**NH Securities Vietnam Co., Ltd**

Financial statements

For the year ended 31 December 2022

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# THE COMPANY

NH Securities Vietnam Co., Ltd (“the Company”), previously known as Woori CBV Securities JSC (transformed from Bien Viet Securities JSC), was established and operates in accordance with the Establishment and Operating License No. 124/GP-UBCK dated 13 April 2018 with initial charter capital at VND 735,000,000,000. The Company’s charter capital was approved to increase to VND 1,239,000,000,000 in accordance with the latest amended License No. 02/GPDC-UBCK dated 26 January 2021 granted by the State Securities Commission.

As at 31 December 2022, total charter capital of the Company was VND 1,239,000,000,000 (as at 31 December 2021: VND 1,239,000,000,000).

The Company’s head office is located at Floor 9th, East Tower, Lotte Center Hanoi, 54 Lieu Giai street, Cong Vi ward, Ba Dinh district, Hanoi.

The Company’s current principal activities are:

* Brokerage services,
* Financial and investment advisory services,
* Proprietary trading,
* Underwriting for securities issuance,
* Securities depository, and
* Other services in accordance with law and regulations applicable to securities companies.

# MEMBERS’ COUNCIL

Members of the Members’ Council during the year and at the date of this report are:

|  |  |
| --- | --- |
| *Name* | *Position* |
| Mr. Kim Hong Wook | Chairman (Appointed on 28 January 2021) |
| Mr. Kim Jong Seok | Member (Appointed on 28 January 2021) |
| Mr. Lee Jin Hwan | Member (Appointed on 01 January 2020) |

# MANAGEMENT AND CHIEF ACCOUNTANT

Member of the Management and the Chief Accountant during the year and at the date of this report are:

|  |  |
| --- | --- |
| *Name* | *Position* |
| Mr. Lee Jin Hwan | General Director (Appointed on 01 January 2020) |
| Mr. Nguyen Van Quang | Acting Deputy General Director (Appointed on 06 April 2015) |
| Mr. Nguyen Ngoc Dung | Deputy General Director (Appointed on 23 April 2021) |
| Ms. Nguyen Thi Van | Chief Accountant (Appointed on 17 January 2019) |

# LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Lee Jin Hwan – General Director.

# AUDITORS

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

Management of NH Securities Vietnam Co., Ltd (“the Company”) is pleased to present its report and the Company’s financial statements for the year ended 31 December 2022.

# MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Management of the Company is responsible for ensuring that the financial statements of each financial year that give a true and fair view of the financial position of the Company and of the results of its operation, its cash flows and its changes in equity for the year. In preparing those financial statements, Management is required to:

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

Management of the Company is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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

**STATEMENT BY MANAGEMENT**

The Company’s Management does hereby states that, in its opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, the results of its operations, its cash flows and its changes in equity for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to securities companies and the statutory requirements relevant to the preparation and presentation of the financial statements.

|  |
| --- |
| On behalf of Management: |
| Mr. Lee Jin Hwan  General Director |

Hanoi, Vietnam

07 March 2023

Reference: 61717053/22744338

**INDEPENDENT AUDITORS’ REPORT**

**To: The Owner of**

**NH Securities Vietnam Co., Ltd**

We have audited the accompanying financial statements of NH Securities Vietnam Co., Ltd (“the Company”) as prepared on 07 March 2023 and set out on pages 6 to 50, which comprise the statement of financial position as at 31 December 2022, the income statement, the cash flow statement and the statement of changes in equity for the year then ended and the notes thereto.

***Management’s responsibility***

Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to securities companies and the statutory requirements relevant to the preparation and presentation of the financial statements, and for such internal control as Management determines is necessary to enable the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor’s responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditors consider internal control relevant to the Company’s preparation and fair presentation of the 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 Company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2022, the income statement, cash flows and changes in equity for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to securities companies and the statutory requirements relevant to the preparation and presentation of financial statements.

**Ernst & Young Vietnam Limited**

|  |  |
| --- | --- |
|  |  |
| Dang Phuong Ha | Tran Thi Thu Hien |
| Deputy General Director | Auditor |
| Audit Practising Registration  Certificate No. 2400-2018-004-1 | Audit Practising Registration Certificate No. 2487-2018-004-1 |

Hanoi, Vietnam

07 March 2023

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *Code* | *ITEMS* | *Notes* | *Ending balance*  *VND* | *Opening balance*  *VND* |
| **100** | **A. CURRENT ASSETS** |  | **3,252,438,668,814** | **2,438,177,467,070** |
| ***110*** | ***I. Financial assets*** |  | ***3,250,336,352,465*** | ***2,436,453,256,415*** |
| 111 | 1. Cash and cash equivalents | 5 | 2,929,537,893 | 83,889,044,845 |
| *111.1* | *1.1 Cash* |  | 2,929,537,893 | 83,889,044,845 |
| 112 | 2. Financial assets at fair value through profit or loss (“FVTPL”) | 7.1 | 126,593,701,320 | 301,045,250 |
| 113 | 3. Held-to-maturity investments (“HTM”) | 7.2 | 2,216,820,000,000 | 1,235,000,000,000 |
| 114 | 4. Loans | 7.3 | 860,008,153,270 | 1,081,014,182,334 |
| 116 | 5. Provision for impairment of financial assets and collaterals | 7.4 | (7,481,622,671) | (7,481,622,671) |
| 117 | 6. Receivables |  | 51,466,122,114 | 41,962,374,311 |
| *117.2* | *6.1 Receivables and accruals from dividend and interest income* | *8.1* | *51,466,122,114* | *41,962,374,311* |
| *117.4* | *6.1.1 Undue accrued dividend and interests* |  | *51,466,122,114* | *41,962,374,311* |
| 118 | 7. Advances to suppliers |  | - | 1,767,398,008 |
| 119 | 8. Receivables from services provided by the Company | 8.2 | 210,539 | 584,338 |
| 122 | 9. Other receivables | 8.3 | 250,000 | 250,000 |
| ***130*** | ***II. Other current assets*** |  | ***2,102,316,349*** | ***1,724,210,655*** |
| 132 | 1. Office supplies, tools and equipments |  | 3,312,222 | 11,182,600 |
| 133 | 2. Current prepaid expenses | 11 | 1,783,494,805 | 1,346,740,071 |
| 135 | 3. Deductible value added tax |  | 166,942,405 | 217,721,067 |
| 136 | 4. Tax and other receivables from the State |  | 148,566,917 | 148,566,917 |
| **200** | **B. NON-CURRENT ASSETS** |  | **53,133,482,259** | **55,620,364,620** |
| ***220*** | ***I. Fixed assets*** |  | ***43,204,322,834*** | ***49,326,867,840*** |
| 221 | 1. Tangible fixed assets | 9 | 7,284,892,132 | 8,612,546,063 |
| *222* | *1.1 Costs* |  | *18,715,886,074* | *18,012,798,274* |
| *223a* | *1.2 Accumulated depreciation* |  | *(11,430,993,942)* | *(9,400,252,211)* |
| 227 | 2. Intangible assets | 10 | 35,919,430,702 | 40,714,321,777 |
| *228* | *2.1 Costs* |  | *72,543,379,214* | *71,218,114,214* |
| *229a* | *2.2 Accumulated amortization* |  | *(36,623,948,512)* | *(30,503,792,437)* |
| ***250*** | ***II. Other non-current assets*** |  | ***9,929,159,425*** | ***6,293,496,780*** |
| 251 | 1. Non-current deposits, collaterals and pledges | 13 | 2,229,621,635 | 2,152,634,600 |
| 252 | 2. Non-current prepaid expenses | 11 | 2,830,367,167 | 1,322,794,197 |
| 253 | 3. Deferred tax assets |  | - | 448,897,360 |
| 254 | 4. Payments to Settlement Assistance Fund | 12 | 4,869,170,623 | 2,369,170,623 |
| **270** | **TOTAL ASSETS** |  | **3,305,572,151,073** | **2,493,797,831,690** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *Code* | *ITEMS* | *Notes* | *Ending balance*  *VND* | *Opening balance*  *VND* |
| **300** | **C. LIABILITIES** |  | **1,996,577,626,577** | **1,215,367,021,646** |
| ***310*** | ***I. Current liabilities*** |  | ***1,996,340,425,569*** | ***1,215,367,021,646*** |
| 311 | 1. Current borrowings and financial leases | 14 | 1,970,589,400,000 | 1,187,760,000,000 |
| *312* | *1.1 Current borrowings* |  | *1,970,589,400,000* | *1,187,760,000,000* |
| 318 | 2. Payables for securities trading activities |  | 49,482,075 | 45,245,013 |
| 320 | 3. Current trade payables | 15 | 1,765,045,999 | 3,136,446,526 |
| 322 | 4. Statutory obligations | 16 | 2,460,861,204 | 13,700,910,116 |
| 323 | 5. Payables to employees |  | 2,584,436,034 | 2,909,213,691 |
| 325 | 6. Current accrued expenses | 17 | 18,890,627,093 | 5,401,400,775 |
| 329 | 7. Other current payables |  | 573,164 | 13,805,525 |
| 330 | 8. Current provision liabilities |  | - | 2,400,000,000 |
| ***310*** | ***II. Non-current liabilities*** |  | ***237,201,008*** | ***-*** |
| 356 | 1. Deferred tax liabilities |  | 237,201,008 | - |
| **400** | **D. OWNERS' EQUITY** |  | **1**,**308**,**994**,**524**,**496** | **1**,**278**,**430**,**810**,**044** |
| ***410*** | ***I. Owners' equity*** | ***18*** | ***1***,***308***,***994***,***524***,***496*** | ***1***,***278***,***430***,***810***,***044*** |
| 411 | 1. Share capital |  | 1239,000,000,000 | 1,239,000,000,000 |
| *411.1* | *1.1 Capital contribution* |  | *1*,*239*,*000*,*000*,*000* | *1*,*239*,*000*,*000*,*000* |
| 414 | 2. Charter capital supplementary reserve |  | 113,649,448 | 113,649,448 |
| 415 | 3. Operational risk and financial reserve |  | 113,649,448 | 113,649,448 |
| 417 | 4. Undistributed profit/(loss) | 18.3 | 69,767,225,600 | 39,203,511,148 |
| *417.1* | *4.1 Realized profit/(loss)* |  | *68*,*553*,*125*,*205* | *39*,*175*,*415*,*791* |
| *417.2* | *4.2 Unrealized profit/(loss)* |  | *1*,*214*,*100*,*395* | *28*,*095*,*357* |
| **440** | **TOTAL LIABILITIES AND OWNERS’ EQUITY** |  | **3,305,572,151,073** | **2,493,797,831,690** |

# OFF-BALANCE SHEET ITEMS

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *Code* | *ITEMS* | *Notes* | *Ending balance*  *VND* | *Opening balance*  *VND* |
|  | **A. ASSETS OF THE COMPANY AND ASSETS MANAGED UNDER AGREEMENTS** | | | |
| 005 | Foreign currencies (USD) | 19.1 | 8,386.35 | 6,345.96 |
| 008 | Financial assets listed/registered for trading at VSD of the Company | 19.2 | 125,097,650,000 | 65,980,000 |
| 009 | Financial assets listed/registered at VSD but not yet trading at Company |  | 520,000 | - |
|  | **B. ASSETS AND PAYABLES UNDER AGREEMENT WITH INVESTORS** | | | |
| 021 | Financial assets listed/registered for trading at VSD of investors | 19.3 | 1,381,447,240,000 | 1,153,385,910,000 |
| *021.1* | *Unrestricted financial assets* |  | *1,357,905,150,000* | *1,132,139,620,000* |
| *021.2* | *Restricted financial assets* |  | *4,032,320,000* | *-* |
| *021.3* | *Mortgaged financial assets* |  | *1,940,000,000* | *1,940,000,000* |
| *021.5* | *Financial assets awaiting settlement* |  | *498,390,000* | *-* |
| 022 | Non-traded financial assets deposited at VSD of investors | 19.4 | 17,071,380,000 | 19,306,290,000 |
| *022.1* | *Financial assets registered at VSD but not yet traded, freely transferable* |  | *9,717,440,000* | *7,289,940,000* |
| *022.2* | *Financial assets registered at VSD but not yet traded, limited transferable* |  | *9,625,740,000* | *7,289,940,000* |
| 023 | Financial assets awaiting settlement of investors | 19.5 | 91,700,000 | - |
| 026 | Investors' deposits |  | 21,428,100,000 | 29,709,460,000 |
| 027a | Investors’ deposits for securities trading activities managed by the Company | 19.6 | 118,908,742,569 | 183,339,389,419 |
| 028 | Investor’s synthesizing deposits for securities trading activities | 19.6 | 118,898,614,487 | 183,328,271,940 |
| 029 | Investors' deposits for securities clearing and settlement | 19.6 | 7,753,284 | 8,220,832 |
| *029.1* | *Domestic investors' deposits for securities clearing and settlement* |  | *2,374,798* | *2,896,647* |
| *029.2* | *Foreign investors' deposits for securities clearing and settlement* |  | *1,193,460* | *1,454,099* |

