

**SEPARATE
FINANCIAL STATEMENTS**
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2023

**KIEN LONG COMMERCIAL
JOINT STOCK BANK**

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STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Kien Long Commercial Joint Stock Bank (hereinafter referred to as “the Bank”) presents this statement together with the Separate Financial Statements for the fiscal year ended 31 December 2023.

Business highlights

Kien Long Commercial Joint Stock Bank was established under the Establishment and Operation License No. 0056/NH-GP dated 18 September 1995 issued by the State Bank of Vietnam (SBV) and the Bank Establishment License No. 1115/GP-UB dated 02 October 1995 issued by the People’s Committee of Kien Giang Province.

The Bank has been operating in line with the first Business Registration Certificate No. 1700197787 dated 10 October 1995 granted by Kien Giang Province Department of Planning and Investment. During the Bank’s operation course, its Business Registration Certificate has been amended several times and the most recent amendment was made on 21 December 2022.

The Bank’s operation course is 50 years, starting from 18 September 1995.

Head office

- Address : No. 40 – 42 – 44 Pham Hong Thai Street, Vinh Thanh Van Ward, Rach Gia City, Kien Giang Province
- Tel. : +84 (029) 7386 9950
- Fax : +84 (029) 7387 7538

The principal business activities of the Bank consist of mobilizing short, medium and long-term deposits from organizations and individuals; granting short, medium and long-term loans based on the Bank’s capital resources; providing settlement and cashier services and other banking services in accordance with the approval of the SBV; contributing capital, purchasing shares, investing in bonds and trading foreign currencies under law requirements; providing asset management and preservation services, leasing cabinets and safes.

Board of Directors and Executive Officers

The Board of Directors and the Executive Officers of the Bank during the year and as of the date of this statement include:

The Board of Directors (BOD)

| Full name | Position | Appointing/resigning/reappointing date |
|-----------------------------|--------------------|--|
| Ms. Tran Thi Thu Hang | Chairwoman | Reappointed on 27 April 2023 |
| Mr. Tran Ngoc Minh | Vice Chairman | Appointed on 27 April 2023 |
| | Member | Resigned on 27 April 2023 |
| Mr. Bui Thanh Hai | Member | Reappointed on 27 April 2023 |
| Mr. Le Khac Gia Bao | Member | Appointed on 27 April 2023 |
| Mr. Nguyen Cao Cuong | Member | Appointed on 27 April 2023 |
| Ms. Nguyen Thi Thanh Huong | Member | Appointed on 27 April 2023 |
| Ms. Nguyen Thuy Nguyen | Independent member | Appointed on 27 April 2023 |
| Mr. Mai Huu Tin | Vice Chairman | Resigned on 27 April 2023 |
| Mr. Pham Tran Duy Huyen | Vice Chairman | Resigned on 27 April 2023 |
| Ms. Nguyen Thuy Quynh Huong | Member | Resigned on 27 April 2023 |
| Ms. Tran Tuan Anh | Member | Resigned on 27 April 2023 |
| Ms. Nguyen Thi Hong Hanh | Independent member | Resigned on 27 April 2023 |

The Supervisory Board

| Full name | Position | Appointing/resigning/reappointing date |
|------------------------|---------------------------|--|
| Ms. Do Thi Tuyet Trinh | Head of Supervisory Board | Appointed on 27 April 2023 |
| Mr. Vu Pham Thai Ha | Member | Appointed on 27 April 2023 |
| Mr. Dang Minh Quan | Member | Reappointed on 27 April 2023 |
| Mr. Le Khac Gia Bao | Head of Supervisory Board | Resigned on 27 April 2023 |
| Mr. Nguyen Cao Cuong | Member | Resigned on 27 April 2023 |
| Ms. Vu Hanh Ngan | Member | Resigned on 27 April 2023 |

KIEN LONG COMMERCIAL JOINT STOCK BANK
STATEMENT OF THE BOARD OF MANAGEMENT (cont.)

The Board of Management (BOM)

| Full name | Position | Appointing/resigning/reappointing date |
|----------------------------|-------------------------|--|
| Mr. Tran Ngoc Minh | General Director | |
| Mr. Le Trung Viet | Deputy General Director | Reappointed on 01 July 2023 |
| Mr. Nguyen Hoang An | Deputy General Director | Reappointed on 01 July 2023 |
| Mr. Nguyen Van Minh | Deputy General Director | Reappointed on 05 January 2023 |
| Mr. Tran Van Thai Binh | Deputy General Director | Reappointed on 24 May 2023 |
| Mr. Tran Hong Minh | Deputy General Director | Reappointed on 25 November 2023 |
| Mr. Do Van Bac | Deputy General Director | Appointed on 22 September 2023 |
| Ms. Pham Thi My Chi | Deputy General Director | Reappointed on 01 July 2023 |
| | | Resigned on 01 November 2023 |
| Ms. Nguyen Thi Thanh Huong | Deputy General Director | Appointed on 05 January 2023 |
| | | Resigned on 22 September 2023 |
| Mr. Do Anh Tuan | Deputy General Director | Resigned on 06 March 2023 |

Legal Representative

The Bank's legal representative during the year and as of the date of this statement is Mr. Tran Ngoc Minh - General Director (appointed on 09 December 2021).

Auditors

A&C Auditing and Consulting Co., Ltd. has been appointed to perform the audit on the Bank's Separate Financial Statements for the fiscal year ended 31 December 2023.

Responsibilities of the Board of Management

The Board of Management is responsible for the preparation of the Separate Financial Statements to give a true and fair view of the financial position, the financial performance and the cash flows of the Bank during the year. In order to prepare these Separate Financial Statements, the Board of Management must:

- select appropriate accounting policies and apply them consistently;
- make judgments and estimates prudently;
- state clearly whether the accounting standards applied to the Bank are followed or not, and all the material differences from these standards are disclosed and explained in the Separate Financial Statements;
- prepare the Separate Financial Statements of the Bank on the going-concern basis, except for the cases that the going-concern assumption is considered inappropriate;
- design and implement effectively the internal control system in order to ensure that the preparation and presentation of the Separate Financial Statements are free from material misstatements due to frauds or errors.

The Board of Management hereby ensures that all the accounting books of the Bank have been fully recorded and can fairly reflect the financial position of the Bank at any time, and that all the accounting books have been prepared in compliance with the applicable Accounting System. The Board of Management is also responsible for managing the Bank's assets and consequently has taken appropriate measures to prevent and detect frauds and other irregularities.

The Board of Management hereby commits to the compliance with the aforementioned requirements in preparation of the Separate Financial Statements.

Approval of the Separate Financial Statements

The Board of Management hereby approves the accompanying Separate Financial Statements, which give a true and fair view of the financial position as of 31 December 2023 of the Bank, its financial performance and its cash flows for the fiscal year then ended, in conformity with the Vietnamese Accounting Standards and System applicable to Credit Institutions issued by the State Bank of Vietnam and the statutory requirements related to the preparation and presentation of the Separate Financial Statements.

For and on behalf of the Board of Management,


Tran Ngoc Minh
General Director

Date: 29 March 2024

No. 1.0855/24/TC-AC

INDEPENDENT AUDITOR'S REPORT

**To: THE SHAREHOLDERS, THE BOARD OF DIRECTORS AND THE BOARD OF MANAGEMENT
KIEN LONG COMMERCIAL JOINT STOCK BANK**

We have audited the Separate Financial Statements of Kien Long Commercial Joint Stock Bank (hereinafter referred to as "the Bank"), which were prepared on 29 March 2024 (from page 5 to page 51) including the Separate Statement of Financial Position as of 31 December 2023, the Separate Income Statement, the Separate Cash Flow Statement for the fiscal year then ended and the Notes to the Separate Financial Statements.

Responsibility of the Board of Management

The Board of Management is responsible for the preparation, true and fair presentation of the Bank's Separate Financial Statements in accordance with the Vietnamese Accounting Standards and System for Credit Institutions stipulated by the State Bank of Vietnam as well as the statutory requirements related to the preparation and presentation of the Separate Financial Statements; and responsible for the internal control as the Board of Management determines necessary to enable the preparation and presentation of the Separate Financial Statements to be free from material misstatement due to fraud or error.

Responsibility of Auditors

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Separate Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Separate Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers the Bank's internal control relevant to the preparation and true and fair presentation of the Separate 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 the Board of Management, as well as evaluating the overall presentation of the Separate Financial Statements.

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


Opinion of Auditors

In our opinion, the Separate Financial Statements give a true and fair view, in all material respects, of the financial position as of 31 December 2023 of Kien Long Commercial Joint Stock Bank, its financial performance and its cash flows for the fiscal year then ended, in conformity with the Vietnamese Accounting Standards and System applicable to Credit Institutions issued by the State Bank of Vietnam and the statutory requirements relevant to preparation and presentation of the Separate Financial Statements.

For and on behalf of
A&C Auditing and Consulting Co., Ltd.


Ho Van Tung
Partner

Audit Practice Registration Certificate No. 0092-2023-008-1
Authorized Signatory


Nguyen Quang Chau
Auditor

Audit Practice Registration Certificate No. 2607-2023-008-1

Ho Chi Minh City, 29 March 2024

KIEN LONG COMMERCIAL JOINT STOCK BANK

Address: No. 40 – 42 – 44 Pham Hong Thai Street, Vinh Thanh Van Ward, Rach Gia City, Kien Giang Province

SEPARATE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

SEPARATE STATEMENT OF FINANCIAL POSITION

As of 31 December 2023

| | | Unit: million VND | |
|--|-------|-------------------|-------------------|
| A - ASSETS | Note | Ending balance | Beginning balance |
| I. Cash on hand, gold, gemstones | V.1 | 660.595 | 742.817 |
| II. Deposits at the State Bank of Vietnam | V.2 | 6.134.683 | 1.347.927 |
| III. Deposits and gold at other credit institutions and loans to other credit institutions | | 18.373.502 | 23.777.634 |
| 1. Deposits and gold at other credit institutions | V.3.1 | 15.525.552 | 19.779.134 |
| 2. Loans to other credit institutions | V.3.2 | 2.847.950 | 3.998.500 |
| 3. Provisions for risks | | - | - |
| IV. Trading securities | V.4 | - | 144.176 |
| 1. Trading securities | V.4 | - | 144.176 |
| 2. Provision for risk of trading securities | | - | - |
| V. Financial derivatives and other financial assets | V.5 | - | 38.707 |
| VI. Loans to customers | | 51.159.819 | 44.122.736 |
| 1. Loans to customers | V.6 | 51.783.052 | 44.702.595 |
| 2. Allowance for loans to customers | V.7 | (623.233) | (579.859) |
| VII. Factoring activities | | - | - |
| 1. Factoring | | - | - |
| 2. Provision for factoring activities | | - | - |
| VIII. Investment securities | V.8 | 3.378.950 | 7.584.875 |
| 1. Available-for-sale investment securities | V.8 | 796.897 | 1.541.999 |
| 2. Held-to-maturity investment securities | V.8 | 2.588.098 | 6.048.842 |
| 3. Provisions for devaluation of investment securities | V.8 | (6.045) | (5.966) |
| IX. Capital contribution, long-term investments | V.9 | 500.000 | 500.000 |
| 1. Investments in subsidiary | V.9 | 500.000 | 500.000 |
| 2. Investment in joint ventures | | - | - |
| 3. Investments in associates | | - | - |
| 4. Other long-term investments | | - | - |
| 5. Provisions for devaluation of long-term investments | | - | - |
| X. Fixed assets | | 1.351.082 | 1.377.333 |
| 1. Tangible fixed assets | V.10 | 610.175 | 652.258 |
| a. Historical costs | V.10 | 1.104.523 | 1.093.110 |
| b. Depreciation | V.10 | (494.348) | (440.852) |
| 2. Financial leased assets | | - | - |
| a. Historical costs | | - | - |
| b. Depreciation | | - | - |
| 3. Intangible fixed assets | V.11 | 740.907 | 725.075 |
| a. Initial costs | V.11 | 854.110 | 819.876 |
| b. Amortization | V.11 | (113.203) | (94.801) |
| XI. Investment property | | - | - |
| a. Historical costs | | - | - |
| b. Depreciation | | - | - |
| XII. Other assets | | 5.724.113 | 6.429.991 |
| 1. Receivables | V.12 | 4.048.945 | 5.112.393 |
| 2. Interests and fees receivable | V.13 | 1.437.931 | 1.097.493 |
| 3. Deferred income tax assets | | - | - |
| 4. Other assets | V.14 | 266.541 | 249.409 |
| 5. Provisions for risks from other assets | | (29.304) | (29.304) |
| TOTAL ASSETS | | 87.282.744 | 86.066.196 |

KIEN LONG COMMERCIAL JOINT STOCK BANK

Address: No. 40 – 42 – 44 Pham Hong Thai Street, Vinh Thanh Van Ward, Rach Gia City, Kien Giang Province

SEPARATE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

Separate Statement of Financial Position (cont.)

| B - LIABILITIES AND OWNER'S EQUITY | Note | Ending balance | Beginning balance |
|---|-------------|-----------------------|--------------------------|
| I. Borrowings from the Government and the State Bank of Vietnam | V.15 | - | 2.451.824 |
| 1. Deposits and borrowings from the Government and the SBV | V.15 | - | 2.451.824 |
| 2. Sales and redeem of Government bonds with the State Treasury | | - | - |
| II. Deposits and borrowings from other credit institutions | V.16 | 18.118.930 | 23.646.899 |
| 1. Deposits from other credit institutions | V.16 | 15.268.267 | 19.623.547 |
| 2. Borrowings from other credit institutions | V.16 | 2.850.663 | 4.023.352 |
| III. Deposits from customers | V.17 | 57.215.845 | 52.521.563 |
| IV. Derivative financial instruments and other financial liabilities | V.5 | 25.404 | - |
| V. Trust funds and other borrowed funds | | - | - |
| VI. Valuable papers issued | V.18 | 3.459.091 | - |
| VII. Other liabilities | | 2.733.321 | 2.283.833 |
| 1. Interests, fees payable | V.19 | 1.628.329 | 1.092.550 |
| 2. Deferred corporate income tax | | - | - |
| 3. Other liabilities | V.20 | 1.104.992 | 1.191.283 |
| 4. Provision for other losses (for contingencies) | | - | - |
| Total liabilities | | 81.552.591 | 80.904.119 |
| VIII. Equity and Funds | V.21 | 5.730.153 | 5.162.077 |
| 1. Equity of credit institutions | | 3.618.619 | 3.618.619 |
| a. Charter capital | V.21 | 3.652.819 | 3.652.819 |
| b. Basic construction investment fund | | - | - |
| c. Share premiums | | - | - |
| d. Treasury stocks | V.21 | (34.200) | (34.200) |
| e. Preferred stocks | | - | - |
| f. Other equity | | - | - |
| 2. Funds of credit institutions | V.21, 22 | 464.700 | 383.022 |
| 3. Exchange rate difference | | - | - |
| 4. Differences on revaluation of assets | | - | - |
| 5. Retained earnings/Accumulated loss | V.21 | 1.646.834 | 1.160.436 |
| TOTAL LIABILITIES AND OWNERS' EQUITY | | 87.282.744 | 86.066.196 |

