total cooperation and credit provision to HDBank to over USD 230 million. HDBank and the International Finance Corporation (IFC) also entered into a consulting agreement for the expansion of value chain finance operations in May 2023, which aimed at facilitating access to finance and enable integration into the global supply chain for small and medium-sized enterprises (SMEs) operating in potential sectors, such as agriculture and production.

Based on the assessment of HoSE, HDBank attained a total score of 84%, demonstrating commendable performance in three distinct categories:

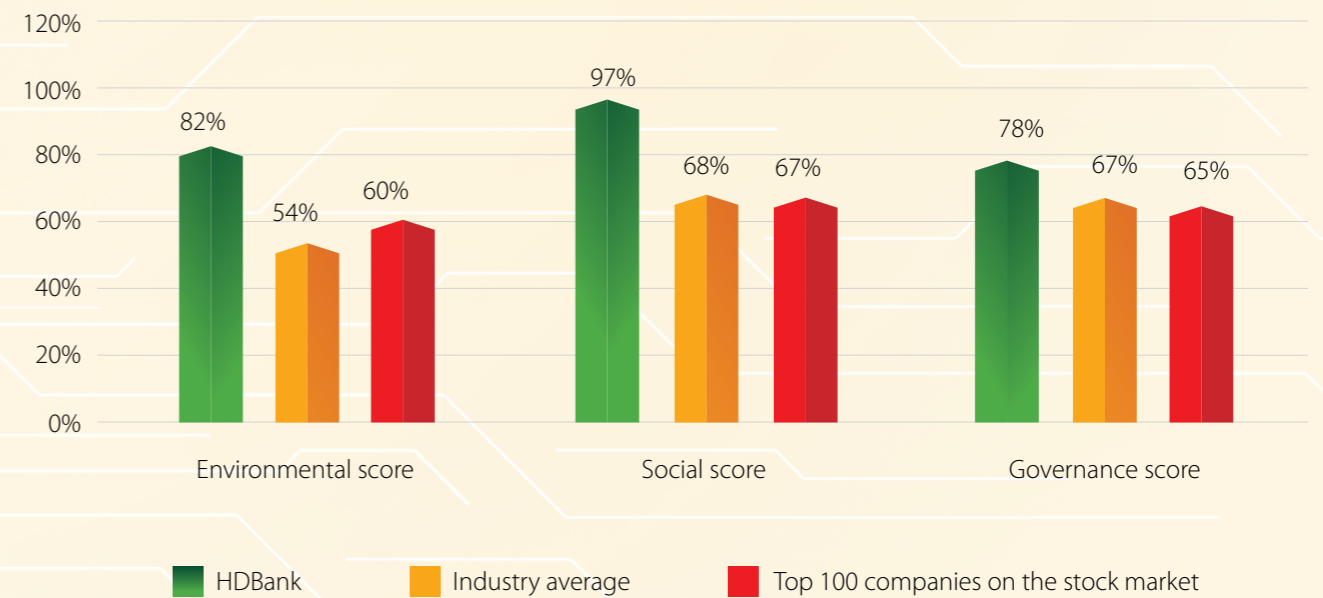


The continuous growth of this collaboration, along with the increased financing limits, solidified HDBank's standing and influence in the market, as well as its commitment to adopting a sustainable development strategy for the future and its responsibilities towards the community.

HDBank has been acknowledged and commended by both local and international organizations for its efforts in its pursuit of "green" banking operations and its dedication to promoting green growth and sustainable development.

In the 2023 assessment of the enterprises in the Vietnam Sustainability Index (VNSI) basket by the Ho Chi Minh City Stock Exchange (HoSE), HDBank maintained its leading position with a score surpassing the industry average for the fourth consecutive year. Based on the assessment of HoSE, HDBank attained a total score of 84%, demonstrating commendable performance in three distinct categories: Environmental (82%), Social (97%), and Governance (78%).

Stock market Environmental - Social - Governance practices assessment by HoSE





HDBank received the Board of the Year award

Within the context of the 2023 Vietnam Listed Company Awards (VLCA) organized by the Ho Chi Minh City Stock Exchange (HoSE), Hanoi Stock Exchange (HNX), and Investment Newspaper, HDBank received recognition in two significant categories: Large-cap Listed Company with the Best Annual Report - Finance industry. HDBank has been the recipient of this award for the fifth consecutive year. Most significantly, HDBank was also recognized as the Listed Enterprise that coordinated the best General Meeting of Shareholders during the inaugural year that VLCA oversaw the voting and presented this award an initiative to promote exemplary shareholder relations and corporate governance among listed companies. These awards also served as evidence of the award committees' profound recognition for HDBank's adherence to the most stringent global criteria regarding corporate governance, transparency, and commitments to delivering the highest benefits for its shareholders and investors.



Furthermore, HDBank received the prestigious honor of being named Vietnam's Most Sustainable Development Bank in 2023 by the UK's Global Banking & Finance Awards 2023.



HDBank received the award for Top Sustainable Enterprises in Vietnam 2023

During the CSI 100-2023 Awards Ceremony, which was hosted by the Vietnam Confederation of Commerce and Industry (VCCI) in December 2023, HDBank was recognized as a notable member on the roster of the top one hundred sustainable enterprises in Vietnam engaging in trade-related services in 2023. By satisfactorily fulfilling 130 indicators of the Sustainable Enterprise Index (CSI), HDBank has maintained this title for five consecutive years.

Ho Chi Minh City Development Joint Stock Commercial Bank (HDBank - HDB) was bestowed with the Board of the Year Award by the Vietnam Institute of Board of Directors (VIOD), an organization that recognizes the Board of Directors of listed companies. The award signified HDBank's efforts in pioneering the implementation of sophisticated corporate governance and transparency standards in its business operations, aligning with internationally recognized best practices within the context of Vietnam.



Mr. Tran Xuan Huy - Deputy Chief Executive Officer of HDBank - representing HDBank, received the award Listed Company with Best Annual Reports 2023 and the award Listed Company Organizing the Best Annual General Meeting of Shareholders 2023 (VLCA 2023)

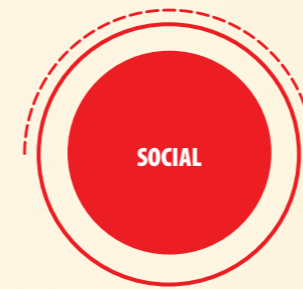
Outstanding achievements in sustainable development practices under the Environmental - Social - Governance pillars in 2023



- 1** Achieved a **24.2%** return on equity (ROE), placing HDBank among market leaders
- 2** **25%** rate of dividends in cash and shares received by HDBank shareholders in 2023
- 3** **12.6%** of the capital adequacy ratio (CAR) (according to Basel II standards)
- 4** Issued the **Regulations on Environmental and Social Management System for Risks in Credit Extension Operations** to identify, evaluate and manage environmental and social risks in credit extension operations for commercial customers
- 5** **Over VND 8.7 trillion** of green credit balance disbursed for business and production initiatives aimed at safeguarding the environment and addressing climate change in 2021, 2022 and 2023
- 6** **Policy on Environmental and Social Risk Management in credit extension (ESMS)** is officially issued by the Board of Directors
- 7** **Established the Environmental and Social Council** to help monitor the implementation of Environmental & Social policies and commitments
- 8** **132%** growth in the number of financial transactions on the e-banking channel
- 9** **86%** growth in the number of customers engaging in transactions on the e-banking channel



- 1** **Increase by 24%** of the solar energy consumption compared to 2022
- 2** **Decrease by 8.6% and 7% respectively** in terms of paper and ink consumption rate per employee compared to 2022
- 3** **Decrease by 12.4%** of the plastic consumption per profit before tax compared to 2022



