

# **Vietnam Maritime Commercial Joint Stock Bank**

Consolidated financial statements

For the year ended 31 December 2023



# Vietnam Maritime Commercial Joint Stock Bank

## CONTENTS

	<i>Pages</i>
General information	1 - 2
Report of Management	3
Independent auditors' report	4 - 5
Consolidated statement of financial position	6 - 8
Consolidated statement of profit or loss	9
Consolidated cash flow statement	10 - 11
Notes to the consolidated financial statements	12 - 72

# Vietnam Maritime Commercial Joint Stock Bank

## GENERAL INFORMATION

### THE BANK

Vietnam Maritime Commercial Joint Stock Bank ("the Bank") is a joint stock commercial bank incorporated and registered in the Socialist Republic of Vietnam on 08 June 1991 under Banking Operating License No. 0001/NH-GP issued by the State Bank of Vietnam ("SBV"), which was amended in accordance with Decision No. 45/QĐ-NHNN dated 09 January 2023 with the operating duration of 99 years. The Bank is operating under Business Registration Certificate No. 0200124891 with the 26<sup>th</sup> amended Business Registration dated 13 January 2023.

The current principal activities of the Bank are to perform banking services including mobilizing and receiving short, medium and long-term deposits from organizations and individuals; making short, medium and long-term loans to organizations and individuals based on the nature and capability of the Bank's capital; conducting foreign exchange transactions; international trade finance services; discounting of commercial papers, bonds and other valuable papers; conducting payments and treasury services; performing capital contributions, share purchases, securities investments and other banking services as approved by the SBV.

#### *Location and operational network*

The Bank's Head Office is located at 54A Nguyen Chi Thanh Street, Lang Thuong Ward, Dong Da District, Hanoi, Vietnam.

As at 31 December 2023, the Bank has one (01) Head Office, sixty-two (62) branches, two hundred and one (201) transaction offices nationwide (as at 31 December 2022, the Bank has one (01) Head Office, sixty-two (62) branches, two hundred and one (201) transaction offices nationwide).

### BOARD OF DIRECTORS

Members of the Board of Directors of the Bank during the year and at the date of this report are as follows:

<i>Name</i>	<i>Position</i>
Mr. Tran Anh Tuan	Chairman
Ms. Nguyen Thi Thien Huong	Vice - Chairman
Mr. Nguyen Hoang An	Vice - Chairman
Mr. Nguyen Hoang Linh	Member
Mr. Tran Xuan Quang	Member
Ms. Le Thi Lien	Member
Mr. Ta Ngoc Da	Independent Member

### BOARD OF SUPERVISION

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

<i>Name</i>	<i>Position</i>
Ms. Pham Thi Thanh	Head of the Board of Supervision
Ms. Chu Thi Dam	Member
Ms. Le Thanh Ha	Member

# Vietnam Maritime Commercial Joint Stock Bank

## GENERAL INFORMATION (continued)

### MANAGEMENT

Members of the Management of the Bank during the year and at the date of this report are as follows:

<i>Name</i>	<i>Position</i>
Mr. Nguyen Hoang Linh	Chief Executive Officer
Mr. Nguyen Phi Hung	Deputy Chief Executive Officer (Appointed on 30 October 2023)
Ms. Nguyen Huong Loan	Deputy Chief Executive Officer - Head of Financial Institution Banking Division
Mr. Nguyen The Minh	Deputy Chief Executive Officer - Head of Corporate Banking Division
Ms. Nguyen Thi My Hanh	Deputy Chief Executive Officer - Head of Retail Banking Division
Ms. Dinh Thi To Uyen	Deputy Chief Executive Officer - Head of Strategy Division
Mr. Bui Duc Quang	Head of Credit Management Banking Division
Ms. Nguyen Thi Thu Hang	Head of Financial Management
Mr. Nguyen Quoc Khanh	Chief Technology Officer
Mr. Nguyen Ngoc Cuong	Chief Human Resources Officer
Ms. Lai Thanh Mai	Head of Legal and Compliance Division
Mr. Duong Ngoc Dung	Chief Marketing Officer
Ms. Nguyen Ha Thanh	Chief Operating Officer
Mr. Samuel Anthony Dotro	Head of Digital Transformation Division (Disappointed on 01 March 2023)
Ms. Le Cam Thuy	Chief Risk Officer
Mr. Nguyen Viet Son	Head of Strategic Corporate Banking Division
Ms. Nguyen Thu Trang	Head of Office and Internal Services Division (Appointed on 01 June 2023)

### LEGAL REPRESENTATIVE

The legal representative of the Bank during the year and at the date of this report is Mr. Nguyen Hoang Linh – Chief Executive Officer.

### AUDITORS

The auditors of the Bank are Ernst & Young Vietnam Limited.



# Vietnam Maritime Commercial Joint Stock Bank

## REPORT OF MANAGEMENT

Management of Vietnam Maritime Commercial Joint Stock Bank is pleased to present this report and the consolidated financial statements of the Bank and its subsidiaries ("the Bank") as at 31 December 2023 and for the year then ended.

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

Management of the Bank is responsible for ensuring that the consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiaries, the consolidated results of their operations and their consolidated cash flows for the year. In preparing these consolidated financial statements, Management is required to:

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

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 subsidiaries and ensuring that the accounting records comply with the applied accounting system. Management is also responsible for safeguarding the assets of the Bank and its subsidiaries and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### STATEMENT BY MANAGEMENT

Management of the Bank does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Bank and its subsidiaries as at 31 December 2023, the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

For and on behalf of Management:



Mr. Nguyen Hoang Linh  
Chief Executive Officer

Hanoi, Vietnam

28 March 2024

Reference: 12801180/66982110-HN

## INDEPENDENT AUDITORS' REPORT

**To: The Shareholders of  
Vietnam Maritime Commercial Joint Stock Bank**

We have audited the accompanying consolidated financial statements of Vietnam Maritime Commercial Joint Stock Bank ("the Bank") and its subsidiaries, as prepared on 28 March 2024 and set out on pages 6 to 72, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and the consolidated cash flow statement for the year then ended and the notes thereto.

### *Management's responsibility*

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

### *Auditors' responsibility*

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

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

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



### *Opinion*

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

**Ernst & Young Vietnam Limited**



---

Nguyen Phuong Nga  
Deputy General Director  
Audit Practising Registration  
Certificate No. 0763-2024-004-1



---

Hoang Thi Hong Minh  
Auditor  
Audit Practising Registration  
Certificate No. 0761-2023-004-1

Hanoi, Vietnam

28 March 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
as at 31 December 2023

	<i>Notes</i>	<i>31 December 2023 VND million</i>	<i>31 December 2022 VND million</i>
<b>ASSETS</b>			
<b>Cash, gold and gemstones</b>	<b>5</b>	<b>939,629</b>	<b>1,393,551</b>
<b>Balances with the State Bank of Vietnam ("SBV")</b>	<b>6</b>	<b>4,589,199</b>	<b>3,689,730</b>
<b>Due from banks</b>	<b>7</b>	<b>61,149,694</b>	<b>39,243,600</b>
Placements with other credit institutions ("CIs")		51,384,709	29,363,640
Loans to other CIs		9,764,985	9,879,960
<b>Securities held for trading</b>	<b>8</b>	<b>-</b>	<b>21,675</b>
Securities held for trading		-	39,287
Provision for securities held for trading		-	(17,612)
<b>Derivative financial instruments</b>	<b>9</b>	<b>-</b>	<b>446,344</b>
<b>Loans to customers</b>		<b>146,782,639</b>	<b>119,212,621</b>
Loans to customers	10	149,145,386	120,643,542
Provision for credit losses of loans to customers	11	(2,362,747)	(1,430,921)
<b>Investment securities</b>	<b>12</b>	<b>37,880,373</b>	<b>31,534,742</b>
Available-for-sale securities		37,897,490	31,554,087
Provision for investment securities		(17,117)	(19,345)
<b>Long-term investments</b>	<b>13</b>	<b>10,036</b>	<b>10,036</b>
Other long-term investments		10,036	10,036
<b>Fixed assets</b>		<b>402,736</b>	<b>382,873</b>
Tangible fixed assets	14	202,533	153,330
Cost		661,129	606,147
Accumulated depreciation		(458,596)	(452,817)
Intangible fixed assets	15	200,203	229,543
Cost		630,943	618,177
Accumulated amortization		(430,740)	(388,634)
<b>Other assets</b>	<b>16</b>	<b>15,251,532</b>	<b>16,840,686</b>
Receivables	16.1	8,480,027	10,881,321
Interest and fee receivables	16.2	5,065,400	2,808,476
Deferred tax assets	16.3	-	50
Other assets	16.4	1,749,755	3,218,269
- In which: Goodwill	17	15,124	25,106
Provision for other assets	16.5	(43,650)	(67,430)
<b>TOTAL ASSETS</b>		<b>267,005,838</b>	<b>212,775,858</b>



CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
as at 31 December 2023

	<u>Notes</u>	<u>31 December 2023</u> <u>VND million</u>	<u>31 December 2022</u> <u>VND million</u>
<b>LIABILITIES</b>			
<b>Borrowings from the Government and the SBV</b>	<b>18</b>	<b>1,012,533</b>	<b>1,014,560</b>
Deposits and borrowings from the Government and the SBV		1,012,533	1,014,560
<b>Due to banks</b>	<b>19</b>	<b>85,553,514</b>	<b>50,374,160</b>
Deposits from other CIs		54,484,312	29,339,865
Borrowings from other CIs		31,069,202	21,034,295
<b>Customer deposits</b>	<b>20</b>	<b>132,350,131</b>	<b>117,120,779</b>
<b>Derivative financial instruments</b>	<b>9</b>	<b>263,356</b>	<b>-</b>
<b>Valuable papers issued</b>	<b>21</b>	<b>8,991,415</b>	<b>11,599,514</b>
<b>Other liabilities</b>		<b>7,536,677</b>	<b>6,012,847</b>
Interest and fee payables	22.1	3,813,157	2,253,470
Other payables and liabilities	22.2	3,723,520	3,759,377
<b>TOTAL LIABILITIES</b>		<b>235,707,626</b>	<b>186,121,860</b>
<b>OWNERS' EQUITY</b>			
Capital		20,034,068	19,891,568
- Charter capital		20,000,000	19,857,500
- Capital expenditure fund		608	608
- Share premium		33,460	33,460
Reserves		2,589,959	1,896,036
Retained earnings		8,674,185	4,866,394
<b>TOTAL OWNERS' EQUITY</b>	<b>24</b>	<b>31,298,212</b>	<b>26,653,998</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>267,005,838</b>	<b>212,775,858</b>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
as at 31 December 2023

## OFF-STATEMENT OF FINANCIAL POSITION ITEMS

		31 December 2023	31 December 2022
	Notes	VND million	VND million
1. Credit guarantees	39	31,980	33,980
2. Foreign exchange commitments	39	343,840,786	223,775,857
2.1 Foreign exchange commitments - buy		11,263,221	1,408,572
2.2 Foreign exchange commitments - sell		11,255,288	1,407,285
2.3 Swap contracts		321,322,277	220,960,000
3. Letters of credit	39	7,555,360	9,141,549
4. Other guarantees	39	21,686,263	20,444,318
5. Other commitments	39	11,326,397	16,451,969
6. Uncollected interests and fee receivables	40	2,089,139	779,182
7. Bad debts written off	41	15,649,464	13,624,430
8. Other assets and documents	42	83,676,862	114,866,183

Prepared by:



Ms. Nguyen Bao Ngoc  
Financial Reporting Manager

Reviewed by:



Ms. Phung Thuy Nhung  
Chief Accountant

Approved by:



Mr. Nguyen Hoang Linh  
Chief Executive Officer

Hanoi, Vietnam

28 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
as at 31 December 2023

	Notes	2023 VND million	2022 VND million
Interest and similar income	25	18,951,085	13,252,114
Interest and similar expenses	26	(9,762,570)	(4,930,323)
<b>Net interest and similar income</b>		<b>9,188,515</b>	<b>8,321,791</b>
Fee and commission income		2,017,973	1,605,101
Fee and commission expenses		(420,948)	(492,637)
<b>Net fee and commission income</b>	<b>27</b>	<b>1,597,025</b>	<b>1,112,464</b>
<b>Net gains from trading of foreign currencies</b>	<b>28</b>	<b>1,072,237</b>	<b>1,000,441</b>
<b>Net losses from trading securities</b>	<b>29</b>	<b>(12,705)</b>	<b>(2,028)</b>
<b>Net gains from investment securities</b>	<b>30</b>	<b>511,812</b>	<b>683,122</b>
Other operating income		610,169	760,999
Other operating expenses		(709,697)	(1,183,995)
<b>Net losses from other operating activities</b>	<b>31</b>	<b>(99,528)</b>	<b>(422,996)</b>
<b>Income from capital contribution, share purchase</b>	<b>32</b>	<b>1,631</b>	<b>880</b>
<b>Operating expenses</b>	<b>33</b>	<b>(4,812,331)</b>	<b>(4,427,964)</b>
<b>Net profit before provision for credit losses</b>		<b>7,446,656</b>	<b>6,265,710</b>
Credit loss expenses	34	(1,616,746)	(478,507)
<b>PROFIT BEFORE TAX</b>		<b>5,829,910</b>	<b>5,787,203</b>
Current corporate income tax ("CIT") expenses	35	(1,185,646)	(1,170,979)
Deferred CIT expenses		(50)	(11)
<b>Total CIT expenses</b>		<b>(1,185,696)</b>	<b>(1,170,990)</b>
<b>PROFIT AFTER TAX</b>		<b>4,644,214</b>	<b>4,616,213</b>
<b>Basic earnings per share (VND/share)</b>	<b>36</b>	<b>2,322</b>	<b>2,252</b>

Prepared by:



Ms. Nguyen Bao Ngoc  
Financial Reporting Manager

Reviewed by:



Ms. Phung Thuy Nhung  
Chief Accountant

Approved by:



Mr. Nguyen Hoang Linh  
Chief Executive Officer

Hanoi, Vietnam

28 March 2024



CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 December 2023

	<i>Notes</i>	<i>2023 VND million</i>	<i>2022 VND million</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest and similar receipts		16,726,536	13,219,183
Interest and similar payments		(8,202,883)	(4,282,479)
Net fee and commission receipts		1,564,653	1,106,784
Net receipts from trading of foreign currencies, gold and securities		1,551,505	1,671,342
Other operating expenses		(962,895)	(1,491,064)
Recoveries from bad debts previously written-off		169,516	448,922
Payments of operating and personnel expenses		(3,819,039)	(3,844,731)
Corporate income tax paid	35	(1,396,341)	(573,278)
<b>Net cash flows from operating activities before changes in operating assets and liabilities</b>		<b>5,631,052</b>	<b>6,254,679</b>
<b>Changes in operating assets</b>		<b>(31,720,103)</b>	<b>1,083,505</b>
Decrease in due from banks		114,974	3,652,782
(Increase)/Decrease in trading securities		(6,903,477)	17,302,758
Decrease/(Increase) in derivative financial instruments		446,344	(446,344)
Increase in loans to customers		(28,504,837)	(19,082,631)
Utilization of provision to write off (loans to customers, securities, long-term investments, and other receivables)		(738,829)	(912,144)
Decrease in other assets		3,865,722	569,084
<b>Changes in operating liabilities</b>		<b>48,074,233</b>	<b>3,390,203</b>
Decrease in borrowings from the Government and the SBV		(2,027)	(2,693)
Increase/(Decrease) in due to banks		35,179,354	(17,661,444)
Increase in customer deposits		15,229,350	22,504,361
Decrease in valuable papers issued (excluding valuable papers issued for financing activities)		(2,608,098)	(1,443,026)
Increase/(Decrease) in derivative financial instruments		263,356	(76,833)
Increase in other liabilities		12,298	69,838
<b>Net cash flows from operating activities</b>		<b>21,985,182</b>	<b>10,728,387</b>



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

	<u>Notes</u>	<u>2023</u> <u>VND million</u>	<u>2022</u> <u>VND million</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		(120,062)	(174,712)
Proceeds from disposal of fixed assets		503	1,762
Proceeds from investment, capital contribution in other units		1,631	880
<b>Net cash flows used in investing activities</b>		<b>(117,928)</b>	<b>(172,070)</b>
<b>Net cash flows during the year</b>		<b>21,867,254</b>	<b>10,556,317</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>35,046,283</b>	<b>24,489,966</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>37</b>	<b>56,913,537</b>	<b>35,046,283</b>

Prepared by:



Ms. Nguyen Bao Ngoc  
Financial Reporting Manager

Reviewed by:



Ms. Phung Thuy Nhung  
Chief Accountant

Approved by:



Mr. Nguyen Hoang Linh  
Chief Executive Officer

Hanoi, Vietnam

28 March 2024

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

## 1. THE BANK INFORMATION

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

The Bank was established in accordance with Banking Operating License No. 0001/NH-GP issued by the State Bank of Vietnam ("SBV") on 08 June 1991, which was amended in accordance with Decision No. 45/QĐ-NHNN dated 09 January 2023 with the operating duration of 99 years. The Bank is operating under Business Registration Certificate No. 0200124891 with the 26<sup>th</sup> amended Business Registration dated 13 January 2023.