KIEN LONG COMMERCIAL JOINT STOCK BANK

Address: No. 40 – 42 – 44 Pham Hong Thai Street, Vinh Thanh Van Ward, Rach Gia City, Kien Giang Province

SEPARATE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

Separate Statement of Financial Position (cont.)**OFF-SEPARATE STATEMENT OF FINANCIAL POSITION ITEMS**

| ITEMS | Note | Ending balance | Beginning balance |
|---|--------|----------------|-------------------|
| 1. Capital loan guarantees | | - | - |
| 2. Commitments in foreign currency transactions | | 8.878.747 | 7.226.798 |
| <i>Purchase of foreign currencies</i> | | - | 47.060 |
| <i>Sales of of foreign currencies</i> | | 729.000 | 705.900 |
| <i>Swap transactions</i> | | 8.149.747 | 6.473.838 |
| <i>Future transactions</i> | | - | - |
| 3. Commitments in irrevocable loans | | - | - |
| 4. Commitments in transactions of L/C | VIII.4 | 416 | 6.938 |
| 5. Other guarantees | VIII.4 | 362.814 | 257.326 |
| 6. Other commitments | | - | - |
| 7. Interests on loans given and fees receivable | VIII.5 | 237.314 | 383.601 |
| 8. Treated doubtful debts | VIII.6 | 2.018.358 | 1.544.286 |
| 9. Other assets and documents | VIII.7 | 10.556.826 | 16.421.101 |

Thi Duyen
Preparer

Vu Dang Xuan Vinh
Chief Accountant



Rach Gia, 29 March 2024

Tran Ngoc Minh
General Director

KIEN LONG COMMERCIAL JOINT STOCK BANK

Address: No. 40 – 42 – 44 Pham Hong Thai Street, Vinh Thanh Van Ward, Rach Gia City, Kien Giang Province

SEPARATE FINANCIAL STATEMENTS


For the fiscal year ended 31 December 2023


SEPARATE INCOME STATEMENT

For the fiscal year ended 31 December 2023


Unit: million VND

| No. | ITEMS | Note | Current year | Previous year |
|--------------|--|--------------|------------------|------------------|
| 1. | Interest and similar income | VI.1 | 7.779.429 | 5.376.251 |
| 2. | Interest and similar expenses | VI.2 | 5.771.407 | 3.299.576 |
| I. | Net interest income | | 2.008.022 | 2.076.675 |
| 3. | Income from service provisions | VI.3 | 543.615 | 397.207 |
| 4. | Expenses on service provisions | VI.3 | 49.877 | 32.946 |
| II. | Net gain/(loss) from service provisions | VI.3 | 493.738 | 364.261 |
| III. | Net gain/(loss) from trading of foreign currencies | VI.4 | 59.196 | 34.981 |
| IV. | Net gain/(loss) from trading of trading securities | | - | - |
| V. | Net gain/(loss) from trading of investment securities | VI.5 | 82.450 | 7.818 |
| 5. | Gain from other activities | VI.6 | 95.513 | 88.476 |
| 6. | Expenses on other activities | VI.6 | 5.845 | 5.280 |
| VI. | Net gain/(loss) from other activities | VI.6 | 89.668 | 83.196 |
| VII. | Gain from capital contribution and share acquisition | VI.7 | - | 323 |
| VIII. | Operating expenses | VI.8 | 1.603.600 | 1.411.132 |
| IX. | Net operating income before provision for credit losses | | 1.129.474 | 1.156.122 |
| X. | Provision for credit losses | VI.9 | 417.920 | 472.393 |
| XI. | Total profit before tax | | 711.554 | 683.729 |
| 7. | Current corporate income tax | VIII.2 | 143.478 | 137.342 |
| 8. | Deferred corporate income tax | | - | - |
| XII. | Corporate income tax | | 143.478 | 137.342 |
| XIII. | Profit after tax | | 568.076 | 546.387 |
| XIV. | Basic earnings per share | VI.10 | | |


Thi Duyen
Preparer


Vu Dang Xuan Vinh
Chief Accountant

Rach Gia, 29 March 2024


Tran Ngoc Minh
General Director



KIEN LONG COMMERCIAL JOINT STOCK BANK

Address: No. 40 – 42 – 44 Pham Hong Thai Street, Vinh Thanh Van Ward, Rach Gia City, Kien Giang Province

SEPARATE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

SEPARATE CASH FLOW STATEMENT

(Direct method)

For the fiscal year ended 31 December 2023

Unit: million VND

| ITEMS | Note | Current year | Previous year |
|---|------------|------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 01. Interest and similar income received | V.13; VI.1 | 7.438.991 | 4.934.146 |
| 02. Interest and similar expenses paid | V.19; VI.2 | (5.235.628) | (3.238.121) |
| 03. Income received from service provisions | VI.3 | 493.738 | 364.261 |
| 04. Differences of actual receipts/actual payments on trading activities (foreign currency, gold and securities) | VI.4, 5 | 141.646 | 42.799 |
| 05. Other income | | (2.250) | (2.879) |
| 06. Receipts of debts written off and compensated by provisions for credit risks | VI.6 | 91.328 | 83.647 |
| 07. Payments to employees and for management and administrative works | | (1.507.190) | (1.371.520) |
| 08. Tax actually paid during the year | VIII.2 | (134.064) | (173.428) |
| <i>Net cash flows from operating activities before changes in current assets and capital</i> | | <u>1.286.571</u> | <u>638.905</u> |
| <i>Changes in operating assets</i> | | | |
| 09. (Increase)/Decrease in gold, deposits at and loans to other credit institutions | | - | - |
| 10. (Increase)/Decrease in trading securities | | 4.350.101 | (641.391) |
| 11. (Increase)/Decrease in financial derivatives and other financial assets | | 38.707 | (32.671) |
| 12. (Increase)/Decrease in loans to customers | | (7.080.457) | (6.315.256) |
| 13. (Decrease)/Increase in provisions for losses | V.7 | (374.546) | (259.350) |
| 14. (Increase)/decrease in other operating assets | | 1.046.316 | (4.557.341) |
| <i>Changes in operating liabilities</i> | | | |
| 15. Increase/(Decrease) in obligations to the Government and the State | V.15 | (2.451.824) | 2.451.824 |
| 16. Increase/(Decrease) in deposits and loans from credit organizations | | (5.527.969) | (2.183.895) |
| 17. Increase/(Decrease) in deposits from customers (including State Treasury) | | 4.694.282 | 864.482 |
| 18. Increase/(Decrease) in valuable papers issued (except for valuable papers included into financing activities) | V.18 | 3.459.091 | (300.000) |
| 19. Increase/(Decrease) in financing capital, investment entrustment, loans from credit institutions bearing risk thereof | | - | - |
| 20. Increase/(Decrease) in financial derivatives and other financial liabilities | V.5 | 25.404 | - |
| 21. Increase/(Decrease) in other operating liabilities | | (60.770) | 636.277 |
| 22. Disbursement of funds of credit institutions | V.20 | (41.093) | (2.694) |
| I. Net cash flows from operating activities | | <u>(636.187)</u> | <u>(9.701.110)</u> |

KIEN LONG COMMERCIAL JOINT STOCK BANK

Address: No. 40 – 42 – 44 Pham Hong Thai Street, Vinh Thanh Van Ward, Rach Gia City, Kien Giang Province

SEPARATE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

Separate Cash Flow Statement (cont.)

| ITEMS | Note | Current year | Previous year |
|--|-------------|-------------------|--------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| 01. Purchases of fixed assets | | (64.001) | (107.442) |
| 02. Gains from liquidations and disposals of fixed assets | | 590 | 2.429 |
| 03. Expenses on liquidations and disposals of fixed assets | | - | - |
| 04. Purchases of investment property | | - | - |
| 05. Gains from liquidations and disposals of investment property | | - | - |
| 06. Expenses on liquidations and disposals of investment property | | - | - |
| 07. Investments in other entities (acquisition of subsidiaries, investments in joint ventures, associates and other long-term investments) | | - | - |
| 08. Gain from investments in other entities (gain from sales, liquidations of subsidiaries, investments in joint ventures, associates and other long-term investments) | | - | - |
| 09. Receipts of dividends and profit shared from long-term investments and capital contributions | | - | 323 |
| II. Cash flows from investing activities | | (63.411) | (104.690) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| 01. Increase of share capital from capital contribution and/or from share issuance | | - | - |
| 02. Gain from issuance of long-term valuable papers which have enough conditions to be included into capital and other long-term | | - | - |
| 03. Payments for long-term valuable papers which have enough conditions to be included into capital and other long-term loans | | - | - |
| 04. Dividends paid to shareholders and profit shared | | - | - |
| 05. Purchases of treasury stocks | | - | - |
| 06. Gain from sales of treasury stocks | | - | - |
| III. Net cash flows from financing activities | | - | - |
| IV. Net cash flows during the year | | (699.598) | (9.805.800) |
| V. Beginning cash and cash equivalents | V.II | 25.868.378 | 35.674.178 |
| VI. Adjustment for effects of foreign exchange fluctuation | | - | - |
| VII. Ending cash and cash equivalents | V.II | 25.168.780 | 25.868.378 |

Rach Gia, 29 March 2024

Thi Duyen
Preparer

Vu Dang Xuan Vinh
Chief Accountant



Tran Ngoc Minh
General Director

KIEN LONG COMMERCIAL JOINT STOCK BANK

Address: No. 40 – 42 – 44 Pham Hong Thai Street, Vinh Thanh Van Ward, Rach Gia City, Kien Giang Province

SEPARATE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2023

I. GENERAL INFORMATION

1. Establishment, operation, validity period

Kien Long Commercial Joint Stock Bank, formerly known as Kien Long Rural Joint Stock Bank (hereinafter referred to as “the Bank”) has been operating under:

- The Establishment and Operation License No. 0056/NH-GP dated 18 September 1995 issued by the State Bank of Vietnam (SBV).
- The Bank Establishment License No. 1115/GP-UB dated 02 October 1995 issued by the People’s Committee of Kien Giang Province.

In 2006, the Bank was renamed to Kien Long Commercial Joint Stock Bank and its operation model was changed from a rural bank to an urban bank.

The Bank has been operating under the Business Registration Certificate No. 1700197787, registered for the first time on 10 October 1995, issued by Kien Giang Province Department of Planning and Investment. During its operation course, the Bank’s Business Registration Certificate has been amended several times, and the most recent amendment was made on 21 December 2022.

The Bank’s term of operation is 50 years, starting from 18 September 1995.

The principal business activities of the Bank consist of mobilizing short, medium and long-term deposits from organizations and individuals; granting short, medium and long-term loans based on the Bank’s capital resources; providing settlement and cashier services and other banking services in accordance with the approval of the SBV; contributing capital, purchasing shares, investing in bonds and trading foreign currencies under law requirements; providing asset management and preservation services, leasing cabinets and safes.

2. Ownership form

Kien Long Commercial Joint Stock Bank is a commercial joint stock bank.

3. Charter capital

As at 31 December 2023, the Bank’s charter capital is VND 3.652.819 million (as at 31 December 2022: VND 3.652.819 million).

4. Operation network

The Bank’s Head Office is located at No. 40 – 42 – 44 Pham Hong Thai Street, Vinh Thanh Van Ward, Rach Gia City, Kien Giang Province. As at 31 December 2023, the Bank has one (01) head office, thirty one (31) branches and one hundred and three (103) transaction offices nation-wide.

5. Subsidiaries

The Bank invests in KienLongBank Asset Management Company (a subsidiary) located at 6th Floor, No. 40 – 42 – 44, Pham Hong Thai Street, Vinh Thanh Van Ward, Rach Gia City, Kien Giang Province. This subsidiary has been operating in line with the Business Registration Certificate No. 1701452905 dated 12 November 2010, issued by Kien Giang Province Department of Planning and Investment and the most recent of which dated 27 October 2023. The principal business activities of the subsidiary include consulting, performing business brokerage, leasing real estates, land use rights; managing loans and collateral for loans; valuating collaterals and managing collateral files; restructuring loans; buying debts from and selling debts to credit institutions. As at the balance sheet date, benefit rate and voting rate of the Bank at this subsidiary are 100% (beginning balance: 100%).

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Notes to the Separate Financial Statements (cont.)

6. Headcount

As of the balance sheet date, the Bank's headcount is 3.615 (headcount at the beginning of the year: 3.455).

II. FISCAL YEAR AND ACCOUNTING CURRENCY

1. Fiscal year

The fiscal year of the Bank is from 01 January to 31 December annually.

2. Accounting currency unit

The accounting currency unit is Vietnam Dong (VND). According to the Circular No. 49/2014/TT-NHNN dated 31 December 2014 of the SBV, the figures are rounded to million and presented in million Vietnam Dong (million VND) when preparing the Separate Financial Statements.

III. ACCOUNTING STANDARDS AND SYSTEM

1. Accounting System

The Bank has been applying the Accounting System applicable to Credit Institutions released by the SBV together with the Decision No. 479/2004/QĐ-NHNN dated 29 April 2004, the Circular No. 10/2014/TT-NHNN dated 20 March 2014, the Circular No. 49/2014/TT-NHNN dated 31 December 2014, the Circular No. 22/2017/TT-NHNN dated 29 December 2017 and the Circular No. 27/2021/TT-NHNN dated 31 December 2021. The preparation of the Separate Financial Statements follows the Regime on Financial Reporting for credit institutions issued together with the Decision No. 16/2007/QĐ-NHNN dated 18 April 2007 of the SBV's Governor, the Circular No. 49/2014/TT-NHNN dated 31 December 2014, the Circular No. 22/2017/TT-NHNN dated 29 December 2017 and the Circular No. 27/2021/TT-NHNN dated 31 December 2021 of the SBV as well as other relevant Accounting Standards.

2. Statement of the compliance with the Accounting Standards and System

The Separate Financial Statements have been prepared in accordance with Vietnamese Accounting Standards and System for Credit Institutions stipulated by the SBV and the relevant statutory requirements applicable to financial reporting.

The Bank has also prepared the Consolidated Financial Statements of the Bank and its subsidiary (collectively referred to as "the Group") in accordance with Vietnamese Accounting Standards and System for Credit Institutions stipulated by the SBV and the relevant statutory requirements applicable to financial reporting. These Separate Financial Statements should be read in conjunction with the Group's Consolidated Financial Statements for the fiscal year ended 31 December 2023 in order to obtain full information on the consolidated financial position and the consolidated financial performance of the Group as a whole.