**OFF-BALANCE SHEET ITEMS** (continued)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *Code* | *ITEMS* | *Notes* | *Ending balance*  *VND* | *Opening balance*  *VND* |
|  | **B. ASSETS AND PAYABLES UNDER AGREEMENT WITH INVESTORS** (continued) | | | |
| 031 | Payables to investors – investors’ deposits for securities trading activities managed by the Company | 19.7 | 118,908,742,569 | 183,339,389,419 |
| *031.1* | *Payables to domestic investors for securities trading activities managed by the Company* |  | *117,442,962,389* | *177,857,542,031* |
| *031.2* | *Payables to foreign investors for securities trading activities managed by the Company* |  | *1,465,780,180* | *5,481,847,388* |

|  |  |  |
| --- | --- | --- |
| Prepared by: | Reviewed by: | Approved by: |
| Ms. Pham Thi Yen  Accountant | Ms. Nguyen Thi Van  Chief Accountant | Mr. Lee Jin Hwan  General Director |

Hanoi, Vietnam

07 March 2023

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| --- | --- | --- | --- | --- |
| *Code* | *ITEMS* | *Notes* | *Current year*  *VND* | *Previous year*  *VND* |
|  | **I. OPERATING INCOME** |  |  |  |
| 01 | 1. Gain from financial assets at FVTPL |  | 1,905,146,536 | 543,949,912 |
| *01.1* | *1.1 Gain from disposals of financial assets at FVTPL* | *20.1.1* | *255,415,032* | *230,958,775* |
| *01.2* | *1.2 Gain from revaluation of financial assets at FVTPL* | *20.2* | *1,645,549,128* | *312,217,837* |
| *01.3* | *1.3 Dividend, interest income from financial assets at FVTPL* | *20.3* | *4,182,376* | *773,300* |
| 02 | 2. Gain from HTM investments | 20.5 | 71,814,234,145 | 81,403,501,362 |
| 03 | 3. Gain from loans and receivables | 20.4 | 88,074,931,360 | 84,720,281,413 |
| 06 | 4. Revenue from brokerage services |  | 34,518,771,698 | 67,667,503,987 |
| 07 | 5. Revenue from securities underwriting, issuance agency services |  | 414,686 | 360,000,000 |
| 09 | 6. Revenue from securities depository services |  | 694,339,726 | 1,089,480,732 |
| 10 | 7. Revenue from financial advisory services |  | 100,237,224 | 189,767,543 |
| 11 | 8. Revenue from other activities |  | 23,137,444 | 19,472,010 |
| **20** | **Total operating income** |  | **197,131,212,819** | **235,993,956,959** |
|  | **II. OPERATING EXPENSES** |  |  |  |
| 21 | 1. Loss from financial assets at FVTPL |  | 527,759,090 | 396,436,932 |
| *21.1* | *1.1 Loss from disposals of financial assets at FVTPL* | *20.1.2* | *61,900,000* | *181,784,297* |
| *21.2* | *1.2 Loss from revaluation of financial assets at FVTPL* | *20.2* | *459,544,090* | *214,652,635* |
| *21.3* | *1.3 Transaction costs for acquisition of financial assets at FVTPL* |  | *6,315,000* | *-* |
| 24 | 2. Provision expenses for diminution in value and impairment of financial assets and doubtful debts, and interest expenses from borrowings |  | - | - |
| 26 | 3. Expenses for proprietary trading activities |  | 20,000,000 | 30,000,000 |
| 27 | 4. Expenses for brokerage services | 21 | 49,231,820,606 | 66,035,992,076 |
| 28 | 5. Expenses for securities underwriting, issuance agency services |  | 40,800,000 | 194,940,000 |
| 30 | 6. Expenses for securities depository services |  | 505,808,743 | 490,199,024 |
| 31 | 7. Expenses for financial advisory services |  | - | - |
| **40** | **Total operating expenses** |  | **50,326,188,439** | **67,147,568,032** |
|  | **III. FINANCIAL INCOME** |  |  |  |
| 41 | 1. Realized and unrealized gain from exchange rate difference | 22 | 4,870,127 | 4,775,696 |
| 42 | 2. Dividend and interest income from demand deposits | 22 | 482,242,882 | 769,282,970 |
| **50** | **Total financial income** |  | **487,113,009** | **774,058,666** |

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| --- | --- | --- | --- | --- |
| *Code* | *ITEMS* | *Notes* | *Current year*  *VND* | *Previous year*  *VND* |
|  | **IV. FINANCIAL EXPENSES** |  |  |  |
| 51 | 1. Realized and unrealized loss from exchange rate | 23 | - | 1,624,569 |
| 52 | 2. Interest expenses | 23 | 48,894,306,175 | 45,321,583,468 |
| 55 | 3. Other financial expenses | 23 | 5,866,401,387 | 10,666,351,413 |
| **60** | **Total financial expenses** |  | **54,760,707,562** | **55,989,559,450** |
| **62** | **V. GENERAL AND ADMINISTRATIVE EXPENSES** | **24** | **54,253,089,511** | **43,785,277,741** |
| **70** | **VI. OPERATING PROFIT** |  | **38,278,340,316** | **69,845,610,402** |
|  | **VII. OTHER INCOME AND EXPENSES** |  |  |  |
| 71 | 1. Other income |  | 137 | 60,598,076 |
| 72 | 2. Other expenses |  | - | - |
| **80** | **Total other operating profit** |  | **137** | **60,598,076** |
| **90** | **VIII. PROFIT BEFORE TAX** |  | **38,278,340,453** | **69,906,208,478** |
| 91 | 1. Realized profit |  | 37,092,335,415 | 69,808,643,276 |
| 92 | 2. Unrealized profit |  | 1,186,005,038 | 97,565,202 |
| **100** | **IX. CORPORATE INCOME TAX (“CIT”) EXPENSES** |  | **7,714,626,001** | **13,388,856,750** |
| 100.1 | 1. Current CIT expenses | 25.1 | 7,028,527,633 | 13,089,591,843 |
| 100.2 | 2. Deferred CIT expenses | 25.3 | 686,098,268 | 299,264,907 |
| **200** | **X. PROFIT AFTER TAX** |  | **30,563,714,452** | **56,517,351,728** |

|  |  |  |
| --- | --- | --- |
| Prepared by: | Reviewed by: | Approved by: |
| Ms. Pham Thi Yen  Accountant | Ms. Nguyen Thi Van  Chief Accountant | Mr. Lee Jin Hwan  General Director |

Hanoi, Vietnam

07 March 2023

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *Code* | *ITEMS* | *Notes* | *Current year*  *VND* | *Previous year*  *VND* |
|  | **I. CASH FLOW FROM OPERATING ACTIVITIES** |  |  |  |
| **01** | **1. Profit before tax** |  | **38,278,340,453** | **69,906,208,478** |
| **02** | **2. Adjusted for** |  | **58,034,354,117** | **58,968,059,930** |
| 03 | Depreciation and amortization |  | 8,150,897,806 | 8,087,198,350 |
| 04 | Provisions |  | - | - |
| 05 | (Gain)/Loss from exchange rate difference |  | (4,870,127) | (3,219,534) |
| 06 | Interest expenses from borrowings |  | 48,894,306,175 | 45,321,583,468 |
| 08 | Accrued interest |  | (4,872,381,124) | (5,103,853,767) |
| 09 | Others |  | 5,866,401,387 | 10,666,351,413 |
| **10** | **3. Increase in non-monetary expenses** |  | **464,414,217** | **217,872,169** |
| 11 | Loss from revaluation of financial assets at FVTPL | 20.2 | 459,544,090 | 214,652,635 |
| 17 | Others |  | 4,870,127 | 3,219,534 |
| **18** | **4. Decrease in non-monetary income** |  | **(1,645,549,128)** | **(312,217,837)** |
| 19 | Gain from revaluation of financial assets at FVTPL | 20.2 | (1,645,549,128) | (312,217,837) |
| 21 | Others |  | - | - |
| **30** | **5. Operating income before changes in working capital** |  | **(956,892,113,811)** | **(359,051,463,252)** |
| 31 | Decrease in financial assets at FVTPL |  | (125,106,651,032) | 618,911,982 |
| 32 | Decrease/(Increase) in HTM investments |  | (981,820,000,000) | 348,900,000,000 |
| 33 | Increase in loans |  | 221,006,029,064 | (670,169,306,471) |
| 36 | Decrease in receivables and accruals from dividend and interest income |  | (4,631,366,679) | 15,317,146,687 |
| 37 | Decrease/(Increase) in receivables from services provided by the Company |  | 373,799 | 268,494 |
| 39 | Increase in other receivables |  | 1,767,398,008 | (1,758,823,008) |
| 40 | (Increase)/Decrease in other assets |  | (1,992,453,600) | (333,458,599) |
| 41 | Increase in accrued expenses (excluding interest expenses) |  | 6,820,699,578 | 801,668,102 |
| 42 | Increase in prepaid expenses |  | (1,944,327,704) | (240,009,174) |
| 43 | CIT paid | 16 | (9,562,167,251) | (10,251,687,581) |
| 44 | Interest paid |  | (48,092,180,822) | (56,141,865,281) |
| 45 | Increase/(Decrease) in trade payables |  | (1,371,400,527) | 2,369,995,597 |
| 47 | Increase/(Decrease) in tax and payables to the State (excluding CIT paid) |  | (9,155,306,654) | 8,517,926,260 |
| 48 | Increase/(Decrease) in payables to employees |  | (324,777,657) | 1,614,806,002 |
| 50 | Decrease in other payables |  | (2,408,995,299) | 2,448,729,738 |
| 51 | Other receipts from operating activities |  | 163,960,000 | 102,884,000 |
| 52 | Other payments for operating activities |  | (240,947,035) | (848,650,000) |
| **60** | **Net cash flows used in operating activities** |  | **(861,760,554,152)** | **(230,271,540,512)** |
|  |  |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *Code* | *ITEMS* | *Notes* | *Current year*  *VND* | *Previous year*  *VND* |
|  | **II. CASH FLOWS FROM INVESTING ACTIVITIES** |  |  |  |
| 61 | Payments for purchases and constructions of fixed assets, investment properties and other long-term assets |  | (2,028,352,800) | (1,984,035,000) |
| **70** | **Net cash flow from/(used in) investing activities** |  | **(2,028,352,800)** | **(1,984,035,000)** |
|  | **III. CASH FLOWS FROM FINANCING ACTIVITIES** |  |  |  |
| 71 | 1. Proceeds from share issuance, capital contribution |  | - | - |
| 73 | 2. Drawdown of borrowings |  | 4,997,783,100,000 | 8,119,479,500,000 |
| 74 | 3. Repayment of borrowings |  | (4,214,953,700,000) | (8,308,252,500,000) |
| **80** | **Net cash flow (used in)/from financing activities** |  | **(782,829,400,000)** | **(188,773,000,000)** |
| **90** | **NET CASH FLOW DURING THE YEAR** |  | **(80,959,506,952)** | **(421,028,575,512)** |
| **101** | **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR** |  | **83,889,044,845** | **504,917,620,357** |
| 101.1 | Cash |  | 83,889,044,845 | 504,917,620,357 |
| 102 | Impact of exchange rate fluctuation |  | 3,219,534 | (7,398,215) |
| **103** | **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | **5** | **2,929,537,893** | **83,889,044,845** |
| 103.1 | Cash |  | 2,929,537,293 | 83,889,044,845 |
| 104 | Impact of exchange rate fluctuation |  | 4,870,127 | 3,219,534 |