The current principal activities of the Bank are to perform banking services including mobilizing and receiving short, medium and long-term deposits from organizations and individuals; making short, medium and long-term loans to organizations and individuals based on the nature and capability of the Bank's capital; conducting foreign exchange transactions; international trade finance services; discounting of commercial papers, bonds and other valuable papers; conducting payments and treasury services; performing capital contributions, share purchases, securities investments and other banking services as approved by the SBV.

### *Charter capital*

As at 31 December 2023, charter capital of the Bank was VND 20,000,000 million (31 December 2022: VND 19,857,500 million).

### *Location and operational network*

The Bank's Head Office is located at 54A Nguyen Chi Thanh Street, Lang Thuong Ward, Dong Da District, Hanoi, Vietnam.

As at 31 December 2023, the Bank has one (01) Head Office, sixty-two (62) branches, two hundred and one (201) transaction offices nationwide (as at 31 December 2022, the Bank has one (01) Head Office, sixty-two (62) branches, two hundred and one (201) transaction offices nationwide).

### *Subsidiaries*

As at 31 December 2023, the Bank had one (01) subsidiary as follows:

No.	Company name	Enterprise Registration Certificate	Business sector	% owned by the Bank
1	TNEX Finance Company Limited ("TNEX FINANCE") (formerly known as Finance Company Limited for Community)	No. 0301516782 initially issued on 01 December 2010 and amended for the 8 <sup>th</sup> time on 01 February 2024 by the Hanoi Department of Planning and Investments	Other financial activities	100%

### *Employees*

Total number of employees of the Bank as at 31 December 2023 was 6,308 persons (as at 31 December 2022: 6,317 persons).



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

**2. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY**

**2.1 Fiscal year**

The Bank's fiscal year starts on 01 January and ends on 31 December.

**2.2 Accounting currency**

The currency used in the preparation of the consolidated financial statements of the Bank is Vietnam dong ("VND"). For purpose of preparing the consolidated financial statements as at 31 December 2023, all amounts are rounded to the nearest million and presented in VND million. The presentation makes no impact on readers' view of the consolidated financial position, consolidated operational results and consolidated cash flows of the Bank and its subsidiaries.

**3. ACCOUNTING STANDARDS AND SYSTEM**

**3.1 Statement of compliance**

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

**3.2 Basis of preparation**

The consolidated financial statements of the Bank are prepared in accordance with the Accounting System applicable to Credit Institutions required under Decision No. 479/2004/QĐ-NHNN issued on 29 April 2004; Circular No. 10/2014/TT-NHNN dated 20 March 2014; Circular No. 22/2017/TT-NHNN dated 29 December 2017; and Circular No. 27/2021/TT-NHNN dated 31 December 2021 amending and supplementing Decision No. 479/2004/QĐ-NHNN; the financial reporting regime applicable to credit institutions required under Decision No. 16/2007/QĐ-NHNN dated 18 April 2007; Circular No. 49/2014/TT-NHNN amending and supplementing a number of articles of Decision No. 16/2007/QĐ-NHNN and the chart of account system for Credit Institutions issued in connection with Decision No. 479/2004/QĐ-NHNN by the Governor of the State Bank of Vietnam; Decree No. 93/2017/ND-CP dated 07 August 2017; Circular No. 16/2018/TT-BTC dated 07 February 2018 on guidelines for financial regulations applied to credit institutions and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

The accompanying consolidated financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Vietnam. Accordingly, the accompanying consolidated financial statements and their utilization are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the consolidated financial position, results of consolidated operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

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

**3. ACCOUNTING STANDARDS AND SYSTEM (continued)**

**3.2 Basis of preparation (continued)**

Items that are not presented in these consolidated financial statements regarding the financial reporting regime for credit institutions as required by Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 and Circular No. 49/2014/TT-NHNN dated 31 December 2014 and Circular No. 27/2021/TT-NHNN dated 31 December 2021 issued by the SBV indicate nil balance.

**3.3 Basis of assumptions and uses of estimates**

The preparation of the consolidated financial statements requires Management of the Bank to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income, expenses and the resultant provision. Such estimates are necessarily based on assumptions involving varying degrees of subjectivity and uncertainty and actual results may differ resulting in future changes in such estimates and assumptions.

**3.4 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries for the year ended 31 December 2023.

Subsidiaries are fully consolidated from the acquisition date, on which the Bank obtains control and continue to be consolidated until the Bank terminates the control.

The financial statements of the Bank and its subsidiaries are prepared for the same reporting period, using consistent accounting policies.

All intra-company balances, income and expenses and unrealized gains or losses resulting from intra-company transactions are eliminated in full. Non-controlling interest represents the portion of net results of operations and net assets are not owned, by the Bank and are presented separately in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position.



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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **4.1 *Changes in accounting policies and disclosures***

The accounting policies adopted by the Bank in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Bank's consolidated financial statements for the year ended 31 December 2022, except for the following changes in the accounting policy:

*Circular No.02/2023/TT-NHNN dated 23 April 2023 issued by the State Bank of Vietnam providing instructions for credit institutions and foreign bank branches on debt rescheduling and retention of debt category to assist borrowers in difficulties ("Circular 02").*

Main contents of Circular 02 included:

- ▶ Scope and conditions of loan eligible for term restructuring;
- ▶ Principles of retention of debt classification, accounting for accrued interest and making provision for debts whose principal and/or interest balances are rescheduled for repayment.

This Circular takes effect from 24 April 2023.

##### **4.2 *Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand, gold, balances with the SBV, demand deposits and placements with other credit institutions with an original maturity of three months or less from the transaction date, securities with recovery or maturity of three months or less from date of purchase which can be converted into a known amount of cash and do not bear the liquidity risk as at the date of these consolidated financial statements.

##### **4.3 *Due from banks***

Due from banks are presented at the principal amounts outstanding at year end.

The classification of credit risk for due from banks and the corresponding provision for credit losses is made in accordance with Circular No. 11/2021 /TT-NHNN issued by the SBV on 30 July 2021 guiding the classification of assets, the level and method of risk provisioning and the use of provisions against credit risks in the operations of CIs and foreign bank branches ("Circular 11"). Accordingly, the Bank makes a specific provision for placements with (except for current accounts at other CIs, foreign bank's branches in Vietnam) and loans to other CIs according to the method as described in *Note 4.5*.

According to Circular 11, the Bank is not required to make a general provision for due from banks.

##### **4.4 *Loans to customers and debts purchased***

Loans to customers are presented at the principal amounts outstanding at year end.

Provision for credit losses of loans to customers is accounted and presented in a separate line in the consolidated statement of financial position.

Short-term loans have maturity of less than or equal to one year from disbursement date. Medium-term loans have maturity from one to five years from disbursement date. Long-term loans have maturity of more than five years from disbursement date.

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.4 Loans to customers and debts purchased (continued)**

Debts purchased are disclosed at cost which is the purchase price of the debts.

Loan classification and provision for credit losses are made according to Circular 11 as presented in Note 4.5.

**4.5 Classification, level and method for making provision for credit losses**

*Debt classification*

The classification of due from banks (except for current accounts), direct and entrusted investments in unlisted corporate bonds, loans to customers, debts purchased and entrustments for credit granting (collectively called "debts") is made in compliance with Article 10 of Circular 11.

*Specific provision*

Specific provision as at 31 December is made based on the principal balance less discounted value of collaterals multiplied by provision rates which are determined based on the debt classification results as at 31 December. The specific provision rates for each group are presented as follows:

Group		Description	Provision rate
1	Current	(a) Current debts are assessed as fully and timely recoverable for both principals and interests; or (b) Debts are overdue for a period of less than 10 days and assessed as fully recoverable for both overdue principals and interests, and fully and timely recoverable for both remaining principals and interests.	0%
2	Special mention	(a) Debts are overdue for a period of 90 days or less, other than those specified in Point (b) of Loan Group 1; or (b) Undue debts whose repayment terms are restructured for the first time.	5%
3	Sub-standard	(a) Debts are overdue for a period of between 91 days and 180 days; or (b) Undue debts whose repayment terms are extended for the first time; or (c) Debts which interests are exempted or reduced because customers do not have sufficient capability to repay all interests under credit contracts; or (d) Debts under one of the following cases which have not been recovered in less than 30 days from the date of the recovery decision: ▶ Debts made in compliance with Clause 1, 3, 4, 5, 6 under Article 126 of Law on Credit Institutions; or ▶ Debts made in compliance with Clause 1, 2, 3, 4 under Article 127 of Law on Credit Institutions; or ▶ Debts made in compliance with Clauses 1, 2, 5 under Article 128 of Law on Credit Institutions. (e) Debts are required to be recovered according to regulatory inspection conclusions. (f) Debts are required to be recovered as follows the before-due recovery decision of the Bank due to customers' breach of the agreement with the Bank but still outstanding with an overdue for a period of less than 30 days from the date of recovery decision; or (g) At the request of the SBV based on regulatory inspection, supervision results and relevant credit information.	20%



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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.5 Classification, level and method for making provision for credit losses (continued)**

*Specific provision (continued)*

Group	Description	Provision rate
4	<b>Doubtful</b> (a) Debts are overdue for a period of between 181 days and 360 days; or (b) Debts of which repayment terms are restructured for the first time but still overdue for a period of less than 90 days under that restructured repayment term; or (c) Debts of which repayment terms are restructured for the second time; or (d) Debts are specified in Point (d) of Loan Group 3 and overdue for a period of between 30 days and 60 days after decisions of recovery have been issued; or (e) Debts are required to be recovered according to regulatory inspection conclusions but still outstanding with an overdue period up to 60 days since the recovery date as required by regulatory inspection conclusions; or (f) Debts are required to be recovered according to the before-due recovery decision of the Bank due to customers' breach of the agreement with the Bank but still outstanding with an overdue for a period of 30 days to 60 days from the date of recovery decision; or (g) At the request of the SBV based on regulatory inspection, supervision results and relevant credit information.	50%
5	<b>Loss</b> (a) Debts are overdue for a period of more than 360 days; or (b) Debts of which repayment terms are restructured for the first time but still overdue for a period of 90 days or more under that first restructured repayment term; or (c) Debts of which repayment terms are restructured for the second time but still overdue under that second restructured repayment term; or (d) Debts of which repayment terms are restructured for the third time or more; or (e) Debts are specified in Point (d) of Loan Group 3 and overdue for a period of more than 60 days after decisions on recovery have been issued; or (f) Debts are required to be recovered under regulatory inspection conclusions but still outstanding with an overdue period of more than 60 days since the recovery date as required by regulatory inspection conclusions; or (g) Debts are required to be recovered according to the before-due recovery decision of the Bank due to customers' breach of the agreement with the Bank but still outstanding with an overdue for a period of more than 60 days from the date of recovery decision; or (h) Debts of credit institutions under special control as announced by the SBV, or debts of foreign bank branches whose capital and assets are blocked. (i) At the request of the SBV based on regulatory inspection, supervision results and relevant credit information.	100%

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



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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.5 Classification, level and method for making provision for credit losses (continued)**

*Specific provision (continued)*

When the Bank participates in a syndicated loan as a participant, except for the case where the Bank provides a syndicated loan with entrusted capital from a third party that this third party commits to be responsible for any risks occurred, it should classify loans (including syndicated loans) of the customer into a higher of the risk group assessed by the leading bank and by the Bank.

If a customer is classified by the Bank into the risk group which is lower than the risk group provided by Credit Information Center ("CIC"), the Bank is required to adjust the risk group of such customer following the risk group provided by CIC.

The Bank also applies regulations on rescheduling the repayment term and keeping the debt group unchanged for loans that meet the requirements of Circular No. 01/2020-TT-NHNN ("Circular 01") issued by the SBV on 13 March 2020, Circular No. 03/2022-TT-NHNN ("Circular 03") dated 02 April 2022 and Circular No. 14/2021/TT-NHNN ("Circular 14") dated 07 September 2021 amending and supplementing several articles of Circular 01 issued by the SBV, providing for credit institutions and foreign bank branches to restructure the repayment term, exempt or reduce interest and fees, maintaining the debt group to support customers affected by the Covid-19 epidemic. For the debt balance whose repayment term is restructured, interest is exempted or reduced, the group of overdue debts remains unchanged according to the restructured term, and the Bank restructures the repayment term and keeps the same debt group, according to current regulations, the Bank shall classify debts and make provision for risks in accordance with Circular 11.

These Circular requires the Bank to make specific provisions for customers whose outstanding balances are restructured, repayment terms, interest exemption and reduction are classified into two types of debt as follows: (1) debt classification remains the same as before the restructuring, interest exemption and reduction; (2) debt classification according to the State Bank's regulations on debt classification in credit institutions' operations. In case the difference in the amount of provision that needs to be made by type of debt (2) compared to type of debt (1) is positive, the Bank will make additional specific provisions as follows:

<i>Additional provision</i>	<i>Deadline</i>
At least 30% of the additional specific provision	By 31 December 2021
At least 60% of the additional specific provision	By 31 December 2022
100% of the additional specific provision	By 31 December 2023

From 01 January 2024, based on regulations of the SBV regarding risk provisioning in the operations of credit institutions, the Bank makes provision for all outstanding loans and off-statement of financial position commitments of customers, including outstanding loans which the repayment term is restructured, interest is exempted or reduced, debt classification is retained under Circular 03.

From 24 April 2023, the Bank applied policies to restructure the repayment term but retain the debt classification for assisting customer with difficulties in operating activities and customers with debt repayment difficulties to meet requirement of Circular 02 issued by the SBV providing instructions for credit institutions and foreign branch banks on debt rescheduling and retention of debt category to assist borrowers in difficulties.