3. Basis of measurement

The Separate Financial Statements, except for the Separate Cash Flow Statement, are prepared on the accrual basis using the historical cost concept. The Separate Cash Flow Statement is prepared using the direct method.

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SEPARATE FINANCIAL STATEMENTS

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Notes to the Separate Financial Statements (cont.)

IV. ACCOUNTING POLICIES

1. Foreign currency translation

All transactions of the Bank are recorded in original currencies. Monetary items denominated in currencies other than VND are translated into VND at the average of buying and selling spot exchange rate of that currency (“spot exchange rate”) ruling at the end of the last working day of the fiscal year if the difference between this spot exchange rate and the weighted average of the buying and selling exchange rates ruling on the last working day of the fiscal year is less than 1%; in case this difference is equal to or greater than 1%, the Bank uses the weighted average of the buying and selling exchange rates ruling on the last working day of the fiscal year. Non-monetary items denominated in currencies other than VND are translated to VND at exchange rates ruling on the transaction dates.

Income and expenses in foreign currencies are translated into VND at the average of the buying and selling exchange rates ruling on the transaction dates.

Foreign exchange differences arising from monthly translation of monetary assets and liabilities are recognized in the “Foreign exchange differences” account in equity caption and then transferred to the Separate Income Statement at the end of the annual accounting period.

2. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits at the SBV, deposits at and loans to other credit institutions with original term to maturity of not more than three months, that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

3. Deposits at and loans to other credit institutions

Deposits at other credit institutions

Deposits at other credit institutions include demand deposits, deposits at local credit institutions, branches of overseas banks with original maturity of less than three months and deposits at overseas credit institutions.

Deposits with local credit institutions, branches of overseas banks excluding demand deposits and deposits with overseas credit institutions are stated at the outstanding amount less provision for credit losses.

Credit risk classification of deposits (excluding deposits for payment) with local credit institutions, branches of overseas banks and provision thereof are made in accordance with the Circular No. 11/2021/TT-NHNN dated 30 July 2021 regulating the classification of assets, credit loss provision level, provision calculation method and utilization of provision in operations of credit institutions and foreign bank branches (Circular No. 11/2021/TT-NHNN) of the SBV. The Bank has classified deposits with credit institutions in accordance with a quantitative method as stipulated in above Circulars. Specific provision for credit losses on deposits with credit institutions is calculated based on the overdue status of the principal outstanding or interest at the following rates:

| | | |
|-------------------------------------|---|------|
| • Group 1 (Standard loans) | : | 0% |
| • Group 2 (Special-mentioned loans) | : | 5% |
| • Group 3 (Sub-standard loans) | : | 20% |
| • Group 4 (Doubtful loans) | : | 50% |
| • Group 5 (Bad debts) | : | 100% |

Loans to other credit institutions

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

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Notes to the Separate Financial Statements (cont.)

Loans to other credit institutions are stated at the amount of principal outstanding less provision for credit losses on loans to credit institutions.

Credit risk classification of loans to other credit institutions and specific provision thereof are made in accordance with Circular No. 11/2021/TT-NHNN being similar to provision for credit losses on deposits with other credit institutions as described above.

In accordance with Circular No. 11/2021/TT-NHNN, the Bank is not required to make general provision for deposits with and loans to other credit institutions.

4. Trading securities

Classification

Trading securities are securities which are acquired principally for the purpose of selling them in the near term or there is evidence of a recent pattern of short-term profit-taking.

Recognition

The Bank recognizes the trading securities on the date it becomes a party to the contractual provision of these securities.

Measurement

Trading securities are stated at carrying amount less provision for diminution in their value. A provision is made for the diminution in value if the market value of the trading securities falls below carrying amount. The maximum rate of provision for diminution in value of trading securities is equal to the carrying amount of such securities.

The provision for diminution in the value of trading securities is reversed as at the date of annual Financial Statements if the provision to be made in current year is lower than provision made in the previous year, or whenever the Financial Statements are prepared and the Bank no longer holds any trading securities.

Cost of trading securities is determined on a weighted average basis.

Derecognition

Trading securities are derecognized when the rights to receive cash flows from these securities have expired or the Bank has transferred substantially all risks and rewards of ownership.

5. Loans to customers and provision of credit risk

Loans are recognized when the loan agreement or loan receipt commitment is signed by the Bank and customer and the loan amount is released to customer by the Bank.

Loans are given to entities under such forms as loans given by installments, loans given according to credit lines, project loans, etc.

Collaterals are mainly mortgage and pledge of assets in addition to trust receipts.

Classification of loans to customers

Loan classifications and provision for credit losses are made in accordance with Circular No. 11/2021/TT-NHNN. The Bank has made debt rescheduling, exemption or reduction of interests and fees, retention of debt category to assist borrowers affected by Covid-19 pandemic in accordance with Circular No. 01/2020/TT-NHNN dated 13 March 2020, Circular No. 03/2021/TT-NHNN dated 02 April 2021, Circular No. 14/2021/TT-NHNN dated 07 September 2021 amending and supplementing certain articles of Circular No. 01/2020/TT-NHNN, Circular No. 02/2023/TT-NHNN dated 23 April 2023 issued by the Governor of the SBV.

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Notes to the Separate Financial Statements (cont.)

Where a customer owes more than one debt to the Bank, and has any of its debts transferred to a higher risk group of debts, the Bank is obliged to classify the remaining debts of such customer into the group of debts with higher risk corresponding with their level of risk, except for the debt balance after restructuring the repayment term and keeping the debt group unchanged as prescribed in Circular No. 01/2020/TT-NHNN, Circular No. 03/2021/TT-NHNN, Circular No. 14/2021/TT-NHNN and Circular No. 02/2023/TT-NHNN which is still due according to the time limit for restructuring, the Bank does not apply the principle of adjustment and reclassification into the group of debts with a higher level of risk.

Where the Bank participates in a syndicated loan not being as the lead bank, the Bank reclassifies all debts (including the outstanding syndicated loan) of the customer into a higher risk group of debt as decided by the lead bank and by participating banks.

The Bank has used the result of the loan classification provided by the Credit Information Center ("CIC") to adjust its classifications on monthly basis according to Circular No. 11/2021/TT-NHNN. Where the Bank classifies its customer loans to a lower risk group of debt compared to the classification provided by CIC, the Bank has to reclassify the loans into the higher risk group according to CIC classifications.

Provision for credit losses on loans to customers

Specific provision for credit losses on loans to customers is calculated using set rates applied to each loan group as follows:

| | | |
|-------------------------------------|---|------|
| • Group 1 (Standard loans) | : | 0% |
| • Group 2 (Special-mentioned loans) | : | 5% |
| • Group 3 (Sub-standard loans) | : | 20% |
| • Group 4 (Doubtful loans) | : | 50% |
| • Group 5 (Bad debts) | : | 100% |

In accordance with Circular No. 11/2021/TT-NHNN, a general provision is made at 0,75% of the outstanding balance of loans to customers at the end of each month, excluding the loans to customers which are classified as bad debts.

The specific provision is calculated based on the net credit exposure of each borrower, i.e. based on the borrower's loan balance at the end of each month less the allowed value of collateral assets in accordance with Circular No. 11/2021/TT-NHNN. The value and rate of collateral assets are determined in accordance with the following principles as set out in Circular No. 11/2021/TT-NHNN. Collateral asset with value of VND 50 billion or more for loans to related parties or other parties subject to credit restriction under Article 127 of Law on Credit Institutions and collateral asset with value of VND 200 billion or more for the other customers must be valued by a licensed asset valuation organization. Other than the above, collateral assets are valued in accordance with the Bank's internal policy and process. Collateral assets that do not satisfy the legal conditions as specified in Circular No. 11/2021/TT-NHNN are deemed to have zero value.

The specific provision is additionally made in accordance with Circular No. 03/2021/TT-NHNN, Circular No. 14/2021/TT-NHNN amending and supplementing certain articles of Circular No. 01/2020/TT-NHNN regulating debt restructure, exemption or reduction of interest and fees, retention of debt category to assist borrowers affected by the Covid-19 pandemic.

Written-off loans to customers

Loans to customers are written off against the provision when loans to customers have been classified to Group 5 or when borrowers have declared bankrupt or dissolved (for borrowers being organizations and enterprises) or borrowers are deceased or missing (for borrowers being individuals). The Bank's Risk Settlement Committee shall write off the loans when they consider that all reasonable efforts for recovery of bad debts, including legal actions, have been exhausted.

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Notes to the Separate Financial Statements (cont.)

The Bank transfers written-off loans by recording them on off-statement of financial position accounts and continues to monitor and take measures to fully recover the debt according to the agreement signed with the client.

Off-statement of financial position commitments

Off-statement of financial position commitments include guarantees, foreign exchange commitments and L/C commitments.

The classification of off-statement of financial position commitments is conducted solely for management, supervision of credit granting quality in accordance with the same accounting policy applied to loans to customers as described in the above mentioned Note.

All outstanding debts and value of off-statement of financial position commitments of one customer at a credit institution, foreign bank branch shall be classified into one debt group. For customer who has two debts and over and/or off-statement of financial position commitments at a credit institution, foreign bank branch and any one debt of them is classified in the group of higher risk than other debts or off-statement of financial position commitments, the credit institution, foreign bank branch shall classify the other debts or off-statement of financial position commitments of the customer in the group of highest risk level.

In accordance with Circular No. 11/2021/TT-NHNN, the Bank is not required to make provision for off-statement of financial position commitments.

6. Investment securities

Investment securities include available-for-sale investment securities and held-to-maturity investment securities. The Bank classifies investment securities at the time of purchase as available-for-sale investment securities or held-to-maturity investment securities. In accordance with the Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 issued by the SBV, for investment securities, the Bank is allowed to reclassify maximum once after the initial classification at the time of purchase.

Available-for-sale investment securities are debt securities or equity securities which are intended to be held for an indefinite period and may be sold at any time.

Held-to-maturity investment securities are debt securities with fixed maturities and fixed or determinable payments where the Bank has the positive intention and ability to hold until maturity.

Recognition of investment securities

The Bank recognizes investment securities on order-matching date for listed securities or on the date when the Bank officially holds the ownership as prescribed by the laws for unlisted securities.

Debt securities

Available-for-sale debt securities and held-to-maturity debt securities are initially recognized at cost which include purchase price plus any directly attributable transaction costs such as brokerage, transaction, information, taxes, fees and bank charges. Subsequently, these securities are stated at amortized cost (subject to premium and discount amortization) less allowance for losses on securities (including allowance for credit losses and allowance for diminution in value of securities). Premiums and discounts arising from purchases of debt securities are amortized to the Separate Income Statement using the straight-line method over the period of holding.

Listed available-for-sale debt securities are recognized at cost less allowance for diminution in value by reference to the closing price obtained from the Hanoi Stock Exchange at the balance sheet date. Allowance for held-to-maturity debt securities is made when there is an indicator of lasting diminution in value or there is the strong evidence that the Group can hardly recover fully investments.

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Notes to the Separate Financial Statements (cont.)

Unlisted available-for-sale debt securities and held-to-maturity debt securities are recognized at cost less allowance for credit losses in accordance with the requirements of the Circular No. 11/2021/TT-NHNN.

Post-acquisition interest income of available-for-sale debt securities and held-to-maturity debt securities is recognized in the Separate Income Statement on an accrual basis. Pre-acquisition interest income of debt securities is recognized as a reduction to cost when received.

The allowance for losses on investment securities as mentioned above is reversed if there is a subsequent increase in the recoverable amount after the allowance being recognized. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognized.

Derecognition of investment securities

Investment securities are derecognized on order-matching date for listed securities or on the date when the Bank officially transferred its ownership as prescribed by the laws for unlisted securities.

7. Investments in subsidiaries

Subsidiaries are entities controlled by the Bank. Control exists when the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are stated at cost less allowances for diminution in value. Allowances for impairment of investments in subsidiaries is made when the subsidiaries suffer from losses at the rate equal to the difference between the actual capital invested by investors in subsidiaries and the actual owner's equity multiplying (x) by the Bank's rate of actual charter capital contributed in subsidiaries. If the subsidiaries are consolidated into Consolidated Financial Statements, the basis for impairment allowances is the Consolidated Financial Statements.

Increases/(decreases) in the allowance for impairment of investments in subsidiaries as of the balance sheet date are recorded into the Separate Income Statement. An allowance is reversed only to the extent that the investments' carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognized.

8. Tangible fixed assets

Tangible fixed assets are determined by their historical costs less accumulated depreciation. Historical costs of tangible fixed assets include all the expenses paid by the Bank to bring the asset to its working condition for its intended use. Other expenses arising subsequent to initial recognition are included into historical costs of fixed assets only if it can be clearly demonstrated that the expenditure has resulted in future economic benefits expected to be obtained from the use of these assets. Those which do not meet the above conditions will be recorded into costs during the year.

When a tangible fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain or loss arising from such disposal is included in the income or the expenses during the year.

Tangible fixed assets are depreciated in accordance with the straight-line method over their estimated useful lives. The depreciation years applied are as follows:

| <u>Fixed assets</u> | <u>Years</u> |
|--------------------------|--------------|
| Buildings and structures | 05 – 50 |
| Machinery and equipment | 05 – 15 |
| Motor vehicles | 06 – 10 |
| Office equipment | 03 – 08 |
| Other fixed assets | 05 – 10 |

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Notes to the Separate Financial Statements (cont.)

9. Intangible fixed assets

Intangible fixed assets are determined by their initial costs less accumulated amortization.

Initial costs of intangible fixed assets include all the costs paid by the Bank to bring the asset to its working condition for its intended use. Other costs relevant to intangible fixed assets arising subsequent to initial recognition are included into operation costs during the year only if these costs are associated with a specific intangible fixed asset and result in future economic benefits expected to be obtained from the use of these assets.

When an intangible fixed asset is sold or disposed, its initial costs and accumulated amortization are written off, then any gain or loss arising from such disposal is included in the income or the expenses during the year.

The Bank's intangible fixed assets include:

Land use right

Land use right includes all the actual expenses paid by the Bank directly related to the land being used such as expenses to obtain the land use right, registration fees, etc. The land use right is amortized in accordance with the straight-line method over the land using period (i.e. 36 - 49 years); if the land use right is permanent, it is not amortized.

Computer software

Expenses attributable to computer software, which is not a part associated with the relevant hardware, will be capitalized. Costs of computer software include all the expenses paid by the Bank until the date the software is put into use. Computer software is amortized in accordance with the straight-line method from 3 - 8 years.

10. Operating leased assets

A lease is classified as an operating lease if it transfers substantially all the risks and rewards incident to ownership belonging to the lessor. The lease expenses are allocated in the Bank's operation costs in accordance with the straight-line method over the lease term and do not depend on the method of lease payment.