# CASH FLOWS FROM BROKERAGE AND TRUST ACTIVITIES OF CUSTOMERS

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *Code* | *ITEMS* | *Notes* | *Current year*  *VND* | *Previous year*  *VND* |
|  | **I. Cash flows from brokerage and trust activities of customers** |  |  |  |
| 01 | 1. Cash receipts from disposal of brokerage securities of customers |  | 12.539.816.141.770 | 23.964.840.108.700 |
| 02 | 2. Cash payments for purchase of brokerage securities of customers |  | (12.589.998.136.860) | (24.947.540.843.700) |
| 07 | 3. Cash receipts for settlement of securities transactions of customers |  | 7.001.770.929.926 | 11.777.639.714.422 |
| 08 | 4. Cash payment for settlement of securities transactions of customers |  | (7.015.649.333.587) | (10.692.254.884.796) |
| 14 | 5. Cash payments for securities depository of customers |  | (370.248.099) | (304.189.715) |
| **20** | **Net increase in cash during the year** |  | **(64.430.646.850)** | **102.379.904.911** |
| **30** | **II. Cash and cash equivalents of customers at the beginning of the year** |  | **183.339.389.419** | **80.959.484.508** |
| 31 | Cash at banks at the beginning of the year |  | 183.339.389.419 | 80.959.484.508 |
| 32 | Investors’ deposits managed by the Company for securities trading activities |  | 183.328.271.940 | 80.948.770.707 |
| 33 | Investors’ deposits for securities trading activities |  | 8.220.832 | 7.361.551 |
| 34 | Investors’ deposits for securities clearing and settlement |  | 2.896.647 | 3.352.250 |
| **40** | **III. Cash and cash equivalents of customers at the end of the year** |  | **118.908.742.569** | **183.339.389.419** |
| 41 | Cash at banks at the end of the year |  | 118.908.742.569 | 183.339.389.419 |
| 42 | Investors’ deposits managed by the Company for securities trading activities |  | 118.898.614.487 | 183.328.271.940 |
| 43 | Investors’ deposits for securities trading activities |  | 7.753.284 | 8.220.832 |
| 44 | Investors’ deposits for securities clearing and settlement |  | 2.374.798 | 2.896.647 |

|  |  |  |
| --- | --- | --- |
| Prepared by: | Reviewed by: | Approved by: |
| Ms. Pham Thi Yen  Accountant | Ms. Nguyen Thi Van  Chief Accountant | Mr. Lee Jin Hwan  General Director |

Hanoi, Vietnam

07 March 2023

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *ITEMS* | *Opening balance* | | *Increase/Decrease* | | | | *Ending balance* | |
| *01/01/2021*  *VND* | *01/01/2022*  *VND* | *Previous year* | | *Current year* | | *31/12/2021*  *VND* | *31/12/2022*  *VND* |
| *Increase*  *VND* | *Decrease*  *VND* | *Increase*  *VND* | *Decrease*  *VND* |
| **I. CHANGES IN OWNERS’ EQUITY** |  |  |  |  |  |  |  |  |
| 1. Share capital | 1,239,000,000,000 | 1,239,000,000,000 | - | - | - | - | 1,239,000,000,000 | 1,239,000,000,000 |
| 2. Charter capital supplementary reserve | 113,649,448 | 113,649,448 | - | - | - | - | 113,649,448 | 113,649,448 |
| 3. Operational risk and financial reserve | 113,649,448 | 113,649,448 | - | - | - | - | 113,649,448 | 113,649,448 |
| 4. Undistributed profit | (17,313,840,580) | 39,203,511,148 | 56,517,351,728 | - | 30,563,714,452 | - | 39,203,511,148 | 69,767,225,600 |
| *4.1 Realized profit* | (17,244,370,735) | 39,175,415,791 | 56,419,786,526 | - | 29,377,709,414 | - | 39,175,415,791 | 68,553,125,205 |
| *4.2 Unrealized profit* | (69,469,845) | 28,095,357 | 97,565,202 | - | 1,186,005,038 | - | 28,095,357 | 1,214,100,395 |
| **TOTAL** | 1,221,913,458,316 | 1,278,430,810,044 | 56,517,351,728 | - | 30,563,714,452 | - | 1,278,430,810,044 | 1,308,994,524,496 |

|  |  |  |
| --- | --- | --- |
| Prepared by: | Reviewed by: | Approved by: |
| Ms. Pham Thi Yen  Accountant | Ms. Nguyen Thi Van  Chief Accountant | Mr. Lee Jin Hwan  General Director |

Hanoi, Vietnam

07 March 2022

# 1. CORPORATE INFORMATION

NH Securities Vietnam Co., Ltd (“the Company”), previously known as Woori CBV Securities JSC (transformed from Bien Viet Securities JSC), was established and operates in accordance with the Establishment and Operating License No. 124/GP-UBCK dated 13 April 2018 with initial charter capital at VND 735,000,000,000. The Company’s charter capital was approved to increase to VND 1,239,000,000,000 in accordance with the latest amended License No. 02/GPDC-UBCK dated 26 January 2021 granted by the State Securities Commission.

The Company’s head office is located at Floor 9th, East Tower, Lotte Center Hanoi, 54 Lieu Giai street, Cong Vi ward, Ba Dinh district, Hanoi.

The total number of employees of the Company as at 31 December 2022 was 79 persons (as at 31 December 2021: 75 persons).

**Operations of the Company**

*Charter capital*

As at 31 December 2022, total charter capital of the Company was VND 1,239,000,000,000 (as at 31 December 2021: VND 1,239,000,000,000).

*Investment objectives*

The Company is a securities company with current principal activities are to provide brokerage services; financial and investment advisory services; proprietary trading; underwriting securities; securities depository services and other services in accordance with legal regulations applicable to securities companies. The Company’s objective is contributing to the development of the Vietnamese stock market and bringing core benefits to customers, investors and shareholders of the Company.

*Investment restrictions*

The Company complies with Article 28 of Circular No. 121/2020/TT-BTC dated 31 December 2020 prescribing operation of securities companies and other applicable regulations on investment restrictions. The current applicable practices on investment restrictions are as follows:

* A securities company is not allowed to purchase, contribute capital to invest in properties except for the use of head office, branches, and transaction offices directly serving operating activities of the securities company;
* A securities company may purchase, contribute capital to invest in properties and fixed assets on the principle that the carrying value of fixed assets and investment properties should not exceed fifty percent (50%) of the total assets of the securities company;
* A securities company is not allowed to use more than seventy percent (70%) of its owners’ equity to invest in corporate bonds. A securities company, licensed to engage in propriety trading, is allowed to repurchase listed bonds in accordance with relevant regulations on securities repurchase agreement;

**1. CORPORATE INFORMATION** (continued)

**Operations of the Company** (continued)

*Investment restrictions* (continued)

* A securities company must not by itself, or authorize another organizations or individuals to:
* Invest in shares or contribute capital to companies that owned more than fifty percent (50%) of the charter capital of the securities company, except for purchasing of odd shares per request of customers;
* Make joint investments with a related party in five percent (5%) or more of the charter capital of another securities company;
* Invest more than twenty percent (20%) in the total circulating shares or fund certificates of a listed entity;
* Invest more than fifteen percent (15%) in the total circulating shares or fund certificates of a non-listed entity, this provision shall not apply to member fund, exchange-traded fund and open-ended fund certificates;
* Invest or contribute capital in more than ten percent (10%) of the total contributed capital of a limited liability company or a business project;
* Invest or contribute capital more than fifteen percent (15%) of its owners’ equity in an entity or a business project;
* Invest more than seventy percent (70%) of its owners’ equity in shares, capital contribution and business projects, specifically invest more than twenty percent (20%) of its owners’ equity in non-listed shares, capital contribution and business projects.

**2. BASIC OF PREPARATION**

## 2.1 Applied accounting standards and systems

The financial statements of the Company expressed in Vietnam dong (“VND”) are prepared in accordance with Vietnamese Enterprise Accounting System, accounting guidance applicable to securities companies as set out in Circular No. 210/2014/TT-BTC dated 30 December 2014 (“Circular 210”), Circular No. 334/2016/TT-BTC dated 27 December 2016 amending, supplementing and replacing Appendix No. 02 and No. 04 of Circular 210, Circular No. 146/2014/TT-BTC dated 6 October 2014 providing guidance on financial regime applicable to securities companies and asset management companies, and other Vietnamese Accounting Standards promulgated by the Ministry of Finance as per:

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

## 2.2 Applied accounting documentation system

The Company’s applied accounting documentation system is the General Journal.

**2. BASIC OF PREPARATION** (continued)

## 2.3 Fiscal year

The Company’s fiscal year applicable for the preparation of its financial statements starts on 01 January and ends on 31 December.

## 2.4 Accounting currency

The financial statements are prepared in Vietnam Dong (“VND”), which is also the accounting currency of the Company.

**3. STATEMENT OF COMPLIANCE WITH VIETNAMESE ACCOUNTING STANDARDS AND SYSTEMS**

Management confirms that the Company has complied with Vietnamese Accounting Standards and Vietnamese Enterprise Accounting Systems, accounting regulations and guidance applicable to securities companies and the statutory requirements relevant to the preparation and presentation of the financial statements.

Accordingly, the accompanying financial statements and their utilization are not designed for those who are not informed about Vietnam’s accounting principles, procedures and practices and furthermore are not intended to present the financial position, results of operation, cash flows and changes in equity in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

## 4.1 Changes in accounting policies and disclosures

The accounting policies adopted by the Company in the preparation and presentation of the financial statements are consistent with those used in the preparation and presentation of the financial statements for the year ended 31 December 2020.

*New regulations have been issued but not yet effective*

On 17 December 2021, the Ministry of Finance issued Circular No. 114/2021/TT-BTC, effective from 01 February 2022, to annul Circular No. 146/2014/TT-BTC of the Minister of Finance guiding the financial regime for securities companies, fund management companies (“Circular 114”). The main changes of Circular 114 include:

* Regulations on determination of setting up and handling of provisions for devaluation of inventories, loss of investments, bad debts to be made by securities companies, fund management companies, branches of foreign fund management companies licensed to establish and operate in Vietnam shall comply with the provisions of Circular 48/2019/TT-BTC dated 8 August 2019 of the Minister of Finance guiding the making and handling of provisions for devaluation of inventories, loss of investments, bad debts and warranties of products, goods, services, construction works at the enterprise and amendments, supplements and replacement documents (if any);
* For the balance of charter capital supplementary reserve appropriated according to the Circular No. 146/2014/TT-BTC: used to supplement the charter capital according to current regulations;
* For the balance of the operational risk and financial reserve appropriated according to the Circular No. 146/2014/TT-BTC: used to supplement charter capital or used under the decision of the General Meeting of shareholders, the Members' Council or the company's President in accordance with current regulations.

Circular 114 takes effect from 01 February 2022.

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

## 4.1 Changes in accounting policies and disclosures (continued)

Circular No. 24/2022/TT-BTC amending and supplementing a number of articles of Circular No. 48/2019/TT-BTC dated August 8, 2019 of the Minister of Finance guiding the setting up and handling of financial transactions. provision for devaluation of inventories, loss of investments, bad debts and warranties for products, goods, services and construction works at the enterprise (“Circular 24”).

Circular No. 24 takes effect from May 25, 2022, amending and supplementing regulations on objects of provisioning, according to which, objects of provisioning are securities issued by domestic economic organizations. operated in accordance with the law, owned by an enterprise, is listed or registered for trading on the domestic stock market, is free to buy and sell on the market and the actual price of securities on the market in Vietnam. the time of making the annual financial statements is lower than the value of the securities investment being recorded in the accounting books.

Objects of provisioning do not include government bonds, government-guaranteed bonds and local government bonds.