- 1** **Increase by 249.4%** of the total expenses for staff training activities compared to 2022
- 2** **20 million** shares issued in 2023 under the employee stock ownership plan (ESOP) for managers
- 3** **Over 55%** employees are female
- 4** **4.86/5** the average customer satisfaction score across 3 survey channels (over the counter, traditional communications channels and online application)
- 5** **Over 52%** of the total loan portfolio directed to customers in secondary urban areas and rural areas

SUSTAINABLE GOVERNANCE

SUSTAINABLE DEVELOPMENT MODEL

Sustainable Development Model: HDBank's Environmental, Social and Governance (ESG) model is rigorously supported by the Board of Directors, the Board of Management, functional divisions and departments, and all staff members, affirming the Board of Directors' commitment to aligning the Bank's Sustainable Development goals with its overall development plan, specifically:



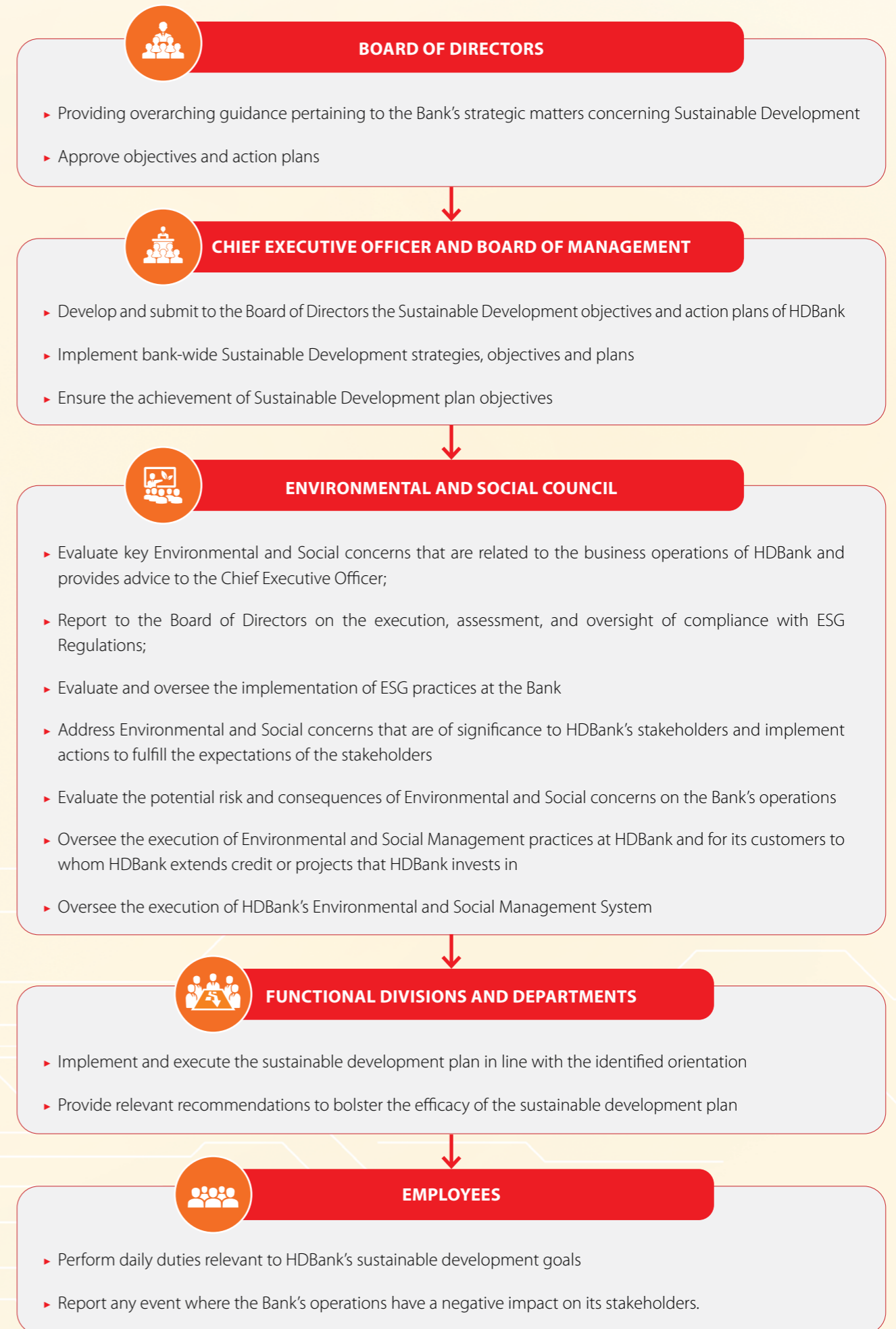
Ensuring the Bank's sustainability in customer services and in cooperation with partners;



Respecting human life and positive impacts on the environment;



Observing the environmental, social, governance law and international practices.



In the year 2023, HDBank issued several key documents aiming at establishing a systematic approach and progressively enhancing the Bank's Environmental and Social Impact Management System. The aforementioned documents include:

Document	Content
Regulation on the Environmental, Social, and Governance (ESG) Policy issued by the Board of Directors of HDBank on January 17, 2023	<ul style="list-style-type: none"> ▶ Ensure the HDBank's sustainability in customer services and in cooperation with partners and stakeholders; ▶ Respect human life and positive impacts on the environment; ▶ Observe the Law and international practices on ESG.
Regulation on the Organization and Operation of the Environmental and Social Management Council; Decision on the Establishment of the Environmental and Social Management Council issued by the Chief Executive Officer on November 14, 2023	<ul style="list-style-type: none"> ▶ Establish a unit under the direct supervision of the Chief Executive Officer, tasked with overseeing and coordinating the execution of the Bank's Environmental and Social objectives, as well as formulating comprehensive action plans; ▶ Designate dedicated personnel and departments to perform Environmental and Social management duties, operational procedures, and report to the Chief Executive Officer.
Regulations on Environmental and Social Risk Management in Credit Extension operations issued by the Chief Executive Officer on December 29, 2023	<ul style="list-style-type: none"> ▶ Govern the framework for management of Environmental and Social risks in credit extension of HDBank for Corporate Customers, applicable to new credit extensions (new extension, renewal, limit increase) starting from January 2024. ▶ The Regulation incorporates an Environmental and Social Policy, an Environmental and Social Exclusion List, and implementation tools such as procedural guidance, checklists, training programs, and reporting templates. ▶ The Environmental and Social Exclusion List specifies the categories and projects that are not eligible for credit extension by HDBank. The formal release of the Fossil Fuel Exclusion List is one of the tangible measures undertaken by HDBank to align with the Government's objective to attaining net zero emissions by 2050. Starting in 2021, HDBank has made a formal commitment to refrain from financing coal-related operations, such as coal mining, coal transportation, coal-fired power plant development, and related infrastructure services. Also included on the list was HDBank's extended resolution to not finance any projects related to crude oil pipelines, oil refineries, or independent oil and fossil gas exploration or production.
The Chief Executive Officer issued the Grievance Mechanism on December 29, 2023.	<ul style="list-style-type: none"> ▶ HDBank implements a Grievance Mechanism to facilitate the expression of concerns by both internal and external stakeholders regarding HDBank's Environmental and Social performance. This mechanism ensures adherence to HDBank's Environmental and Social Policy, as well as the potential impact of HDBank's loan portfolio or its service providers. The Grievance Mechanism encompasses a series of protocols designed to facilitate the reception, documentation, investigation, and resolution of complaints.