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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.5 Classification, level and method for making provision for credit losses (continued)**

*Specific provision (continued)*

Accordingly, the Bank is allowed to restructure the repayment term for these debts and retain the debt classification as follows:

<i>Disbursement date</i>	<i>Overdue status of debts</i>	<i>Due/overdue date</i>	<i>Debt classification retention</i>
Before 24 April 2023	In due or overdue for a period of 10 days since the due date	From 24 April 2023 to 30 June 2024	Retain the latest debt classification as before the overdue date or the date that interest obligation was exempted/reduced

The Bank makes specific provisions for customers whose debt repayment term is restructured and debt classification is retained by following formula:  $C = A - B$

In which:

C: Additional specific provision;

A: Specific provision made for customer's outstanding loan balance according to Circular 11's debt classification (retention of debt category is not applicable);

B: Specific provision made for the restructured loan balance and specific provision made for the remaining loan balance of customer according to Circular 11's debt classification.

Additional specific provision (C) is made at the date of the financial statements to ensure the minimum provision as follows:

- As of 31 December 2023: At least 50% of the specific provision;
- As of 31 December 2024: 100% of the specific provision.

*General provision*

According to Circular 11, general provision as at 31 December is made at 0.75% of total outstanding loans as at 31 December for debts from Group 1 to Group 4 except for the following cases:

- ▶ Placements with other CIs, foreign bank branches in Vietnam and foreign CIs;
- ▶ Loans to and purchases of valuable papers issued by other CIs, foreign bank branches in Vietnam;
- ▶ Promissory notes and bills; certificates of deposit, bonds issued by other CIs and foreign bank branches; and
- ▶ Repurchases of government bonds.

*Bad debts written off*

According to Circular 11, loans to customers are written off against the provision if they are classified in Group 5 or if the borrower is a dissolved, bankrupt organization or individual who is dead or missing.

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.6 Securities held for trading**

Securities held for trading include equity securities acquired and held for the purpose of trading. Equity securities are initially recognized at cost at the purchase date and subsequently presented at cost.

Securities held for trading are subject to impairment review at the end of fiscal year. Provision for diminution in value of securities is made when the carrying value is higher than the market value in compliance with Article 5, Circular No. 48/2019/TT-BTC issued by the Ministry of Finance on 08 August 2019 ("Circular 48"). In case market prices of securities are not available or cannot be determined reliably, no provision is calculated. Provision is recognized in "*Net gains/(losses) from trading securities*" on the consolidated statement of profit or loss.

In case securities are not listed on the stock exchanges or not registered for the unlisted public company market (hereinafter referred to as "unlisted securities"), the Bank determines the amount of provisions based on the separate financial statements of economic entities receiving capital contribution at the same time as the Bank's annual reporting date, provision for each investment is calculated by the following formula:

$$\text{Provision for each investment} = \left[ \begin{array}{l} \text{Proportion of actual} \\ \text{charter capital contribution} \\ \text{(\% of the Bank at the} \\ \text{economic entity receiving} \\ \text{contributed capital at the} \\ \text{time of provisioning} \end{array} \right] \times \left[ \begin{array}{l} \text{Actual investment capital} \\ \text{of owners of the} \\ \text{economic entity receiving} \\ \text{contributed capital at the} \\ \text{time of provisioning} \end{array} \right] - \left[ \begin{array}{l} \text{Owners' equity of the} \\ \text{economic entity} \\ \text{receiving contributed} \\ \text{capital at the time of} \\ \text{provisioning} \end{array} \right]$$

Gains or losses from sales of securities held for trading are recognized in the consolidated statement of profit or loss. Securities held for trading are derecognized when the rights to receive cash flows from these securities are terminated or the Bank transfers substantially all the risks and rewards of ownership of these securities.



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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.7 Available-for-sale securities**

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

Equity securities are initially recognized at cost at the purchase date and subsequently presented at cost.

Debt securities are recognized at par value at the purchase date. Accrued interest (for debt securities with interest payment in arrears) and deferred interest (for debt securities with interest payment in advance) are recognized in a separate account. Discount/premium which is the difference between the cost and the amount being the par value plus (+) accrued interest (if any) or minus (-) deferred interest (if any) is also recognized in a separate account.

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

Available-for-sale securities are subject to impairment review at year end.

Provision for diminution in value of securities (except for unlisted corporate bonds and government bonds, government-guaranteed bonds, local government bonds) is made when the carrying value is higher than the market value in compliance with Article 5, Circular 48 and Circular No. 24/2022/TT-BTC dated 07 April 2022 amending and supplementing several articles of Circular 48 issued by the SBV. In case market prices of securities are not available or cannot be determined reliably, no provision is calculated. Provision is recognized in the "Net gains/(losses) from investment securities" on the consolidated statement of profit or loss.

Provision for credit losses of corporate bonds which are not listed on the stock market or not registered on the unlisted public company market is made in accordance with Circular 11 as described in Note 4.5.

Investment securities are derecognized when the rights to receive cash flows from these securities are terminated or the Bank transfers substantially all the risks and rewards of ownership of these securities.



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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**4.8 Re-purchase and reverse-repurchase contracts**

Securities sold under agreements to repurchase at a specific date in the future (repos) are still recognized in the consolidated financial statements. The corresponding cash received from these agreements is recognized in the consolidated statement of financial position as a borrowing and the difference between the sale price and repurchase price is amortized in the consolidated statement of profit or loss over the term of the agreement using the straight-line method based on the interest rate stipulated in the contract.

Conversely, securities purchased under agreements to resell at a specific date in the future are not recognized in the consolidated financial statements. The corresponding cash paid under these agreements is recognized as a loan in the consolidated statement of financial position and the difference between the purchase price and resale price is amortized in the consolidated statement of profit or loss over the term of the agreement using the straight-line method based on the interest rate stipulated in the contract.

**4.9 Other long-term investments**

Other long-term investments are investments in other entities in which the Bank holds less than or equal to 11% of voting rights and securities of these entities are not listed on the stock exchanges. These investments are initially recorded at cost at the transaction date.

Provision for diminution in the value of long-term investments is made when there is reliable evidence of the decrease in value of those investments at year end as stipulated in Article 5, Circular 48.

Provision is reversed if the recoverable amount of the investments increases after making provision, to the extent that the carrying value of these investments does not exceed the carrying value of this investment assuming that no allowance has been recorded.

Increase or decrease in provision for long-term investments is recognized in "Operating expenses" on the consolidated statement of profit or loss.

**4.10 Fixed assets**

Fixed assets are stated at cost less accumulated depreciation or amortization.

The cost of a fixed asset comprises its purchase price plus any directly attributable cost of bringing the asset to working condition for its intended use. Costs related to additions, improvements and renewals are capitalized while expenditures for maintenance and repairs are charged to the consolidated statement of profit or loss when incurred.

When assets are sold or liquidated, their cost and accumulated depreciation are deducted from the statement of financial position item and any gains or losses resulting from their disposal are recorded to the consolidated statement of profit or loss.

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.11 Depreciation and amortization**

Depreciation of tangible fixed assets and amortization of intangible fixed assets is calculated on the straight-line basis over the estimated useful life of the assets, which are as follows:

Buildings and structures	5 – 50 years
Machines and equipment	3 – 20 years
Means of transportation	6 – 30 years
Office equipment	3 – 10 years
Other tangible fixed assets	4 – 25 years
Computer software	3 – 20 years
Other intangible fixed assets	3 – 8 years

Land use rights granted by the Government with indefinite term are not amortized. Land use rights with definite term are amortized over the leased term or duration of use.

**4.12 Receivables**

Receivables are initially recognized at cost and subsequently presented at cost.

Provision for receivables is determined based on the overdue status of debts or expected loss of current debts in case the debts are undue yet the organization has fallen into bankruptcy, is under dissolution process or has absconded; or individual who is being prosecuted, detained, on trial or under sentence or is suffering from fatal diseases (with medical certificate) or has deceased or the debts requested for sentence yet are unenforceable due to individual escaping or the debts sued for debt collection yet are under suspension. Provision expenses for receivables classified as credit risk-bearing assets are recorded in "Credit loss expenses", and provision expenses for other receivables are recorded in "Operating expenses" on the consolidated statement of profit or loss.

Provision for doubtful receivables is made in accordance with Circular 48 as follows:

<u>Overdue period</u>	<u>Provision rate</u>
From over six months up to one year	30%
From one to under two years	50%
From two to under three years	70%
From three years and above	100%

**4.13 Prepaid expenses and expenses awaiting allocation**

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated statement of financial position and amortized over the period for which the amount is paid or the period in which economic benefit is generated in relation to these expenses.

**4.14 Operating lease**

Rentals under operating lease are charged in the "Operating expenses" on the consolidated statement of profit or loss on a straight-line basis over the term of the lease.



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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **4.15 *Business combinations and goodwill***

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

Goodwill acquired in a business combination is initially recognized at cost being the excess of the cost the business combination over the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of profit or loss. After initial recognition, goodwill is recognized at cost less any accumulated amortization. Goodwill is amortized on a straight-line basis over a period of ten (10) years.

##### **4.16 *Borrowings from the Government and the SBV***

Borrowings from the Government and the SBV are recognized at cost.

##### **4.17 *Due to banks, customer deposits and valuable papers issued***

Due to banks, customer deposits and valuable papers issued are presented at the principal amounts outstanding at year end.

At the date of initial recognition, expenses for bond issuance are deducted from principal amount of the bonds. The Bank then allocates these expenses into "Interest and similar expenses" on a straight-line basis according to the terms of the valuable papers.

##### **4.18 *Derivatives***

The Bank enters in currency forward contracts and swap contracts to facilitate customers to transfer, modify or mitigate foreign exchange risk or other market risks, and also for the business purpose of the Bank.

###### *Currency forward contracts*

Currency forward contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates, and the notional amount of the contracts. Currency forward contracts are recognized at nominal value at the transaction date and are revalued periodically. Gains or losses from revaluation are recognized in "Impact of exchange rate fluctuation" under "Owners' equity" and will be transferred to the consolidated statement of profit or loss at the maturity date or at year end.

###### *Currency swap contracts*

Currency swap contracts are commitments to settle in cash on a pre-determined future date based on the difference between pre-determined exchange rates and the notional principal amount of the contracts or commitments to settle interest based on a floating rate or a fixed rate calculated on the notional amount and in a given period. Currency swap contracts are revalued periodically. Gains or losses from revaluation are recognized in "Impact of exchange rate fluctuation" under "Owners' equity" and will be transferred to the consolidated statement of profit or loss at the maturity date or at year end.



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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.18 Derivatives (continued)**

*Currency swap contracts (continued)*

Differences in interest rate swaps are recognized in the consolidated statement of profit or loss on an accrual basis.

**4.19 Foreign currency transactions**

According to accounting system of the Bank, all transactions are recorded in original currencies. Monetary assets and liabilities denominated in foreign currencies are translated into VND using exchange rates ruling at the consolidated statement of financial position date (Note 50). Income and expenses arising in foreign currencies during the year are translated into VND at rates ruling at the transaction dates. Foreign exchange differences arising from the translation of monetary assets and liabilities are recognized in the "Impact of exchange rate fluctuation" under "Owners' equity" and will be transferred to the consolidated statement of profit or loss at year end.

**4.20 Payables and accruals**

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

**4.21 Capital and reserves**

**4.21.1 Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognized as a deduction from share premium in equity.

**4.21.2 Share premium**

On receipt of capital from shareholders, the difference between the issuance price and the par value of the shares is recorded as share premium in equity.

**4.21.3 Treasury shares**

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognized as a reduction from equity. Repurchased shares are classified as treasury shares under equity. When treasury shares are sold for reissue subsequently, cost of the reissued shares is determined on a weighted average basis. Any difference between the amount received and the cost of the shares reissued is presented within share premium.

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.21 Capital and reserves (continued)**

**4.21.4 Reserves**

The Bank makes appropriation to reserves in accordance with current regulations and Resolution of the General Meeting of Shareholders or corresponding owners.

(i) Bank's reserves: Reserves are for specific purposes and appropriated from net profit after tax of the Bank at prescribed rates as below:

- ▶ Supplementary charter capital reserve: 5% of net profit after tax and does not exceed charter capital;
- ▶ Financial reserve: 10% of net profit after tax;
- ▶ Bonus and welfare funds are appropriated according to the Decision approved in the General Meeting of Shareholders;
- ▶ Other reserves: are to be made upon current regulations and decisions of General Meeting of Shareholders.

(ii) Subsidiaries' reserves

- ▶ TNEX Finance Company Limited ("TNEX FINANCE"): According to Decree No. 93/2017/ND-CP, TNEX FINANCE is required to make statutory reserves before distribution of profits similar to the Bank.

**4.22 Classification for off-balance-sheet commitments**

Credit institutions shall classify guarantees, payment acceptances and irrevocable loan commitments with specific effective date (generally called "off-statement of financial position commitments") for management and monitoring of credit quality as follows the classification policy applied for debts as stated in Note 4.5. According to Circular 11, the Bank is not required to make provision for off-statement of financial position commitments.

**4.23 Recognition of income and expenses**

*Interest income and expenses*

Interest income and expenses are recognized in the consolidated statement of profit or loss on an accrual basis. Accrued interest income from debts which are classified into Group 2 to 5 in compliance with Circular 11 and debts retained in Group 1 in compliance with Circular 01, Circular 03, Circular 04 and Circular 14 will not be recognized in consolidated statement of profit or loss. Suspended interest income is reversed and monitored off-statement of financial position and recognized in the consolidated statement of profit or loss upon actual receipt.

*Fee and commission income and expenses*

Fee and commission income are recognized in the consolidated statement of profit or loss when the services are performed.

Fee and commission expenses are recognized in the consolidated statement of profit or loss when these expenses are incurred.

*Income from investment activities*

Income from securities trading is recognized based on differences between selling price and cost of securities sold.



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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.23 Recognition of income and expenses (continued)**

*Income from investment activities (continued)*

Cash dividend is recognized in the consolidated statement of profit or loss upon formation of cash dividend right.

Dividend paid in the form of common shares, bonus shares and right shares for existing shareholders, shares distributed from retained earnings are not recognized as an increment in investment value or income of the Bank. Only the quantity of shares is updated.

Dividends received in connection with the period before the investment is made are recognized as a decrease in carrying amount of the investment.

*Income/expenses from debt trading*

Income from debt trading is determined by the difference between the price of debts purchased or sold and their book value.

Book value of debts purchased and sold is the book value of the principal, interest and related financial obligations (if any) of debts recorded in the statement of financial position or off the statement of financial position at the date of debt purchase or sale; or the book value at the date of writing-off of debts; or the book value of debts written off previously at the date of debt purchase and sale.

Debt purchase and sale price are the sum of money to be paid by a debt purchaser to a debt seller under a debt purchase and sale contract.

**4.24 Corporate income tax**

*Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from (or paid to) the taxation authorities – using the tax rates and tax laws applied and enacted at the consolidated statement of financial position date.

Current income tax is charged or credited to the consolidated statement of profit or loss except when it relates to items recognized directly to equity, in this case the current income tax is also recognized in equity.

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

The Bank's tax reports are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to various interpretations, amounts reported in the interim consolidated financial statements could be changed at a later date upon final determination of the tax authorities.