## 4.2 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, deposits for clearing and settlement of securities trading and short-term, highly liquid investments with an original terms of three months or less that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

Cash deposited by customers for securities trading and cash deposited by securities issuers are presented on the off-balance sheet.

## 4.3 Financial assets at fair value through profit or loss (“FVTPL”)

Financial assets at FVTPL are financial assets that satisfy either of the following conditions:

1. It is classified as held for trading. A financial asset is classified as held for trading if:

* It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
* There is evidence of a recent actual pattern of short-term profit-taking; or
* It is a derivative (except derivative that is a financial guarantee contract or effective hedging instrument).

1. Upon initial recognition, the classification of the financial asset into financial asset at FVTPL is deemed reasonable if it meets one of the following criteria:

* The classification eliminates or significantly reduces the inconsistent treatments that would otherwise arise from measuring the asset or recognising gains or losses on a different basis;
* The financial asset is part of a group of financial assets which are managed and their performance is evaluated on a fair value basis, in accordance with the Company’s risk management or investment strategy.

Financial assets at FVTPL are initially recognized at cost (excluding transaction cost arising from the purchase) and subsequently recognized at fair value.

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

## 4.3 Financial assets at fair value through profit or loss (“FVTPL”) (continued)

Increase in the difference arising from revaluation of financial assets at FVTPL in comparison with the previous year is recognized into the income statement under “Gain from revaluation of financial assets at FVTPL”. Decrease in the difference arising from revaluation of financial assets at FVTPL in comparison with the previous year is recognized into the income statement under “*Loss from revaluation of financial assets at FVTPL*”.

Transaction costs relating to the purchase of the financial assets at FVTPL are recognized when incurred as expenses in the income statement.

## 4.4 Loans

Loans are non-derivative financial assets with fixed or identifiable payments and are non-listed in the market, with the exceptions of:

1. The items that the Company intends to sell immediately or in a near future which are classified as assets held for trading, and those which, upon initial recognition, classified as financial assets at fair value through profit or loss by the Company;
2. The items classified as available-for-sale upon initial recognition by the Company; or
3. The items whose holders cannot recover the majority of initial investment value not due to the impairment of credit quality and which are classified as available-for-sale.

Loans are initially recognized at cost. After initial recognition, loans are subsequently measured at amortized cost using the effective interest rate method.

Amortized cost of loans is the amount at which the financial asset is measured at initial recognition minus (-) principal repayments, plus (+) or minus (-) the accumulated amortization using the effective interest rate method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility (if any).

Loans are subject to impairment assessment at the financial statement date. Provision is made based on its estimated loss which is determined by the difference between the market value of securities used as collaterals for such loan and the loan outstanding balance. Any increase/decrease in the balance of provision is recorded in *“Provision expenses for diminution in value and impairment of financial assets, doubtful debts, and interest expenses from borrowings”* in the income statement.

*Margin lending*

Margin lending includes loans to investors to purchase securities on the margin trading account which the investor opens at the Company. At the same time, the investor is required to use the marginable securities in their brokerage account as collateral. Lendings under margin activities are initially recognized at cost. After initial recognition, these lendings are subsequently measured at cost and are subject to periodic impairment assessment (if any).

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

## 4.5 Held-to-maturity (“HTM”) investments

Held-to-maturity (“HTM”) investments are non-derivative financial assets with fixed or identifiable payments and fixed maturity that the Company intends and is able to hold to maturity, except for:

1. The financial assets classified as financial assets at fair value through profit or loss upon initial recognition by the Company;
2. The financial assets classified as available-for-sale;
3. The financial assets satisfying the definition of loans and receivables.

HTM investments are initially recognized at cost (purchase value plus (+) transaction costs which are directly attributable to the investments such as brokerage fee, trading fee, agent fee, issuance agent fee and banking fee). After initial recognition, held-to-maturity investments are subsequently measured at amortized cost using the effective interest rate method.

Amortized cost of HTM investments is the amount at which the financial asset is measured at initial recognition minus (-) principal repayments, plus (+) or minus (-) the accumulated amortization using the effective interest rate method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility (if any), and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility (if any).

The effective interest rate method is a method of calculating the cost allocation on interest income or interest expense in the year of a financial assets or a group of HTM investments.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset.

HTM investments are subject to impairment assessment at the financial statement date. Provision is made for an HTM investment when there is any objective evidence that the investment is unrecoverable or there is uncertainty of recoverability, resulting from one or more events that has occurred after the initial recognition of the investment and that event has an impact on the estimated future cash flows of the investment that can be reliably estimated. Evidence of impairment may include a drop in the fair value/market value of the investment, indications that the debtors or a group of debtors are experiencing significant financial difficulties, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. When there is any evidence of impairment, provision for an HTM investment is determined as the negative difference between its fair value and amortized cost at the assessment date. Any increase/decrease in the balance of provision is recorded in *“Provision expenses for diminution in value and impairment of financial assets, doubtful debts, and interest expenses from borrowings”* in the income statement.

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

## 4.6 Fair value of financial assets

Fair value/market value of the securities is determined as follows:

* For securities listed on Hanoi Stock Exchange and Ho Chi Minh City Stock Exchange, market prices are closing prices on the last trading date before the revaluation date;
* For securities non-listed on the stock market but registered for trading on UPCoM, market prices are closing prices on the last trading date before the revaluation date;
* For delisted securities and suspended trading securities from the sixth day afterward, actual prices are book value at the latest financial statements date;
* For non-listed securities and securities non-registered for trading on UPCoM, actual market prices are average of actual trading prices quoted by three (03) securities companies conducting transactions at the last trading date, but not exceeding one month, before the revaluation date.

For securities which do not have reference price from the above sources, the fair value is determined at cost plus accrued interest (if any) or based on internal valuation method of the Company.

For the purposes of determining taxable income, the tax base of the Company's financial assets is determined at cost minus provision for impairment. Accordingly, the market value of securities for provisioning purposes is determined in accordance with Circular No. 146/2014/TT-BTC dated 6 October 2014 and Circular No. 48/2019/TT- BTC dated 8 August 2019 (“Circular 48”) by the Ministry of Finance.

## 4.7 Derecognition of financial assets

A financial asset (or a part of a group of similar financial assets) is derecognized when:

* The Company no longer has the rights to receive cash flows from the asset; or
* The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a transfer arrangement; and either:
* The Company has transferred substantially the risks and rewards of the assets; or
* The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a transfer arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is still recognized as the Company’s asset. In that case, the Company also recognizes a corresponding liability. The transferred asset and the corresponding liability are measured on a basis that reflects the rights and obligations that the Company has retained.

The continued participation in transferred assets in the form of guarantee will be recognized at the smaller between the initial carrying value of the assets and the maximum obligation incurred by the Company.

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

## 4.8 Reclassification of financial assets

*Reclassification when selling financial assets other than FVTPL*

When selling financial assets other than FVTPL, securities companies are required to reclassify those financial assets to financial assets at FVTPL. Difference arising from revaluation of AFS financial assets recognized under *“Gain/(Loss) from revaluation of assets at fair value”* will be recognized to the corresponding revenue or expenses at the date of reclassification of AFS financial assets.

*Reclassification due to change in purpose or ability to hold*

Securities companies are able to reclassify financial assets to appropriate categories upon changes in purpose or ability to hold, accordingly:

* Non-derivative financial assets at FVTPL or financial assets that are not required to classify as financial assets at FVTPL at initial recognition can be classified as loans and other receivables or as cash and cash equivalents if the requirements are met. The gains or losses arising from revaluation of financial assets at FVTPL prior to the reclassification are not allowed to be reversed;
* Due to changes in purpose or ability to hold, certain HTM investments are required to be reclassified into available-for-sale financial assets and measured at fair value. The difference arising from revaluation between carrying value and fair value are recognized as *“Gain/(Loss) from revaluation of assets at fair value”* in owners’ equity.

## 4.9 Recognition of mortgaged financial assets

During the year, the Company had mortgaged/pledged financial assets as collaterals for financial obligations of the Company.

According to the terms and conditions of the mortgage/pledge contracts, during the valid period of the contracts, the Company is not allowed to sell, transfer or use the mortgaged/ pledged assets under repurchase agreements or swap contracts with any other third party.

In case the Company is unable to fulfill its obligations, the mortgagee/pledgee is allowed to use the mortgaged/pledged assets to settle the obligations of the Company after a specified period in the mortgage/pledge contracts after the due date.

The mortgaged/pledged assets are monitored in the Company’s statement of financial position in accordance with accounting principles relevant to the assets’ classification.

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

## 4.10 Receivables

Receivables are initially recognized at cost and are continuously presented at cost in subsequent years.

Provision for receivables is determined based on the overdue status of debts or expected loss of current debts in case the debts are undue yet the organization has fallen into bankruptcy, is under dissolution process or has absconded; or individual who is being prosecuted, detained, on trial or under sentence or is suffering from fatal diseases (with medical certificate) or has deceased or the debts requested for sentence yet are unenforceable due to individual escaping or the debts sued for debt collection yet are under suspension. Provision expenses incurred are recorded in *“Other operating expenses”* in the income statement in the year.

Provision rates for overdue receivables are prescribed in Circular 48 as follows:

|  |  |
| --- | --- |
| *Overdue period* | *Provision rate* |
| From over six (06) months to less than one (01) year | 30% |
| From one (01) year to less than two (02) years | 50% |
| From two (02) years to less than three (03) years | 70% |
| From over three (03) years | 100% |

Management also makes assessment on estimated losses of undue receivables based on qualitative factors and makes provision thereto.

## 4.11 Fixed assets

Fixed assets are stated at cost less accumulated depreciation or amortization. The cost of a fixed asset comprises of its purchase price and any directly attributable costs of bringing the fixed asset to working condition for its intended use.

Cost related to additions, improvements and renewals are capitalized while expenditures for maintenance and repairs (if any) are charged to the income statement when incurred.

When fixed assets are sold or liquidated, any gains or losses resulting from their disposal (the difference between the net proceeds from the sale of assets and the remaining value of the assets) are recorded to the income statement.

## 4.12 Depreciation and amortization

Depreciation of tangible and amortization of intangible assets are computed on a straight-line basis over the estimated useful lives of these assets as follows:

|  |  |
| --- | --- |
| Buildings and improvements | 12 – 18 years |
| Machines and equipment | 05 – 15 years |
| Office equipment | 03 – 08 years |
| Computer software | 03 – 20 years |
| Other assets | 05 years |

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

## 4.13 Leases

Whether an agreement is determined as a lease agreement depends on the nature of the agreement at the beginning: whether the implementation of the agreement depends on the use of a certain asset and whether the agreement includes terms on the rights of use of the asset .

*When the Company is the lessee*

Rentals under operating leases are charged to the income statement on a straight-line basis over the term of the leases.

## 4.14 Prepaid expenses

Prepaid expenses, including short-term prepaid expenses and long-term prepaid expenses in the statement of financial position, are amortized over the period for which the amounts are paid and in which economic benefits are generated in relation to these expenses.

## 4.15 Borrowings

Borrowings of the Company are recorded and stated at cost at the end of the accounting year.

## 4.16 Payables and accrued expenses

Payables and accrued expenses are recognized for amounts to be paid in the future for interest of convertible bonds, goods and services received, whether or not billed to the Company.

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

## 4.17 Employees’ benefits

### 4.17.1 Retirement benefits

Retirement benefits are paid to retired employees of the Company by the Social Insurance Agency which belongs to the Ministry of Labour, Invalids and Social Affairs. The Company is required to pay social insurance premium to the Social Insurance Agency at the rate of 17.5% of an employee’s basic salary, allowances and other additions on a monthly basis. In addition, the Company has no further obligations relating to the retirement benefits.

### 4.17.2 Voluntary resignation benefits

Under the Vietnam Labour Code No. 45/2019/QH14 effective from 1 January 2021 and the Government's Decree No. 145/2020/ND-CP providing guidelines for the Labour Code regarding working conditions and labour relations, the Company has the obligation to pay allowance arising from voluntary resignation of employees. The allowance is equivalent to half of their monthly salary plus salary allowances (if any) for each year of employment and in accordance with law. The time to calculate severance allowance is the total time the employee has actually worked for the Company minus the time the employee has participated in unemployment insurance according to provisions of the law on unemployment insurance. The average monthly salary used in this calculation is the average monthly salary of the latest six-month period up to the resignation date.