ENVIRONMENTAL AND SOCIAL MANAGEMENT COUNCIL



The Environmental and Social Council (E&S Council) was founded in 2023 and reports directly to the Chief Executive Officer. The primary objective of this Council is to guarantee the Bank's sustainable operations and to identify significant environmental and social concerns that might potentially harm the Bank's operations and its major stakeholders.

The following environmental and social objectives fall under the purview of the Environmental and Social Council:

- A. Oversee the execution of social and environmental action plans that HDBank and its investors have mutually agreed upon;
- B. Enhance uniformity and efficiency of environmental and social risk management initiatives within the HDBank, as well as in the loan portfolio of the industry, in alignment with HDBank's rules and policies;
- C. Formulate, develop, and oversee key performance indicators (KPIs) on Environmental and Social Management;
- D. Oversee HDBank's adherence to sustainability, Environmental & Social standards (including climate change), and responsible business practices;
- E. Engage in the consideration, assessment, and revision of emerging Environmental and Social concerns in order to identify their significance in generating long-lasting values for HDBank, as well as the products and services offered by HDBank, serving as a foundation to provide recommendations and consultation to the Chief Executive Officer regarding HDBank's orientation towards Environmental and Social development.



ENGAGEMENT WITH KEY STAKEHOLDERS

HDBank recognizes that the support and collaboration of our stakeholders are crucial for our success on the sustainable development journey. HDBank identifies our key stakeholders as those who either influence our development strategy or are directly impacted by our operations. HDBank also identifies potential concerns, chooses appropriate communication channels, and proposes a specific action plan to ensure we meet the expectations of all stakeholders.

HDBank wishes to engage with our key stakeholders, including shareholders, investors, customers, employees, regulators, media outlets, suppliers, and local communities on the upcoming journey. The needs and expectations of the stakeholders will be the driving force to help HDBank conquer new milestones, while shaping HDBank's sustainable business strategy.

	Shareholders	Customers	Employees	Regulators	Media	Vendors	Local communities
	HDBank transparently and timely provides updated information to shareholders and investors as well as actively incorporates feedbacks to improve the quality of investor relations.	HDBank proactively discusses and listens to customers' opinions in order to better understand the customers and provide financial services catered to their needs.	HDBank has developed bilateral communication channels with employees, ensuring the synchronous implementation of the Bank's development orientation across the system and promptly response to employees' questions.	HDBank commits to fully complying with applicable legislation and actively communicating with regulators regarding the enforcement of regulations.	HDBank actively engages in multichannel communication, enhancing its brand reputation among the general public, and swiftly addressing any inquiries or concerns pertaining to the Bank.	HDBank implements a sustainable procurement approach, placing emphasis on suppliers and partners that demonstrate a strong dedication to upholding sustainable standards.	HDBank always prioritizes the amplification of its significant contribution to the development of local communities by offering a wide range of financial solutions and supporting initiatives related to social security.
Interaction channel	<ul style="list-style-type: none"> ▶ Annual General Meeting of Shareholders ▶ The Investor Conference updating the Bank's Business Performance quarterly in addition to other in-person events throughout the year ▶ Periodic investor newsletter ▶ Official Website of HDBank ▶ The Investor Relations Department engages in frequent communication and consultation with shareholders and investors, facilitating the sharing of thoughts and ambitions. 	<ul style="list-style-type: none"> ▶ HDBank's online channels include websites, social media platforms, and hotline, while the Bank's in-person options include branches and transaction offices, both are staffed with advisors and relationship managers ▶ Workshops ▶ Suggestions box at points of transaction 	<ul style="list-style-type: none"> ▶ Internal communication channels (Workplace) ▶ Trade unions and youth unions ▶ Training programs ▶ Sports and cultural activities ▶ Hotline for receiving complaints 	<ul style="list-style-type: none"> ▶ Participation in conferences and workshops organized by ministries and departments ▶ Participation in meetings and in both bilateral and international collaborations ▶ Reports seeking input and recommendations on implementation 	<ul style="list-style-type: none"> ▶ Press conference and interviews ▶ Participation in forums and seminars organized by press agencies ▶ Press release ▶ HDBank official website and presence on official social media platforms ▶ Phone and email 	<ul style="list-style-type: none"> ▶ Direct dialogue ▶ Phone and email 	<ul style="list-style-type: none"> ▶ In-person conference and direct dialogue ▶ Communication and coordination with local authorities ▶ Press communications ▶ Contact Center ▶ Website and email
Issues of concern	<ul style="list-style-type: none"> ▶ Business efficiency and benefits for shareholders and investors ▶ Transparent and prompt disclosure of information ▶ Responsibilities of the Bank to shareholders, investors and stakeholders 	<ul style="list-style-type: none"> ▶ Tech-enabled financial products, and services to improve customer experience ▶ Transparency of information in the consulting process of the Bank's financial offerings ▶ Feedbacks on the quality of the Bank's services ▶ Customer data confidentiality 	<ul style="list-style-type: none"> ▶ Conducive work environment with various perks and incentives ▶ Career path and motivation ▶ Training program to develop professional skills ▶ Health and safety at the workplace ▶ Promotion of equality and human rights ▶ Personal data confidentiality 	<ul style="list-style-type: none"> ▶ Law observation ▶ Risk management, contribution to economic stability, inflation control, creation of the driving force for sustainable economic development ▶ Controlled environmental and social impacts ▶ Communication regarding the regulatory enforcement 	<ul style="list-style-type: none"> ▶ Report on periodic business performance, short and long-term development strategies of the Bank ▶ The Bank's key information and events 	<ul style="list-style-type: none"> ▶ Quality of services and products ▶ Adherence to the obligations under agreements and commitments, including commitments pertaining to risk management, social environment, and community duty ▶ Establishment of a secure work environment and delivery of labor health conditions 	<ul style="list-style-type: none"> ▶ Promotion of financial inclusion ▶ Job opportunities for the local ▶ Local economic and community development programs

Shareholders	Customers	Employees	Regulators	Media	Vendors	Local communities
<ul style="list-style-type: none"> ▶ Consistently achieving a return on equity (ROE) of above 20% since its initial public offering (IPO); ▶ Initiating a 25% dividend distribution policy, with 10% of cash and 15% of stock dividend ▶ Organizing the Annual General Meeting of Shareholders and online solicitation of shareholders' written opinions with a high approval rate. ▶ Complying in its entirety with information disclosure obligations as required by law. ▶ Arranging a sequence of quarterly investor association events, both online and in-person, and active engagement in investor-oriented activities 	<ul style="list-style-type: none"> ▶ Enhancing customer experience by adopting fast, safe and modern technology ▶ Providing a wide range of dynamic financial solutions to support both enterprises and individuals, facilitating prompt access to funds at the most cost-effective price. Launching customized product packages to assist both individual and corporate clients, providing support to businesses during challenging economic periods ▶ Continuously implementing service quality surveys ▶ Ensuring security and privacy of consumer data ▶ Launching a periodic and irregular training and control system for customer consultation of the Bank's products and services 	<ul style="list-style-type: none"> ▶ Training and socializing anti-discrimination regulations and grievance mechanisms for reception and resolution of complaints ▶ Improving the compensation system and social insurance policies for employees. ▶ Adopting technology in the management and assessment of human resources ▶ Organizing training courses, competitions to inspire employees' engagement and upskilling. ▶ Implementing surveys to gather perspectives on job duties, training programs, employee perks, and the overall working environment. ▶ Implementing a variety of recruiting initiatives to acquire highly skilled talents to join the workforce ▶ Delivering talent retention initiatives (such as ESOP and senior management ▶ Ensuring security and privacy of information 	<ul style="list-style-type: none"> ▶ Strictly observing regulations in all aspects of operations. ▶ Pioneering in the implementation of Green Credit, high-tech agricultural credit, rural regions, renewable energy, and assistance for small and medium-sized enterprises and households policies set out by the Government and State Bank ▶ Selected to undertake mandatory acquisition of under-performing banks ▶ HDBank has been recognized for the fifth consecutive year by the People's Committee of Ho Chi Minh City as an enterprise with exceptional accomplishments in tax payment and contribution to the state budget. 	<ul style="list-style-type: none"> ▶ Providing transparent and timely information to the public ▶ Communicating regularly and periodically about the Bank's notable programs and events ▶ Swiftly addressing of inquiries or concerns pertaining to the Bank 	<ul style="list-style-type: none"> ▶ Respecting and fulfilling all responsibilities and commitments ▶ Raising awareness of corporate governance and environmental impact of vendors and partners ▶ Prioritizing suppliers and partners embracing sustainable social and environmental values 	<ul style="list-style-type: none"> ▶ Directly contributing to the development of sustainable local economies and the generation of employment opportunities for the community ▶ Actively engaging in the maintenance and promotion of community assistance initiatives that prioritize education, healthcare, and social housing. ▶ Annually organizing and sponsoring social and community events aimed at enhancing community knowledge, health, and cultural well-being.