*Deferred tax*

Deferred tax is provided on temporary differences at the consolidated statement of financial position date between the tax base of assets and liabilities and their carrying amount for the financial reporting purposes.



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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.24 Corporate income tax (continued)**

*Deferred tax (continued)*

Deferred tax payables are recognized for temporary taxable differences.

Deferred tax assets are recognized for all deductible temporary differences, deductible amounts carried over subsequent periods of taxable losses and unused tax credits when it is probable that there will be sufficient taxable profit to use deductible temporary differences, taxable losses and tax credits. Deferred tax assets and deferred tax liabilities are determined on the basis of expected tax rate applied when assets are recovered, or liabilities are settled and on the basis of tax rate and tax laws which effective at year end.

**4.25 Employee benefits**

**4.25.1 Post-employment benefits**

Post-employment benefits are paid to retired employees of the Bank by the Social Insurance Agency which belongs to the Ministry of Labor, Invalids and Social Affairs. The Bank is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 17.5% of an employee's basic monthly salary, salary-related allowance and other supplements. Other than that, the Bank has no further obligation relating to post-employment benefits.

**4.25.2 Voluntary resignation benefits**

The Bank has the obligation, under Article 46 of the Vietnam Labor Code No.45/2019/QH14 effective from 01 January 2021, to pay allowance arising from voluntary resignation of employees, equal to one-half month's salary for each year of employment up to 31 December 2008 plus salary allowances (if any). From 01 January 2009, the average monthly salary used in this calculation is the average monthly salary of the latest six-month period up to the resignation date. Accordingly, the working time at the Bank to calculate the severance allowance is the total actual working time at the Bank minus (-) the time the employee has participated in unemployment insurance in accordance with the law on unemployment insurance, and the working time that has been paid off by employers for severance allowance.

**4.25.3 Unemployment insurance**

According to Circular No. 28/2015/TT-BLĐTBXH providing guidelines for Article 52 of the Law on Employment and Decree No. 28/2015/ND-CP dated 12 March 2015 of the Government providing guidelines for the Law on Employment in term of unemployment insurance, the Bank is required to contribute to the unemployment insurance at the rate of 1% of salary and wage fund of unemployment insurance joiners and deduct 1% of monthly salary and wage of each employee to contribute to the unemployment insurance fund.

**4.26 Related parties**

Parties are considered to be related parties of the Bank if a party has the ability, either directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Bank and other parties are under common control or under common significant influence. Related parties can be enterprises or individuals, including close family members of individuals who are related parties.

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.27 Segment report**

A segment is the separate unit of the Bank which participates in providing relevant products and services (segments categorized by business sectors) or providing products and services in a certain economic environment (segments categorized by geographical regions). Each segment bears unique risks and gains different benefits. The fundamental segment report form of the Bank is based on business sectors.

**4.28 Earnings per share**

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

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

**4.29 Offsetting**

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

**5. CASH, GOLD AND GEMSTONES**

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
Cash in VND	734,824	878,133
Cash in foreign currencies	203,287	514,085
Gold	1,518	1,333
	<b>939,629</b>	<b>1,393,551</b>

**6. BALANCES WITH THE STATE BANK OF VIETNAM ("SBV")**

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
Balances with the SBV		
- In VND	3,277,068	3,206,421
- In foreign currencies	1,312,131	483,309
	<b>4,589,199</b>	<b>3,689,730</b>



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

**6. BALANCES WITH THE STATE BANK OF VIETNAM ("SBV") (continued)**

Balances with the SBV include current account and compulsory reserves. In accordance with the SBV's regulations, as at 31 December 2023, the Bank is required to maintain certain cash reserve with the SBV in the form of compulsory reserves, as follows:

- ▶ Reserves are computed at 3.00% and 1.00% of customer deposits in VND with original maturities of less than 12 months and from 12 months respectively;
- ▶ Reserves are computed at 8.00% and 6.00% of customer deposits in foreign currencies with original maturities of less than 12 months and from 12 months respectively.

During the year, the Bank has maintained the compulsory reserve in accordance with the SBV's regulations.

**7. DUE FROM BANKS**

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>VND million</i>	<i>VND million</i>
<b>Placements with other CIs</b>	<b>51,384,709</b>	<b>29,363,640</b>
Demand deposits with other CIs	13,813,935	9,763,592
- In VND	12,674,755	8,985,314
- In foreign currencies	1,139,180	778,278
Term deposit with other CIs	37,570,774	19,600,048
- In VND	29,200,000	17,418,700
- In foreign currencies	8,370,774	2,181,348
<b>Loans to other CIs</b>	<b>9,764,985</b>	<b>9,879,960</b>
In VND	9,374,123	8,716,441
In foreign currencies	390,862	1,163,519
	<b>61,149,694</b>	<b>39,243,600</b>

In which, balance of term deposits with other CIs with an original maturity of three ("3") months or less as at 31 December 2023 is VND 37,570,774 million.

Interest rates of due from banks at year end are as follows:

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>% per annum</i>	<i>% per annum</i>
Term deposits in VND	2.05 - 4.50	2.90 - 8.50
Term deposits in foreign currencies	4.50 - 5.40	2.00 - 4.80
Loans in VND	3.70 - 10.40	4.10 - 11.80
Loans in foreign currencies	4.27 - 7.35	3.00 - 6.38

Analysis of outstanding due from banks by quality at year end are as follows:

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>VND million</i>	<i>VND million</i>
Current	47,335,759	29,480,008
	<b>47,335,759</b>	<b>29,480,008</b>

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

**8. SECURITIES HELD FOR TRADING**

	31 December 2023 VND million	31 December 2022 VND million
Equity securities		
- Securities issued by local economic entities	-	39,287
Provision for diminution in value of securities held for trading	-	(17,612)
	-	<b>21,675</b>

Listing status of securities held for trading is as follows:

	31 December 2023 VND million	31 December 2022 VND million
<b>Equity securities</b>		
Unlisted	-	39,287
	-	<b>39,287</b>

Changes in provision for diminution in value of securities held for trading during the year are as follows:

	2023 VND million	2022 VND million
<b>Opening balance</b>	<b>17,612</b>	<b>15,800</b>
Provision (reversed)/charged during the year	(17,612)	1,812
<b>Closing balance</b>	<b>-</b>	<b>17,612</b>

**9. DERIVATIVE FINANCIAL INSTRUMENTS**

	Total contract nominal value (*) VND million	Total carrying value (**)		Net realizable value VND million
		Assets VND million	Liabilities VND million	
<b>As at 31 December 2023</b>				
<b>Derivative financial instruments</b>				
Forward contracts	62,703,812	-	(43,307)	(43,307)
Swap contracts	158,208,872	-	(220,049)	(220,049)
	<b>220,912,684</b>	<b>-</b>	<b>(263,356)</b>	<b>(263,356)</b>
<b>As at 31 December 2022</b>				
<b>Derivative financial instruments</b>				
Forward contracts	38,382,147	150,331	-	150,331
Swap contracts	111,162,730	296,013	-	296,013
	<b>149,544,877</b>	<b>446,344</b>	<b>-</b>	<b>446,344</b>

(\*) Total contract value is translated using exchange rates at the contract value date.

(\*\*) Total carrying value is the net value translated using exchange rates at the statement of financial position date.



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

**10. LOANS TO CUSTOMERS**

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
Loans to local economic entities and individuals	148,789,541	120,532,719
Commercial papers and valuable papers discount	355,845	110,823
	<b>149,145,386</b>	<b>120,643,542</b>

Interest rates of loans to customers at year end are as follows:

	<i>31 December 2023</i> <i>% per annum</i>	<i>31 December 2022</i> <i>% per annum</i>
In VND	3.00 - 12.50	4.00 - 12.50
In foreign currencies	3.00 - 6.20	3.50 - 7.52

**10.1 Analysis of loan to customers by quality**

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
Current	142,221,856	116,900,964
Special mention	2,642,701	1,673,825
Substandard	1,032,207	616,555
Doubtful	1,441,280	442,851
Loss	1,807,342	1,009,347
	<b>149,145,386</b>	<b>120,643,542</b>

**10.2 Analysis of loan to customers by original maturity**

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
Short-term loan	67,725,380	51,830,929
Medium-term loan	43,819,385	27,862,422
Long-term loan	37,600,621	40,950,191
	<b>149,145,386</b>	<b>120,643,542</b>

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

**10. LOANS TO CUSTOMERS (continued)**

**10.3 Analysis of loan to customers by type of customers and ownership**

	31 December 2023		31 December 2022	
	VND million	%	VND million	%
State-owned enterprises	3,605,975	2.42	1,548,658	1.28
State-owned limited liability companies	756,626	0.51	1,147,306	0.95
Privately-owned limited liability companies	39,938,570	26.78	29,215,085	24.22
Joint-stock companies with state-owned share capital accounting for more than 50% of the charter capital or the total number of voting shares; or the state retains control of the company in its charter	1,852,456	1.24	1,134,953	0.94
Other joint stock companies	61,423,469	41.18	49,721,221	41.21
Private companies	3,777	0.00	149	0.00
Foreign invested enterprises	253,713	0.17	286,082	0.24
Cooperatives, cooperative unions	22,442	0.02	26,161	0.02
Operation administration entity, the Party unions and associations	398	0.00	-	-
Individuals	41,286,931	27.68	37,563,927	31.14
Others	1,029	0.00	-	-
	<b>149,145,386</b>	<b>100.00</b>	<b>120,643,542</b>	<b>100.00</b>



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

**10. LOANS TO CUSTOMERS (continued)**

**10.4 Analysis of loan to customers by industries**

	31 December 2023		31 December 2022	
	VND million	%	VND million	%
Agriculture, forestry and fisheries	2,346,262	1.57	656,190	0.54
Mining	332,646	0.22	1,150,939	0.95
Seafood processing	1,427,864	0.96	1,256,232	1.04
Manufacturing, food processing, beverages, animal feed	1,609,573	1.08	1,121,771	0.93
Textile, skin and costumes manufacturing	1,613,649	1.08	1,553,930	1.29
Wood extraction, primary processing, manufacturing and other wood products	1,310,563	0.88	1,266,880	1.05
Paper manufacturing and printing	1,357,596	0.91	1,025,660	0.85
Pharmaceuticals, medicinal chemical, rubber, plastics, fertilizers, chemicals manufacturing	2,123,551	1.42	1,558,786	1.29
Production of construction materials (excluding steel, stainless steel, paint, mastic...)	1,537,847	1.03	838,965	0.70
Steel products	295,669	0.20	105,312	0.09
Billet production	17,276	0.01	25,164	0.02
Production of stainless steel and other metallurgy	49,198	0.03	77,233	0.06
Mechanical, assembly, manufacturing of machinery, automobiles, motorcycles	1,366,705	0.92	1,438,804	1.19
Manufacturing of electronic, electrical equipment, optical computers, telecommunications equipment	2,711,575	1.82	3,269,622	2.71
Ship, boats	3,382	0.00	3,852	0.00
Office equipment, home appliances, medical equipment, education, sports	41,335	0.03	57,352	0.05
Production and distribution of electricity, energy	8,346,872	5.60	10,315,040	8.55
Construction	13,105,715	8.79	11,207,188	9.29
Light industry and consumer goods	16,285,336	10.92	10,714,319	8.88
Fertilizers, chemicals and other chemical products, medicines, pharmaceuticals, medical devices	1,086,396	0.73	778,370	0.65
Commercial of gasoline, oil	4,645,331	3.11	990,165	0.82
Trading of steel, cement, building materials other synthetic	7,426,527	4.98	4,482,711	3.72
Heavy industry	2,978,469	2.00	2,782,320	2.31
Transportation and waterways	3,519,426	2.36	2,925,191	2.42
Shipping business	683,712	0.46	581,322	0.48
Hotel services, tourism, dining, entertainment	188,876	0.13	151,226	0.13
Property and infrastructure	13,163,399	8.83	10,386,690	8.60
Telecommunications services	1,108,097	0.74	769,794	0.64
Professional, scientific and technological activities, administrative and support services, health education, information and communication	4,087,884	2.74	4,259,915	3.53
Warehousing and support services	91,464	0.06	165,387	0.14
Financial and securities activities	7,281,125	4.88	1,446,536	1.20
Other industries	5,715,135	3.83	5,716,749	4.74
Individuals	41,286,931	27.68	37,563,927	31.14
	<b>149,145,386</b>	<b>100.00</b>	<b>120,643,542</b>	<b>100.00</b>

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

**11. PROVISION FOR CREDIT LOSSES OF LOANS TO CUSTOMERS**

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
General provision	1,105,035	898,256
Specific provision	1,257,712	532,665
	<b>2,362,747</b>	<b>1,430,921</b>

Changes in provision for credit losses of loans to customers in 2023 are as follows:

	<i>General provision</i> <i>VND million</i>	<i>Specific provision</i> <i>VND million</i>	<i>Total</i> <i>VND million</i>
<b>Opening balance</b>	<b>898,256</b>	<b>532,665</b>	<b>1,430,921</b>
Provision charged	206,779	1,437,329	1,644,108
Bad debts written off	-	(709,288)	(709,288)
Other decreases	-	(3,185)	(3,185)
Other increases	-	191	191
<b>Closing balance</b>	<b>1,105,035</b>	<b>1,257,712</b>	<b>2,362,747</b>

Changes in provision for credit losses of loans to customers in 2022 are as follows:

	<i>General provision</i> <i>VND million</i>	<i>Specific provision</i> <i>VND million</i>	<i>Total</i> <i>VND million</i>
<b>Opening balance</b>	<b>754,974</b>	<b>931,834</b>	<b>1,686,808</b>
Provision charged	143,282	352,235	495,517
Bad debts written off	-	(749,706)	(749,706)
Other decreases	-	(1,698)	(1,698)
<b>Closing balance</b>	<b>898,256</b>	<b>532,665</b>	<b>1,430,921</b>



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

**12. INVESTMENT SECURITIES**

**12.1 Available-for-sale securities**

	31 December 2023 VND million	31 December 2022 VND million
<b>Debt securities</b>	<b>37,897,490</b>	<b>31,554,087</b>
Government bonds	22,572,105	16,577,065
Debt securities issued by other local CIs	13,800,000	12,097,953
Debt securities issued by local economic entities	1,525,385	2,579,385
Treasury bills issued by the SBV	-	299,684
<b>Provision for available-for-sale securities</b>	<b>(17,117)</b>	<b>(19,345)</b>
General provision	(11,440)	(19,345)
Specific provision	(5,677)	-
	<b>37,880,373</b>	<b>31,534,742</b>

- ▶ Government bonds have terms ranging from 5 years to 30 years with interest rates ranging from 2.20% p.a. to 8.80% p.a.
- ▶ Debt securities issued by other local CIs have terms ranging from 1 year to 10 years with interest rates ranging from 3.90% p.a. to 15.00% p.a.
- ▶ Bonds issued by local economic entities have terms ranging from 3 years to 10 years with interest rates ranging from 8.50% p.a. to 12.40% p.a.