11. Other assets

Acquisition of fixed assets, construction in progress

Acquisition of fixed assets, construction in progress represent the costs of acquisition of assets, repair of head office, construction and upgrading of software which have not been fully completed. No depreciation is provided for construction in progress during the period of construction and upgrading.

Foreclosed assets

Foreclosed assets are assets of which the ownership was transferred to the Bank and awaiting settlement.

Other assets

Other assets, except for receivables from credit activities, are stated at cost less allowance for credit losses on other assets.

Allowance for losses on other assets are made based on the overdue status of debts or based on anticipated losses on undue debts which may occurred when an economic organization is bankrupted or liquidated or debtor is missing, running away, being prosecuted, in prison, under a trial or pending execution of sentences or deceased. Allowance made is recognized as operating expense during the year.

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For overdue debts, the Bank makes allowance for credit losses using the allowance rates that is applied for overdue period in accordance with the Circular No. 48/2019/TT-BTC dated 08 August 2019 of the Ministry of Finance on the basis of the debt age or estimated loss as follows:

- As for overdue debts:
 - 30% of the value of debts overdue between 6 months and less than 1 year.
 - 50% of the value of debts overdue between 1 year and less than 2 years.
 - 70% of the value of debts overdue between 2 years and less than 3 years.
 - 100% of the value of debts overdue more than 3 years.
- As for doubtful debts: Allowance is made on the basis of the estimated loss.

Increases/(decreases) in the obligatory allowance for doubtful debts as of the balance sheet date are recorded into operating expenses.

12. Liabilities

Liabilities including borrowings from Government and the State Bank of Vietnam, deposits at and loans from other credit institutions, deposits from customers and other liabilities are presented at their costs.

13. Provisions for payables

Provisions are recorded when the Bank has present obligations (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

If time causes material effects, the provisions will be determined by deducting the amount to be spent in future to settle the liability at the pre-tax discount rate that reflects the assessments of the time value of money and the specific risks from this liability in the current market.

14. Financial derivatives

Financial derivatives are recognized on the Separate Statement of Financial Position at contract value at the transaction date and subsequently revalued at fair value. Gains or losses from disposal of derivative are recognized in the Separate Income Statement. Unrealized gains or losses are not recognized in the Separate Income Statement, but are recognized in difference on the revaluation of derivatives in the Separate Statement of Financial Position and are included in the Separate Income Statement at the end of annual accounting period.

15. Owner's equity and funds

Charter capital

Ordinary shares are classified as owner's equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from owner's equity.

Treasury shares

When a share capital in the owner's equity is re-purchased, the amount payable including the expenses related to the transaction is recorded as treasury shares and a corresponding decrease in owner's equity then is recognized. When this share capital is re-issued, the difference between the re-issuance price and carrying value of treasury shares is recorded in "share premiums".

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Reserves

According to the Decree No. 93/2017/NĐ-CP dated 07 August 2017 issued by the Government of Vietnam on financial regulations applicable to credit institutions, the Bank is required to make the following statutory reserves before distribution of profit:

| | <u>Annual allocation</u> | <u>Maximum balance</u> |
|---------------------------------------|--------------------------|------------------------|
| Reserve to supplement charter capital | 5% of profit after tax | Charter capital |
| Financial reserve | 10% of profit after tax | Not specified |

The reserve to supplement charter capital is to supplement the Bank's charter capital.

The purpose of financial reserve is:

- to compensate the unrecoverable losses, damages of assets or liabilities during the Bank's course of business;
- to compensate the Bank's loss according to the Decision of the General Meeting of Shareholders.

Financial reserves and reserve to supplement charter capital are non-distributable and are classified as part of owner's equity.

Other equity funds are appropriated from profit after tax. Appropriation from profit after tax and use of other funds must be approved by the General Meeting of Shareholders. These funds are not regulated by the laws and are allowed to distribute fully.

Bonus and welfare funds

Bonus and welfare funds are not required by laws, are appropriated from profit after tax and are fully distributable, and are used primarily to make payments to the Bank's employees. Bonus and welfare funds are recognized in the Bank's liabilities.

16. Off-separate statement of financial position items

From time to time, the Bank has outstanding commitments to grant credit. These commitments take the form of approved loans and overdraft facilities. The Bank also provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. The contingent liabilities and commitments may expire without being advanced in whole or in part. Therefore, the amounts do not represent a firm commitment of future cash flows.

17. Interest income, interest expenses and cessation of estimated interests receivable

Interest income is recognized in the Separate Income Statement on the accrual basis, except for interest income from debts classified in Group 2 to Group 5 and debts classified in Group 1 (Standard loans) resulting from implementation of special policies of the State being recognized in the Separate Income Statement upon receipt.

When debts classified as Standard loans resulting from implementation of special policies of the State, their interest income incurring during the year is not recorded as income but recorded in the off-statement of financial position. Interest income from these debts is recognized in the Separate Income Statement upon receipt.

Interests from deposits, from investments in bonds and debentures, etc., are the amounts of interest receivable during the year.

Payments for interests on loans and deposits are recorded on the basis of estimates.

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18. Income from service provisions

Income from service provisions consists of fees received from settlement services, cashier services and other services. Income from settlement services, cashier services and other services are recognized upon actual receipt.

19. Corporate income tax

Corporate income tax includes current income tax and deferred income tax.

Current income tax

Current income tax is the tax amount computed based on the taxable income. Taxable income is different from accounting profit due to the adjustments of temporary differences between tax and accounting figures, non-deductible expenses as well as those of non-taxable income and losses brought forward.

Deferred income tax

Deferred income tax is the amount of corporate income tax payable or refundable due to temporary differences between book values of assets and liabilities serving the preparation of the Separate Financial Statements and the values for tax purposes. Deferred income tax liabilities are recognized for all the temporary taxable differences. Deferred income tax assets are recorded only when there is an assurance on the availability of taxable income in the future against which the temporarily deductible differences can be used.

Carrying values of deferred corporate income tax assets are considered as of the balance sheet date and will be reduced to the rate that ensures enough taxable income against which the benefits from part of or all of the deferred income tax can be used. Deferred corporate income tax assets, which have not been recorded before, are considered as of the balance sheet date and are recorded when there is certainly enough taxable income to use these unrecognized deferred corporate income tax assets.

Deferred income tax assets and deferred income tax liabilities are determined at the estimated rate to be applied in the year when the assets are recovered or the liabilities are settled based on the effective tax rates as of the balance sheet date. Deferred income tax is recognized in the Separate Income Statement. In the case that deferred income tax is related to the items of the owner's equity, corporate income tax will be included in the owner's equity.

The Bank shall offset deferred tax assets and deferred tax liabilities if:

- The Bank has the legal right to offset current income tax assets against current income tax liabilities; and
- Deferred income tax assets and deferred income tax liabilities are relevant to corporate income tax which is under the management of one tax authority either:
 - Of the same subject to corporate income tax; or
 - The Bank has intention to pay current income tax liabilities and current income tax assets on a net basis or recover tax assets and settle tax liability simultaneously in each future period to the extent that the majority of deferred income tax liabilities or deferred income tax assets are paid or recovered.

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Notes to the Separate Financial Statements (cont.)

20. Financial assets

Classification of financial assets

The classification of these financial assets depends on their nature and the purpose and is determined at the date of initial recognition. The financial assets of the Bank include financial assets recognized at fair values through Income Statement, held-to-maturity investments, deposits at the SBV, deposits at and loans to other credit institutions, loans given and receivables, and available-for-sale financial assets.

Financial assets recognized at fair values through Income Statement

A financial asset is classified as an asset recognized at fair value through Income Statement if it is held for trading or is categorized in the group of assets reflected at fair value through Income Statement at the date of initial recognition.

Financial asset will be classified as securities held for trading if:

- It is purchased or created mainly for the purpose of repurchase in a short term;
- The Bank intends to hold for the purpose of gaining profits in a short term;
- It is a derivative financial instrument (except derivative financial instruments identified as a financial guarantee contract or an effective risk protection instrument).

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or identified payments and fixed maturity periods which the Bank has the intention and ability to hold until the dates of maturity.

Loans given and receivables

Loans and receivables are non-derivative financial assets with fixed or identified payments, which are not listed on the market.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets determined as available for sale or not classified as financial assets recognized at fair values through Income Statement, held-to-maturity investments, loans given and receivables.

Initial carrying value of a financial asset

Financial assets are recognized at the acquisition date and are derecognized at the selling date. At the date of initial recognition, financial assets recognized at fair values through Income Statement are determined at the fair value, other financial assets are recognized according acquiring price/issuing cost plus other costs directly related to the acquisition or issuance of that financial asset.

21. Financial liabilities and equity instrument

Financial instruments are classified as financial liabilities or equity instruments upon the dates of initial recognition in conformity with the natures and definitions of financial liabilities or equity instruments.

Financial liabilities

The classification of financial liabilities depends on their natures and purposes and is determined at the date of initial recognition. The Bank's financial liabilities include financial liabilities recognized at fair values through Income Statement and other financial liabilities.

Financial liabilities recognized at fair values through Income Statement

Financial liability is classified as the liability recognized at fair value through Income Statement if it is held for trading or is categorized in the group of liabilities reflected at fair value through Income Statement upon initial recognition.

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Financial liabilities will be classified as securities held for trading if:

- It is issued or created mainly for the purpose of repurchase in a short term;
- The Bank intends to hold for the purpose of gaining profits in a short term;
- It is a derivative financial instrument (except derivative financial instruments identified as a financial guarantee contract or an effective risk protection instrument).

At the date of initial recognition, the financial liabilities recognized at fair values through Income Statement are determined at the fair value.

Other financial liabilities

Other financial liabilities include deposits and loans from the SBV and other credit institutions, deposits from customers, and other payables.

At the date of initial recognition, except for the liabilities related to financial lease or convertible bonds which are recognized at allocated value, other financial liabilities are initially recognized at historical costs plus other costs directly related to those financial liabilities.

The allocated value is determined equally to the initially recognized value of that financial liability less the principals which a bank has to repay, plus or minus the accumulated allocations calculated based on the actual interest method of the difference between the initially recorded value and the value upon maturity date, minus the deductions (directly or through a provision account) due to impairment or since it cannot be recovered.

Actual interest method is a method of calculating the allocated value of one financial liability or of a group of financial liabilities and distributing incomes or expenses in the related period. The effective interest rate is the discount interest rate of cash flows estimated to be settled or obtained in the future throughout the expected life cycle of a financial instrument or in a shorter period, if necessary, to return to the current net carrying value of a financial liability.

Equity instrument

Equity instrument is the contract which can prove the remaining benefits in the assets of the Bank after deducting all of its liabilities.

22. Offsetting financial instruments against each other

Financial assets and financial liabilities will be offset against each other and are reflected at their net values on the Separate Statement of Financial Position when, and only when, the Bank:

- has a legal right to offset the recognized amounts; and
- has intention either to settle on a net basis, or to realize the asset and to settle the liability simultaneously.

23. Segment reporting

A business segment is a distinguishable component of the Bank that is engaged in manufacturing or providing products or services and that is subject to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component of the Bank that is engaged in manufacturing or providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

The segment information is prepared and presented in conformity with the accounting policies applicable to the preparation and presentation of the Separate Financial Statements of the Bank.

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Notes to the Separate Financial Statements (cont.)**24. Related parties**

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

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

V. ADDITIONAL INFORMATION ON THE ITEMS OF THE SEPARATE STATEMENT OF FINANCIAL POSITION**1. Cash on hand, gold and gemstones**

| | Ending balance | Beginning balance |
|------------------------------------|-----------------------|--------------------------|
| Cash on hand in VND | 637.293 | 701.168 |
| Cash on hand in foreign currencies | 23.302 | 41.649 |
| Total | 660.595 | 742.817 |

2. Deposits at the SBV

| | Ending balance | Beginning balance |
|--------------------------------|-----------------------|--------------------------|
| Deposits in VND | 5.642.438 | 1.341.428 |
| Deposits in foreign currencies | 492.245 | 6.499 |
| Total | 6.134.683 | 1.347.927 |

These are mostly the current accounts and the compulsory reserves at the State Bank of Vietnam. In which, the compulsory reserves are determined in compliance with the regulations of the State Bank of Vietnam at the rates as follows:

- Demand deposits and under-12-month deposits: 3% for VND, 8% for foreign currencies.
- Over-12-month deposits: 1% for VND, 6% for foreign currencies.
- Overseas deposits: 1% for foreign currencies.

3. Deposits at and loans to other credit institutions**3.1 Deposits at other credit institutions**

| | Ending balance | Beginning balance |
|---------------------------|-----------------------|--------------------------|
| Demand deposits | 428.402 | 4.689.334 |
| <i>VND</i> | 38.877 | 4.521.126 |
| <i>Foreign currencies</i> | 389.525 | 168.208 |
| Term deposits | 15.097.150 | 15.089.800 |
| <i>VND</i> | 11.695.150 | 14.148.600 |
| <i>Foreign currencies</i> | 3.402.000 | 941.200 |
| Total | 15.525.552 | 19.779.134 |

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Notes to the Separate Financial Statements (cont.)**3.2 Loans to other credit institutions**

| | Ending balance | Beginning balance |
|------------------------------------|-----------------------|--------------------------|
| Loans to other credit institutions | 2.847.950 | 3.998.500 |
| VND | 2.847.950 | 3.998.500 |
| Total | 2.847.950 | 3.998.500 |

Loan portfolio by debt groups

As at 31 December 2023 and 31 December 2022, all deposits at and loans to other credit institutions are classified in Group 1 - Standard loans.

4. Trading securities

This item reflects securities issued by other local credit institutions (unlisted) and paid off during the year.