STAKEHOLDER COMMENTS ON HDBANK'S SUSTAINABLE DEVELOPMENT EFFORTS



SHAREHOLDERS AND INVESTORS



PYN ELITE FUND

We are proud to be a shareholder of HDBank since its official IPO in 2017. Since then, we have enjoyed a highly satisfactory collaborative relationship with HDBank. HDBank has demonstrated its unwavering commitment to executing its set strategy, resulting in remarkable business growth as envisioned in its annual development plans and long-term directions. HDBank has also adopted a prudent and meticulous approach to growth, thereby effectively

controlling risks and safeguarding shareholder rights regardless of economic downturns. HDBank's shareholder relation staff is highly proactive and always updates timely, provides transparent and detailed reports, organizes regular face-to-face meetings, and promptly responds to investor inquiries. Their professionalism and enthusiasm have fostered a relationship that goes beyond mere professional ties, instead further developing into that of cherished allies.



LEAPFROG INVESTMENTS

HDBank stands as a listed bank among Vietnam's top performers in retail and commercial banking services, as evidenced by its strong business track record with return on equity (ROE) and credit growth consistently exceeding 20%. HDBank boasts a customer base of 17 million, focusing primarily on low-income individual customers and Micro, Small, and Medium Enterprises (MSMEs), which closely aligns with LeapFrog's objective of promoting financial inclusion. LeapFrog's investment in HDBank has enhanced the bank's capital capacity, promoted its credit programs for individual customers and MSMEs, and prioritized support for women-owned and women-led businesses. Throughout this investment and partnership journey, HDBank has consistently demonstrated its cooperation and joint efforts in promoting value-creation initiatives.

HDBank's strategic focus and commitment to the underserved segments, particularly low-income individual customers and MSMEs, resonate deeply with LeapFrog's mission. LeapFrog and HDBank are engaging in discussion

and research to implement products that promote financial inclusion, including insurance, by leveraging the bank's digital ecosystem and strategic partnerships.

LeapFrog is also supporting HDBank in the adoption of good environmental, social, and governance (ESG) practices. This support not only ensures the bank's compliance with ESG policies and best practices but also contributes to enhancing the sustainability of businesses within LeapFrog's investment portfolio. HDBank's participation in LeapFrog's first Task Force on Climate-related Financial Disclosures (TCFD) report, scheduled for release this year, holds great significance in enabling LeapFrog to assess climate change risks and opportunities within its investment portfolio. To put it simply, the partnership between LeapFrog Investments and HDBank has yielded positive results. We hope that this partnership will continue to flourish and create meaningful contributions and promote sustainable growth.



REGULATORS



MR. TRAN DINH CUONG - DEPUTY DIRECTOR - HO CHI MINH CITY BRANCH OF THE STATE BANK OF VIETNAM. REPRESENTATIVE OF THE STATE BANK OF VIETNAM - SPEECH AT 2023 AGM

The State Bank of Vietnam - Ho Chi Minh City Branch acknowledges and commends the collective efforts of HDBank's Board of Directors, Supervisory Board, Board of Management, and all employees in achieving positive results and growth in total treasury and funding while maintaining strong credit quality and an exceptionally low

non-performing loan ratio within the region. HDBank's sustainable development strategy is highly regarded for its focus on linking credit growth to safe and effective credit restructuring, rigorous credit quality control measures, and strict implementation of and adherence to Basel II safety standards.



CUSTOMERS



MR. VO MANH CUONG - INDIVIDUAL CUSTOMER - COLLABORATOR OF HDBANK DONG THAP

After learning about the HDBank Rural application in the offline rural agriculture workshop in Dong Thap, I was introduced to the application by HDBank staff and experienced it by myself. I am deeply impressed by HDBank's swift development of such an accessible form of digital platform, particularly designed to benefit individuals in rural areas. This application can provide users with an additional source of income. What truly amazes me is the ability to track the status of referred customers

and monitor the income made through the application. Now, I can identify and introduce new customers to HDBank anytime and anywhere. The application is also extremely helpful in providing consultations to farmers to facilitate access to affordable loans and banking offerings, thus progressively creating more opportunities for development and improved living standards for farmers across the nation.



EMPLOYEES



MR. NGUYEN VAN MANH, MANAGER OF NGUYEN DUY TRINH TRANSACTION OFFICE

I believe that HDBank offers stable employee welfare and social insurance programs. The bank's overall salary, bonuses, welfare, and talent retention policies maintain a competitive edge within the market while promoting sustainable human resource management practices. In 2023, the implementation of an online system for KPI evaluation has significantly facilitated the process of performance assessment for managers, resulting in increased transparency and effectiveness in employee

recognition and reminders at monthly, bi-annual, and annual intervals. Among the training programs offered by the Human Resource Division last year, the "Next Leaders" program for key personnel stands out as a key highlight. The knowledge and training content provided by the Executive Board equips participants with the ability to apply their knowledge in practice and enable direct communication with the bank's leaders, thereby fostering a sense of belonging and driving long-term contributions.



MS. NGUYEN THI QUYNH, SUPERVISOR AT DO LUONG TRANSACTION OFFICE

I find HDBank's working environment to be highly dynamic and motivating for employee growth. HDBank has an exceptional welfare policy with salaries and bonuses that align with employee job responsibilities and offers additional bonuses for holidays and anniversaries. It is noteworthy that HDBank also implements support policies that are dedicated to female employees, including annual allowances for ao dai and makeup. Throughout

my employment and performance evaluations, I have never encountered any instances of discrimination. These evaluations are conducted with impartiality and fairness by the head of the unit based on individual work results. I have also been given the opportunity to participate in all of the training programs that enable capacity building and timely communication of the bank's latest policies.



MEDIA



MS. NGUYEN THI MAITRAM - DEPUTY HEAD OF THE INVESTMENT AND FINANCE EDITORIAL OFFICE - SAI GON GIAI PHONG NEWS

The Investment and Finance Newspaper - Sai Gon Giai Phong News, acknowledges HDBank's communication efforts in providing comprehensive, timely, and transparent information about its activities and events to customers, shareholders, and partners, introducing optimal financial solutions to the public. HDBank also actively communicates its extensive and regular nationwide social security activities, thereby promoting positive values within the community.