**12.2 Changes in provision for available-for-sale securities**

Changes in provision for credit losses of investment securities in 2023 are as follows:

	General provision VND million	Specific provision VND million	Total VND million
<b>Opening balance</b>	<b>19,345</b>	<b>-</b>	<b>19,345</b>
Provision charged/(reversed)	(7,905)	5,677	(2,228)
<b>Closing balance</b>	<b>11,440</b>	<b>5,677</b>	<b>17,117</b>

Changes in provision for credit losses of investment securities in 2022 are as follows:

	General provision VND million	Specific provision VND million	Total VND million
<b>Opening balance</b>	<b>22,790</b>	<b>-</b>	<b>22,790</b>
Provision reversed	(3,445)	-	(3,445)
<b>Closing balance</b>	<b>19,345</b>	<b>-</b>	<b>19,345</b>

Changes in provision for diminution in value of investment securities during the year are as follows:

	2023 VND million	2022 VND million
<b>Opening balance</b>	<b>-</b>	<b>8,560</b>
Provision reversed	-	(8,560)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

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

**12. INVESTMENT SECURITIES** (continued)

**12.3 Analysis by quality of debt securities classified as credit risk bearing assets according to Circular 11**

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
Current	14,921,000	14,677,338
Special mention	376,000	-
Substandard	28,385	-
	<b>15,325,385</b>	<b>14,677,338</b>

**13. LONG-TERM INVESTMENTS**

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
Investments in economic entities	10,036	10,036
	<b>10,036</b>	<b>10,036</b>



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

#### 14. TANGIBLE FIXED ASSETS

	Buildings and structures VND million	Machines and equipment VND million	Means of transportation VND million	Office equipment VND million	Others VND million	Total VND million
<b>Cost</b>						
Opening balance	28,589	393,508	91,919	91,905	226	606,147
Additions	-	94,948	-	6,938	5,410	107,296
Disposal	-	(34,098)	(748)	(17,424)	(44)	(52,314)
Closing balance	28,589	454,358	91,171	81,419	5,592	661,129
<b>Accumulated depreciation</b>						
Opening balance	13,379	281,136	75,447	82,659	196	452,817
Depreciation during the year	562	47,809	2,770	6,084	931	58,156
Disposal	-	(34,091)	(748)	(17,389)	(44)	(52,272)
Other decreases	-	(105)	-	-	-	(105)
Closing balance	13,941	294,749	77,469	71,354	1,083	458,596
<b>Net book value</b>						
Opening balance	15,210	112,372	16,472	9,246	30	153,330
Closing balance	14,648	159,609	13,702	10,065	4,509	202,533

Cost of fully-depreciated tangible fixed assets in use as at 31 December 2023 is VND 311,425 million.

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

**15. INTANGIBLE FIXED ASSETS**

	<i>Land use rights VND million</i>	<i>Computer software VND million</i>	<i>Others VND million</i>	<i>Total VND million</i>
<b>Cost</b>				
Opening balance	52,233	546,134	19,810	618,177
Additions	-	10,490	2,276	12,766
Closing balance	52,233	556,624	22,086	630,943
<b>Accumulated amortization</b>				
Opening balance	-	379,060	9,574	388,634
Amortization during the year	-	39,127	2,979	42,106
Closing balance	-	418,187	12,553	430,740
<b>Net book value</b>				
Opening balance	52,233	167,074	10,236	229,543
Closing balance	52,233	138,437	9,533	200,203

Cost of fully-amortized intangible fixed assets in use as at 31 December 2023 is VND 164,409 million.



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

**16. OTHER ASSETS**

**16.1 Receivables**

	31 December 2023 VND million	31 December 2022 VND million
Internal receivables	76,338	101,260
External receivables	8,232,333	10,663,966
Construction in progress	171,356	116,095
	<b>8,480,027</b>	<b>10,881,321</b>

**16.1.1 Internal receivables**

	31 December 2023 VND million	31 December 2022 VND million
Advances for operations	70,099	84,679
Embezzled, deficient, lost money, assets awaiting settlement	2,571	2,194
Other advances and receivables	3,668	14,387
	<b>76,338</b>	<b>101,260</b>

**16.1.2 External receivables**

	31 December 2023 VND million	31 December 2022 VND million
Receivables from debt selling contracts	4,001,159	2,481,159
Receivables from trade finance activities	2,657,177	5,008,050
Other advances and receivables	1,349,650	2,936,968
Advances for processing of foreclosed assets (*)	174,454	217,033
Interest subsidy receivables from State Budget	45,438	20,067
Tax receivables from State Budget	4,455	689
	<b>8,232,333</b>	<b>10,663,966</b>

(\*) Including VND 79,150 million expenses for operating foreclosed assets, which are ships, recognized as advances (as at 31 December 2022: VND 115,180 million). The Bank will finalize total operating income (Note 22.2.2) and operating expenses arisen upon sales of these assets.

**16.1.3 Construction in progress**

	31 December 2023 VND million	31 December 2022 VND million
Advances for purchase of fixed assets	86,778	63,108
Repair of fixed assets	84,578	52,987
	<b>171,356</b>	<b>116,095</b>

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

**16. OTHER ASSETS (continued)**

**16.2 Interest and fee receivables**

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
Interest receivables from deposits	25,898	18,429
Interest receivables from investment securities	971,532	574,941
Interest receivables from credit activities	3,598,525	1,594,434
Interest receivables from derivative financial instruments	424,144	607,746
Other interest receivables	45,301	12,926
	<b>5,065,400</b>	<b>2,808,476</b>

**16.3 Deferred tax assets**

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
<b>Opening balance</b>	<b>50</b>	<b>61</b>
Deferred tax assets related to tax-deductible temporary differences	(50)	(11)
<b>Closing balance</b>	<b>-</b>	<b>50</b>

**16.4 Other assets**

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
Materials and tools	29,496	47,469
Prepaid expenses awaiting allocation	589,639	361,573
Foreclosed assets awaiting resolution	1,115,496	2,164,447
Receivables from trading securities	-	462,305
Other assets	-	157,369
Goodwill	15,124	25,106
	<b>1,749,755</b>	<b>3,218,269</b>

(\*) Including VND 1,056,767 million of foreclosed assets, which are ships. For details of operating expenses and operating income of the foreclosed assets, see Note 16.1.2 and Note 22.2.2.

**16.5 Provision for other assets**

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
Provision for receivables from debts sold	-	27,362
- General provision	-	27,362
Other provision	43,650	40,068
	<b>43,650</b>	<b>67,430</b>



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

**16. OTHER ASSETS (continued)**

**16.5 Provision for other assets (continued)**

Changes in provision for receivables from debts sold in 2023 are as follows:

	<i>General provision VND million</i>	<i>Specific provision VND million</i>	<i>Total VND million</i>
<b>Opening balance</b>	<b>27,362</b>	-	<b>27,362</b>
Provision reversed	(27,362)	-	(27,362)
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

Changes in provision for receivables from debts sold in 2022 are as follows:

	<i>General provision VND million</i>	<i>Specific provision VND million</i>	<i>Total VND million</i>
<b>Opening balance</b>	<b>28,862</b>	<b>175,510</b>	<b>204,372</b>
Provision reversed	(1,500)	(15,510)	(17,010)
Bad debts written off	-	(160,000)	(160,000)
<b>Closing balance</b>	<b>27,362</b>	<b>-</b>	<b>27,362</b>

Changes in other provision during the year are as follows:

	<i>2023 VND million</i>	<i>2022 VND million</i>
<b>Opening balance</b>	<b>40,068</b>	<b>38,690</b>
Provision (reversed)/charged	(70)	2,118
Bad debts written off	(29,541)	(2,438)
Other increases	33,193	1,698
<b>Closing balance</b>	<b>43,650</b>	<b>40,068</b>

**17. GOODWILL**

	<i>2023 VND million</i>	<i>2022 VND million</i>
<b>Total value of goodwill</b>	<b>99,823</b>	<b>99,823</b>
<b>Amortization period (year)</b>	<b>10</b>	<b>10</b>
Value of accumulated amortized goodwill at the beginning of the year	74,717	64,735
Value of unamortized goodwill	25,106	35,088
<b>Goodwill amortized during the year</b>	<b>(9,982)</b>	<b>(9,982)</b>
Goodwill amortized during the year	(9,982)	(9,982)
<b>Total value of unamortized goodwill at the end of the year</b>	<b>15,124</b>	<b>25,106</b>

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

**18. BORROWINGS FROM THE GOVERNMENT AND THE STATE BANK OF VIETNAM ("SBV")**

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
<b>Borrowings from the SBV</b>	<b>1,011,561</b>	<b>1,014,560</b>
Discounting, rediscounting of valuable papers	999,972	999,972
Borrowings for Banking and Settlement System Modernization Project	11,589	14,588
<b>Deposits from the State Treasury</b>	<b>972</b>	<b>-</b>
Deposits in VND	972	-
	<b>1,012,533</b>	<b>1,014,560</b>

**19. DUE TO BANKS**

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
<b>Deposits from other Cls</b>	<b>54,484,312</b>	<b>29,339,865</b>
Demand deposits	13,292,684	13,370,028
- In VND	12,936,882	12,969,177
- In foreign currencies	355,802	400,851
Term deposits	41,191,628	15,969,837
- In VND	40,881,510	15,261,837
- In foreign currencies	310,118	708,000
<b>Borrowings from other Cls</b>	<b>31,069,202</b>	<b>21,034,295</b>
In VND	11,880,021	9,345,443
In foreign currencies	19,189,181	11,688,852
	<b>85,553,514</b>	<b>50,374,160</b>

Interest rates of due to banks at year end are as follows:

	<i>31 December 2023</i> <i>% per annum</i>	<i>31 December 2022</i> <i>% per annum</i>
Term deposits from other Cls in VND	2.00 - 4.50	2.80 - 8.90
Term deposits from other Cls in foreign currencies	5.00 - 5.10	4.30 - 5.30
Borrowings from other Cls in VND	2.00 - 4.99	5.50 - 6.60
Borrowings from other Cls, financial institutions in foreign currencies	5.13 - 6.53	3.08 - 5.99



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

**20. CUSTOMER DEPOSITS**

**20.1 Analysis of customer deposits by type of deposits**

	31 December 2023 VND million	31 December 2022 VND million
<b>Demand deposits</b>	<b>33,317,559</b>	<b>34,736,911</b>
Demand deposits in VND	29,490,769	28,473,485
Demand deposits in foreign currencies	3,826,790	6,263,426
<b>Term deposits</b>	<b>97,229,772</b>	<b>80,625,545</b>
Term deposits in VND	95,434,641	78,136,273
Term deposits in foreign currencies	1,795,131	2,489,272
<b>Deposit for specific purposes</b>	<b>361,807</b>	<b>171,944</b>
Deposit for specific purposes in VND	307,283	162,110
Deposit for specific purposes in foreign currencies	54,524	9,834
<b>Margin deposits</b>	<b>1,440,993</b>	<b>1,586,379</b>
Margin deposits in VND	1,376,826	1,539,236
Margin deposits in foreign currencies	64,167	47,143
	<b>132,350,131</b>	<b>117,120,779</b>

Interest rates of customer deposits at year end are as follows:

	31 December 2023 % per annum	31 December 2022 % per annum
Demand deposits in VND	0.00 - 0.50	0.00 - 0.50
Term deposits in VND	2.50 - 11.00	5.00 - 9.50
Demand deposits in foreign currencies	0.00	0.00
Term deposits in foreign currencies	0.00 - 0.10	0.00 - 0.10

**20.2 Analysis of customer deposits by type of customers**

	31 December 2023		31 December 2022	
	VND million	%	VND million	%
Deposits from economic entities	56,762,543	42.89	57,175,663	48.82
Deposits from individuals	75,587,588	57.11	59,945,116	51.18
	<b>132,350,131</b>	<b>100.00</b>	<b>117,120,779</b>	<b>100.00</b>

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

**21. VALUABLE PAPERS ISSUED**

	31 December 2023 VND million	31 December 2022 VND million
Certificate of deposit	2,091,415	3,199,514
Ordinary bonds	6,900,000	8,400,000
	<b>8,991,415</b>	<b>11,599,514</b>

Details of terms of valuable papers issued by par value at year end are as follows:

	Ordinary bonds VND million	Certificate of deposit VND million	Total VND million
Up to 12 months (Up to 366 days)			
- In VND	-	2,000,700	2,000,700
From 12 months to 5 years (From 366 - 1826 days)			
- In VND	6,900,000	90,715	6,990,715
<b>Closing balance</b>	<b>6,900,000</b>	<b>2,091,415</b>	<b>8,991,415</b>

**22. OTHER LIABILITIES**

**22.1 Interest and fee payables**

	31 December 2023 VND million	31 December 2022 VND million
Interest payables for deposits	2,767,659	1,250,861
Interest payables for valuable papers issued	276,163	236,734
Interest payables for borrowings from other CIs	326,168	186,492
Interest payables for derivative financial instruments	443,167	579,383
	<b>3,813,157</b>	<b>2,253,470</b>

**22.2 Other payables and liabilities**

	31 December 2023 VND million	31 December 2022 VND million
Internal payables	1,357,884	964,796
External payables	2,337,402	2,764,267
Bonus and welfare fund	28,234	30,314
	<b>3,723,520</b>	<b>3,759,377</b>



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

**22. OTHER LIABILITIES (continued)**

**22.2 Other payables and liabilities (continued)**

**22.2.1 Internal payables**

	31 December 2023 VND million	31 December 2022 VND million
Payables to employees	828,508	658,804
Dividend payables	6,409	6,413
Excessive funds and assets awaiting settlement	1,628	1,383
Suspended interests of foreclosed assets	13,261	27,708
Other internal payables	508,078	270,488
	<b>1,357,884</b>	<b>964,796</b>

**22.2.2 External payables**

	31 December 2023 VND million	31 December 2022 VND million
Escrow accounts awaiting settlement	51,775	28,577
Taxes payable to State Budget	670,804	966,439
Payables relating to fund transferring	185,572	159,115
Receivables from sales of debts, collaterals or utilization of collaterals (*)	275,326	430,901
Other external payables	1,153,925	1,179,235
	<b>2,337,402</b>	<b>2,764,267</b>

(\*) Including VND 274,578 million operating income from foreclosed assets, which are ships (as at 31 December 2022: VND 430,725 million). The Bank will finalize total operating income and operating expenses (Note 16.1.2) arisen upon sales of these assets.