5. Financial derivatives and other financial assets/liabilities

| | Total contract value (at foreign exchange rate at the contract date) | Total carrying value (at foreign exchange rate as at the balance sheet date) | |
|---|---|---|--------------------|
| | | Assets | Liabilities |
| Ending balance | | | |
| Currency derivatives (Currency swap contracts) | 360.190 | - | 19.990 |
| Currency derivatives (Currency forward contracts) | 1.408.950 | - | 5.414 |
| Total | 1.769.140 | - | 25.404 |
| Beginning balance | | | |
| Currency derivatives (Currency swap contracts) | 1.692.506 | 21.876 | - |
| Currency derivatives (Currency forward contracts) | 1.388.270 | 16.831 | - |
| Total | 3.080.776 | 38.707 | - |

6. Loans to customers

| | Ending balance | Beginning balance |
|---|-----------------------|--------------------------|
| Loans to domestic economic entities and individuals | 51.783.052 | 44.700.596 |
| Loans funded by grants and entrusted investment funds | - | 1.999 |
| Total | 51.783.052 | 44.702.595 |

Loan portfolio by debt groups

| | Ending balance | Beginning balance |
|-------------------------|-----------------------|--------------------------|
| Standard loans | 50.157.776 | 43.501.787 |
| Special-mentioned loans | 623.705 | 355.793 |
| Sub-standard loans | 229.607 | 75.282 |
| Doubtful loans | 320.567 | 121.976 |
| Bad debts | 451.397 | 647.757 |
| Total | 51.783.052 | 44.702.595 |

Loan portfolio by terms

| | Ending balance | Beginning balance |
|-------------------|-----------------------|--------------------------|
| Short-term debts | 30.074.064 | 27.619.454 |
| Medium-term debts | 17.963.067 | 10.291.949 |
| Long-term debts | 3.745.921 | 6.791.192 |
| Total | 51.783.052 | 44.702.595 |

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Notes to the Separate Financial Statements (cont.)*Loan portfolio by type of borrowers and type of businesses*

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|------------------------------------|-----------------------|--------------------------|
| Household business and individuals | 14.537.444 | 22.339.786 |
| Limited liability companies | 33.683.922 | 17.058.356 |
| Joint stock companies | 3.561.686 | 5.302.093 |
| Private companies | - | 2.360 |
| Total | 51.783.052 | 44.702.595 |

Loan portfolio by business sector of customers

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|---|-----------------------|--------------------------|
| Production of materials products and self-consumption services of households | 4.098.494 | 8.172.209 |
| Agriculture, forestry and aquaculture | 3.951.514 | 7.043.685 |
| Other service activities | 25.396.542 | 18.203.288 |
| Real estate trading | 2.195.625 | 2.928.243 |
| Investments | - | 270.000 |
| Wholesale and retail; repair of automobiles, motorcycles, and other vehicles with engines | 7.675.614 | 3.162.642 |
| Construction | 8.011.771 | 4.667.549 |
| Transportation and warehousing | 180.339 | 6.801 |
| Manufacturing and processing industry | 153.550 | 41.954 |
| Accommodation and catering services | 116.037 | 192.321 |
| Health care and social relief activities | - | 2.000 |
| Information and media | 1.600 | 409 |
| Education and training | - | 10.725 |
| Electricity, gas, hot water and steam producing and distribution and air conditioning | 661 | 640 |
| Art and entertainment | - | 45 |
| Extractive industry | 745 | - |
| Administrative activities and supporting services | 560 | 84 |
| Total | 51.783.052 | 44.702.595 |

7. Allowance for loans to customers*Changes (increase/decrease) in allowance for credit risk*

| | <u>General allowance</u> | <u>Specific allowance</u> |
|--|--------------------------|---------------------------|
| Current year | | |
| Beginning balance of the current year | (323.385) | (256.474) |
| Allowance made in the current year | (41.150) | (376.770) |
| Allowance utilized in the current year | - | 374.546 |
| Ending balance of the current year | (364.535) | (258.698) |
| Previous year | | |
| Beginning balance of the previous year | (260.629) | (106.187) |
| Allowance made in the previous year | (62.756) | (409.637) |
| Allowance utilized in the previous year | - | 259.350 |
| Ending balance of the previous year | (323.385) | (256.474) |

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Notes to the Separate Financial Statements (cont.)*Details of allowance balance*

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|-----------------------------------|-----------------------|--------------------------|
| Allowance for loans to customers: | | |
| General allowance | (364.535) | (323.385) |
| Specific allowance | (258.698) | (256.474) |
| Total | (623.233) | (579.859) |

8. Investment securities

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|--|-----------------------|--------------------------|
| <i>Available-for-sale investment securities</i> | <i>796.897</i> | <i>1.541.999</i> |
| <i>Debt securities</i> | | |
| - Government bonds | - | 348.597 |
| - Bonds issued by other local credit institutions | - | 397.800 |
| Bonds issued by local economic institutions | 796.897 | 795.602 |
| <i>Provision for available-for-sale investment securities</i> | <i>(6.045)</i> | <i>(5.966)</i> |
| General provisions | (6.045) | (5.966) |
| Total available-for-sale investment securities | 790.852 | 1.536.033 |
| <i>Held-to-maturity investment securities (excluding special bonds issued by VAMC)</i> | | |
| <i>Debt securities</i> | | |
| Government bonds ⁽ⁱ⁾ | 2.588.098 | 6.048.842 |
| Held-to-maturity investment securities | 2.588.098 | 6.048.842 |
| Total investment securities | 3.378.950 | 7.584.875 |

- (i) The Government bonds including those with total nominal value amounting to VND 75.000 million (beginning balance: VND 3.616.000 million) pledged by the Bank to the SBV as security for open market transactions, clearing limit and net debit limit (see Note No. IX.5).

Movements in general allowance for unlisted corporate bonds are as follows:

| | <u>Current year</u> | <u>Previous year</u> |
|--------------------------------|---------------------|----------------------|
| Beginning balance | (5.966) | (5.956) |
| Allowance made during the year | (79) | (10) |
| Ending balance | (6.045) | (5.966) |

9. Investment in a subsidiary

This is the investment in KienLongBank Asset Management Company. This subsidiary has been operating in accordance with the Business Registration Certificate No. 1701452905, registered for the first time on 12 November 2010 and amended for the latest time on 27 October 2023, granted by Kien Giang Province Department of Planning and Investment. As of 31 December 2023, Kien Long Commercial Joint Stock Bank has contributed fully charter capital of VND 500.000.000.000 as in the Business Registration Certificate.

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Notes to the Separate Financial Statements (cont.)**10. Tangible fixed assets**

| | Buildings and structures | Machinery and equipment | Motor vehicles | Office equipment | Other fixed assets | Total |
|---|---|--|---------------------------|-----------------------------|-----------------------------------|------------------|
| Historical costs | | | | | | |
| Beginning balance | 729.020 | 74.349 | 135.205 | 131.698 | 22.838 | 1.093.110 |
| Acquisition during the year | - | 2.367 | - | 1.401 | - | 3.768 |
| Completed constructions | 92 | - | 7.940 | - | - | 8.032 |
| Liquidation, disposal | (16) | (262) | - | (75) | - | (353) |
| Reclassification | - | 75 | - | (75) | (34) | (34) |
| Ending balance | 729.096 | 76.529 | 143.145 | 132.949 | 22.804 | 1.104.523 |
| <i>In which:</i> | | | | | | |
| Assets fully depreciated but still in use | 9.960 | 14.128 | 51.715 | 65.413 | 9.917 | 151.133 |
| Depreciation | | | | | | |
| Beginning balance | 189.340 | 42.624 | 93.775 | 100.965 | 14.148 | 440.852 |
| Depreciation during the year | 28.382 | 5.571 | 9.376 | 9.667 | 734 | 53.730 |
| Liquidation, disposal | (16) | (218) | - | - | - | (234) |
| Ending balance | 217.706 | 47.977 | 103.151 | 110.632 | 14.882 | 494.348 |
| Net book values | | | | | | |
| Beginning balance | 539.680 | 31.725 | 41.430 | 30.733 | 8.690 | 652.258 |
| Ending balance | 511.390 | 28.552 | 39.994 | 22.317 | 7.922 | 610.175 |
| <i>In which:</i> | | | | | | |
| Assets temporarily not in use | - | - | - | - | - | - |
| Assets waiting for liquidation | - | - | - | - | - | - |

11. Intangible fixed assets

| | Land use right | Computer software | Other fixed assets | Total |
|---|---------------------------|------------------------------|-----------------------------------|----------------|
| Initial costs | | | | |
| Beginning balance | 686.287 | 113.575 | 20.014 | 819.876 |
| Completed constructions | - | 34.234 | - | 34.234 |
| Ending balance | 686.287 | 147.809 | 20.014 | 854.110 |
| <i>In which:</i> | | | | |
| Assets fully amortized but still in use | - | 51.637 | 7.870 | 59.507 |
| Amortization | | | | |
| Beginning balance | 10.483 | 69.142 | 15.176 | 94.801 |
| Amortization during the year | 1.840 | 14.742 | 1.820 | 18.402 |
| Ending balance | 12.323 | 83.884 | 16.996 | 113.203 |
| Net book values | | | | |
| Beginning balance | 675.804 | 44.433 | 4.838 | 725.075 |
| Ending balance | 673.964 | 63.925 | 3.018 | 740.907 |
| <i>In which:</i> | | | | |
| Assets temporarily not in use | - | - | - | - |
| Assets waiting for liquidation | - | - | - | - |

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Notes to the Separate Financial Statements (cont.)**12. Receivables**

| | Ending balance | Beginning balance |
|--|-----------------------|--------------------------|
| Construction in progress ⁽ⁱ⁾ | 65.564 | 65.061 |
| Receivable from the SBV under interest subsidy program | 3.259 | 3.972 |
| Deposits for office lease and advances for contracts | 32.559 | 40.771 |
| Advances for operating activities | 2.024 | 8.820 |
| Advances for payments to the State Budget | 17.464 | - |
| Receivables from Visa card business and Banknetvn | 973.854 | 856.385 |
| Trade receivables from L/C | 2.842.357 | 4.020.291 |
| Deposits at international payment institutions | 34.924 | 34.136 |
| Other receivables | 76.940 | 82.957 |
| Total | 4.048.945 | 5.112.393 |

(i) Details of advances for acquisition of fixed assets and construction in progress are as follows:

| | Ending balance | Beginning balance |
|-------------------------|-----------------------|--------------------------|
| Buildings | 6.565 | 4.385 |
| Computer software | 47.608 | 60.676 |
| Machinery and equipment | 4.691 | - |
| Motor vehicles | 6.700 | - |
| Total | 65.564 | 65.061 |

13. Interest and fees receivable

| | Ending balance | Beginning balance |
|--|-----------------------|--------------------------|
| Interest income from deposits | 34.662 | 17.426 |
| Interest income from investments in securities | 73.681 | 130.675 |
| Interest income from credit activities | 1.250.909 | 839.809 |
| Interest income from financial derivatives | 7.064 | 3.443 |
| Fees receivable | 71.615 | 106.140 |
| Total | 1.437.931 | 1.097.493 |

14. Other assets

| | Ending balance | Beginning balance |
|---|-----------------------|--------------------------|
| Expenses to be allocated | 130.918 | 97.470 |
| Tools and supplies | 8.210 | 8.461 |
| Payments on behalf of other credit institutions | - | 15.684 |
| Foreclosed assets of which ownership was transferred to the Bank and being awaited settlement | 120.953 | 114.869 |
| Other assets | 6.460 | 12.925 |
| Total | 266.541 | 249.409 |

15. Deposits and borrowings from the Government, the SBV

This item reflects the borrowing from re-discounting bonds from the SBV at the interest rates ranging from 6%/year to 7%/year. This borrowing was paid off during the year.

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Notes to the Separate Financial Statements (cont.)**16. Deposits, gold deposits and borrowings from other credit institutions**

| | Ending balance | Beginning balance |
|---|-----------------------|--------------------------|
| <i>Deposits from other credit institutions</i> | 15.268.267 | 19.623.547 |
| Demand deposits | 26.817 | 4.534.147 |
| <i>In VND</i> | 26.817 | 4.534.147 |
| Term deposits | 15.241.450 | 15.089.400 |
| <i>In VND</i> | 11.207.650 | 14.148.200 |
| <i>In foreign currencies</i> | 4.033.800 | 941.200 |
| <i>Borrowings from other credit institutions</i> | 2.850.663 | 4.023.352 |
| Borrowings from other credit institutions in VND | 2.849.958 | 4.022.601 |
| Borrowings from other credit institutions in foreign currencies | 705 | 751 |
| Total | 18.118.930 | 23.646.899 |

17. Deposits from customers

| | Ending balance | Beginning balance |
|---------------------------------------|-----------------------|--------------------------|
| Demand deposits | 3.406.484 | 2.054.207 |
| <i>In VND</i> | 3.394.224 | 2.043.241 |
| <i>In foreign currencies</i> | 12.260 | 10.966 |
| Term deposits | 2.205.334 | 2.195.200 |
| <i>In VND</i> | 2.205.334 | 2.148.140 |
| <i>In foreign currencies</i> | - | 47.060 |
| Current saving deposits | 11.817 | 9.631 |
| <i>In VND</i> | 8.729 | 6.550 |
| <i>In foreign currencies and gold</i> | 3.088 | 3.081 |
| Term saving deposits | 51.582.642 | 48.240.973 |
| <i>In VND</i> | 51.537.924 | 48.194.602 |
| <i>In foreign currencies and gold</i> | 44.718 | 46.371 |
| Marginal deposits | 9.568 | 21.552 |
| <i>In VND</i> | 9.568 | 20.781 |
| <i>In foreign currencies</i> | - | 771 |
| Total | 57.215.845 | 52.521.563 |

Deposits from customers by type of customers and type of businesses are as follows:

| | Ending balance | Beginning balance |
|--|-----------------------|--------------------------|
| <i>Deposits from economic entities</i> | 3.771.942 | 2.836.670 |
| Joint stock companies | 1.239.037 | 1.113.862 |
| Limited liability companies | 860.727 | 753.908 |
| Private companies | 628 | 4.549 |
| Others | 1.671.550 | 964.351 |
| <i>Deposits from individuals</i> | 53.443.903 | 49.684.893 |
| Total | 57.215.845 | 52.521.563 |

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Notes to the Separate Financial Statements (cont.)**18. Issuance of valuable papers**

This item reflects certificates of deposits with the term from 3 to 84 months and the interest rates ranging from 5,7%/year to 9,5%/year. The interest is paid every 6 months or at the end of period.