Given our strong cooperative relationship and mutual goodwill, Sai Gon Investment and Finance Newspaper - Sai Gon Giai Phong News and HDBank will continue to collaborate in communicating new products and services while delivering new and positive economic values for millions of Vietnamese citizens and fostering a brighter future for all.



VENDORS



SPEED LIGHT/SPEED UP

We hold HDBank in high regard for its professionalism throughout our working and collaborative relationship. The bank has consistently provided well-defined plans, clear information, and diligently fulfills its responsibilities and obligations as outlined within the mutually executed Contract. HDBank's professionalism and support have been evident throughout our partnership. By facilitating access to the management and operational practices of Vietnam's leading financial institutions through various communication channels, HDBank has enabled us to enhance our understanding of the significance of structuring our business towards better professional management, sustainable development and risk management practices, which allow us to minimize and address weaknesses while optimizing our competitive edge

to achieve optimal efficiency. As a delivery service provider, we firmly support HDBank's sustainable development policies. We recognize that "green and sustainable" development for environmental protection and social advancement is a shared responsibility of all businesses towards the community and society. We will continuously strive to not only improve our operation and management practices to create services that align with the highest standards of "green and sustainable" development but also fulfill other quality improvement requirements. This will contribute to our continued collaboration with HDBank in sustainable development, while also better fulfilling our own roles and responsibilities in sustainable development alongside customers, partners, and the community.



DHL

DHL Express VN, a leading global express delivery service provider, is highly committed to sustainable development with the goal of achieving Net Zero emissions by 2050 through a well-defined strategy. Throughout our collaborative relationship with HDBank, DHL Express VN holds HDBank in regard for its steadfast adherence to the

terms and obligations outlined in the mutually executed contract. HDBank has also consistently demonstrated its focus on selecting suppliers that have sustainable development policies in place, as evidenced by its recent decision to opt for the GoGreen Plus service to reduce CO₂ emissions.



LOCAL COMMUNITIES



MR. DINH TIEN HAI - DIRECTOR OF NATIONAL FUND FOR VIETNAMESE CHILDREN

The National Fund for Vietnamese Children" was established with the objective of mobilizing voluntary contributions from domestic and international agencies, organizations, and individuals to support children facing special and challenging circumstances throughout the country. As of December 31, 2023, the Fund has supported 106,200 children in need.

HDBank stands as one of the organizations that has consistently supported the Fund for many years. Its financial resources have been utilized by the Fund to deliver timely support, including medical examinations and screenings, scholarship programs, clean water infrastructure, etc., to children in need across the nation. These activities contribute to improved conditions for these children's comprehensive development and full realization of children's rights.



MR. TRAN THANH LONG, CHAIRMAN OF THE SPONSORING ASSOCIATION FOR POOR PATIENTS HO CHI MINH CITY

Since 2007, HDBank's contributions to the Sponsoring Association for Poor Patients have amounted to over VND 14.5 billion, including eye surgeries for economically disadvantaged patients, scholarships to academically-motivated students facing financial hardship, health insurance coverage, and constructing charity houses for near-poor and disadvantaged families. The Association extends its deepest gratitude to HDBank's leadership

for their kindness and noble actions. These impactful contributions have directly resulted in over 10,000 eye surgeries, 20,000 health insurance coverages, scholarships, and hundreds of charity houses, which has progressively empowered individuals across the country to improve their living conditions, overcome challenges, reduce poverty, and alleviate social

KEY FOCUS AREAS

Committed to sustainable development to ensure the best benefits for stakeholders, HDBank has identified 13 key focus areas impacting its operations and its stakeholders. HDBank evaluates key focus areas based on their impact on both its operations and stakeholders.

HDBank identifies Environmental - Social - Governance (ESG) as its three core pillars for sustainable development. Within these pillars, HDBank defines 13 detailed key focus areas to guide its sustainable development activities. HDBank will conduct an annual review and update of its key focus areas and their corresponding impact, which ensures alignment with evolving stakeholder concerns and the strategic direction of HDBank's business activities.



Governance

- 1 Economic values
- 2 Sustainable Risk Management
- 3 Sustainable finance
- 4 Legal compliance
- 5 Digital transformation and data security



Environmental

- 6 Resources optimization
- 7 Environmental impacts Reduction






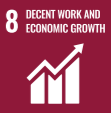



Social

- 8 Human resources enhancement
- 9 Employee's welfare and compensation
- 10 Diversity, equality and human rights
- 11 Customer values
- 12 Financial inclusion
- 13 Community and society Companion

ENVIRONMENTAL - SOCIAL - GOVERNANCE (ESG) PERFORMANCE EVALUATION BASED ON KEY FOCUS AREAS

Pillar	Key topic	Direction	Outstanding results in 2023	Aligned with the Sustainable Development Goals (SDGs) of the United Nations
Economic values		Set goals to maintain an average growth rate of over 25% per year, guarantee safe and sustainable operations, and accomplish the 2021-2025 5-year plan.	The profit before tax reached VND 13,017 billion, the highest record in HDBank's history, which aligned with the plan set by the General Meeting of Shareholders.	   
		Strive to become one of the most profitable banks by 2025.	The return on equity (ROE) reached 24.2%, placing HDBank among market leaders.	
		Align strategic development directions with agriculture, rural development, secondary urban markets, small and medium-sized enterprises (SMEs), households, value chain financing, and digital transformation.	The rate of dividends in cash and shares received by HDBank shareholders reached 25%.	
Governance	Sustainable Risk Management	View risk management for sustainable development as an inseparable activity of daily business and operations. Effectively manage environmental - social - governance (ESG) risks, thereby enabling leadership's decision making to seize opportunities from sustainable development transformations on a global scale.	The capital adequacy ratio (CAR) (according to Basel II standards) was 12.6%.	     
		Continuously strengthen and refine the existing policy framework and risk management processes, ensure alignment with evolving legal requirements and refer to global good practices in the banking sector.	Complete the operational risk management framework upgrade project.	
		Ensure all employees are well informed and aware of the importance of and how they can contribute to sustainable development risk management.	Complete and officially implement Policy on Environmental and Social Risk Management in credit extension (ESMS) applies to commercial customers.	
Sustainable finance		Embrace technology-driven approaches to monitor, facilitate early forecast and promptly alert all risks, including environmental and social risks.	Start classifying the Environmental and Social risk levels and provide recommendations in accordance with the Policy on Environmental and Social Risk Management in credit extension (ESMS) from September 2023.	       
		Drive innovation and improvement in policies as well as activities to achieve Green Banking.	Best Bank for Sustainable Finance - The Asset Magazine.	
		Refrain from funding sectors that have negative environmental and social impacts.	Won the Outstanding Financial - Banking Products & Services Award 2023 (IDG 2023); Outstanding Bank for Green Credit, Bank accompanying SMEs.	
Sustainable finance		Promote preferential financial products to businesses, supply chain financing, and sustainable development projects.	Over USD 170 million of green capital funded as of 2023	
			Over VND 8.7 trillion of green credit disbursed for business and production initiatives aimed at safeguarding the environment and addressing climate change in 2021, 2022 and 2023.	