**23. TAXES AND OTHER OBLIGATIONS TO THE STATE BUDGET**

Unit: VND million

	Opening balance	Movements during the year		Closing balance
		Payables	Paid	
<b>Receivables from the State Budget</b>	<b>(689)</b>	<b>(3,766)</b>	-	<b>(4,455)</b>
Corporate income tax	(689)	(3,766)	-	(4,455)
<b>Payables to the State Budget</b>	<b>966,439</b>	<b>1,611,653</b>	<b>(1,907,288)</b>	<b>670,804</b>
Value added tax	10,735	130,876	(129,753)	11,858
Corporate income tax	821,224	1,182,247	(1,396,341)	607,130
Other taxes	134,480	297,686	(380,350)	51,816
Other payables	-	844	(844)	-
	<b>965,750</b>	<b>1,607,887</b>	<b>(1,907,288)</b>	<b>666,349</b>

# Vietnam Maritime Commercial Joint Stock Bank

B05/TCCTD-HN

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

## 24. OWNERS' EQUITY AND RESERVES

### 24.1 Statement of changes in equity

Unit: VND million

	Charter capital	Share premium	Development and investment reserve	Financial reserve	Capital supplementary reserve	Capital expenditure fund	Retained earnings	Total
As at 1 January 2022	15,275,000	491,710	3,397	932,058	341,518	608	4,993,494	22,037,785
Net profit during the year	-	-	-	-	-	-	4,616,213	4,616,213
Appropriation to reserves	-	-	-	412,709	206,354	-	(619,063)	-
Issuing shares for paying dividend	4,582,500	(458,250)	-	-	-	-	(4,124,250)	-
As at 1 January 2023	19,857,500	33,460	3,397	1,344,767	547,872	608	4,866,394	26,653,998
Net profit during the year	-	-	-	-	-	-	4,644,214	4,644,214
Issuing shares under the Bank's Employee Stock Ownership Program	142,500	-	-	-	-	-	(142,500)	-
Appropriation to reserves	-	-	-	462,615	231,308	-	(693,923)	-
As at 31 December 2023	20,000,000	33,460	3,397	1,807,382	779,180	608	8,674,185	31,298,212



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

24. OWNERS' EQUITY AND RESERVES (continued)

24.2 Capital

	31 December 2023 shares	31 December 2022 shares
Number of registered shares	2,000,000,000	2,000,000,000
Number of shares issued	2,000,000,000	2,000,000,000
Common shares	2,000,000,000	2,000,000,000
Number of outstanding shares	2,000,000,000	2,000,000,000
Common shares	2,000,000,000	2,000,000,000
Face value per share	10,000	10,000

The list of major shareholders owning shares of 5% or more of the Bank's charter capital is as follows:

	31 December 2023		31 December 2022	
	Number of common shares	%	Number of common shares	%
Vietnam Posts and Telecommunications Group	120,965,367	6.05	120,965,367	6.05

Vietnam Posts and Telecommunications Group operates in the form of a one-member limited liability company owned by the State according to Decision No. 955/QĐ-TTg dated 24 June 2010 of the Prime Minister and Business Registration Certificate of One Member Limited Liability Company No. 0100684378 issued by the Hanoi Department of Planning and Investments on 17 August 2010.

25. INTEREST AND SIMILAR INCOME

	2023 VND million	2022 VND million
Interest income from deposits	749,702	228,547
Interest income from loans to customers	15,112,528	10,270,547
Interest income from investment securities	1,970,187	2,030,171
Interest income from guarantee services	283,123	268,965
Other income from credit activities	835,545	453,884
	<b>18,951,085</b>	<b>13,252,114</b>

26. INTEREST AND SIMILAR EXPENSES

	2023 VND million	2022 VND million
Interest expenses on deposits	7,608,989	3,404,093
Interest expenses on borrowings	1,457,534	845,561
Interest expenses on valuable papers issued	644,767	625,349
Expenses for other credit activities	51,280	55,320
	<b>9,762,570</b>	<b>4,930,323</b>

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

**27. NET FEES AND COMMISSION INCOME**

	2023 <i>VND million</i>	2022 <i>VND million</i>
<b>Fees and commission income</b>	<b>2,017,973</b>	<b>1,605,101</b>
Settlement services	919,218	830,289
Treasury services	1,955	3,466
Entrustment and agent operations	443,318	269,218
Others	653,482	502,128
<b>Fees and commission expenses</b>	<b>(420,948)</b>	<b>(492,637)</b>
Settlement services	(224,734)	(264,189)
Treasury services	(9,091)	(11,195)
Others	(187,123)	(217,253)
<b>Net fees and commission income</b>	<b>1,597,025</b>	<b>1,112,464</b>

**28. NET GAINS FROM TRADING OF FOREIGN CURRENCIES**

	2023 <i>VND million</i>	2022 <i>VND million</i>
<b>Income from foreign exchange</b>	<b>6,160,214</b>	<b>5,366,265</b>
Income from spot trading of foreign currencies and gold	1,201,639	999,045
Income from trading of derivative financial instruments	4,958,575	4,367,220
<b>Expenses for foreign exchange</b>	<b>(5,087,977)</b>	<b>(4,365,824)</b>
Expense for spot trading of foreign currencies and gold	(171,232)	(180,454)
Expense for trading of derivative financial instruments	(4,916,745)	(4,185,370)
<b>Net gains from trading of foreign currencies</b>	<b>1,072,237</b>	<b>1,000,441</b>

**29. NET LOSSES FROM TRADING SECURITIES**

	2023 <i>VND million</i>	2022 <i>VND million</i>
Expenses for trading securities	(30,317)	(216)
Provision reversed/(charged) for trading securities	17,612	(1,812)
<b>Net losses from trading securities</b>	<b>(12,705)</b>	<b>(2,028)</b>



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

**30. NET GAINS FROM INVESTMENT SECURITIES**

	2023 <i>VND million</i>	2022 <i>VND million</i>
Income from trading of investment securities	821,095	1,894,599
Expenses for trading of investment securities	(311,511)	(1,223,482)
Provision reversed for investment securities	2,228	12,005
<b>Net gains from investment securities</b>	<b>511,812</b>	<b>683,122</b>

**31. NET LOSSES FROM OTHER OPERATING ACTIVITIES**

	2023 <i>VND million</i>	2022 <i>VND million</i>
<b>Other operating income</b>	<b>610,169</b>	<b>760,999</b>
Income from bad debts written-off	169,516	448,922
Income from disposal of assets	469	1,762
Income from debt trading	177	1,039
Other income	440,007	309,276
<b>Other operating expenses</b>	<b>(709,697)</b>	<b>(1,183,995)</b>
Expense for debt trading	-	(2)
Expense for other derivative financial instruments	(64)	(24)
Other expenses	(709,633)	(1,183,969)
<b>Net losses from other operating activities</b>	<b>(99,528)</b>	<b>(422,996)</b>

**32. INCOME FROM CAPITAL CONTRIBUTION, SHARE PURCHASE**

	2023 <i>VND million</i>	2022 <i>VND million</i>
Dividends received from capital contribution, share purchase	1,631	880
	<b>1,631</b>	<b>880</b>

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

**33. OPERATING EXPENSES**

	2023 VND million	2022 VND million
<b>Tax payments and other fees</b>	<b>87,993</b>	<b>81,597</b>
<b>Personnel expenses</b>	<b>2,838,027</b>	<b>2,647,866</b>
- <i>Salaries and allowance</i>	2,498,722	2,341,959
- <i>Salary-related allowance</i>	215,854	174,963
- <i>Subsidies</i>	59,186	58,635
- <i>Others</i>	64,265	72,309
<b>Asset expenses</b>	<b>639,932</b>	<b>574,742</b>
- <i>Depreciation and amortization</i>	100,262	103,323
- <i>Repair and maintenance costs</i>	116,921	99,705
- <i>Rental expenses</i>	374,173	317,160
- <i>Tools and supplies</i>	37,186	37,082
- <i>Insurance fees</i>	11,390	17,472
<b>Administrative expenses</b>	<b>1,150,713</b>	<b>1,055,338</b>
- <i>Per diem</i>	65,405	47,707
- <i>Hiring experts and consultants</i>	139,080	80,025
- <i>Others</i>	946,228	927,606
<b>Insurance expenses for customer deposits</b>	<b>95,736</b>	<b>66,303</b>
<b>Provision (reversed)/charged (excluding provision for on- and off-statement of financial position credit risks; provision for diminution in value of securities)</b>	<b>(70)</b>	<b>2,118</b>
	<b>4,812,331</b>	<b>4,427,964</b>

**34. CREDIT LOSSES EXPENSES**

	2023 VND million	2022 VND million
Provision charged for loans to customers	1,644,108	495,517
Provision reversed for receivables from debts sold	(27,362)	(17,010)
	<b>1,616,746</b>	<b>478,507</b>



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

**35. CORPORATE INCOME TAX ("CIT") EXPENSES**

Since 01 January 2016, the Bank had the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits according to Circular No. 78/2014/TT-BTC which became effective from 02 August 2014.

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

Current CIT payables are determined based on taxable income of the current year. Taxable income differs from the one reported in the consolidated statement of profit or loss since taxable income excludes incomes which are taxable or expenses which are deducted in prior years due to the differences between the Bank's accounting policies and the tax regulations. It also excludes tax exempted income and non-deductible expenses. The current CIT payable of the Bank is calculated based on the statutory tax rates applicable at year end.

Current CIT expenses during the year are estimated as follows:

	2023 VND million	2022 VND million
<b>Profit before tax</b>	<b>5,829,910</b>	<b>5,787,203</b>
Adjustments		
- Non-deductible expenses	4,793	10,475
- Non-taxable income	(1,631)	(904)
- Movements of temporary differences	(36,420)	(203,028)
- Non-taxable consolidated adjustments (Goodwill, disposal of assets)	9,730	9,929
<b>Taxable income incurred during the year</b>	<b>5,806,382</b>	<b>5,603,675</b>
Include:		
- Income from operating activities	5,806,382	5,603,675
Tax rate	20%	20%
<b>Current CIT expenses</b>	<b>1,161,277</b>	<b>1,120,735</b>
Include:		
- CIT expenses from operating activities	1,161,277	1,120,735
Adjustments of prior periods CIT expenses	24,369	50,244
<b>CIT incurred during the year</b>	<b>1,185,646</b>	<b>1,170,979</b>
CIT paid in previous years	(7,165)	-
<b>CIT must be paid during the year</b>	<b>1,178,481</b>	<b>1,170,979</b>
CIT payable at the beginning of the year	820,535	222,834
CIT paid during the year	(1,396,341)	(573,278)
<b>CIT payable at the end of the year</b>	<b>602,675</b>	<b>820,535</b>
<b>Deferred CIT expenses</b>	<b>50</b>	<b>11</b>

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

**36. BASIC EARNINGS PER SHARE**

The calculation of basic earnings per share for 2023 is based on the net profit attributable to ordinary shareholders of the Bank.

	2023	2022
Net profit after tax attributable to ordinary shareholders (VND million)	4,644,214	4,473,713
Weighted average number of ordinary shares (shares)	2,000,000,000	1,986,921,233
<b>Basic earnings per share (VND/share)</b>	<b>2,322</b>	<b>2,252</b>

**37. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the consolidated cash flow statement comprise the following amounts on the consolidated statement of financial position:

	31 December 2023 VND million	31 December 2022 VND million
Cash and cash equivalents	939,629	1,393,551
Balances with the SBV	4,589,199	3,689,730
Demand deposit with other CIs	13,813,935	9,763,592
Placements with other CIs with original terms of 3 months or less	37,570,774	19,600,048
Securities with a term of redemption or maturity not exceeding 3 months from the date of purchase	-	599,362
	<b>56,913,537</b>	<b>35,046,283</b>

**38. ASSETS, VALUABLE PAPERS USED FOR MORTGAGE, DISCOUNT AND REDISCOUNT**

**38.1 Assets, valuable papers received for mortgage, discount and rediscount**

	31 December 2023 VND million	31 December 2022 VND million
Immovables	141,598,463	135,999,992
Movables	10,667,281	13,297,846
Valuable papers	56,394,481	48,828,117
Other assets	268,115,355	224,652,264
	<b>476,775,580</b>	<b>422,778,219</b>

**38.2 Assets, valuable papers used for mortgage, discount and rediscount**

	31 December 2023 VND million	31 December 2022 VND million
Valuable papers	11,737,000	10,188,500
	<b>11,737,000</b>	<b>10,188,500</b>



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

**39. EMPLOYEES' REMUNERATIONS**

	2023 VND million	2022 VND million
<b>I. Total average number of employees (person)</b>	<b>6,731</b>	<b>6,091</b>
<b>II. Employees' remuneration</b>		
1. Total salary fund and bonus	2,325,588	2,484,920
2. Total income	2,327,667	2,487,355
3. Average monthly salary	28.79	34.00
4. Average monthly income	28.82	34.03

**40. CONTINGENT LIABILITIES AND COMMITMENTS**

	31 December 2023 VND million	31 December 2022 VND million
<b>Credit guarantees</b>	<b>31,980</b>	<b>33,980</b>
<b>Foreign exchange commitments</b>	<b>343,840,786</b>	<b>223,775,857</b>
- Spot foreign exchange commitments - buy	11,263,221	1,408,572
- Spot foreign exchange commitments - sell	11,255,288	1,407,285
- Cross currency swap contracts	321,322,277	220,960,000
<b>Letters of credit</b>	<b>7,555,360</b>	<b>9,141,549</b>
- Letters of credit	7,865,215	9,575,780
Less: Margin deposits	(309,855)	(434,231)
<b>Other guarantees</b>	<b>21,686,263</b>	<b>20,444,318</b>
- Settlement guarantees	3,343,207	4,528,714
- Contract performance guarantees	5,332,633	4,539,156
- Bid guarantees	913,928	798,158
- Other guarantees	12,934,764	11,508,786
Less: Margin deposits	(838,269)	(930,496)
<b>Other commitments</b>	<b>11,326,397</b>	<b>16,451,969</b>

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

**41. UNCOLLECTED INTERESTS AND FEE RECEIVABLES**

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
Uncollected loan interest	1,445,389	779,123
Uncollected securities interest	643,691	-
Uncollected receivable fees	59	59
	<b>2,089,139</b>	<b>779,182</b>

**42. BAD DEBTS WRITTEN OFF**

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
Principal of the bad debts written off is under monitoring	5,615,707	4,752,064
Interest of the bad debts written off is under monitoring	10,001,777	8,869,928
Other bad debts written off	31,980	2,438
	<b>15,649,464</b>	<b>13,624,430</b>

**43. OTHER ASSETS AND DOCUMENTS**

	<i>31 December 2023</i> <i>VND million</i>	<i>31 December 2022</i> <i>VND million</i>
Other assets kept nominally	17,789,628	21,340,752
Assets under operating leases	4,892	4,892
Collateral received as a substitute for obligations of the guarantor awaiting settlement	-	5,120
Other valuable documents are being preserved	65,882,342	93,515,419
	<b>83,676,862</b>	<b>114,866,183</b>



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

#### 44. RELATED PARTY TRANSACTIONS

Related party transactions include all transactions undertaken with other parties to which the Bank is related. A party is considered to be related if the party has ability to control or to influence other parties in making decision of financial policies and operational activities. A party is related to the Bank if:

- (a) Directly, or indirectly through one or more intermediaries, the party:
  - ▶ Controls, is controlled by, or is under common control with, the Bank (including parents and subsidiaries);
  - ▶ Has an interest in the Bank that gives it significant influence over the Bank;
  - ▶ Has joint control over the Bank.
- (b) The party is a joint venture in which the Bank is a venture or an associate;
- (c) The party is a member of the key management personnel of the Bank;
- (d) The party is a close member of the family of any individual referred to in (a) or (c); or
- (e) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such company resides with, directly or indirectly, any individual referred to in (c) or (d).