19. Interests and fees payable

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|---|-----------------------|--------------------------|
| Interest expense on deposits | 1.504.310 | 983.469 |
| Interest expense on issuance of valuable papers | 48.292 | - |
| Interest expense on borrowings | 58.779 | 89.995 |
| Interest expense on financial derivatives | 16.948 | 19.086 |
| Total | 1.628.329 | 1.092.550 |

20. Payables and other liabilities

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|--|-----------------------|--------------------------|
| Taxes and other payables to the State Treasury (see Note No. VIII.2) | 57.956 | 50.127 |
| Payables to employees | 24.278 | - |
| Amounts awaiting settlement | 864.075 | 1.032.271 |
| Bonus and welfare funds ⁽ⁱ⁾ | 6.415 | 47.508 |
| Remittance payables | 7.347 | 1.500 |
| Amounts kept for others and awaiting settlement | 24.397 | 26.818 |
| Other payables | 120.524 | 33.059 |
| Total | 1.104.992 | 1.191.283 |

(i) Movements in bonus and welfare funds are as follows:

| | <u>Current year</u> | <u>Previous year</u> |
|-----------------------|---------------------|----------------------|
| Beginning balance | 47.508 | 9.790 |
| Additions | - | 38.953 |
| Utilizations | (41.093) | (1.235) |
| Ending balance | 6.415 | 47.508 |

21. Equity and funds of the Bank**Statement of changes in owner's equity**

| | <u>Charter capital</u> | <u>Treasury shares</u> | <u>Funds of credit institutions</u> | <u>Retained earnings</u> | <u>Total</u> |
|--|------------------------|------------------------|-------------------------------------|--------------------------|------------------|
| Beginning balance of the previous year | 3.652.819 | (34.200) | 267.530 | 769.953 | 4.656.102 |
| Profit in the previous year | - | - | - | 546.387 | 546.387 |
| Appropriation to statutory reserves in the previous year from profit after tax of 2021 | - | - | 115.492 | (115.492) | - |
| Appropriation to bonus and welfare funds | - | - | - | (38.953) | (38.953) |
| Transfer to make reserves at subsidiary | - | - | - | (1.459) | (1.459) |
| Ending balance of the previous year | 3.652.819 | (34.200) | 383.022 | 1.160.436 | 5.162.077 |
| Beginning balance of the current year | 3.652.819 | (34.200) | 383.022 | 1.160.436 | 5.162.077 |
| Profit in the current year | - | - | - | 568.076 | 568.076 |
| Appropriation to statutory reserves in the previous year from profit after tax of 2022 | - | - | 81.678 | (81.678) | - |
| Ending balance of the current year | 3.652.819 | (34.200) | 464.700 | 1.646.834 | 5.730.153 |

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Notes to the Separate Financial Statements (cont.)**Shares**

| | Ending balance | Beginning balance |
|--|-----------------------|--------------------------|
| Number of shares registered to be issued | 365.281.878 | 365.281.878 |
| Number of shares sold to the public | 365.281.878 | 365.281.878 |
| - Ordinary shares | 365.281.878 | 365.281.878 |
| - Preferred shares | - | - |
| Number of shares repurchased | (3.800.000) | (3.800.000) |
| - Ordinary shares | (3.800.000) | (3.800.000) |
| - Preferred shares | - | - |
| Number of outstanding shares | 361.481.878 | 361.481.878 |
| - Ordinary shares | 361.481.878 | 361.481.878 |
| - Preferred shares | - | - |

Par value of outstanding shares: VND 10.000.

22. Funds of the Bank

| | Reserve to supplement charter capital | Financial reserves | Others | Total |
|---|--|-------------------------------|---------------|----------------|
| Beginning balance of the previous year | 26.868 | 240.659 | 3 | 267.530 |
| Appropriation to statutory reserves in the previous year from profit after tax of 2021 | 38.497 | 76.995 | - | 115.492 |
| Ending balance of the previous year | 65.365 | 317.654 | 3 | 383.022 |
| Beginning balance of the current year | 65.365 | 317.654 | 3 | 383.022 |
| Appropriation to statutory reserves in the previous year from profit after tax of 2022 | 27.226 | 54.452 | - | 81.678 |
| Ending balance of the current year | 92.591 | 372.106 | 3 | 464.700 |

VI. ADDITIONAL INFORMATION ON THE ITEMS OF THE SEPARATE INCOME STATEMENT**1. Interest and similar income**

| | Current year | Previous year |
|---|---------------------|----------------------|
| Interest income from deposits | 305.470 | 196.275 |
| Interest income from loans | 7.142.696 | 4.893.529 |
| Interest income from investments in debt securities | 241.413 | 271.729 |
| Interest income from guarantee services | 11.430 | 10.934 |
| Other income from credit activities | 78.420 | 3.784 |
| Total | 7.779.429 | 5.376.251 |

2. Interest and similar expenses

| | Current year | Previous year |
|--|---------------------|----------------------|
| Interest expense on deposits | 4.997.206 | 2.697.839 |
| Interest expense on borrowings | 337.726 | 165.954 |
| Interest expense on valuable papers issued | 96.721 | 14.299 |
| Other expenses on credit activities | 339.754 | 421.484 |
| Total | 5.771.407 | 3.299.576 |

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Notes to the Separate Financial Statements (cont.)**3. Net gain/loss from service provisions**

| | Current year | Previous year |
|--|---------------------|----------------------|
| <i>Gain from service provisions</i> | 543.615 | 397.207 |
| Settlement services | 491.902 | 304.891 |
| Cashier services | 353 | 640 |
| Trading and insurance services | 36.343 | 64.554 |
| Others | 15.017 | 27.122 |
| <i>Loss from service provisions</i> | 49.877 | 32.946 |
| Settlement and cashier services | 32.310 | 17.089 |
| Consulting services | 3.448 | 5.550 |
| Others | 14.119 | 10.307 |
| Net gain/loss from service provisions | 493.738 | 364.261 |

4. Net gain/loss from trading of foreign currencies

| | Current year | Previous year |
|---|---------------------|----------------------|
| <i>Gain from trading of foreign currencies</i> | 300.909 | 487.987 |
| Gain from spot currency contracts | 169.085 | 381.855 |
| Gain from derivative instruments | 131.824 | 106.132 |
| <i>Loss from trading of foreign currencies</i> | 241.713 | 453.006 |
| Loss from spot currency contracts | 17.076 | 196.497 |
| Loss from derivative instruments | 224.637 | 256.509 |
| Net gain/loss from trading of foreign currencies | 59.196 | 34.981 |

5. Net gain/loss from trading of investment securities

| | Current year | Previous year |
|---|---------------------|----------------------|
| Gain from trading of investment securities | 125.698 | 29.234 |
| Loss from trading of investment securities | (43.169) | (21.406) |
| Allowance made for diminution in value of investment securities | (79) | (10) |
| Net gain/loss from trading of investment securities | 82.450 | 7.818 |

6. Other net gain/loss

| | Current year | Previous year |
|---|---------------------|----------------------|
| <i>Other income</i> | 95.513 | 88.476 |
| Gain from disposals of foreclosed assets | - | 2.429 |
| Collections of bad debts previously written-off | 91.328 | 83.647 |
| Others | 4.185 | 2.400 |
| <i>Other expenses</i> | 5.845 | 5.280 |
| Expenses on social activities | 4.090 | 2.091 |
| Others | 1.755 | 3.189 |
| Other net gain/loss | 89.668 | 83.196 |

7. Income from capital contribution, share acquisition

| | Current year | Previous year |
|---|---------------------|----------------------|
| Profit after tax remitted by the subsidiary | - | 323 |
| Total | - | 323 |

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Notes to the Separate Financial Statements (cont.)**8. Operating expenses**

| | <u>Current year</u> | <u>Previous year</u> |
|--|---------------------|----------------------|
| Taxes, duties and fees | 25.584 | 20.175 |
| Expenses for employees | 989.324 | 918.920 |
| <i>In which:</i> | | |
| Salaries and allowances | 851.226 | 808.206 |
| Salary related contributions | 66.237 | 55.822 |
| Others | 71.861 | 54.892 |
| Expenses on assets | 193.536 | 182.318 |
| <i>In which:</i> | | |
| Depreciation and amortization expenses | 72.132 | 66.796 |
| Rental expenses | 73.423 | 67.230 |
| Repair and maintenance expenses | 33.767 | 36.966 |
| Purchases of tools and supplies | 13.576 | 10.927 |
| Others | 638 | 399 |
| Administration expenses | 314.222 | 233.041 |
| <i>In which:</i> | | |
| Marketing, promotion and stationery expenses | 98.493 | 52.886 |
| Business trip expenses | 14.776 | 9.650 |
| Electricity and water, office cleaning and gasoline expenses | 38.616 | 39.009 |
| Communication, technology research expenses | 58.780 | 50.829 |
| Training expenses | 1.336 | 516 |
| Meeting, reception and customer care expenses | 84.047 | 65.326 |
| Others | 18.174 | 14.825 |
| Insurance fee for deposits from customers | 80.934 | 56.678 |
| Total | 1.603.600 | 1.411.132 |

9. Allowance for credit losses

| | <u>Current year</u> | <u>Previous year</u> |
|---|---------------------|----------------------|
| General allowance for loans to customers | 41.150 | 62.756 |
| Specific allowance for loans to customers | 376.770 | 409.637 |
| Total | 417.920 | 472.393 |

10. Basic earnings per share

Information on basic earnings per share is presented in the Consolidated Financial Statements.

VII. ADDITIONAL INFORMATION ON THE ITEMS OF THE SEPARATE CASH FLOW STATEMENT**Cash and cash equivalents**

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|--|-----------------------|--------------------------|
| Cash on hand and cash equivalents | 660.595 | 742.817 |
| Balances with the SBV | 6.134.683 | 1.347.927 |
| Deposits at and loans to other credit institutions with original terms of not more than 3 months | 18.373.502 | 23.777.634 |
| Total | 25.168.780 | 25.868.378 |

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Notes to the Separate Financial Statements (cont.)**VIII. OTHER DISCLOSURES****1. Employees' income**

| | Current year | Previous year |
|--|---------------------|----------------------|
| Average number of employees (person) | 3.493 | 3.311 |
| Employees' income | | |
| Total salary budget | 739.739 | 723.374 |
| Bonus | 152.580 | 84.832 |
| Total income | 892.319 | 808.206 |
| <i>Average monthly salary/employee</i> | <i>18</i> | <i>18</i> |
| <i>Average monthly income/employee</i> | <i>21</i> | <i>20</i> |

2. Obligations to the State Budget

| | Beginning balance | Increase during the year | | Ending balance |
|-----------------------|--------------------------|---------------------------------|--------------------|-----------------------|
| | Payables | Amount payable | Amount paid | Payables |
| Value added tax (VAT) | 14.015 | 53.411 | (61.273) | 6.153 |
| Corporate income tax | 31.615 | 143.478 | (134.064) | 41.029 |
| Other taxes | 4.497 | 52.548 | (46.271) | 10.774 |
| Total | 50.127 | 249.437 | (241.608) | 57.956 |

Value added tax (VAT)

The Bank has to pay VAT in accordance with the deduction method.

The tax rate applied to banking and payment activities is 10%.

Corporate income tax

The Bank has to pay corporate income tax on taxable income at the rate of 20%.

Estimated corporate income tax payable is as follows:

| | Current year | Previous year |
|---|---------------------|----------------------|
| Total accounting profit before tax | 711.554 | 683.729 |
| Increases/(decreases) of accounting profit to determine profit subject to corporate income tax (eliminated expenses): | 5.838 | 3.303 |
| Total income subject to tax | 717.392 | 687.032 |
| Income exempted from tax | - | (323) |
| Taxable income | 717.392 | 686.709 |
| Corporate income tax rate | 20% | 20% |
| Corporate income tax payable | 143.478 | 137.342 |

Determination of corporate income tax liability of the Bank is based on currently applicable regulations on tax. Nonetheless, these tax regulations may change from time to time and tax regulations applicable to variety of transactions can be interpreted differently. Hence, the tax amounts presented in the Separate Financial Statements can be changed upon the inspection of tax authorities.

Other taxes and legal fees

The Bank has paid these taxes and legal fees in line with the prevailing regulations.

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Notes to the Separate Financial Statements (cont.)**3. Forms and values of collaterals of customers**

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|--|-----------------------|--------------------------|
| Real estates | 42.280.536 | 59.353.993 |
| Machinery and equipment | 69.264 | 136.483 |
| Motor vehicles | 757.900 | 1.112.611 |
| Shares issued by other credit institutions | - | 240.663 |
| Shares issued by other economic institutions | 11.458.650 | 8.911.065 |
| Saving deposits | 7.863.485 | 11.729.433 |
| Others | 41.614.804 | 14.815.501 |
| Total | 104.044.639 | 96.299.749 |

4. Contingent liabilities and commitments

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|--------------------------------------|-----------------------|--------------------------|
| <i>Letters of credit commitments</i> | <i>416</i> | <i>6.938</i> |
| Contractual amount | 486 | 7.709 |
| Minus: Marginal deposits | (70) | (771) |
| <i>Other guarantees</i> | <i>362.814</i> | <i>257.326</i> |
| Contractual amount | 365.930 | 281.212 |
| Minus: Marginal deposits | (3.116) | (23.886) |

5. Unearned interest income from loans and fees receivable

This item reflects unearned interest income from loans.

6. Treated doubtful debts

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|--|-----------------------|--------------------------|
| Principals of debts of which risks are treated and being monitored | 740.506 | 419.018 |
| Interests of debts of which risks are treated and being monitored | 1.277.852 | 1.125.268 |
| Total | 2.018.358 | 1.544.286 |

7. Other assets and documents

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|---|-----------------------|--------------------------|
| Other assets kept for others | 9.629.413 | 15.497.812 |
| Other valuable documents under preserve | 927.413 | 923.289 |
| Total | 10.556.826 | 16.421.101 |

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Notes to the Separate Financial Statements (cont.)**8. Transactions with related parties**

The Bank's related parties include subsidiary, individuals having the direct or indirect right to vote at the Bank and their close family members, the entities managed by the Bank's key managers, the individuals having the direct or indirect right to vote at the Bank and their close family members.

Income of the key managers

Net income of the key managers (Board of Directors, Supervisory Board, Board of Management) in the current year is VND 46.623 million (previous year: VND 35.644 million).

Transactions between the Bank and related parties are as follows:

| | <u>Current year</u> | <u>Previous year</u> |
|---|---------------------|----------------------|
| <i>Subsidiary</i> | | |
| Interest expenses on deposits | 30.084 | 14.846 |
| Office rental expenses | 13.620 | 11.843 |
| Expense for asset appraisal | 6.349 | 6.337 |
| Payment transferred to subsidiary to make reserves | - | 1.459 |
| Profit after tax transferred from subsidiary | - | 323 |
| <i>Members of Board of Directors</i> | | |
| Interest expenses on deposits | 261 | 173 |
| Remuneration | 21.101 | 15.615 |
| <i>Members of Board of Management</i> | | |
| Interest expenses on deposits | 12 | 49 |
| Salaries and bonus | 18.992 | 14.321 |
| <i>Members of Supervisory Board</i> | | |
| Interest expenses on deposits | 2 | 4 |
| Remuneration | 6.530 | 5.708 |
| <i>Companies and individuals related to Members of Board of Directors</i> | | |
| Interest expenses on deposits | 485 | 1.270 |
| <i>Companies and individuals related to Members of Board of Management</i> | | |
| Interest expenses on deposits | 809 | 9.997 |
| <i>Companies and individuals related to Members of Supervisory Board</i> | | |
| Interest expenses on deposits | 82 | 84 |

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Notes to the Separate Financial Statements (cont.)