Pillar	Key topic	Direction	Outstanding results in 2023	Aligned with the Sustainable Development Goals (SDGs) of the United Nations
Governance	Legal compliance	<p>Sustain results without major concerns addressed by the regulators in committing to strict implementation and compliance with legal regulations related to financial crime prevention, and environmental and social protection.</p> <p>Ensure transparency in information and timely provide necessary reports to customers, partners and stakeholders.</p> <p>Establish a team of knowledgeable, self-aware, and skilled employees to proactively prevent, identify and combat misconduct.</p>	<p>The Bank maintains a clean record of compliance with laws against financial crime and environmental and social protection, which is reflected by the absence of sanctions and financial losses associated with relevant lawsuits.</p> <p>100% of employees, including management levels, have completed the anti-corruption course.</p> <p>97.5% of corruption-related activities were assessed across all risk-assessed activities.</p>	
	Digital transformation and data security	<p>Strive to become a Happy Digital Bank, pioneer the application of modern technologies and develop multifunctional digital banking products and services deliver practical value to the society and are well-received by the market.</p> <p>Promote digital transformation across all operating areas to prepare HDBank for a strong integration in the digital age; switch from the multi-channel to omnichannel business model on online platforms, with a particular focus on strengthening the retail banking segment. Complete digitization of customer journeys in accordance with HDBank's digital transformation strategy.</p> <p>Ensure full and effective implementation of the highest standards for system safety, information security, and privacy protection of individuals and organizations that engage in transactions at HDBank in accordance with the laws of HDBank and international practices.</p>	<p>The number of new customers registering on digital channels in 2023 increased by 125% YOY, bringing the total number of customers using digital channels to over 2 million customers. For the first time, digital channels account for the majority of new customer acquisition, exceeding the number of customers acquired via traditional channels.</p> <p>The number of financial transactions on digital channels increased by 132% YOY. The number of customers engaging in transactions on the e-banking channel increased by 86% compared to 2022. The number of customer transactions on digital channels accounts for 93% of the total number of customer transactions at HDBank by the end of 2023.</p> <p>Officially launch the Happy Digital Sales sales management system.</p> <p>3 Digital Transformation awards of the Global Brands Magazine and Vietnam Wealth Advisor Summit 2023 (VWAS 2023).</p> <p>"Digital Innovation" award from the ASEAN Business Advisory Council.</p> <p>The first Vietnamese bank to be awarded ISO 20000 international certification by the British Standards Institute - BSI.</p>	  
Environmental	Resources optimization	<p>Save and optimize the use of resources.</p> <p>Promote investment in technology and innovation through embracing digital transformation to minimize the need to use resources, thereby limiting negative environmental impacts.</p>	<p>Energy intensity per employee in 2023 was 1.3 Gigajoules/person.</p> <p>Paper consumption rate per employee decreases by 8.6% compared to 2022.</p>	   
	Environmental impacts Reduction	<p>Minimize greenhouse gas emissions and environmental impacts, transitioning to renewable resources</p> <p>Effectively manage bank-wide emissions.</p>	<p>Greenhouse gas emission intensity per employee is 579.2 kg CO₂ equivalent/person.</p> <p>Plastic consumption per profit before tax decreases by 12.4% compared to 2022.</p> <p>Ink consumption and environmental waste per employee decreases by 7% compared to 2022.</p>	 

Pillar	Key topic	Direction	Outstanding results in 2023	Aligned with the Sustainable Development Goals (SDGs) of the United Nations
Social	Human resources enhancement	<p>Focus on talent attraction and acquisition, as well as training and upskilling of human resources, to promptly meet current and future business needs.</p> <p>Foster a professional work environment and provide opportunities for employees to enhance their knowledge and skills, thereby building a team of talented and creative high performers.</p>	<p>Top 1 Employer for employee satisfaction in the market according to surveys conducted by CareerBuilder and InsightAsia</p> <p>Digital Transformation Awards 2023 awarded by HR Asia Magazine for the successful application of information technology in human resources activities</p> <p>Build corporate culture through workshops "Building a high-performance culture" nationwide and establish a set of HDBank corporate culture standards</p> <p>The total expenses for staff training activities increased by 249.4% compared to 2022</p> <p>The number of training hours in 2023 increases by 250,672 hours, equivalent to 152.7% compared to 2022</p> <p>99.6% of employees received performance ratings of "Meeting Expectations" or above in 2023.</p>	 
	Employee's welfare and compensation	<p>Continue to implement salary and bonus increases and attractive incentive programs to maintain and improve the bank's understanding of its employees.</p> <p>Continue to implement effective management and mitigate occupational safety and health risks for employees.</p>	<p>Best Companies To Work For In Asia 2023 (HR Asia) (winner for 6 consecutive years).</p> <p>No personnel experienced work-related accidents or injuries.</p> <p>Issue 20 million shares under the employee stock ownership plan (ESOP) for managers.</p>	 
	Diversity, equality and human rights	<p>Ensure respect for human rights, foster equality and diversity within the workforce, and maintain and grow the number and proportion of female employees.</p> <p>Strengthen the engagement between the HDBank's leadership and employees</p>	<p>"Gender Equality Star" in the TOP 50 Corporate Sustainability Awards 2023 (CSA 50) by Nhip Cau Dau Tu Magazine.</p> <p>Outstanding Sustainable Enterprises in Vietnam 2023 - "Gender Equality" Category (CSA50).</p> <p>On December 31, 2023, the proportion of female employees accounted for more than 55% of the total number of employees.</p> <p>In 2023, 83.5% of employees expressed satisfaction with the work environment, welfare programs, and training and development policies at HDBank</p>	  

Pillar	Key topic	Direction	Outstanding results in 2023	Aligned with the Sustainable Development Goals (SDGs) of the United Nations
Social	Customer values	<p>Enhance customer experience through digital transformation, product diversity, and customer care.</p> <p>Minimize incidents of consulting and providing inaccurate information or violating customer data security, including breaches and mishandling of customer information.</p>	<p>Best Retail Bank Vietnam 2023 (International Business Magazine).</p> <p>Award for the Most Innovative Digital Banking Provider in Vietnam in 2023 (The Global Economics).</p> <p>The average customer satisfaction score across 3 survey channels (over the counter, traditional communications channels and online application) was 4.86/5.</p> <p>Net Promoter Score (NPS), showing the likelihood that customers would recommend a product or a service of HDBank to others, is 89%.</p> <p>There have been no incidents/complaints about breaches of customer data security, or leakages or losses of customer data.</p>	 
	Financial inclusion	<p>Continue to reinforce strategies, policies and actions to enhance accessibility to financial services for individual customers and micro, small and medium-sized enterprises (MSMEs), especially women-owned businesses.</p> <p>Proactively reach out to individuals and businesses in rural and remote areas, and workers and employees in industrial and export processing zones.</p>	<p>Launch HDBank Rural application to provide financial solutions dedicated to customers in rural areas</p> <p>The total number of new customers in rural and remote areas reached nearly 550,000 customers, representing an YOY increase.</p> <p>Disburse nearly VND 8 trillion from the VND 10 trillion loan package allocated to workers and employees in industrial and export processing zones.</p> <p>Disburse nearly VND 3.4 trillion for the program supporting women-owned businesses in 2023</p> <p>More than 52% of the total loan portfolio was directed to customers in secondary urban areas and rural areas.</p>	  
	Community and society Companion	<p>Commit to fostering community and social development through three key areas: Transportation, education, and healthcare infrastructure.</p> <p>Engage in community activities across the country, from urban to rural areas, with a focus on mountainous and remote regions, as well as ethnic minorities and disadvantaged groups.</p> <p>Ensure to leave a lasting positive impact on the environment for future generations.</p>	<p>Receive various certificates of merit and awards from prestigious domestic and international organizations, recognizing achievements and contributions to the community and society.</p> <p>Honored to receive the Second-class Labor Order twice and the Third-class Labor Order four times, along with the Emulation Flag of the State Bank and the Government in the period 2017 - 2023.</p> <p>"Best bank for CSR Vietnam" award (Asiamoney)</p> <p>Direct over VND 46 billion towards charitable causes, social activities, and programs for the local community.</p>	    