### 4.17.3 Unemployment allowance

According to Article 57 of Law on Employment No. 38/2013/QH13 dated 01 January 2013 and Decree No. 28/2015/ND-CP dated 12 March 2015 of the Government providing guidelines for the Law on Employement regarding unemployment insurance, the Company is required to contribute to the unemployment insurance at the rate of 1% of salary and wage fund of unemployment insurance joiners and deduct 1% of monthly salary and wage of each employee to contribute to the unemployment insurance. According to Decision No. 28/2021/QD-TTg of the Prime Minister, from 1 October 2021, the Company is entitled to reduce the above 1% unemployment insurance premium to 0% for 12 months.

## 4.18 Foreign currency transactions

Transactions in currencies other than the Company’s reporting currency (“VND”) are recorded at the actual exchange rates at transaction dates which are determined as follows:

* Transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
* Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment;
* Capital contributions are recorded at the buying exchange rates of the commercial banks designated for capital contribution; and
* Payments for assets or expenses without liabilities initially being recognized is recorded at the buying exchange rates of the commercial banks that process these payments.

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

***4.18 Foreign currency transactions*** (continued)

At the end of the year, monetary items denominated in foreign currencies are revalued at actual exchange rates at the date of the financial statement on the following basis:

* Monetary items classified as assets are revalued at the buying rate of the commercial bank where the Company regularly conducts transactions; and
* Monetary items classified as liabilities are revalued at the selling rate of the commercial bank where the Company regularly conducts transactions;
* Borrowings and liabilities denominated in foreign currencies which have been hedged against exposures to foreign exchange risk using financial instruments are not revalued.

All foreign exchange differences incurred are taken to the income statement.

## 4.19 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of receipts or receivables less trade discount, concessions and sales return. The following specific recognition criteria must also be met before revenue is recognized:

*Revenue from brokerage services*

Where the contract outcome can be reliably measured, revenue is recognized by reference to the stage of completion. Where the contract outcome cannot be reliably measured, revenue is recognized only to the extent of the expenses recognized which are recoverable.

*Revenue from proprietary trading*

Revenue from proprietary trading is determined by the difference between the selling price and the weighted average cost of securities sold.

*Other income*

Other incomes are income from irregular activities other than operating activities, including: income from disposals and sales of fixed assets; fines paid by customers for contract breaches; collection of insurance compensation; recoveries from bad debts previously written off; liabilities recognized as an increase in income as their owners no longer exist; collection of reduced and reimbursed tax; and other receipts recognizable as other income as stipulated by VAS 14 – Revenue and other incomes.

*Interest income*

Interest income is recognized on an accrual basis (including the effective yield on the asset) unless there is an uncertainty in the collectability.

*Dividends*

Dividends are recognized when the Company’s right to receive payment is established. Stock dividends are not recognized as an increase in income of the Company, only the number of shares is updated.

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

***4.19 Revenue recognition*** (continued)

*Revenue from other services provided*

When there is a certainty in determining contract performance, income would be recognized based on percentage of contract completion. When a certainty in determining contract performance is unavailable, income would be recognized to the extent of recoverable amount of expenses incurred.

## 4.20 Interest expenses

Interest expenses include accrued interests from borrowings and other expenses arising directly from borrowings by the Company. Interest expenses are recognized on an accrual basis.

## 4.21 Method of calculating the cost of self-trading securities sold

The Company applies the weighted average method at the end of the trading day to calculate the cost of proprietary securities.

## 4.22 Corporate income tax

*Current income tax*

Current tax assets and liabilities for the current and previous year are measured at the amount expected to be paid to (or recovered from) the tax authorities using the tax rates and tax laws effective at the financial statement date.

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

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

*Deferred income tax*

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

Deferred tax liabilities are recognized for all taxable temporary differences, except for deferred tax liability arising from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are levied on deductible temporary differences, deductible amounts carried over to subsequent periods of taxable losses, and unutilized tax advantages when it is likely that earnings are generated in foreseeable future to use deductible temporary differences, taxable losses and tax advantages, except for deferred tax asset arising from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

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

***4.22 Corporate income tax*** (continued)

*Deferred income tax* (continued)

The carrying amount of deferred tax assets is reviewed at the reporting date and reduced to the extent that sufficient taxable profits will be available to allow all or part of the asset to be used. Unrecognized deferred tax assets are reassessed at the reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates expected to apply in the year when the asset is realized, or the liability is settled based on tax rates and tax laws effective at the reporting date. Deferred income tax is charged or credited to the income statement, except when it relates to items recognized directly to equity, in this case, the deferred income tax is also directly recorded in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to offset deferred tax assets against deferred tax liabilities relating to income tax levied by the same tax authority on either the same taxable entity or when the Company intends to settle its deferred tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## 4.22 Owners’ equity

*Contributed capital*

The charter capital of the Company is actual contributed capital by members, at least equal to the legal capital as prescribed by law in accordance with the licensed business operations, including the business operations supplementarily approved by the State Securities Commission.

*Reserves*

According to Circular No. 146/2014/TT-BTC dated 6 October 2014 by the Ministry of Finance, the Company is required to make appropriation of annual profit after tax to reserves as follows:

|  |  |  |
| --- | --- | --- |
|  | *Appropriation level from profit after tax* | *Maximum appropriation level* |
| Capital supplementary reserve | 5% | 10% of charter capital |
| Operational risk and financial reserve | 5% | 10% of charter capital |

Other reserves are appropriated in accordance with the Resolution of the General Meeting of Shareholders and current regulations.

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

***4.23 Owners’ equity*** (continued)

*Undistributed profit*

Undistributed profit is comprised of realized and unrealized profit.

Unrealized profit of the year is the difference between gain and loss arising from revaluation of financial assets at FVTPL or other financial assets in the income statement under the Company’s financial assets and deferred tax income/expenses in the year.

Realized profit during the year is the net difference between total revenue and income, and total expenses in the income statement of the Company, except for gain or loss arising from revaluation of financial assets recognized in unrealized profit.

*Appropriation of net profit*

Net profit after tax is available for distribution to shareholders after being approved in the General Meeting of Shareholders and after making appropriation to reserves in accordance with the Company’s Charter and Vietnamese regulatory requirements.

## 4.24 Nil balances

Items or balances required by Circular No. 121/2020/TT-BTC dated 31 December 2020, Circular No. 334/2016/TT-BTC dated 27 December 2016 and Circular No. 146/2014/TT-BTC dated 6 October 2014 issued by the Ministry of Finance that are not included in these financial statements indicate nil balance.

**5. CASH AND CASH EQUIVALENTS**

|  | *Ending balance*  *VND* | *Opening balance*  *VND* |
| --- | --- | --- |
| Cash at banks for the operation of the Company | 2,929,537,893 | 83,889,044,845 |
|  | **2,929,537,893** | **83,889,044,845** |

**6. TRADING VALUE AND VOLUME DURING THE YEAR**

|  |  |  |
| --- | --- | --- |
|  | *Trading volume*  *unit* | *Trading value*  *VND* |
| **The Company** | **14,392,119** | **925,098,310,450** |
| Shares | 11,619 | 448,413,450 |
| Bonds | 1,830,100 | 387,593,297,000 |
| Other securities | 12,500,400 | 537,016,600,000 |
| **Investors** | **821,709,257** | **25,592,553,440,640** |
| Shares | 814,410,387 | 25,422,193,993,230 |
| Bonds | 1,314,680 | 134,719,052,360 |
| Other securities | 5,984,190 | 35,640,395,050 |
| **Total** | **836,051,376** | **26,517,651,751,090** |

**7. FINANCIAL ASSETS**

## 7.1 Financial assets at fair value through profit or loss (“FVTPL”)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | *Ending balance* | | *Opening balance* | |
|  | *Cost*  *VND* | *Fair value*  *VND* | *Cost*  *VND* | *Fair value*  *VND* |
| **Shares** |  |  |  |  |
| Listed | 375,953,425 | 247,396,120 | 269,652,393 | 300,325,950 |
| Unlisted | 3,647,500 | 680,200 | 3,297,500 | 719,300 |
| Fund certificate | 125,000,000,000 | 126,345,625,000 | - | - |
| **Total** | **125,379,600,925** | **126,593,701,320** | **272,949,893** | **301,045,250** |

**7. FINANCIAL ASSETS** (continued)

## 7.2 Held-to-maturity (“HTM”) investments

|  | *Ending balance*  *VND* | *Opening balance*  *VND* |
| --- | --- | --- |
| Term deposits | 2,216,820,000,000 | 1,235,000,000,000 |

As at December 31, 2021, held-to-maturity investments included term deposits with a term of 12 months and interest rates ranging from 4.80% to 8.60% p.a. In addition, the Company has pledged most of its term deposits as collaterals for borrowings from credit institutions (Note 14).

## 7.3 Loans

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | *Ending balance* | | *Opening balance* | |
|  | *Cost*  *VND* | *Fair value  VND* | *Cost*  *VND* | *Fair value VND* |
| Loans from margin activities | 811,640,939,298 | 804,159,316,627 | 1,067,983,368,976 | 1,060,501,746,305 |
| Loans from advance activities | 48,367,213,972 | 48,367,213,972 | 13,030,813,358 | 13,030,813,358 |
| **Total** | **860,008,153,270** | **852,526,530,599** | **1,081,014,182,334** | **1,073,532,559,663** |

The fair value of loans is measured at cost less provision for doubtful debts.

## 7.4 Provision for impairment of financial assets

|  | *Current year*  *VND* | *Previous year*  *VND* |
| --- | --- | --- |
| **Opening balance** | **7,481,622,671** | **7,076,150,055** |
| Provision made during the year | - | 405,472,616 |
| **Ending balance** | **7,481,622,671** | **7,481,622,671** |

Details of provision for impairment of financial assets as at the end of the year are as follows:

|  | *Current year book value*  *VND* | *Current year provision balance*  *VND* | *Previous year provision balance*  *VND* |
| --- | --- | --- | --- |
| Mr. Pham Duc Tam | 2,739,213,514 | 2,739,213,514 | 2,739,213,514 |
| Mr. Nguyen Manh Tung | 4,742,409,157 | 4,742,409,157 | 4,742,409,157 |
| **Loans from margin activities** | **7,481,622,671** | **7,481,622,671** | **7,481,622,671** |

**7. FINANCIAL ASSETS** (continued)

## 7.5 Changes in fair value of financial assets

Changes in fair value of financial assets as at 31 December 2021 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *Financial assets* | *Cost*  *VND* | *Revaluation difference* | | *Revaluation value*  *VND* |
| *Increase*  *VND* | *Decrease*  *VND* |
| **FVTPL** |  |  |  |  |
| Listed shares | 375,953,425 | 6,098,286 | (134,655,591) | 247,396,120 |
| Non-listed shares | 3,647,500 | - | (2,967,300) | 680,200 |
| Fund certificate | 125,000,000,000 | 1,345,625,000 | - | 126,345,625,000 |
| **Total** | **125,379,600,925** | **1,351,723,286** | **(137,622,891)** | **126,593,701,320** |

Changes in fair value of financial assets as at 1 January 2021 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *Financial assets* | *Cost*  *VND* | *Revaluation difference* | | *Revaluation value*  *VND* |
| *Increase*  *VND* | *Decrease*  *VND* |
| **FVTPL** |  |  |  |  |
| Listed shares | 269,652,393 | 33,918,987 | (3,245,430) | 300,325,950 |
| Non-listed shares | 3,297,500 | - | (2,578,200) | 719,300 |
| **Total** | **272,949,893** | **33,918,987** | **(5,823,630)** | **301,045,250** |

**8. RECEIVABLES**

## 8.1 Receivables and accruals from dividend and interest income

|  | *Ending balance*  *VND* | *Opening balance*  *VND* |
| --- | --- | --- |
| Accrued interest from margin lending | 4,872,381,124 | 5,103,853,767 |
| Accrued interest from term deposits | 46,593,740,990 | 36,858,520,544 |
|  | **51,466,122,114** | **41,962,374,311** |