Details of significant balances with related parties at year end are as follows:

	31 December 2023 Receivables/(Payables) VND million	31 December 2022 Receivables/(Payables) VND million
<b>Vietnam Posts and Telecommunications Group ("VNPT") – Major shareholder</b>		
Deposits	(1,558,638)	(2,489,341)
Interest payables	(21,864)	(45,698)
<b>ROX Group JSC – Related party of members of the Board of Directors</b>		
Deposits	(3,588)	(1,041)
Loans	48	44
<b>FamilyMart Vietnam JSC – Related party of members of the Board of Directors</b>		
Deposits	(381)	(576)
Loans	13	-
<b>ROX Living JSC – Related party of the Board of Directors</b>		
Deposits	(2,086)	-
Loans	15	-
<b>TNS Holdings Trading Service Joint Stock Company – Related party of the Board of Directors</b>		
Deposits	(223,735)	-
Interest payable	(42)	-
<b>ROX Asset JSC – Related party of the Board of Directors</b>		
Deposits	(336)	(1,689)
Loans	9	-

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

**44. RELATED PARTY TRANSACTIONS (continued)**

Details of significant balances with related parties at year end are as follows (continued):

	31 December 2023	31 December 2022
	Receivables/(Payables)	Receivables/(Payables)
	VND million	VND million
<b>Members of the Board of Directors, Management, Board of Supervision and related individuals</b>		
Deposits	(637,558)	(91,139)
Loans	202,192	127,240
Other receivables	1,311	960
Other payables and pending payments	(4,672)	(897)

Details of significant transactions with related parties during the year are as follows:

	2023	2022
	VND million	VND million
<b>VNPT – Major shareholder</b>		
Interest expenses on deposits	(164,886)	(75,979)
<b>ROX Group JSC – Related party of members of the Board of Directors</b>		
Interest expenses on deposits	(6)	(5)
Fee income	38	145
Interest income from loans	1	1
<b>FamilyMart Vietnam JSC – Related party of members of the Board of Directors</b>		
Interest expenses on deposits	(2)	(1)
<b>ROX Asset JSC – Related party of the Board of Directors</b>		
Interest expenses on deposits	(2)	(3)
<b>ROX Living JSC – Related party of the Board of Directors</b>		
Interest expenses on deposits	(3)	-
Fee income	5	-
<b>TNS Holdings Trading Service Joint Stock Company – Related party of the Board of Directors</b>		
Interest expenses on deposits	(47)	-
<b>Members of the Board of Directors, Management, Board of Supervision and related individuals</b>		
Remunerations of the Board of Directors	(15,039)	(16,363)
- Chairman	-	-
- Vice - Chairman 1	(3,230)	(3,334)
- Vice - Chairman 2	(2,936)	(3,243)
- Member 1	(2,585)	(2,954)
- Member 2	(2,827)	(3,159)
- Member 3	(1,869)	(2,132)
- Member 4	(1,592)	(1,541)
Remunerations of the Board of Supervision	(5,071)	(4,783)
Salaries of the Chief Executive Officer and Deputy Chief Executive Officers	(34,608)	(35,689)
Interest income from loans	19,262	2,054
Fee income and other income	252	64
Interest expenses on deposits and valuable papers issued	(39,211)	(2,675)



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

**45. SEGMENT REPORT**

**45.1 Business segment report**

Operating results by business segments in 2023 are as follows:

	<i>Banking and finance VND million</i>	<i>Others VND million</i>	<i>Offsetting intercompany transactions VND million</i>	<i>Total VND million</i>
<b>I. Income</b>	<b>50,611,239</b>	-	<b>(22,029,162)</b>	<b>28,582,077</b>
1. Interest income	40,980,217	-	(22,029,132)	18,951,085
2. Fee and commission income	2,018,003	-	(30)	2,017,973
3. Income from other operating activities	7,613,019	-	-	7,613,019
<b>II. Expenses</b>	<b>(43,154,853)</b>	-	<b>22,019,432</b>	<b>(21,135,421)</b>
1. Interest expenses	(31,791,702)	-	22,029,132	(9,762,570)
2. Depreciation expenses	(100,514)	-	252	(100,262)
3. Expenses directly related to operating activities	(11,262,637)	-	(9,952)	(11,272,589)
<b>Operating results before provision for credit losses</b>	<b>7,456,386</b>	-	<b>(9,730)</b>	<b>7,446,656</b>
Credit loss expenses	(1,616,746)	-	-	(1,616,746)
<b>Operating results by segments</b>	<b>5,839,640</b>	-	<b>(9,730)</b>	<b>5,829,910</b>

Assets and liabilities by business segments as at 31 December 2023 are as follows:

	<i>Banking and finance VND million</i>	<i>Others VND million</i>	<i>Offsetting intercompany transactions VND million</i>	<i>Total VND million</i>
<b>III. Assets</b>	<b>269,839,642</b>	-	<b>(2,833,804)</b>	<b>267,005,838</b>
1. Cash on hand	939,629	-	-	939,629
2. Fixed assets	402,736	-	-	402,736
3. Other assets	268,497,277	-	(2,833,804)	265,663,473
<b>IV. Liabilities</b>	<b>237,859,478</b>	-	<b>(2,151,852)</b>	<b>235,707,626</b>
1. External liabilities	2,431,273	-	(93,871)	2,337,402
2. Internal liabilities	1,357,884	-	-	1,357,884
3. Other liabilities	234,070,321	-	(2,057,981)	232,012,340

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

**45. SEGMENT REPORT (continued)**

**45.2 Geographical segment report**

	<i>Northern VND million</i>	<i>Central VND million</i>	<i>Southern VND million</i>	<i>Total VND million</i>
<b>I. Operating results by segment</b>				
1. Total income	21,996,739	1,196,913	5,388,425	28,582,077
2. Total operating expenses	18,682,691	720,226	3,349,250	22,752,167
<b>Profit before tax</b>	<b>3,314,048</b>	<b>476,687</b>	<b>2,039,175</b>	<b>5,829,910</b>
<b>II. Assets</b>	<b>213,574,350</b>	<b>9,639,772</b>	<b>43,791,716</b>	<b>267,005,838</b>
<b>III. Liabilities</b>	<b>183,760,931</b>	<b>9,331,014</b>	<b>42,615,681</b>	<b>235,707,626</b>

**46. CONCENTRATION OF ASSETS, LIABILITIES AND OFF-STATEMENT OF FINANCIAL POSITION ITEMS BY GEOGRAPHICAL REGIONS**

	<i>Credit granting (loans to customers and other CIs) VND million</i>	<i>Fund mobilized (deposits from customers, due to banks) VND million</i>	<i>Credit commitments VND million</i>	<i>Derivative instruments (Total contract nominal value) VND million</i>	<i>Trading and investment securities VND million</i>
Domestic	158,910,371	186,723,174	29,273,603	220,912,684	37,897,490
Overseas	-	111,269	-	-	-
<b>Total</b>	<b>158,910,371</b>	<b>186,834,443</b>	<b>29,273,603</b>	<b>220,912,684</b>	<b>37,897,490</b>



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

#### **47. RISK MANAGEMENT POLICIES**

The Bank's business goal is to be a multi-functional financial institution. Accordingly, the Bank provides a variety of products and services to its customers in order to achieve the above goal and at the same time ensure the expected profit. The utilization of financial instruments, including fund mobilization (customer deposits and valuable papers issued) and investments of these funds in high-quality assets, which is the core of the Bank's activities, helps it achieve its profit goal but also incur risks that need to be managed closely. The Bank manages its risks through the use of limits in order to proactively managing risks and implementing preventive measures/tools in order to reduce risks. Through holding a large proportion of high-quality financial instruments, the statement of financial position structure of the Bank is adequate to avoid significant exposures within the scope of its operations and manage its liquidity position.

In managing credit risk, the Bank has fully issued and effectively applied documents on credit risk management with details on lending policies, procedures and implementation instructions standardizing the Bank's credit activities. Liquidity risks are controlled and managed through management instruments for liquidity risks such as holding a high proportion of assets as a large base of cash and cash equivalents in the form of Nostro accounts, balances with the SBV, placements with other CIs and especially highly liquid valuable papers. The risk-weighted ratios are also used to manage the Bank's liquidity. The Bank frequently assesses its interest rate gaps, compares them with those in domestic and international markets, and then applies appropriate adjustments timely. In addition, the effective implementation of a number of the Bank's risk management has been enhanced by the deployment of the Centralized Capital Management and the Centralized Payment System, in which the Bank's capital and payment transactions are solely performed by the Head Office. This helps monitoring the Bank's funds movements more effectively, efficiently, and reduces possible errors and unnecessarily complexities.

##### **47.1 Credit risk**

Credit risk is the possibility of loss in a credit institution's banking activities due to customers or partners not performing or not being able to fulfil their committed obligations.

The Bank has maintained an appropriate risk management policy to ensure these following basic principles:

- ▶ establish appropriate risk managing environment;
- ▶ operate under healthy credit granting procedure;
- ▶ maintain appropriate credit managing, measuring, supervising procedure; and
- ▶ ensure adequate control on credit risk.

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

**47. RISK MANAGEMENT POLICIES** (continued)

**47.1 Credit risk** (continued)

The Bank conducts approval procedure through many levels to ensure that a loan is reviewed independently; concurrently, loan approval is based on credit limits delegated to competent authorities. Besides, the model of credit approval with the participation of Credit Committee to ensure the credit approval activity is centralized with the highest quality.

***The maximum level of credit risks (collaterals or other measures of credit risk mitigation exclusive)***

The maximum exposures to credit risk relating to asset groups, which are equivalent to their carrying values (excluding provision) in the consolidated statement of financial position, are listed below:

	<i>Not impaired VND million</i>	<i>Impaired without provision VND million</i>	<i>Impaired with provision VND million</i>	<i>Total VND million</i>
Due from banks	47,335,759	-	-	47,335,759
Loans to customers	142,221,856	1,562,044	5,361,486	149,145,386
Debt securities issued by local CIs and economic entities	14,921,000	376,000	28,385	15,325,385
Other credit risk- bearing assets	-	4,001,159	-	4,001,159
<b>Total</b>	<b>204,478,615</b>	<b>5,939,203</b>	<b>5,389,871</b>	<b>215,807,689</b>



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

**47. RISK MANAGEMENT POLICIES (continued)**

**47.2 Market risk**

**47.2.1 Interest rate risk**

Interest rate risk is the risk of adverse fluctuations in interest rates on income, assets, liabilities and off-statement of financial position commitments of the Bank, arising from:

- ▶ Differences between the period of fixing new interest rate or redefining interest rate;
- ▶ Changes in relationship between interest rates of various financial instruments with the same maturity date;
- ▶ Changes in relationship between interest rates at different maturities;
- ▶ Influences from interest rate options, products with interest rate options elements.

The Bank maintains an interest rate risk management policy that ensures the following principles:

- ▶ Complying with the regulations of the SBV and its internal regulations on the internal control system over interest rate risk management;
- ▶ Periodically measuring; Strictly monitoring and controlling potential interest rate risks in the Bank's key business operations (including assets, liabilities and off-balance sheet commitments); thereby fully implementing measures to balance assets-liabilities structure; and/or preventive measures to minimize the Bank's exposures against adverse fluctuations in market interest rates;
- ▶ Establishing interest rate risk management limits on the interest rate re-pricing period; change in net interest and similar income and change in economic value of owners' equity based on stress test results in normal scenarios and adverse scenarios.

Principles for classifying and measuring interest rate risk status through the gap of interest rate re-pricing period of Asset; Liabilities items located on and off-balance sheet meet the following contents:

- ▶ Interest-sensitive items (assets, liabilities) are those whose income/expenses/prices change when interest rates change;
- ▶ Non-interest bearing items (non-interest rate sensitive) include but are not limited to: cash, gold, silver, gemstones, balances with the SBV, securities held for trading, premiums, discounts, interest and fees receivable, long-term investments, fixed assets, investment securities (equity securities), other assets, other non-interest-bearing debt and overdue portion of asset items;
- ▶ Overdue indicators of asset items are cash flows that are overdue and/or classified as Group 2 or higher according to CIC;
- ▶ Interest-sensitive items are allocated to periods on the report based on the actual interest rate re-pricing period of each transaction arising in the item;

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

**47. RISK MANAGEMENT POLICIES** (continued)

**47.2 Market risk** (continued)

**47.2.1 Interest rate risk** (continued)

- The actual term used for determining interest rate is the period of time (number of days) from the end of the accounting period until the interest rate re-adjustment date (the interest rate re-pricing date) or the due date/partial due date according to the contract of the financial assets and liabilities, whichever comes first. Details are as follows:
- Items that are sensitive to interest rates but whose interest rate re-pricing period cannot be specifically determined (deposits/demand deposits from CIs, economic entities and individuals, overdrafts, credit cards) will be recorded in the period closest on report (up to 1 month);
  - Items with floating interest rate: the actual interest rate repricing term is calculated from the end of the accounting period until the interest rate re-pricing date or maturity date/partial due date according to the contract, whichever comes first;
  - The interest-sensitive items of other assets and liabilities which have fixed interest rate: the actual interest rate re-pricing term is calculated from the end of the accounting period until maturity date/partial due date according to the contract.

The interest rates set by the Bank for loans to customers and customer deposits by currencies are presented in *Note 10* and *Note 20*, respectively.



# Vietnam Maritime Commercial Joint Stock Bank

B05/TCTD-HN

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

## 47. RISK MANAGEMENT POLICIES (continued)

### 47.2 Market risk (continued)

#### 47.2.1 Interest rate risk (continued)

Unit: VND million

	Overdue	Non-interest bearing	Interest re-pricing period					Total
			Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 5 years	
<b>Assets</b>								
Cash, gold and gemstones	-	939,629	-	-	-	-	-	939,629
Balances with the SBV	-	4,589,199	-	-	-	-	-	4,589,199
Due from banks (*)	-	269,747	51,381,342	5,005,507	3,205,285	1,217,813	70,000	61,149,694
Loans to customers and debts purchased (*)	6,911,542	954,370	35,672,970	57,961,996	25,955,770	12,707,019	8,307,367	149,145,386
Investment securities (*)	404,385	3,064,349	30,000	5,003,445	225,000	4,696,000	15,372,311	37,897,490
Long-term investments (*)	-	10,036	-	-	-	-	-	10,036
Fixed assets	-	402,736	-	-	-	-	-	402,736
Other assets (*)	10,527	11,737,097	412,382	1,528,706	931,041	122,639	495,190	15,295,182
<b>Total assets</b>	<b>7,326,454</b>	<b>21,967,163</b>	<b>87,496,694</b>	<b>69,499,654</b>	<b>30,327,096</b>	<b>18,743,471</b>	<b>17,536,967</b>	<b>269,429,352</b>
<b>Liabilities</b>								
Borrowings from the Government and the SBV	-	-	2,665	-	-	1,001,666	8,202	1,012,533
Due to banks	-	-	69,376,017	7,116,225	8,690,584	370,688	-	85,553,514
Derivative financial instruments	-	-	101,067	14,332	(19,147)	57,053	110,051	263,356
Customer deposits	-	-	63,228,992	19,143,305	30,933,645	14,658,736	4,385,380	132,350,131
Valuable papers issued	-	-	85,215	2,006,200	-	400,000	6,500,000	8,991,415
Other liabilities (*)	-	7,536,360	44	272	1	-	-	7,536,677
<b>Total liabilities</b>	<b>-</b>	<b>7,536,360</b>	<b>132,794,000</b>	<b>28,280,334</b>	<b>39,605,083</b>	<b>16,488,143</b>	<b>11,003,633</b>	<b>235,707,626</b>
<b>Off-statement of financial position interest sensitivity gap</b>	<b>7,326,454</b>	<b>14,430,803</b>	<b>(45,297,306)</b>	<b>41,219,320</b>	<b>(9,277,987)</b>	<b>2,255,328</b>	<b>6,533,334</b>	<b>33,721,726</b>
<b>Off-balance sheet commitments have an impact on the interest rate sensitivity of assets and liabilities (net)</b>	<b>-</b>	<b>-</b>	<b>682,456</b>	<b>10,329,932</b>	<b>1,379,192</b>	<b>(1,260,879)</b>	<b>(3,995,820)</b>	<b>2,539,881</b>
<b>On-statement of financial position interest sensitivity gap</b>	<b>7,326,454</b>	<b>14,430,803</b>	<b>(44,614,850)</b>	<b>51,549,252</b>	<b>(7,898,795)</b>	<b>994,449</b>	<b>2,537,514</b>	<b>36,261,607</b>

(\*) balances of these items do not include risk provision

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

**47. RISK MANAGEMENT POLICIES** (continued)

**47.2 Market risk** (continued)

**47.2.2 Currency risk**

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

The Bank is incorporated and operates in Vietnam with VND as its reporting currency. The major currency of its transaction is also VND. Asset - liability structure of the Bank includes different foreign currencies such as USD, EUR, JPY,... which is the cause of currency risk.