Details of HDBank's sustainable development activities will be presented in detail in the 2023 Sustainable Development Report

GREEN ACHIEVEMENTS THRIVING FURTHER

07 CONSOLIDATED FINANCIAL STATEMENTS

220 Consolidated Financial Statements



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 Byounggho	Chairperson, Independent member
	Ms. Nguyen Thi Phuong Thao	Permanent Vice Chairperson
	Mr. Luu Duc Khanh	Vice Chairperson
	Mr. Nguyen Thanh Do	Vice Chairperson
	Mr. Nguyen Huu Dang	Vice Chairperson
	Mr. Le Manh Dung	Independent member
	Mr. Pham Quoc Thanh	Member (from 26 April 2023)
	Ms. Nguyen Thi Tam	Member (to 26 April 2023)
Board of Management	Mr. Pham Quoc Thanh	General Director
	Mr. Nguyen Minh Duc	Deputy General Director
	Mr. Le Thanh Tung	Deputy General Director
	Mr. Nguyen Van Hao	Deputy General Director (re-appointed on 2 October 2023)
	Mr. Nguyen Dang Thanh	Deputy General Director (re-appointed on 9 July 2023)
	Mr. Le Thanh Trung	Deputy General Director
	Mr. Tran Hoai Nam	Deputy General Director
	Mr. Tran Thai Hoa	Deputy General Director
	Mr. Nguyen Canh Vinh	Deputy General Director (re-appointed on 1 November 2023)
	Mr. Tran Xuan Huy	Deputy General Director (appointed on 16 October 2023)
	Mr. Pham Van Dau	Chief Financial Officer
	Ms. Ho Dang Hoang Quyen	Chief Accountant
Board of Supervisors	Mr. Dao Duy Tuong	Head of Board of Supervisors
	Ms. Duong Thi Thu	Member
	Ms. Bui Thi Kieu Oanh	Member
	Mr. Nguyen Le Hieu	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	

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

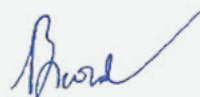
The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English versions, the Vietnamese version shall take precedence.

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

Form B02/TCTD-HN

		As at 31 December	
	Note	2023 VND million	2022 VND million
A	ASSETS		
I	Cash on hand, gold, silver, precious metals	2,810,044	2,937,994
II	Balances with SBV	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	88,120,085	40,322,487
2	Loans to other credit institutions	8,394,778	8,809,830
IV	Held-for-trading securities	18,580,932	1,797,822
1	Held-for-trading securities	18,580,932	1,797,822
V	Derivatives financial instruments and other financial assets	110,079	-
VI	Loans to customers	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	31,871,688	35,375,058
2	Held-to-maturity investment securities	12,304,873	13,444,130
3	Provisions for diminution in value of investment securities	(84,272)	(30,004)
IX	Other long-term investments	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	713,141	631,621
a	Historical cost	1,702,786	1,519,411
b	Accumulated depreciation	(989,645)	(887,790)
3	Intangible fixed assets	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	48,942,933	33,406,609
2	Interests and fees receivables	6,602,101	4,403,501
3	Deferred tax assets	76,708	32,798
4	Other assets	2,233,415	2,331,870
	- In which: Goodwill	-	4,799
5	Provisions for losses on other assets	(46,521)	(46,308)
	TOTAL ASSETS	602,314,859	416,273,023

Form B02/TCTD-HN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

		As at 31 December	
	Note	2023 VND million	2022 VND million
B	LIABILITIES AND EQUITY		
I	Borrowings from the Government and SBV	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	62,597,686	49,440,640
2	Borrowings from other credit institutions	49,489,292	43,212,560
III	Deposits from customers	370,777,888	215,797,174
IV	Derivatives financial instruments and other financial liabilities	-	226,480
V	Funds, entrusted investments and borrowings received that the Bank bears risks	2,811,129	2,860,155
VI	Valuable papers issued	50,938,148	44,161,640
VII	Other liabilities	19,273,804	10,758,230
1	Interests and fees payables	10,346,499	5,052,933
3	Other liabilities	8,927,305	5,705,297
	TOTAL LIABILITIES	555,914,537	377,278,137
VIII	Equity	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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Form B02/TCTD-HN

(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
	- Buying foreign currency commitments		4,293,490	2,512,790
	- Selling foreign currency commitments		4,542,374	2,912,961
	- Swap commitments		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

Form B03/TCTD-HN

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December		
	Note	2023 VND million	2022 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

CONSOLIDATED CASH FLOW STATEMENT

(Direct method)

Form B04/TCTD-HN

		Year ended 31 December	
	Note	2023 VND million	2022 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)

Form B04/TCTD-HN

CONSOLIDATED CASH FLOW STATEMENT (continued)

(Direct method)

		Year ended 31 December	
	Note	2023 VND million	2022 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 shared profits 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 Quyên
Chief Accountant


Phạm Văn Dâu
Chief Financial Officer


Phạm Quốc Thành
General Director
29 March 2024

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:

Subsidiary	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
			%	%	%	%
HD Saison Finance Co., Ltd. (“HD SAISON”)	Finance/ Banking	Ho Chi Minh City	50%	50%	50%	50%

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.

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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 unmaturing, 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.

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.

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

Form B05/TCTD-HN

(continued)

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%

Form B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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.

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.

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:

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

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

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)

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.

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.

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.

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.

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Investments in securities (continued)

2.10.2 Available-for-sale investment securities (continued)

Measurement (continued)

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.

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.

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

Form B05/TCTD-HN

(continued)

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.

Form B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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.

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.

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.

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.

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
	2,810,044	2,937,994

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form B05/TCTD-HN

(continued)

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
	41,481,638	11,273,345

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	1.00	1.00

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	0.00	0.00

Form B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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
	35,121,375	15,733,387
Term deposits		
» In VND	48,800,000	22,760,000
» In foreign currencies	4,198,710	1,829,100
	52,998,710	24,589,100
	88,120,085	40,322,487

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
	8,394,778	8,809,830

(*) 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)
As at 31 December 2022 and as at 31 December 2023	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form B05/TCTD-HN

(continued)

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 (excluding demand deposits)	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

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 excluding Government bonds)	18,580,932	1,797,822

Form B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

For the year ended 31 December 2023

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

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 oversea economic organisations and individuals	-	200
	343,404,295	263,856,383

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form B05/TCTD-HN

(continued)

For the year ended 31 December 2023

8 LOANS TO CUSTOMERS (CONTINUED)

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
	343,404,295	263,856,383

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
	343,404,295	263,856,383

(*) 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).

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
	343,404,295	263,856,383

Form B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

For the year ended 31 December 2023

8 LOANS TO CUSTOMERS (CONTINUED)

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
	343,404,295	263,856,383

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
	343,404,295	263,856,383

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form B05/TCTD-HN

(continued)

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).

Form B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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
	31,586,466	34,361,085
Equity securities		
Equity securities issued by local economic organisation	285,222	1,013,973
	31,871,688	35,375,058
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)	-
	31,800,026	35,345,054

(*) 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	-
	12,304,873	13,444,130
Provisions for held-to-maturity investment securities		
General provisions for unlisted corporate bonds	(12,610)	-
	12,292,263	13,444,130

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form B05/TCTD-HN

(continued)

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
	43,891,339	47,805,215
Equity securities		
Listed	285,222	1,013,973
	44,176,561	48,819,188

(*) 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	8.90 - 14.00	8.90 - 14.00

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	-
	26,564,970	20,825,966

Form B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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

Form B05/TCTD-HN

(continued)

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	511,622	366,248	426,796	377,505	20,615	1,702,786
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	158,733	207,824	280,975	328,737	13,376	989,645
Net book value						
As at 1 January 2023	336,742	136,767	111,054	44,343	2,715	631,621
As at 31 December 2023	352,889	158,424	145,821	48,768	7,239	713,141

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).