## 8.2 Receivables from services provided by the Company

|  | *Ending balance*  *VND* | *Opening balance*  *VND* |
| --- | --- | --- |
| Receivables from securities brokerage activities | 210,539 | 584,338 |
|  | **210,539** | **584,338** |

## 8.3 Other receivables

|  | *Ending balance*  *VND* | *Opening balance*  *VND* |
| --- | --- | --- |
| Others | 250,000 | 250,000 |
|  | **250,000** | **250,000** |

**9. TANGIBLE FIXED ASSETS**

|  | *Buildings and improvements*  *VND* | *Machine and equipment*  *VND* | *Total*  *VND* |
| --- | --- | --- | --- |
| **Cost** |  |  |  |
| Opening balance | 1,574,550,903 | 16,438,247,371 | 18,012,798,274 |
| Addition | - | 703,087,800 | 703,087,800 |
| Closing balance | 1,574,550,903 | 17,141,335,171 | 18,715,886,074 |
| **Accumulated depreciation** |  |  |  |
| Opening balance | 1,105,079,747 | 8,295,172,464 | 9,400,252,211 |
| Depreciation for the year | 277,189,896 | 1,753,551,835 | 2,020,741,731 |
| Closing balance | 1,382,269,643 | 10,048,724,299 | 11,430,993,942 |
| **Net book value** |  |  |  |
| Opening balance | 469,471,156 | 8,143,074,907 | 8,612,546,063 |
| Closing balance | 192,281,260 | 7,092,610,872 | 7,284,892,132 |

|  |  |
| --- | --- |
|  | *Ending balance*  *VND* |
| Fully depreciated tangible assets in use | 461,919,380 |

**10. INTANGIBLE ASSETS**

|  |  |  |  |
| --- | --- | --- | --- |
|  | *Computer software*  *VND* | *Other intangible assets*  *VND* | *Total*  *VND* |
| **Cost** |  |  |  |
| Opening balance | 70,858,644,214 | 359,470,000 | 71,218,114,214 |
| Additions | 1,325,265,000 | - | 1,325,265,000 |
| Closing balance | 72,183,909,214 | 359,470,000 | 72,543,379,214 |
| **Accumulated amortization** |  |  |  |
| Opening balance | 30,246,771,373 | 257,021,064 | 30,503,792,437 |
| Amortization for the year | 6,048,262,071 | 71,894,004 | 6,120,156,075 |
| Closing balance | 30,295,033,444 | 328,915,068 | 36,623,948,512 |
| **Net book value** |  |  |  |
| Opening balance | 40,611,872,841 | 102,448,936 | 40,714,321,777 |
| Closing balance | 35,888,875,770 | 30,554,932 | 35,919,430,702 |

|  |  |
| --- | --- |
|  | *Ending balance*  *VND* |
| Fully amortized intangible assets in use | 702,260,277 |

**11. PREPAID EXPENSES**

|  | *Ending balance*  *VND* | *Opening balance*  *VND* |
| --- | --- | --- |
| Short-term prepaid expenses | 1,783,494,805 | 1,346,740,071 |
| *- Tools and equipment* | *132,107,389* | *162,669,450* |
| *- Insurance fee* | *2,268,098* | *143,254,230* |
| *- Other short-term prepaid expenses* | *1,649,119,318* | *1,040,816,391* |
| Long-term prepaid expenses | 2,830,367,167 | 1,322,794,197 |
| *- Office renovation and repair costs* | *1,983,656,196* | *534,644,136* |
| *- Tools and equipment* | *160,484,259* | *232,742,980* |
| *- Other long-term prepaid expenses* | *686,226,712* | *555,407,081* |
|  | **4,613,861,972** | **2,669,534,268** |

**12. PAYMENTS TO SETTLEMENT ASSISTANCE FUND**

Payments to Settlement Assistance Fund represent the amount deposited at the Vietnam Securities Depository Center (“VSD”).

According to Circular No. 119/2020/TT-BTC dated 31 December 2020 by the Ministry of Finance providing regulations on the registration, depository, clearing and settlement of securities, Decision No. 45/QD-VSD dated 22 May 2014 on the promulgation of regulations on the management and use of the Settlement Assistance Fund by the General Director of the VSD, the Company is required to deposit an initial amount of VND 120 million at the VSD and pay an addition of 0.01% of the total amount of brokered securities in the Prior period, but not over VND 2.5 billion p.a. The maximum contribution of each depository member being a securities company engaging in proprietary trading and brokerage services to the Settlement Assistance Fund is VND 20 billion.

Details of the payments to Settlement Assistance Fund are as follows:

|  | *Ending balance*  *VND* | *Opening balance*  *VND* |
| --- | --- | --- |
| Initial balance | 120,000,000 | 120,000,000 |
| Additions interest | 4,706,239,899 | 2,206,239,899 |
| Distributed interest | 42,930,724 | 42,930,724 |
|  | **4,869,170,623** | **2,369,170,623** |

# 13. LONG-TERM DEPOSITS, COLLATERALS AND PLEDGES

|  | *Ending balance*  *VND* | *Opening balance*  *VND* |
| --- | --- | --- |
| House rental deposits | 117,180,000 | 163,780,000 |
| Office rental deposits | 2,112,441,635 | 1,988,854,600 |
|  | **2,229,621,635** | **2,152,634,600** |

**14. SHORT-TERM BORROWINGS**

|  | *Interest rate*  *% per anum* | *Opening balance*  *VND* | *Movements in the year* | | *Ending balance*  *VND* |
| --- | --- | --- | --- | --- | --- |
| *Increase*  *VND* | *Decrease*  *VND* |
| Overdraft | 5.0 – 5.1 | 498.360.000.000 | 1.344.721.600.000 | (880.992.200.000) | 1.160.089.400.000 |
| Short-term | LIBOR3M + 1.65% | 689.400.000.000 | 1.008.500.000.000 | (689.400.000.000) | 1.008.500.000.000 |
| *Nonghyup Bank* |  | *689.400.000.000* | *700.500.000.000* | *(689.400.000.000)* | *700.500.000.000* |
| *Bank for Investment & Development of Vietnam JSC* |  | *-* | *198.000.000.000* | *-* | *198.000.000.000* |
| *Nonghyup Bank – Hanoi Branch* |  | *-* | *110.000.000.000* | *-* | *110.000.000.000* |
|  |  | **1.187.760.000.000** | **2.353.221.600.000** | **(1.570.392.200.000)** | **1.970.589.400.000** |

As at 31 December 2022, the Company only had short-term overseas loans with Nonghyup Bank which was hedged against foreign exchange risk by a two-currency interest rate swap contract with Vietnam Prosperity Commercial Joint Stock Bank. Accordingly, at the time of preparation of financial statements, the Company did not re-evaluate foreign currency loans that used financial instruments to provide for the above-mentioned foreign exchange risks.

As at the end of the year, short-term borrowings are secured by the Company's financial assets, whose fair value are:

|  | *Ending balance*  *VND* | *Opening balance*  *VND* |
| --- | --- | --- |
| Term deposits | 1,185,000,000,000 | 761,000,000,000 |
|  | **1,185,000,000,000** | **761,000,000,000** |

**15. SHORT-TERM TRADE PAYABLES**

|  | *Ending balance*  *VND* | *Opening balance*  *VND* |
| --- | --- | --- |
| Lotte Coralis Vietnam Co., Ltd | 26,399,718 | 57,841,093 |
| Lotte-HPT High Tech Vietnam Co., Ltd | 1,049,030,000 | 1,984,035,000 |
| Collaborators | 527,066,989 | 742,305,903 |
| Others | 162,549,292 | 352,264,530 |
|  | **1,765,045,999** | **3,136,446,526** |

**16. STATUTORY OBLIGATIONS**

|  | *Ending balance*  *VND* | *Opening balance*  *VND* |
| --- | --- | --- |
| Corporate income tax (“CIT”) | 304,264,644 | 2,837,904,262 |
| Personal income tax (“PIT”) | 2,141,580,575 | 10,839,437,539 |
| Other taxes | 15,015,985 | 23,568,315 |
|  | **2,460,861,204** | **13,700,910,116** |

Movements of statutory obligations during the year:

*Unit: VND*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | *Opening balance* | *Movements in the year* | | *Ending balance* |
| *Increase* | *Decrease* |
| VAT | - | 51,841,525 | (51,841,525) | - |
| CIT | 2,837,904,262 | 7,028,527,633 | (9,562,167,251) | 304,264,644 |
| PIT | 10,839,437,539 | 31,990,902,213 | (40,688,759,177) | 2,141,580,575 |
| Others | 23,568,315 | 1,226,558,576 | (1,235,110,906) | 15,015,985 |
|  | **13,700,910,116** | **40,297,829,947** | **(51,537,878,859)** | **2,460,861,204** |

**17. SHORT-TERM ACCRUED EXPENSES**

|  | *Ending balance*  *VND* | *Opening balance*  *VND* |
| --- | --- | --- |
| Accrued interests for borrowings from credit institutions | 10,670,288,860 | 4,001,762,120 |
| Other accrued expenses | 8,220,338,233 | 1,399,638,655 |
|  | **18,890,627,093** | **5,401,400,775** |

**18. OWNERS’ EQUITY**

## 18.1 Changes in owners’ equity

|  | *Ending balance* | | *Opening balance* | |
| --- | --- | --- | --- | --- |
|  | *VND* | *%* | *VND* | *%* |
| NH Investment & Securities Co., Ltd | 1,239,000,000,000 | 100.00 | 1,239,000,000,000 | 100.00 |

## 18.2 Changes in owners’ equity

|  | *Contributed capital*  *VND* | *Charter capital supplementary reserve*  *VND* | *Operational risk and financial reserve VND* | *Undistributed profit/ (loss)*  *VND* | *Total*  *VND* |
| --- | --- | --- | --- | --- | --- |
| **As at 1 January 2021** | **1,239,000,000,000** | **113,649,448** | **113,649,448** | **(17,313,840,580)** | **1,221,913,458,316** |
| Capital increase | - | - | - | - | - |
| Profit for the year | - | - | - | 56,517,351,728 | 56,517,351,728 |
| **As at 31 December 2021** | **1,239,000,000,000** | **113,649,448** | **113,649,448** | **39,203,511,148** | **1,278,430,810,044** |
| Profit for the year | - | - | - | 30,563,714,452 | 30,563,714,452 |
| **As at 31 December 2022** | **1,239,000,000,000** | **113,649,448** | **113,649,448** | **69,767,225,600** | **1,308,994,524,496** |

## 18.3 Profit/(loss) distribution to owners

|  | *Ending balance*  *VND* | *Opening balance*  *VND* |
| --- | --- | --- |
| Realized gain/(loss) | 68,553,125,205 | 39,175,415,791 |
| Unrealized gain/(loss) | 1,214,100,395 | 28,095,357 |
|  | **69,767,225,600** | **39,203,511,148** |

**19. DISCLOSURES OF OFF-BALANCE SHEET ITEMS**

## 19.1 Foreign currencies

|  | *Ending balance* | *Opening balance* |
| --- | --- | --- |
| USD | 8,386.35 | 6,345.96 |
|  | **8,386.35** | **6,345.96** |

## 19.2 Financial assets listed/registered for trading at the Vietnam Securities Depository (“VSD”) of the Company

|  | *Ending balance*  *VND* | *Opening balance*  *VND* |
| --- | --- | --- |
| Unrestricted financial assets | 125,097,650,000 | 65,980,000 |
|  | **125,097,650,000** | **65,980,000** |

## 19.3 Financial assets listed/registered for trading at VSD of investors

|  | *Ending balance*  *VND* | *Opening balance*  *VND* |
| --- | --- | --- |
| Unrestricted financial assets | 1,357,905,150,000 | 1,132,139,620,000 |
| Restricted financial assets | 4,032,320,000 | - |
| Frozen financial assets | 1,940,000,000 | 1,940,000,000 |
| Mortgage financial assets | 498,390,000 | - |
| Financial assets awaiting settlement | 17,071,380,000 | 19,306,290,000 |
|  | **1,381,447,240,000** | **1,153,385,910,000** |