As of the balance sheet date, balances with related parties are as follows:

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|---|-----------------------|--------------------------|
| <i>Subsidiary</i> | | |
| Deposits received from leasing office | 1.980 | 1.980 |
| <i>Members of Board of Directors</i> | | |
| Loan given | - | 27 |
| <i>Members of Board of Management</i> | | |
| Loan given | 139 | 298 |
| <i>Companies and individuals related to Members of Board of Directors</i> | | |
| Loan given | 132 | 53.373 |
| <i>Companies and individuals related to Members of Board of Management</i> | | |
| Loan given | 4.187 | 815 |
| <i>Companies and individuals related to Members of Supervisory Board</i> | | |
| Loan given | - | 225 |
| Total receivables | <u>6.438</u> | <u>56.718</u> |
| <i>Subsidiary</i> | | |
| Deposits from the subsidiary | 318.123 | 325.692 |
| Interest payables | 20.764 | 5.092 |
| <i>Members of Board of Directors</i> | | |
| Deposits | 1.212 | 1.848 |
| Interest payables | 10 | 6 |
| <i>Members of Board of Management</i> | | |
| Deposits | 1.798 | 4.738 |
| Interest payables | 3 | 5 |
| <i>Members of Supervisory Board</i> | | |
| Deposits | 705 | 243 |
| <i>Companies and individuals related to Members of Board of Directors</i> | | |
| Deposits | 111.995 | 47.876 |
| Interest payables | 178 | 54 |
| <i>Companies and individuals related to Members of Board of Management</i> | | |
| Deposits | 24.907 | 164.291 |
| Interest payables | 118 | 274 |
| <i>Companies and individuals related to Members of Supervisory Board</i> | | |
| Deposits | 1.300 | 1.408 |
| Interest payables | 23 | 19 |
| Total payables | <u>481.136</u> | <u>551.546</u> |

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Notes to the Separate Financial Statements (cont.)**9. Concentration of assets, liabilities and off-statement of financial position items by geographical area**

| | Total deposits and loans given | Total deposits and borrowings | Issuance of valuable papers | Credit commitments | Trading securities | Investment securities |
|------------------------------|---|--|--|-------------------------------|-------------------------------|----------------------------------|
| Ending balance | 76.291.237 | 75.334.775 | 3.459.091 | 366.416 | - | 3.384.995 |
| Domestic | 76.291.237 | 75.334.775 | 3.459.091 | 366.416 | - | 3.384.995 |
| Overseas | - | - | - | - | - | - |
| Beginning balance | 69.828.156 | 78.620.286 | - | 288.921 | 144.176 | 7.590.841 |
| Domestic | 69.828.156 | 78.620.286 | - | 288.921 | 144.176 | 7.590.841 |
| Overseas | - | - | - | - | - | - |

IX. FINANCIAL RISK MANAGEMENT**1. General overview**

The Bank's operations are exposed to the following financial risks: credit risks, liquidity risks and market risks. The Board of Management is generally responsible to give guidance, supervise and judge the risks as well as maintain an effective risk control and compliance culture. The Board of Management of the Bank is responsible to develop objectives and basic principles in financial risk control for the Bank, including design of the detailed policies on risk identification and measurement, risk limitation and regulations on risk prevention. Risk control is implemented by all the units and departments in line with the policies and procedures approved by the Board of Management.

The Risk Management Department of the Bank supports the daily risk control at the Bank under the direction of the Bank's Board of Management. Together with other departments, the Risk Management Department is responsible to develop risk control system as well as the tools and methods to identify, measure, monitor, control and assess risks.

Additionally, the Internal Control Department of the Bank is responsible to perform the independent review on the internal risk control and control environment of the Bank.

2. Credit risk

Credit risk is the risk of financial loss to the Bank if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk of the Bank mainly arises from its loans given and advances.

Policies on credit risk management and minimization

In order to manage credit risk, the Bank has applied the following tools: development of policies and issuance of regulations on credit risk control; development of credit procedures; credit rate; regulations on credit line; review on credit risks; development of credit rank system and debt classification; authority decentralization in credit activities.

The Bank has managed credit risk by setting up risk limitation related to customers or group of customers acquiring loans in accordance with the regulations of the SBV. Additionally, credit risks are also managed by analysis on ability of customers and potential customers on making payments to both interest and principal.

Risk concentration level of financial assets with credit risk

The non-derivative financial assets classified according to the geographical area are presented in Note No. X.

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Notes to the Separate Financial Statements (cont.)***The maximum level of credit risks without consideration to collaterals or methods for credit minimization***

The maximum credit risk of each financial asset is its carrying value as reflected on the Separate Statement of Financial Position as well as on off-statement of financial position items of the financial instruments without consideration to collaterals or other methods for credit risk minimization.

The Bank's maximum exposures to credit risk are as follows:

| | Ending balance | Beginning balance |
|--|-----------------------|--------------------------|
| <i>Credit risk exposures relating to Separate statement of financial position items</i> | | |
| Deposits at the SBV | 6.134.683 | 1.347.927 |
| Deposits at and loans to other credit institutions | 18.373.502 | 23.777.634 |
| Trading securities – gross | - | 144.176 |
| Loans to customers – gross | 51.783.052 | 44.702.595 |
| Investment securities – gross | 3.384.995 | 7.590.841 |
| Interest and fees receivable | 1.437.931 | 1.097.493 |
| Other financial assets – gross | 3.931.334 | 4.997.741 |
| Total | 85.045.497 | 83.658.407 |
| <i>Credit risk exposures relating to off-statement of financial position items</i> | | |
| Letters of credit commitments – gross | 486 | 7.709 |
| Other guarantees – gross | 365.930 | 281.212 |
| Total | 366.416 | 288.921 |

3. Liquidity risk

Liquidity risk is the risk that the Bank has difficulties in fulfilling its obligations for financial liabilities.

The strategies applied by the Bank in liquidity risk management are that the Board of Management sets up the minimum limit on due capital which is used to meet these withdrawals and the minimum level of inter-bank loans as well as loans to meet the withdrawals beyond the expectations.

Operating in an industry where operation of the Bank is very sensitive to the changes of the market and false reports, the Bank has been applying the measures to control the liquidity risk as follows:

- Maintaining the liquidity ratios that ensure the liquidity of deposit insurance in accordance with the regulations of the SBV;
- Managing its capital sources centrally in order to ensure the liquidity of the whole system by researching, analyzing term differences, making estimates on time and values of major disbursements which may have effects on the inflows and outflows. From that, the Bank has set out limits and developed appropriate investment portfolios which have high liquidity and can be converted in cash to meet the regular or irregular demands for cash withdrawals of customers;
- Actively following up, analyzing, assessing and being responsible to disclose information in order to help customers understand clearly all the operations of the Bank.

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Notes to the Separate Financial Statements (cont.)

Summary of the Bank's assets and liabilities by maturity group from balance sheet date, i.e. 31 December 2023, to the maturity date:

| | Overdue | | Undue | | | | | Total |
|--|---------------------------|-----------------------|----------------------|---------------------------|----------------------------|--------------------------|--------------------------|-------------------|
| | More than 3 months | Up to 3 months | Up to 1 month | From 1 to 3 months | From 3 to 12 months | From 1 to 5 years | More than 5 years | |
| Assets | | | | | | | | |
| Cash on hand, gold, gemstones | - | - | 660.595 | - | - | - | - | 660.595 |
| Deposits at the SBV | - | - | 6.134.683 | - | - | - | - | 6.134.683 |
| Deposits at and loans to other credit institutions (*) | - | - | 15.525.552 | - | 2.847.950 | - | - | 18.373.502 |
| Loans to customers (*) | 1.001.571 | 623.705 | 4.041.883 | 5.617.345 | 22.681.141 | 14.634.360 | 3.183.047 | 51.783.052 |
| Investment securities (*) | - | - | - | - | - | 796.897 | 2.588.098 | 3.384.995 |
| Capital contribution, long-term investments (*) | - | - | - | - | - | - | 500.000 | 500.000 |
| Fixed assets and investment property | - | - | 604.999 | 10 | 5.366 | 66.521 | 674.186 | 1.351.082 |
| Other assets (*) | 52.977 | - | 1.437.931 | 4.262.509 | - | - | - | 5.753.417 |
| Total assets | 1.054.548 | 623.705 | 28.405.643 | 9.879.864 | 25.534.457 | 15.497.778 | 6.945.331 | 87.941.326 |
| Liabilities | | | | | | | | |
| Deposits and borrowings from the SBV and other credit institutions | - | - | 15.268.267 | - | 2.842.357 | 7.601 | 705 | 18.118.930 |
| Deposits from customers | - | - | 18.051.183 | 13.548.570 | 24.635.609 | 979.467 | 1.016 | 57.215.845 |
| Financial derivatives and other financial liabilities | - | - | 25.404 | - | - | - | - | 25.404 |
| Issuances of valuable papers | - | - | - | 199.200 | 31.600 | 1.928.100 | 1.300.191 | 3.459.091 |
| Other liabilities | - | - | 2.733.321 | - | - | - | - | 2.733.321 |
| Total liabilities | - | - | 36.078.175 | 13.747.770 | 27.509.566 | 2.915.168 | 1.301.912 | 81.552.591 |
| Net liquidity gap | 1.054.548 | 623.705 | (7.672.532) | (3.867.906) | (1.975.109) | 12.582.610 | 5.643.419 | 6.388.735 |

(*) These items do not include allowance for risks.

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Notes to the Separate Financial Statements (cont.)

Summary of the Bank's assets and liabilities by maturity group from balance sheet date, i.e. 31 December 2022, to the maturity date:

| | Overdue | | Undue | | | | Total |
|--|---------------------------|-----------------------|----------------------|---------------------------|----------------------------|--------------------------|-------------------|
| | More than 3 months | Up to 3 months | Up to 1 month | From 1 to 3 months | From 3 to 12 months | From 1 to 5 years | |
| Assets | | | | | | | |
| Cash on hand, gold, gemstones | - | - | 742.817 | - | - | - | 742.817 |
| Deposits at the SBV | - | - | 1.347.927 | - | - | - | 1.347.927 |
| Deposits at and loans to other credit institutions (*) | - | - | 19.779.134 | - | 3.998.500 | - | 23.777.634 |
| Trading securities (*) | - | - | - | - | 144.176 | - | 144.176 |
| Financial derivatives and other financial assets (*) | - | - | 38.707 | - | - | - | 38.707 |
| Loans to customers (*) | 845.015 | 355.793 | 3.226.331 | 4.368.835 | 21.185.103 | 9.134.707 | 44.702.595 |
| Investment securities (*) | - | - | - | - | 397.800 | 795.602 | 7.590.841 |
| Capital contribution, long-term investments (*) | - | - | - | - | - | 500.000 | 500.000 |
| Fixed assets and investment property | - | - | 606.011 | 259 | 2.437 | 82.939 | 1.377.333 |
| Other assets (*) | 54.483 | - | 1.097.493 | 5.307.319 | - | - | 6.459.295 |
| Total assets | 899.498 | 355.793 | 26.838.420 | 9.676.413 | 25.728.016 | 10.013.248 | 86.681.325 |
| Liabilities | | | | | | | |
| Deposits and borrowings from the SBV and other credit institutions | - | - | 20.928.133 | 1.156.625 | 4.005.613 | 7.601 | 26.098.723 |
| Deposits from customers | - | - | 7.892.580 | 7.714.529 | 34.518.852 | 2.394.231 | 52.521.563 |
| Other liabilities | - | - | 2.283.833 | - | - | - | 2.283.833 |
| Total liabilities | - | - | 31.104.546 | 8.871.154 | 38.524.465 | 2.401.832 | 80.904.119 |
| Net liquidity gap | 899.498 | 355.793 | (4.266.126) | 805.259 | (12.796.449) | 7.611.416 | 5.777.206 |

(*) These items do not include allowance for risks.

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Notes to the Separate Financial Statements (cont.)

4. Market risk

The Bank is exposed to market risk which arises from the fluctuations in future cash flows of financial instruments due to the changes in the market. The market risk arises from the open status of interest rate and currency, which are under the effects of changes in market in general and each type of market in particular as well as affected by the fluctuations on the market, such as interest rate, credit, exchange rate.

The market risks related to operation of the Bank include currency risk and interest rate risk.

Interest rate risk

Interest rate risk occurs when the future cash flows of a financial instrument unexpectedly fluctuates due to the changes in market interest rates. The Bank manages this risk by controlling the differences in monthly interest rates.

The Bank measures risk by analyzing the sensitivity of the interest rate, i.e. classification of bonds and other documents into group of market risk level, based on currency type, due date, etc.

In order to manage the interest rate risk, the Bank has been applying the policies on interest rate risk management on the basis of ALCO reporting system to analyze the difference between debt-equity assets in each term, calculate the Duration Gap of the debt-equity assets, the interest rates of the items of capital and assets, and has given out appropriate solutions for treatments accordingly:

- Giving loans at the floating interest rates, which enables the Bank to apply flexible interest rates to loans given suitably with the fluctuation of the market rates of interests;
- Maintaining a reasonable difference between deposit interest rates and loan interest rates, complying with the regulations on capital safety of the SBV.

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Notes to the Separate Financial Statements (cont.)

Summary of the Bank's interest rate risk as at 31 December 2023:

| | Overdue | Interest free | Less than 1 month | From 1 to 3 months | From 3 to 6 months | From 6 to 12 months | From 1 to 5 years | More than 5 years | Total |
|--|------------------|------------------|--------------------|--------------------|---------------------|---------------------|-------------------|-------------------|-------------------|
| Assets | | | | | | | | | |
| Cash on hand, gold, gemstones | - | 660.595 | - | - | - | - | - | - | 660.595 |
| Deposits at the SBV | - | - | 6.134.683 | - | - | - | - | - | 6.134.683 |
| Deposits at and loans to other credit institutions (*) | - | - | 15.525.552 | - | - | 2.847.950 | - | - | 18.373.502 |
| Loans to customers (*) | 1.625.276 | - | 4.041.883 | 5.617.345 | 5.973.525 | 16.707.617 | 14.634.360 | 3.183.046 | 51.783.052 |
| Investment securities (*) | - | - | - | - | - | - | 796.897 | 2.588.098 | 3.384.995 |
| Capital contribution, long-term investments (*) | - | 500.000 | - | - | - | - | - | - | 500.000 |
| Fixed assets and investment property | - | 1.351.082 | - | - | - | - | - | - | 1.351.082 |
| Other assets (*) | 52.977 | 5.700.440 | - | - | - | - | - | - | 5.753.417 |
| Total assets | 1.678.253 | 8.212.117 | 25.702.118 | 5.617.345 | 5.973.525 | 19.555.567 | 15.431.257 | 5.771.144 | 87.941.326 |
| Liabilities | | | | | | | | | |
| Deposits and borrowings from the SBV and other credit institutions | - | - | 15.268.267 | - | - | 2.842.357 | 7.601 | 705 | 18.118.930 |
| Deposits from customers | - | - | 18.051.183 | 13.548.570 | 17.643.425 | 6.992.183 | 979.467 | 1.017 | 57.215.845 |
| Financial derivatives and other financial liabilities | - | - | 25.404 | - | - | - | - | - | 25.404 |
| Issuance of valuable papers | - | - | - | 199.200 | 31.600 | - | 1.928.100 | 1.300.191 | 3.459.091 |
| Other liabilities | - | 2.733.321 | - | - | - | - | - | - | 2.733.321 |
| Total liabilities | - | 2.733.321 | 33.344.854 | 13.747.770 | 17.675.025 | 9.834.540 | 2.915.168 | 1.301.913 | 81.552.591 |
| Interest sensitivity gap of statement of financial position items | 1.678.253 | 5.478.796 | (7.642.736) | (8.130.425) | (11.701.500) | 9.721.027 | 12.516.089 | 4.469.231 | 6.388.735 |

(*) These items do not include allowance for risks.