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).

Form B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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 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

Form B05/TCTD-HN

(continued)

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
	6,602,101	4,403,501

- (*) 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
	2,233,415	2,331,870

- (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.

Form B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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
	52,546,920	34,950,411

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form B05/TCTD-HN

(continued)

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		
» Open Market Operations (OMO)	-	10,778,760
Other borrowings		
» Japan Bank of International Cooperation (i)	24,486	42,410
	26,590	10,821,258

(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
	9,006,181	8,351,390
Term deposits		
» In VND	50,400,000	38,627,000
» In foreign currencies	3,191,505	2,462,250
	53,591,505	41,089,250
	62,597,686	49,440,640

Form B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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
	35,456,775	23,853,154
Borrowings from other credit institutions		
» In VND	3,932,440	6,098,768
<i>In which: Discounting and rediscounting borrowings</i>	1,825,440	4,073,768
» In foreign currencies	10,100,077	13,260,638
	14,032,517	19,359,406
	49,489,292	43,212,560

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

Form B05/TCTD-HN

(continued)

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
	370,777,888	215,797,174

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
	370,777,888	215,797,174

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

Form B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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
	2,811,129	2,860,155

(*) 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)
	50,938,148	44,161,640

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form B05/TCTD-HN

(continued)

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

Form B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

For the year ended 31 December 2023

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
	10,346,499	5,052,933

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
	8,927,305	5,705,297

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form B05/TCTD-HN

(continued)

For the year ended 31 December 2023

19 OWNERS' EQUITY

19.1 Movements in owners' equity

Form B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

For the year ended 31 December 2023

	Charter capital VND million	Share premium VND million	Treasury shares VND million	Reserves of credit institutions				Investment and construction capital VND million	Retained earnings VND million	Non-controlling interest VND million	Total 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.

(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-TTGSNN 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form B05/TCTD-HN

(continued)

For the year ended 31 December 2023

19 OWNERS' EQUITY (CONTINUED)

19.2 Shares

19.2.1 Number of shares

	31.12.2023 Ordinary shares	31.12.2022 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.

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)
	10,070,898	7,739,794
Weighted average of ordinary shares outstanding at the reporting date (shares)	2,892,550,610	2,878,293,761
Basic earnings per share (VND)	3,482	2,689

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.

Form B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

For the year ended 31 December 2023

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
» Interest income from investment securities	2,618,802	2,561,845
» Interest income from held-for-trading securities	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
	52,640,577	33,323,404

(*) 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
	30,456,603	15,311,836

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
	2,830,168	3,308,455

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
	642,366	351,637

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form B05/TCTD-HN

(continued)

For the year ended 31 December 2023

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>

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>

Form B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

For the year ended 31 December 2023

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>

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>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form B05/TCTD-HN

(continued)

For the year ended 31 December 2023

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
	4,267,751	3,068,339

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 (*)	2,724,629	2,091,986

(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	76,708	32,798

(*) 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
	132,411,767	54,533,826

Form B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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	Movements during the year			31.12.2023 VND million
	1.1.2023 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

Form B05/TCTD-HN

(continued)

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
	3,590,000	25,421,000

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
Less: <i>Marginal deposits</i>	(628,026)	(327,275)
	283,080,871	82,278,514

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	1,445,882	1,558,392

Form B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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
	331,582	307,125

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
	2,364,349	1,518,715

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
	15,584,338	11,426,060

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
	27,061,445	14,277,966

(continued)

(continued)

For the year ended 31 December 2023

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
Total accumulative entrustment fund received from the organisation	10,813,464	6,588,402

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	-
	96,514,863	343,404,295	112,086,978	370,777,888	120,662,130	62,757,493	163,921	2,811,129	50,938,148	19,177,169
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	-
	49,132,317	263,856,383	92,653,200	215,797,174	32,353,382	50,617,010	163,921	2,860,155	44,161,640	9,105,314

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form B05/TCTD-HN

(continued)

For the year ended 31 December 2023

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	
	31.12.2023 VND million	31.12.2022 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.

Form B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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	2022
		VND million	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
		16,029	8,408

(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	2022
		VND million	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
		21,285	29,317

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

Form B05/TCTD-HN

(continued)

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
» Demand deposits	2,190,734	697,838
» Term deposits	1,554,480	1,052,154
» Saving deposits	101,100	-
» Marginal, payment guarantee deposits	14,000	14,000
Loans to customers	189,788	36
Other receivables	311,550	373,011
Interest receivables from loans	660	-
Entities in which the Bank has long-term investments		
Deposits from customers	2,950,234	469,422
» Demand deposits	1,620,401	340,589
» Term deposits	1,300,000	100,000
» Marginal, payment guarantee deposits	29,833	28,833
Loans to customers	3,292,818	2,914,406
Interest receivables from loans	4,116	2,723
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
» Demand deposits	1,158,828	353,138
» Term deposits	845,458	918,830
» Saving deposits	437,335	335,660
» Marginal deposits	64	-
Loans to customers	567,744	46,438
Other assets	122,796	337
» Interest receivables	1,792	337
» Receivables from bonds collection on behalf and management services	121,004	-

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.

Form B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

For the year ended 31 December 2023

41 FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

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 VND million	31.12.2022 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
	537,722,059	370,562,899
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
	19,177,169	9,105,314
	556,899,228	379,668,213

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.

(continued)

(continued)

For the year ended 31 December 2023

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
	96,514,863	18,580,932	110,079	343,404,295	26,564,970	52,546,920	537,722,059
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)
	-	-	-	(4,054,457)	(84,272)	(46,521)	(4,185,250)
Net amount	96,514,863	18,580,932	110,079	339,349,838	26,480,698	52,500,399	533,536,809

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
	49,132,317	1,797,822	263,856,383	20,825,966	34,950,411	370,562,899
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)
	-	-	(3,101,572)	(30,004)	(46,308)	(3,177,884)
Net amount	49,132,317	1,797,822	260,754,811	20,795,962	34,904,103	367,385,015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form B05/TCTD-HN

(continued)

For the year ended 31 December 2023

41 FINANCIAL RISK MANAGEMENT (CONTINUED)

41.3 Market risk

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

	VND	USD	EUR	Gold	Others	Total
As at 31 December 2023						
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.

Form B05/TCTD-HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

For the year ended 31 December 2023

41 FINANCIAL RISK MANAGEMENT (CONTINUED)

41.3 Market risk (continued)

41.3.1 Currency risk (continued)

Unit: VND million

	VND	USD	EUR	Gold	Others	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

Form B05/TCTD-HN

(continued)

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

Form B05/TCTD-HN

(continued)

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.

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

Form B05/TCTD-HN

(continued)

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.

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 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

Form B05/TCTD-HN

(continued)

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.

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	6,467,131	1,725,531	4,825,911	(1,841)	-	13,016,732
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	1,939,304	1,065,709	7,264,738	(1,695)	-	10,268,056

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form B05/TCTD-HN

(continued)

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 was 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
29 March 2024





HO CHI MINH CITY DEVELOPMENT JOINT STOCK COMMERCIAL BANK

25Bis Nguyen Thi Minh Khai, Ben Nghe Ward, District 1, Ho Chi Minh City

T (+8428) 62 915 916 | **F** (+8428) 62 915 900

Hotline 1900 6060 (24/7) | www.hdbank.com.vn