## 19.4 Non-traded financial assets deposited at VSD of investors

|  | *Ending balance*  *VND* | *Opening balance*  *VND* |
| --- | --- | --- |
| Unrestricted and non-traded financial assets deposited at VSD | 9,625,740,000 | 7,289,940,000 |
| Financial assets deposited at VSD, not yet traded, restricted from transfer | 91,700,000 | - |
|  | **9,717,440,000** | **7,289,940,000** |

## 19.5 Financial assets awaiting settlement of investors

|  | *Ending balance*  *VND* | *Opening balance*  *VND* |
| --- | --- | --- |
| Financial assets awaiting settlement of domestic investors | 21,428,100,000 | 29,709,460,000 |
|  | **21,428,100,000** | **29,709,460,000** |

**19. DISCLOSURES OF OFF-BALANCE SHEET ITEMS** (continued)

## 19.6 Investors’ deposits

|  | *Ending balance*  *VND* | *Opening balance*  *VND* |
| --- | --- | --- |
| Investors’ deposits for securities trading activities managed by the Company | 118,898,614,487 | 183,328,271,940 |
| *- Domestic investors’ deposits for securities trading activities managed by the Company* | *117,435,365,979* | *177,849,347,238* |
| *- Foreign investors’ deposits for securities trading activities managed by the Company* | *1,463,248,508* | *5,478,924,702* |
| Investor’s synthesizing deposits for securities trading activities | 7,753,284 | 8,220,832 |
| Deposits for securities clearing and settlement | 2,374,798 | 2,896,647 |
| *- Domestic investors' deposits for securities clearing and settlement* | *1,193,460* | *1,454,099* |
| *- Foreign investors' deposits for securities clearing and settlement* | *1,181,338* | *1,442,548* |
|  | **118,908,742,569** | **183,339,389,419** |

## 19.7 Payables to investors

|  | *Ending balance*  *VND* | *Opening balance*  *VND* |
| --- | --- | --- |
| Payables to investors for deposits for securities trading activities managed by the Company | 118,908,742,569 | 183,339,389,419 |
| *- Payables to domestic investors for deposits for securities trading activities managed by the Company* | *117,442,962,389* | *177,857,542,031* |
| *- Payables to foreign investors for deposits for securities trading activities managed by the Company* | *1,465,780,180* | *5,481,847,388* |
|  | **118,908,742,569** | **183,339,389,419** |

## 19.8 Investors’ payables for services of securities company

|  | *31/12/2021*  *VND* | *31/12/2020*  *VND* |
| --- | --- | --- |
| **Payables for margin lending activities** | **816,513,320,422** | **1,073,087,222,743** |
| Principal payables for margin lending activities | 811,640,939,298 | 1,067,983,368,976 |
| *- Domestic investors* | *811,640,939,298* | *1,067,983,368,976* |
| Interest payables for margin lending activities | 4,872,381,124 | 5,103,853,767 |
| *- Domestic investors* | *4,872,381,124* | *5,103,853,767* |
| **Payables for advance lending activities** | **48,367,213,972** | **13,030,813,358** |
| Principal payables for advance lending activities | 48,367,213,972 | 13,030,813,358 |
| *- Domestic investors* | *48,367,213,972* | *13,030,813,358* |

**20. GAIN/(LOSS) FROM FINANCIAL ASSETS**

## 20.1 Gain/(Loss) from disposals of financial assets at FVTPL

### 20.1.1 Gain from disposals of financial assets at FVTPL

| *No.* | *Financial assets* | *Quantity*  *unit* | *Proceeds*  *VND* | *Weighted average cost at the end of transaction date*  *VND* | *Gain from disposal in the current year*  *VND* | *Gain from disposal in the previous year*  *VND* |
| --- | --- | --- | --- | --- | --- | --- |
| 1 | Listed shares | 4,200 | 208,730,000 | 173,032,418 | 35,697,582 | 225,958,775 |
| 2 | Listed Bonds | 915,050 | 193,984,475,950 | 193,764,758,500 | 219,717,450 | 5,000,000 |
|  | **Total** | **919,250** | **194,193,205,950** | **193,937,790,918** | **255,415,032** | **230,958,775** |

### 20.1.2 Loss from disposals of financial assets at FVTPL

| *No.* | *Financial assets* | *Quantity*  *unit* | *Proceeds*  *VND* | *Weighted average cost at the end of transaction date*  *VND* | *Loss from disposal in the current year*  *VND* | *Loss from disposal in the previous year*  *VND* |
| --- | --- | --- | --- | --- | --- | --- |
| 3 | Certificate of Deposits | 200 | 205,946,400,000 | 206,008,300,000 | 61,900,000 | - |
|  | **Total** | **200** | **205,946,400,000** | **206,008,300,000** | **61,900,000** | **-** |

**20. GAIN/(LOSS) FROM FINANCIAL ASSETS** (continued)

## 20.2 Revaluation difference of financial assets at FVTPL

| *Financial assets* | *Cost*  *VND* | *Fair value*  *VND* | *Revaluation difference at the end of the year*  *VND* | *Revaluation difference at the beginning of the year*  *VND* | *Increase*  *VND* | *Decrease*  *VND* |
| --- | --- | --- | --- | --- | --- | --- |
| **FVTPL** | **125,379,600,925** | **126,593,701,320** | **1,214,100,395** | **28,095,357** | **1,645,549,128** | **(459,544,090)** |
| ***Listed shares*** | **375,953,425** | **247,396,120** | **(128,557,305)** | **30,479,557** | **116,897,527** | **(275,934,390** |
| Development Investment Construction JSC | 1,961,131 | 429,000 | (1,532,131) | 9,301,600 | 2,723,469 | (13,557,200) |
| Hoa Phat Group JSC | 19,444,200 | 10,980,000 | (8,464,200) | (545,200) | 3,277,500 | (11,196,500) |
| SSI Securities Corp | 12,335,519 | 6,566,700 | (5,768,819) | 1,081,500 | 3,696,000 | (10,546,319) |
| Hoang Huy Investment Financial Services JSC | 8,169,900 | 3,191,300 | (4,978,600) | 255,000 | 940,200 | (6,173,800) |
| Vingroup JSC | 60,767,700 | 40,619,000 | (20,148,700) | 642,600 | 13,012,200 | (33,803,500) |
| VIX Securities Corp | 7,632,300 | 1,696,500 | (5,935,800) | 518,700 | 1,242,510 | (7,697,010) |
| Others | 265,642,675 | 183,913,620 | (81,729,055) | 19,225,357 | 92,005,649 | (192,960,061) |
| ***Non listed shares*** | **125,003,647,500** | **126,346,305,200** | **1,342,657,700** | **(2,384,200)** | **1,527,750,000** | **(182,125,000)** |
| Other shares | 125,003,647,500 | 126,346,305,200 | 1,342,657,700 | (2,384,200) | 1,527,750,000 | (182,125,000) |

**20. GAIN/(LOSS) FROM FINANCIAL ASSETS** (continued)

## 20.3 Dividend, interest income from financial assets at FVTPL

|  | *Current year*  *VND* | *Previous year*  *VND* |
| --- | --- | --- |
| Shares | 4,182,376 | 773,300 |
|  | **4,182,376** | **773,300** |

## 20.4 Interest income from loans and receivables

|  | *Current year*  *VND* | *Previous year*  *VND* |
| --- | --- | --- |
| Interest income from margin lending | 83,181,212,153 | 75,064,225,993 |
| Interest income from advance lending | 4,983,719,207 | 9,656,055,420 |
|  | **88,074,931,360** | **84,720,281,413** |

## 20.5 Interest income from held-to-maturity (“HTM”) investments

|  | *Current year*  *VND* | *Previous year*  *VND* |
| --- | --- | --- |
| Term deposits | 71,814,234,145 | 81,403,501,362 |
|  | **71,814,234,145** | **81,403,501,362** |

**21. EXPENSES FOR BROKERAGE SERVICES**

|  | *Current year*  *VND* | *Previous year*  *VND* |
| --- | --- | --- |
| Brokerage securities transaction fees | 6,851,494,841 | 13,430,389,705 |
| Membership management fees and annual fees allocated to brokerage activities | 454,000,000 | 454,000,000 |
| Operating expenses for brokerage services | 41,926,325,765 | 52,151,602,371 |
| *- Salaries and other employee benefits* | *24,816,827,506* | *39,988,114,403* |
| *- Office supplies* | *-* | *2,300,000* |
| *- Tools and equipment* | *966,349,367* | *233,509,675* |
| *- Depreciation and amortization* | *7,721,706,880* | *7,703,623,258* |
| *- Outsourcing services* | *8,135,104,483* | *4,148,278,871* |
| *- Other expenses* | *286,337,529* | *75,776,164* |
|  | **49,231,820,606** | **66,035,992,076** |

**22. FINANCIAL INCOME**

|  | *Current year*  *VND* | *Previous year*  *VND* |
| --- | --- | --- |
| Realized and unrealized gain from exchange rate difference | 4,870,127 | 4,775,696 |
| Interest income from demand deposits | 482,242,882 | 769,282,970 |
|  | **487,113,009** | **774,058,666** |

**23. FINANCIAL EXPENSES**

|  | *Current year VND* | *Previous year*  *VND* |
| --- | --- | --- |
| Realized and unrealized loss from exchange rate difference | - | 1,624,569 |
| Interest expenses | 48,894,306,175 | 45,321,583,468 |
| Other financial expenses | 5,866,401,387 | 10,666,351,413 |
|  | **54,760,707,562** | **55,989,559,450** |

**24. GENERAL AND ADMINISTRATIVE EXPENSES**

|  | *Current year*  *VND* | *Previous year*  *VND* |
| --- | --- | --- |
| Employees expenses | 39,364,807,434 | 30,242,806,821 |
| Tools and equipment | 577,705,133 | 670,222,149 |
| Depreciation and amortization expenses | 429,190,926 | 383,575,092 |
| Tax, fees and charges | 1,874,859,507 | 1,227,078,991 |
| Outsourcing expenses | 11,641,505,837 | 11,077,677,801 |
| Other expenses | 365,020,674 | 183,916,887 |
|  | **54,253,089,511** | **43,785,277,741** |

**25. CORPORATE INCOME TAX (“CIT”)**

## 25.1 Current CIT expenses

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

Current CIT payables are determined based on taxable income of the year. Taxable income differs from the one reported in the income statement since taxable income excludes incomes which are taxable or expenses which are deducted in the other years due to the differences between the Company’s accounting policies and the tax regulations. It also excludes non-taxable income and non-deductible expenses. The current CIT payable of the Company is calculated based on the statutory tax rates applicable at the end of the year. The Company is obliged to pay CIT at the rate of 20% (in 2021: 20%) of the total taxable profit under Circular No. 78/2014/TT-BTC effective from 02 August 2014.

**25. CORPORATE INCOME TAX (“CIT”)** (continued)

***25.1 Current CIT expenses*** (continued)

The estimated current CIT of the Company is represented in the table below:

|  | *Current year*  *VND* | *Previous year*  *VND* |
| --- | --- | --- |
| **Profit before tax** | **38,278,340,453** | **69,906,208,478** |
| *Plus* |  |  |
| - Unrealized loss from exchange rate difference | - | 1,556,162 |
| - Loss from revaluation of financial assets at FVTPL | 459,544,090 | 214,652,635 |
| - Provision expenses | - | - |
| - Non-deductible severance allowances | - | 3,273,916,744 |
| - Non-deductible expenses | - | 101,517,910 |
| *Less* |  |  |
| - Unrealized gain from exchange rate difference | 303,842,056 | (4,775,696) |
| - Gain from revaluation of financial assets at FVTPL | (4,870,127) | (312,217,837) |
| - Dividend received | (1,645,549,128) | (773,300) |
| - Temporary taxable difference | (4,182,376) | (1,496,324,534) |
| - Losses carried forward | (2,244,486,801) | (6,235,801,348) |
| **Estimated current taxable profit** | **35,142,638,167** | **65,447,959,214** |
| CIT rate | 20% | 20% |
| **Estimated CIT expenses** | **7,028,527,633** | **13,089,591,843** |
| CIT payables at the beginning of the year | 2,837,904,262 | - |
| CIT paid during the year | (9,562,167,251) | (10,251,687,581) |
| **CIT payables at the end of the year** | **304,264,644** | **2,837,904,262** |

25.2 Tax losses carried forward

The Company is entitled to carry tax loss forward to offset against taxable income arising within five years subsequent to the year in which the loss was incurred.