The Bank maintains a currency risk management policy that ensures the following principles:

- ▶ Complying with the regulations of the SBV and its internal regulations on the internal control system over foreign exchange risk management;
- ▶ Measuring on a daily basis; strictly monitor and control foreign exchange risks on the basis of ensuring compliance with established limits (in accordance with the SBV's regulations) on foreign currency positions; sensitivity; potential profit/loss; concentration levels by currency which are based on stress test results in normal scenarios and adverse scenarios.

	<i>EUR equivalent VND million</i>	<i>USD equivalent VND million</i>	<i>Other foreign currencies equivalent VND million</i>	<i>Total VND million</i>
<b>Asset</b>				
Cash, gold and gemstones	35,961	104,767	64,077	204,805
Balances with the SBV	691	1,311,440	-	1,312,131
Due from banks (*)	52,730	9,606,117	241,969	9,900,816
Derivative financial instruments	35,009	6,329,998	-	6,365,007
Loans to customers and debts purchased (*)	-	8,799,580	-	8,799,580
Other assets (*)	65,081	1,218,433	15,520	1,299,034
<b>Total assets</b>	<b>189,472</b>	<b>27,370,335</b>	<b>321,566</b>	<b>27,881,373</b>
<b>Liabilities</b>				
Borrowing from the Government and the SBV	-	11,589	-	11,589
Due to banks	81,579	19,721,544	51,978	19,855,101
Customer deposits	96,922	5,549,257	94,433	5,740,612
Derivative financial instruments	-	-	480,808	480,808
Other liabilities (*)	9,391	870,671	54,349	934,411
<b>Total liabilities and owner's equity</b>	<b>187,892</b>	<b>26,153,061</b>	<b>681,568</b>	<b>27,022,521</b>
<b>FX position on statement of financial position</b>	<b>1,580</b>	<b>1,217,274</b>	<b>(360,002)</b>	<b>858,852</b>
<b>FX position off-statement of financial position</b>	<b>1,347</b>	<b>(1,986,311)</b>	<b>434,069</b>	<b>(1,550,895)</b>
<b>Net on, off-statement of financial position FX position</b>	<b>2,927</b>	<b>(769,037)</b>	<b>74,067</b>	<b>(692,043)</b>

(\*) balances of these items do not include risk provision



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

**47. RISK MANAGEMENT POLICIES (continued)**

**47.3 Liquidity risk**

Liquidity risk is the risk that the Bank will not be able to meet its financial obligations as they fall due, or the risk that the Bank has to pay cost higher than the average cost of the market under the Bank's internal regulations in order to meet those obligations.

The Bank has maintained a liquidity risk management policy that ensures the following principles:

- ▶ Complying with the regulations of the SBV and its internal regulations on the internal control system over liquidity risk management. It has outstanding organizational structure of 3 lines of defense; in which the first line is managed in parallel by 02 functions: Balance Sheet Management (BSM) and Asset Liability Management (ALM) on a daily basis;
- ▶ Always maintaining a portfolio of highly liquid assets which are managed according to market value and ability to convert into cash to ensure liquidity required under normal and stressed conditions;
- ▶ Managing and monitoring intraday liquidity; identifying funding sources and ability to mobilize these sources to meet daily payment needs; forecasting situations that cause abnormal changes in liquidity during the day and implementing timely and effective handling measures;
- ▶ Always focus on diversifying funding sources, ensuring ability to access the active market and understanding the correlation of credit risk, market risk and other key risks that impact on the its liquidity;
- ▶ Establishing liquidity risk management limits in accordance with the SBV's regulations and issue a contingency funding plan (CFP) based on the results of a liquidity stress test in a normal scenarios and adverse scenarios;
- ▶ Using internal fund transferring price and liquidity premium component (Liquidity Premium) in the internal fund transfer pricing mechanism (FTP) flexibly to regulate liquidity and term structure in each period.

Principles for classifying and measuring liquidity risk status through the maturity table of assets and liabilities recorded on the statement of financial position as follows:

- ▶ The maturity terms of assets and liabilities represent the remaining period of assets and liabilities as calculated from the consolidated financial statements date to the maturity date/partial maturity date in accordance with contractual terms and conditions.
- ▶ The following assumptions and conditions are adopted in the analysis of maturity of the Bank's assets and liabilities:
  - ✓ Balances with the SBV including compulsory reserves are considered highly liquid and can be transferred immediately within 1 month;
  - ✓ The maturity of securities is calculated based on investment purposes:
    - Securities held for trading; available-for-sale securities, which are listed on the stock exchanges or registered on the unlisted stock market, are considered highly liquid and can be transferred immediately within 1 month;
    - Other types of investment securities are allocated based on the contractual maturity date of each kind of securities;
- ▶ The maturity of fixed asset investments, capital contribution and share purchase are considered long-term because these investments do not have specific maturity date;

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

**47. RISK MANAGEMENT POLICIES (continued)**

**47.3 Liquidity risk (continued)**

- ▶ The maturity of due from banks, due to banks, loans to customers and customer deposits are based on the contractual maturity date/partial maturity date. The actual maturity date can be adjusted from contractual term when the contract is extended. In fact, demand and term deposits of customers may be rotated, and therefore, lasting beyond the original maturity date;
- ▶ The maturity of loans to customers from debts purchased is determined based on the due date of the loan contract as prescribed;
- ▶ The maturity of derivative contracts (Swap, Forward) is determined based on the contractual term of the transaction net basis of clearing between cash inflows and outflows;
- ▶ The maturity of other assets and other liabilities is classified according to the payment characteristics of each item.
- ▶ For assets and liabilities whose expected payment date/due date cannot be determined, the Bank determines the maturity date according to the conservatism principle. Accordingly, it is considered long-term (over 1 year) for cash inflows and short term (less than 3 months) for cash outflows.

Classification of assets and liabilities according to the original term prescribed in contracts or in the issuance term is as follows:



# Vietnam Maritime Commercial Joint Stock Bank

B05/TCTD-HN

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

## 47. RISK MANAGEMENT POLICIES (continued)

### 47.3 Liquidity risk (continued)

Unit: VND million

	Overdue		Up to 1 month	Current			Above 5 years	Total
	Above 3 months	Up to 3 months		1 - 3 months	3 - 12 months	1 - 5 years		
<b>Assets</b>								
Cash, gold and gemstones	-	-	939,629	-	-	-	-	939,629
Balances with the SBV	-	-	4,589,199	-	-	-	-	4,589,199
Due from banks (*)	-	-	51,095,444	5,382,986	4,463,091	208,173	-	61,149,694
Loans to customers and debts purchased (*)	4,280,640	2,630,902	16,099,298	18,078,781	41,275,807	44,302,419	22,477,539	149,145,386
Investment securities (*)	28,385	376,000	1,030,000	8,067,789	3,425,000	9,598,000	15,372,316	37,897,490
Long-term investment (*)	-	-	-	-	-	-	10,036	10,036
Fixed assets	-	-	-	-	-	-	402,736	402,736
Other assets (*)	10,527	-	1,137,435	2,776,311	2,626,795	596,650	8,147,464	15,295,182
<b>Total assets</b>	<b>4,319,552</b>	<b>3,006,902</b>	<b>74,891,005</b>	<b>34,305,867</b>	<b>51,790,693</b>	<b>54,705,242</b>	<b>46,410,091</b>	<b>269,429,352</b>
<b>Liabilities</b>								
Borrowings from the Government and the SBV	-	-	2,665	-	1,001,666	8,202	-	1,012,533
Due to banks	-	-	65,073,345	7,516,642	10,056,167	2,907,360	-	85,553,514
Derivative financial instruments	-	-	101,067	14,332	37,906	110,051	-	263,356
Customer deposits	-	-	62,983,382	19,248,615	45,727,018	4,391,043	73	132,350,131
Valuable papers issued	-	-	85,215	2,006,200	400,000	6,500,000	-	8,991,415
Other liabilities (*)	-	-	3,744,559	1,158,265	1,399,473	1,233,261	1,119	7,536,677
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>131,990,233</b>	<b>29,944,054</b>	<b>58,622,230</b>	<b>15,149,917</b>	<b>1,192</b>	<b>235,707,626</b>
<b>Net liquidity gap</b>	<b>4,319,552</b>	<b>3,006,902</b>	<b>(57,099,228)</b>	<b>4,361,813</b>	<b>(6,831,537)</b>	<b>39,555,325</b>	<b>46,408,899</b>	<b>33,721,726</b>

(\*) balances of these items do not include risk provision

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

**48. SUPPLEMENTARY DISCLOSURE OF FINANCIAL ASSETS AND LIABILITIES**

On 06 November 2009, the Ministry of Finance issued Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") with effectiveness from financial years beginning on or after 01 January 2011.

The Circular 210 only regulates the presentation of financial statements and disclosures financial instruments, therefore, the below definitions of financial assets, financial liabilities and other relating definitions are applied solely for the preparation of this note. The Bank's assets, liabilities and equity are still recognized and recorded in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Credit Institutions and statutory requirements relevant to preparation and presentation of the consolidated financial statements.

**Financial assets**

Financial assets of the Bank within the scope of Circular 210 comprise placements with other credit institutions, loans to customers and other credit institutions, account receivables and other financial assets under currency derivative contracts.

According to Circular 210, financial assets are classified appropriately, for the purpose of disclosures in the notes to the consolidated financial statements as one of the below items:

► ***Financial asset at fair value through profit or loss***

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

- It is classified as held-for-trading. A financial asset is classified as held for trading if:
  - It is acquired or incurred principally for the purpose of reselling or repurchasing it in the short term;
  - There is evidence of a recent actual pattern of short-term profit-taking; or
  - It is a derivative (except derivative that is a financial guarantee contract or effective hedging instrument).
- Upon initial recognition, the entity categorizes the financial asset as such reflected at fair value through profit or loss.

► ***Held-to-maturity investments***

Non-derivative financial instruments with fixed or determinable payments and fixed maturity period that the Bank intends and are able to hold until maturity, except:

- The financial assets which were initially recognized were placed in the recognition group at fair value through profit or loss;
- Financial assets that have been classified as available-for-sale; or
- Financial assets that meet the definition of loans and receivables.

► ***Loans and receivables***

Loans and receivables are non-derivative financial instruments with fixed or identifiable payments and not listed on the market, with the exceptions of:

- The amounts that the Bank intend to sell immediately or in a near term, which are classified as assets held for trading, and those that the Bank upon initial recognition, categorizes as at fair value through profit or loss;
- The amounts categorized by the entity as available-for-sale upon initial recognition; or
- The amounts whose holders cannot recover most of the initial investment value not due to credit quality impairment and which are categorized as available-for-sale.



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

**48. SUPPLEMENTARY DISCLOSURE OF FINANCIAL ASSETS AND LIABILITIES (continued)**

**Financial assets** (continued)

► ***Available-for-sale financial assets***

Available-for-sale assets are non-derivative financial instruments determined as available for sale or not classified as:

- Loans and receivables;
- Held-to-maturity investments;
- Financial assets recognized at fair value through profit or loss.

**Financial liabilities**

Financial liabilities of the Bank under the Circular 210 consist of due to banks, valuable papers issued and other financial payables and other payables under currency derivative contracts.

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

► ***Financial liability at fair value through profit or loss***

Financial liability recognized at fair value through profit or loss is a financial liability that satisfies either of the following conditions:

- It is classified as held-for-trading. A financial liability will be classified as held-for-trading if:
  - It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
  - There is an evidence that such instrument is traded for the purpose of gaining short-term profits; or
  - It is a derivative financial instrument (except derivative financial instruments identified as financial guarantee contracts or effective hedging instruments).
- Upon initial recognition, the Bank categorizes the financial liability as such reflected at fair value through profit or loss.

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

Financial liabilities that are not classified as at fair value through profit or loss are classified as at amortized cost.

**Determine the fair value of financial instruments**

The fair value of cash and short-term deposit is equivalent to their carrying value due to short-term maturity of these items.

**Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, the Bank has an enforceable legal right to offset the recognized amounts and the Bank has an intention to settle on a net basis or the realization of the assets and settle the liabilities is made simultaneously.

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

48. SUPPLEMENTARY DISCLOSURE OF FINANCIAL ASSETS AND LIABILITIES (continued)

The table below summarizes the carrying amount and fair value of financial assets and liabilities of the Bank as at 31 December 2023:

	Fair value through profit or loss VND million	Carrying value				Total VND million	Fair value VND million
		Held-to- maturity VND million	Loans and receivables VND million	Available- for-sale VND million	Amortized cost VND million		
Cash, gold and gemstones	939,629	-	-	-	-	939,629	939,629
Balances with the SBV	-	-	4,589,199	-	-	4,589,199	(*)
Due from banks	-	-	61,149,694	-	-	61,149,694	(*)
Loans to customers and debts purchased	-	-	149,145,386	-	-	149,145,386	(*)
Available-for-sale securities	-	-	-	37,897,490	-	37,897,490	(*)
Other long-term investments	-	-	-	10,036	-	10,036	(*)
Other financial assets	-	-	14,504,691	-	-	14,504,691	(*)
	<b>939,629</b>	<b>-</b>	<b>229,388,970</b>	<b>37,907,526</b>	<b>-</b>	<b>268,236,125</b>	
Borrowings from the Government and the SBV	-	-	-	-	1,012,533	1,012,533	(*)
Due to banks	-	-	-	-	85,553,514	85,553,514	(*)
Customer deposits	-	-	-	-	132,350,131	132,350,131	(*)
Derivative financial instruments	263,356	-	-	-	-	263,356	(*)
Valuable papers issued	-	-	-	-	8,991,415	8,991,415	(*)
Other financial liabilities	-	-	-	-	6,009,132	6,009,132	(*)
	<b>263,356</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>233,916,725</b>	<b>234,180,081</b>	

(\*) The fair value of these financial assets and liabilities cannot be determined because there is no specific guidance on determination of fair value under Vietnamese Accounting Standards and Accounting System.



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

**49. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE**

There has not been any matter or circumstance that has arisen since the statement of financial position date that has affected or may significantly affect the operations of the Bank, the results of its operations or the state of affairs of the Bank that requires disclosure in the consolidated financial statements.

**50. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AND GOLD AGAINST VIETNAM DONG AT YEAR END**

	31 December 2023 VND	31 December 2022 VND
USD	24,228	23,600
EUR	26,930	25,261
GBP	30,940	28,800
CHF	28,833	25,618
JPY	172	179
SGD	18,399	17,578
CAD	18,380	17,463
AUD	16,630	16,282

Prepared by:



Ms. Nguyen Bao Ngoc  
Head of Financial Reporting

Reviewed by:



Ms. Phung Thuy Nhung  
Chief Accountant

Approved by:



Mr. Nguyen Hoang Linh  
Chief Executive Officer

Hanoi, Vietnam

28 March 2024