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Notes to the Separate Financial Statements (cont.)

Summary of the Bank's interest rate risk as at 31 December 2022:

| | Overdue | Interest free | Less than 1 month | From 1 to 3 months | From 3 to 6 months | From 6 to 12 months | From 1 to 5 years | More than 5 years | Total |
|--|------------------|------------------|--------------------|--------------------|---------------------|---------------------|-------------------|-------------------|-------------------|
| Assets | | | | | | | | | |
| Cash on hand, gold, gemstones | - | - | 742.817 | - | - | - | - | - | 742.817 |
| Deposits at the SBV | - | - | 1.347.927 | - | - | - | - | - | 1.347.927 |
| Deposits at and loans to other credit institutions (*) | - | - | 19.779.134 | - | 1.000.000 | 2.998.500 | - | - | 23.777.634 |
| Trading securities (*) | - | - | - | - | - | 144.176 | - | - | 144.176 |
| Financial derivatives and other financial assets (*) | - | - | 38.707 | - | - | - | - | - | 38.707 |
| Loans to customers (*) | 1.200.808 | - | 3.226.331 | 4.368.835 | 4.818.056 | 16.367.047 | 9.134.707 | 5.586.811 | 44.702.595 |
| Investment securities (*) | - | - | - | - | - | 397.800 | 795.602 | 6.397.439 | 7.590.841 |
| Capital contribution, long-term investments (*) | - | 500.000 | - | - | - | - | - | - | 500.000 |
| Fixed assets and investment property | - | 1.377.333 | - | - | - | - | - | - | 1.377.333 |
| Other assets (*) | 54.483 | 6.404.812 | - | - | - | - | - | - | 6.459.295 |
| Total assets | 1.255.291 | 8.282.145 | 25.134.916 | 4.368.835 | 5.818.056 | 19.907.523 | 9.930.309 | 11.984.250 | 86.681.325 |
| Liabilities | | | | | | | | | |
| Deposits and borrowings from the SBV and other credit institutions | - | - | 20.928.133 | 1.156.625 | 1.005.613 | 3.000.000 | 7.601 | 751 | 26.098.723 |
| Deposits from customers | - | - | 7.892.580 | 7.714.529 | 20.139.778 | 14.379.074 | 2.394.231 | 1.371 | 52.521.563 |
| Other liabilities | - | 2.283.833 | - | - | - | - | - | - | 2.283.833 |
| Total liabilities | - | 2.283.833 | 28.820.713 | 8.871.154 | 21.145.391 | 17.379.074 | 2.401.832 | 2.122 | 80.904.119 |
| Interest sensitivity gap of statement of financial position items | 1.255.291 | 5.998.312 | (3.685.797) | (4.502.319) | (15.327.335) | 2.528.449 | 7.528.477 | 11.982.128 | 5.777.206 |

(*) These items do not include allowance for risks.

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Notes to the Separate Financial Statements (cont.)***Currency risks***

Currency risk is a form of risk arising from changes in currency exchange rates. The Bank was established and operates in Vietnam and the accounting currency is VND, major transactions of the Bank are also in VND. The financial assets and liabilities of the Bank are mainly denominated in VND, a part in USD, EUR and others.

The Bank's strategy in managing currency risk is to develop a system of limits to manage the state of currencies. The state of currency is managed on a daily basis and a risk prevention strategy is used to ensure that the state of currencies remains in the set limits. Additionally, the Bank also has used other tools, such as optimizing the payment period of loans, forecasting the exchange rate, maintaining an appropriate structure of loans and debts in foreign currency and VND.

In order to minimize the currency risk, the Bank has developed and applied its policies on foreign currency management as follows:

- Complying fully with the regulations of the SBV;
- Establishing and managing foreign currency in open position;
- Controlling risks by separating functions of each department and section, giving regulations on decentralization, transaction limits and stopped loss limit;
- Diversifying the derivatives products.

All transactions in and out of the statement of financial position items are included into the foreign currency status right upon its generation.

The following statement summarizes the exchange rate risk of the Bank as at 31 December 2023. This statement presents the assets and liabilities of the Bank according to the carrying values and currency types.

| | Converted from USD | Converted from EUR | Converted from others | Total |
|---|-----------------------|-----------------------|--------------------------|------------------|
| Assets | | | | |
| Cash on hand, gold, gemstones | 21.036 | 2.092 | 174 | 23.302 |
| Deposits at the SBV | 492.246 | - | - | 492.246 |
| Deposits at and loans to other credit institutions (*) | 3.780.803 | 3.353 | 7.369 | 3.791.525 |
| Loans to customers (*) | 187.844 | - | - | 187.844 |
| Total assets | 4.481.929 | 5.445 | 7.543 | 4.494.917 |
| Liabilities and owner's equity | | | | |
| Deposits and borrowings from other credit institutions | 4.034.505 | - | - | 4.034.505 |
| Financial derivatives and other financial liabilities | (1.769.140) | - | - | (1.769.140) |
| Deposits from customers | 58.959 | 1.067 | 41 | 60.067 |
| Total liabilities and owner's equity | 2.324.324 | 1.067 | 41 | 2.325.432 |
| FX position on-statement of financial position | 2.157.605 | 4.378 | 7.502 | 2.169.485 |
| FX position off- statement of financial position | - | - | - | - |
| Total FX position on and off-statement of financial position | 2.157.605 | 4.378 | 7.502 | 2.169.485 |

(*) These items do not include allowance for risks.

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Notes to the Separate Financial Statements (cont.)

The following statement summarizes the exchange rate risk of the Bank as at 31 December 2022. This statement presents the assets and liabilities of the Bank according to the carrying values and currency types.

| | Converted from USD | Converted from EUR | Converted from others | Total |
|---|-----------------------|-----------------------|--------------------------|--------------------|
| Assets | | | | |
| Cash on hand, gold, gemstones | 35.279 | 3.640 | 2.730 | 41.649 |
| Deposits at the SBV | 6.499 | - | - | 6.499 |
| Deposits at and loans to other credit institutions (*) | 1.096.267 | 4.733 | 8.408 | 1.109.408 |
| Financial derivatives and other financial assets (*) | (3.042.069) | - | - | (3.042.069) |
| Loans to customers (*) | 138.838 | - | - | 138.838 |
| Total assets | (1.765.186) | 8.373 | 11.138 | (1.745.675) |
| Liabilities and owner's equity | | | | |
| Deposits and borrowings from other credit institutions | 941.951 | - | - | 941.951 |
| Deposits from customers | 106.512 | 1.642 | 95 | 108.249 |
| Total liabilities and owner's equity | 1.048.463 | 1.642 | 95 | 1.050.200 |
| FX position on-statement of financial position | (2.813.649) | 6.731 | 11.043 | (2.795.875) |
| FX position off-statement of financial position | - | - | - | - |
| Total FX position on and off-statement of financial position | (2.813.649) | 6.731 | 11.043 | (2.795.875) |

(*) These items do not include allowance for risks.

5. Collaterals***Collaterals to others***

As of the balance sheet date, the Bank has mortgaged valuable papers at the SBV amounting to VND 75.000 million (beginning balance: VND 3.616.000 million) (see Note No. V.8).

Collaterals received from others

The details of collaterals received from others are presented in Note No. VIII.3. The Bank has not determined fully the fair values of these collaterals since there have been no specific guidance and the necessary market information.

6. Financial assets and financial liabilities***Financial assets***

| | Ending balance | | Beginning balance | |
|--|-------------------|------------------|-------------------|------------------|
| | Original costs | Provisions | Original costs | Provisions |
| Cash on hand, gold, gemstones | 660.595 | - | 742.817 | - |
| Deposits at the SBV | 6.134.683 | - | 1.347.927 | - |
| Deposits at and loans to other credit institutions | 18.373.502 | - | 23.777.634 | - |
| Trading securities | - | - | 144.176 | - |
| Financial derivatives and other financial assets | - | - | 38.707 | - |
| Loans to customers | 51.783.052 | (623.233) | 44.702.595 | (579.859) |
| Investment securities | 3.384.995 | (6.045) | 7.590.841 | (5.966) |
| Interest and fees receivable | 1.437.931 | - | 1.097.493 | - |
| Other assets | 4.315.486 | (29.304) | 5.361.802 | (29.304) |
| Total | 86.090.244 | (658.582) | 84.803.992 | (615.129) |

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Notes to the Separate Financial Statements (cont.)***Financial liabilities***

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|--|------------------------------|---------------------------------|
| Deposits and borrowings from other credit institutions | 18.118.930 | 26.098.723 |
| Deposits from customers | 57.215.845 | 52.521.563 |
| Issuance of valuable papers | 3.459.091 | - |
| Financial derivatives and other financial liabilities | 25.404 | - |
| Interest and fees payable | 1.628.329 | 1.092.550 |
| Other liabilities | 1.016.343 | 1.093.648 |
| Total | <u>81.463.942</u> | <u>80.806.484</u> |

Fair value

The fair values of the financial assets and financial liabilities have not been determined since the Vietnamese Accounting Standard and System applied to credit institutions and the regulations of the SBV have not given any specific guidance on the determination of fair values.

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Notes to the Separate Financial Statements (cont.)**X. SEGMENT REPORTING****1. Primary segment reporting**

The Bank reports segment information by geographical segment as follows:

| | The Northern | | The Central | | The Southern | | Adjustment | | Total | |
|---|------------------|------------------|------------------|----------------|------------------|------------------|------------------|--------------------|------------------|------------------|
| | Current year | Previous year | Current year | Previous year | Current year | Previous year | Current year | Previous year | Current year | Previous year |
| I. Income | 1.622.984 | 1.035.565 | 1.226.176 | 834.608 | 6.890.543 | 6.049.557 | (894.539) | (1.540.252) | 8.845.164 | 6.379.478 |
| 1. Interest income | 1.253.602 | 892.232 | 1.183.902 | 783.311 | 6.236.464 | 5.240.960 | (894.539) | (1.540.252) | 7.779.429 | 5.376.251 |
| 2. Income from service provisions | 363.840 | 128.318 | 23.276 | 45.113 | 156.499 | 223.776 | - | - | 543.615 | 397.207 |
| 3. Other income | 5.542 | 15.015 | 18.998 | 6.184 | 497.580 | 584.821 | - | - | 522.120 | 606.020 |
| II. Expenses | 1.063.162 | 639.227 | 1.133.437 | 733.091 | 6.413.630 | 5.391.290 | (894.539) | (1.540.252) | 7.715.690 | 5.223.356 |
| 1. Interest expenses | 948.702 | 537.365 | 937.131 | 548.787 | 4.780.113 | 3.753.676 | (894.539) | (1.540.252) | 5.771.407 | 3.299.576 |
| 2. Expenses for depreciation/ (amortization) of fixed assets | 764 | 903 | 7.638 | 7.969 | 63.730 | 57.924 | - | - | 72.132 | 66.796 |
| 3. Expenses directly relating to business activities | 113.696 | 100.959 | 188.668 | 176.335 | 1.569.787 | 1.579.690 | - | - | 1.872.151 | 1.856.984 |
| Operating profit before allowance expenses for credit losses | 559.822 | 396.338 | 92.739 | 101.517 | 476.913 | 658.267 | - | - | 1.129.474 | 1.156.122 |
| Allowance expenses for credit losses | 37.592 | 112.906 | 141.259 | 63.073 | 239.069 | 296.414 | - | - | 417.920 | 472.393 |
| Segment profit/(loss) | 522.230 | 283.432 | (48.520) | 38.444 | 237.844 | 361.853 | - | - | 711.554 | 683.729 |



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Notes to the Separate Financial Statements (cont.)

The Bank reports assets and liabilities by geographical segment as follows:

| | The Northern | | The Central | | The Southern | | Adjustment | | Total | |
|-------------------------|---------------------------|------------------------------|---------------------------|------------------------------|---------------------------|------------------------------|---------------------------|------------------------------|---------------------------|------------------------------|
| | Ending balance | Beginning balance | Ending balance | Beginning balance | Ending balance | Beginning balance | Ending balance | Beginning balance | Ending balance | Beginning balance |
| I. Assets | 19.216.008 | 6.576.196 | 5.050.489 | 9.318.453 | 63.016.247 | 70.171.547 | - | - | 87.282.744 | 86.066.196 |
| 1. Cash on hand | 50.693 | 61.720 | 108.259 | 121.839 | 501.643 | 559.258 | - | - | 660.595 | 742.817 |
| 2. Fixed assets | 2.804 | 2.972 | 237.513 | 243.230 | 1.110.765 | 1.131.131 | - | - | 1.351.082 | 1.377.333 |
| 3. Other assets | 19.162.511 | 6.511.504 | 4.704.717 | 8.953.384 | 61.403.839 | 68.481.158 | - | - | 85.271.067 | 83.946.046 |
| II. Liabilities | 8.238.086 | 6.292.765 | 10.846.740 | 9.280.010 | 62.467.765 | 65.331.344 | - | - | 81.552.591 | 80.904.119 |
| 1. External liabilities | 8.231.911 | 6.238.812 | 10.844.097 | 9.277.753 | 61.371.591 | 64.196.271 | - | - | 80.447.599 | 79.712.836 |
| 2. Other liabilities | 6.175 | 53.953 | 2.643 | 2.257 | 1.096.174 | 1.135.073 | - | - | 1.104.992 | 1.191.283 |

2. Secondary segment reporting

The Bank mainly operates in one business segment which is banking.

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Notes to the Separate Financial Statements (cont.)**XI. LEASE COMMITMENTS**

The future minimum lease payments under non-cancellable operating leases are as follows:

| | <u>Ending balance</u> | <u>Beginning balance</u> |
|--------------------------|-----------------------|--------------------------|
| Within one year | 42.976 | 53.483 |
| Within two to five years | 119.547 | 111.630 |
| More than five years | 15.874 | 18.739 |
| Total | 178.397 | 183.852 |

XII. SUBSEQUENT EVENTS

There is no material subsequent event which is required adjustments or disclosures in the Separate Financial Statements.

Rach Gia, 29 March 2024

Preparer**Thi Duyen**
Accountant**Controller****Vu Dang Xuan Vinh**
Chief Accountant**Approver****Tran Ngoc Minh**
General Director