Details of losses carried forward are as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| *Accounting period* | *Can be utilized up to* | *Taxable loss (\*)*  *VND* | *Loss utilized as at the end of the year*  *VND* | *Loss carried forward in th year*  *VND* | *Loss allowed to carry forward as at the end of the year*  *VND* |
| 2014 | 2019 | (975,188,949) | (975,188,949) | - | - |
| 2015 | 2020 | (3,020,437,733) | (3,020,437,733) | - | - |
| 2016 | 2021 | (7,563,335,270) | (7,563,335,270) | - | - |
| 2017 | 2022 | (15,338,349,727) | (15,338,349,727) | - | - |
| 2018 | 2023 | (8,162,549,631) | (1,926,748,283) | (6,235,801,348) | - |
|  |  | **(35,059,861,310)** | **(28,824,059,962)** | **(6,235,801,348)** | **-** |

(\*) Tax loss as per tax finalization

**25. CORPORATE INCOME TAX (“CIT”)** (continued)

## 25.3 Deferred corporate income tax (“CIT”)

|  | *Current year*  *VND* | *Previous year*  *VND* |
| --- | --- | --- |
| **Net deferred CIT – opening balance** | **448,897,360** | **748,162,267** |
| Temporary taxable difference |  |  |
| *- Provision expenses* | (2,244,486,801) | (1,496,324,534) |
| Deferred corporate income tax rate | 20% | 20% |
| Deferred CIT expenses | (448,897,360) | (299,264,907) |
| **Net deferred CIT – ending balance** | **-** | **448,897,360** |

**26. TRANSACTIONS WITH RELATED PARTIES**

List of related parties and relationships with the Company is as follows:

|  |  |
| --- | --- |
| *Related parties* | *Relationships* |
| NH Investment & Securities Co., Ltd | Parent company |
| Nonghyup Bank | Affiliate |

Significant transactions with related parties of the Company during the year ended 31 December 2021 and 31 December 2020 are as follows:

| *Related parties* | *Description* | *Current year*  *Income/(Expenses)*  *VND* | *Previous year*  *Income/(Expenses)*  *VND* |
| --- | --- | --- | --- |
| NH Investment & Securities Co., Ltd | Revenue from brokerage services | 473,013,683 | 1,699,945,773 |
| Nonghyup Bank | Interest expenses | (15,507,950,406) | (12,553,115,985) |
| Nonghyup Bank – Hanoi Branch | Interest expenses | (893,260,274) | - |

**26. TRANSACTIONS WITH RELATED PARTIES** *(continued)*

Significant balances with related parties of the Company at the beginning and the end of the year are as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | *Receivables/(Payables)* | | | |
| *Related parties* | *Nội dung nghiệp vụ* | *Opening Balance*  *VND* | *Increase*  *VND* | *Decrease*  *VND* | *Closing Balance*  *VND* |
|  |  |  |  |  |  |
| NH Investment & Securities Co., Ltd | Receivables from services provided by the Company | 584,338 | 179,625,963 | (179,999,762) | 210,539 |
|  |  |  |  |  |  |
| Nonghyup Bank | Short-term borrowings | (689,400,000,000) | 689,400,000,000 | (700,500,000,000) | (700,500,000,000) |
| Accrued interest expenses | (3,505,551,781) | 27,712,107,945 | (31,274,889,041) | (7,068,332,877) |
| Nonghyup Bank – Hanoi Branch | Short-term borrowings | - | - | (110,000,000,000) | (110,000,000,000) |
| Accrued interest expenses | - | 183,232,877 | (893,260,274) | (710,027,397) |

***Transactions with other related parties***

|  | *Current year*  *VND* | *Previous year*  *VND* |
| --- | --- | --- |
| Remuneration of members of the Members’ Council, Board of Supervision and Management | 18,306,894,879 | 13,893,547,109 |

# 27. OPERATING LEASES COMMITMENTS

|  | *Ending balance*  *VND* | *Opening balance*  *VND* |
| --- | --- | --- |
| Within one year | 8,608,753,200 | 6,346,446,600 |
| From one to five years | 10,208,012,000 | 8,972,889,000 |
|  | **18,816,765,200** | **15,319,335,600** |

# 28. PURPOSES AND POLICIES OF FINANCIAL RISK MANAGEMENT

The Company’s financial liabilities comprise mostly loans and borrowings, payables to suppliers and other payables. The main purpose of these financial liabilities is to finance the Company’s operations. The Company has loans, trade and other receivables, cash and short-term deposits that arise directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to maintain an acceptable balance between the cost arising from risks and the cost of managing the risks. Management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

Management reviews and agrees policies for monitoring each of these risks which are summarized below:

## 28.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. There are four types of market risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and investments.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company’s exposure to market risk due to changes in interest rate relates primarily to cash and short-term deposits, held-to-maturity investments and loans. Financial liabilities have fixed interest rates.

The Company manages interest rate risk by looking at the competitive structure of the market to identify a proper interest rate policy which is favorable for its purposes within its risk management limits. No analysis on interest sensitivity is performed since the Company’s exposure to risk of changes in interest rate is insignificant.

*Foreign exchange risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company’s exposure to the risk of changes in foreign exchange rates relates primarily to the Company’s operating activities (in which revenue or expense is denominated in a different currency from the Company’s accounting currency).

The Company manages foreign exchange risk by hedging against transactions that are expected to take place in the future.

**28. PURPOSES AND POLICIES OF FINANCIAL RISK MANAGEMENT** (continued)

## 28.2 Equity price risk

Listed and non-listed securities which are held by the Company are affected by market risk arising from the uncertainty of future value of invested securities. The Company manages equity price risk by establishing investment limits. The Company’s Operational Management Division considers and approves decisions on investment in securities.

At the date of the financial statements, the fair value of the investments in listed shares and non-listed shares but registered for trading on UPCoM of the Company were VND 301,045,250 (as at 31 December 2020: VND 822,392,030). The 10% increase (or decrease) in market index would possibly result in a corresponding increase (or decrease) in revenue from investment of the Company, depending on its magnitude and length as well as the Company’s ownership position of securities which have significant influence on market index.

## 28.3 Credit risk

Credit risk is the risk that a counterparty would not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for loans and receivables) and from its financing activities, including deposits with banks.

*Receivables*

Customer credit risk is managed by the Company based on its established policies, procedures and controls relating to customer credit risk management.

Outstanding customer receivables are regularly monitored. Customer credit quality’s impairment is analyzed at each reporting date on an individual basis for major clients. The Company closely monitors outstanding receivables and operates a credit control unit to mitigate credit risk. Due to the fact that the Company’s receivables relate to a large number of diversified customers and corresponding collateral assets, there is no significant concentration of credit risk.

*Deposits at banks*

The Company's bank balances are mainly maintained with high credit rating banks in Vietnam. Credit risk from balances with banks is managed by the Company’s accounting department in accordance with the Company’s policy. The Company evaluates the concentration of credit risk in respect to bank deposits as low.

*Margin lending and advances to customers*

The Company manages its credit risks via the use of internal control policies, processes and procedures relevant to margin lending and advances to customers. The Company only allows margin lending for permitted securities which are in accordance with regulations for margin lending and which are rated using the Company’s quality assessment principles for securities. Credit limit is controlled on the basis of collaterals, credit worthiness of customers and other indicators on control limits.

**28. PURPOSES AND POLICIES OF FINANCIAL RISK MANAGEMENT** (continued)

***28.3 Credit risk*** (continued)

The Company's Management assesses that all financial assets are not overdue and not impaired because these financial assets are related to customers who are reputable and have payment capability as shown below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | *Neither overdue nor impaired*  *VND* | *Overdue but not impaired*  *VND* | *Overdue and impaired*  *VND* | *Total*  *VND* |
| Cash and cash equivalents | 2,929,537,893 | - | - | 2,929,537,893 |
| HTM investments | 2,216,820,000,000 | - | - | 2,216,820,000,000 |
| Loans | 852,526,530,599 | - | - | 852,526,530,599 |
| Receivables | 51,466,122,114 | - | - | 51,466,122,114 |
| Receivables from services provided by the Company | 210,539 | - | - | 210,539 |
| Other receivables | 250,000 | - | - | 250,000 |
| Long-term deposits, collaterals and pledges | 2,229,621,635 | - | - | 2,229,621,635 |
| Payments to Settlement Assistance Fund | 4,869,170,623 | - | - | 4,869,170,623 |
| **Total** | 3,310,841,443,403 | - | - | 3,310,841,443,403 |

## 28.4 Liquidity risk

The liquidity risk is the risk that the Company will encounter difficulties in meeting financial obligations due to shortage of funds. The Company’s exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Company monitors its liquidity risk by maintaining a level of cash and cash equivalents deemed adequate by Management to finance the Company’s operations and to mitigate the effects of fluctuations in cash flows.

The Company assesses that the level of risk concentration on debt repayment is low and that the Company is able to access capital resources.

The below table summarizes the payment period of the Company's financial liabilities based on the expected payments under contracts as at 31 December 2021.

**28. PURPOSES AND POLICIES OF FINANCIAL RISK MANAGEMENT** (continued)

***28.4 Liquidity risk*** (continued)

|  | *Overdue*  *VND* | *Within 1 year*  *VND* | *From 1 – 5 years*  *VND* | *More than 5 years*  *VND* | *Total*  *VND* |
| --- | --- | --- | --- | --- | --- |
| **FINANCIAL ASSETS** |  |  |  |  |  |
| Cash and cash equivalents | - | 2,929,537,893 | - | - | 2,929,537,893 |
| Financial assets at fair value through profit or loss (“FVTPL”) | - | 126,593,701,320 | - | - | 126,593,701,320 |
| Loans | 7,481,622,671 | 852,526,530,599 | - | - | 860,008,153,270 |
| Held-to-maturity (“HTM”) investments | - | 2,216,820,000,000 | - | - | 2,216,820,000,000 |
| Receivables | - | 51,466,122,114 | - | - | 51,466,122,114 |
| Receivables from services provided by the Company | - | 210,539 | - | - | 210,539 |
| Other receivables | - | 250,000 | - | - | 250,000 |
| Payments to Settlement Assistance Fund | - | - | - | 4,869,170,623 | 4,869,170,623 |
| Other non-currrent assets | - | 2,229,621,635 | - | - | 2,229,621,635 |
| **Total assets** | **7,481,622,671** | **3,252,565,974,100** | **-** | **4,869,170,623** | **3,264,916,394** |
| **FINANCIAL LIABILITIES** |  |  |  |  |  |
| Short-term borrowings | - | 1,970,589,400,000 | - | - | 1,970,589,400,000 |
| Payables for securities trading activities | - | 49,482,075 | - | - | 49,482,075 |
| Short-term trade payables | - | 1,765,045,999 | - | - | 1,765,045,999 |
| Tax and payables to the State | - | 2,460,861,204 | 237,201,008 | - | 2,698,062,212 |
| Payables to employee | - | 2,584,436,034 | - | - | 2,584,436,034 |
| Short-term accrued expenses | - | 18,890,627,093 | - | - | 18,890,627,093 |
| Other current payables | - | 573,164 | - | - | 573,164 |
| **Total liabilities** | **-** | **1,996,340,425,569** | **237,201,008** | **-** | **1,996,577,626,577** |
| **Net liquidity difference** | **7,481,622,671** | **1,256,225,548,531** | **(237,201,008)** | **4,869,170,623** | **1,268,339,140,817** |

**29. EVENTS AFTER THE REPORTING DATE**

There is no other matter or circumstance that has arisen since the reporting date that requires adjustment or disclosure in the financial statements of the Company.

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| Prepared by: | Reviewed by: | Approved by: |
| Ms. Pham Thi Yen  Accountant | Ms. Nguyen Thi Van  Chief Accountant | Mr. Lee Jin Hwan  General Director |

Hanoi, Vietnam

07 March 2023